

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

FORM 10-Q

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

For the quarterly period ended June 30, 2004

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 38-1999511
(State or other jurisdiction of (IRS Employer Identification)
incorporation or organization)

25505 WEST TWELVE MILE ROAD, SUITE 3000 48034-8339
SOUTHFIELD, MICHIGAN (zip code)
(Address of principal executive offices)

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 by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). 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 July 31, 2004 was 39,244,203.

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PART I. - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

(Dollars in thousands, except per share data)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
REVENUE:				
Finance charges	\$ 33,731	\$ 26,431	\$ 60,964	\$ 50,687
Ancillary product income	2,459	4,233	5,326	9,966
Lease revenue	405	1,784	1,052	4,120
Other income	4,694	3,598	9,468	8,258
Total revenue	41,289	36,046	76,810	73,031
COSTS AND EXPENSES:				
Salaries and wages	8,963	8,687	17,759	17,204
General and administrative	5,214	5,272	10,968	10,812
Provision for credit losses	2,187	2,863	14,734	7,051
Sales and marketing	2,474	2,483	5,017	4,660
Interest	2,373	1,401	4,973	2,997
Stock-based compensation expense	864	1,428	1,431	1,803
United Kingdom asset impairment	-	10,493	-	10,493
Other expense	324	1,376	781	3,023
Total costs and expenses	22,399	34,003	55,663	58,043
Operating income	18,890	2,043	21,147	14,988
Foreign exchange gain	906	14	1,057	29
Income before provision for income taxes	19,796	2,057	22,204	15,017
Provision for income taxes	7,190	1,049	8,068	5,416
Net income	\$ 12,606	\$ 1,008	\$ 14,136	\$ 9,601
Net income per common share:				
Basic	\$ 0.32	\$ 0.02	\$ 0.36	\$ 0.23
Diluted	\$ 0.30	\$ 0.02	\$ 0.34	\$ 0.23
Weighted average shares outstanding:				
Basic	39,240,321	42,321,170	39,516,011	42,317,443
Diluted	41,413,308	42,868,265	41,790,255	42,629,844

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	AS OF	
(Dollars in thousands, except per share data)	JUNE 30, 2004	DECEMBER 31, 2003
ASSETS:		
Cash and cash equivalents	\$ 28,364	\$ 36,044
Loans receivable	976,315	875,417
Allowance for credit losses	(36,567)	(17,615)
Loans receivable, net	939,748	857,802
Notes, lines of credit and floorplan receivables, net (including \$1,617 and \$ 1,583 from affiliates as of June 30, 2004 and December 31, 2003, respectively)	6,073	6,562
Investment in operating leases, net	1,888	4,447
Property and equipment, net	19,177	18,503
Income taxes receivable	7,458	5,795
Other assets	14,646	14,627
Total Assets	\$ 1,017,354	\$ 943,780
LIABILITIES AND SHAREHOLDERS' EQUITY:		
LIABILITIES:		
Lines of credit	\$ 30,600	\$ -
Secured financing	130,428	100,000
Mortgage note and capital lease obligations	10,254	6,467
Accounts payable and accrued liabilities	36,481	33,117
Dealer holdbacks, net	475,415	423,861
Deferred income taxes, net	13,820	24,529
Total Liabilities	696,998	587,974
SHAREHOLDERS' EQUITY:		
Preferred stock, \$.01 par value, 1,000,000 shares authorized, none issued	-	-
Common stock, \$.01 par value, 80,000,000 shares authorized, 39,244,203 and 42,128,087 shares issued and outstanding as of June 30, 2004 and December 31, 2003, respectively	392	421
Paid-in capital	76,394	125,078
Retained earnings	241,175	227,039
Accumulated other comprehensive income - cumulative translation adjustment	2,395	3,268
Total Shareholders' Equity	320,356	355,806
Total Liabilities and Shareholders' Equity	\$ 1,017,354	\$ 943,780

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	SIX MONTHS ENDED JUNE 30,	
(Dollars in thousands)	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 14,136	\$ 9,601
Adjustments to reconcile cash provided by operating activities:		
Provision for credit losses	14,734	7,051
Depreciation	3,031	4,946
Loss on retirement of property and equipment	151	-
Foreign currency gain on forward contracts	(1,059)	-
Credit for deferred income taxes	(10,709)	(5,585)
Stock-based compensation expense	1,431	1,803
Change in operating assets and liabilities:		
Accounts payable and accrued liabilities	4,423	4,692
Income taxes receivable/payable	(1,663)	5,606
Lease payment receivable	234	1,184
Unearned commissions, insurance premiums and reserves	131	(223)
Other assets	(19)	(365)
	24,821	28,710
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments - held to maturity	-	(283)
Principal collected on Loans receivable	218,967	183,754
Advances to dealers	(237,451)	(193,304)
Payments of dealer holdbacks	(15,869)	(15,111)
Accelerated payments of dealer holdbacks	(10,276)	(6,818)
Operating lease liquidations	1,667	3,446
(Increase) decrease in notes, lines of credit and floorplan receivables	(139)	3,593
Purchases of property and equipment	(1,952)	(608)
	(45,053)	(25,331)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under lines of credit	30,600	(35,250)
Proceeds from secured financings	100,000	100,000
Repayments of secured financings	(69,572)	(58,153)
Principal payments under capital lease obligations	(591)	(427)
Proceeds from mortgage note refinancing	3,540	-
Repayment of mortgage note	(408)	(382)
Repurchase of common stock	(50,706)	(1,828)
Proceeds from stock options exercised	562	358
	13,425	4,318
Effect of exchange rate changes on cash	(873)	905
Net (decrease) increase in cash and cash equivalents	(7,680)	8,602
Cash and cash equivalents, beginning of period	36,044	13,466
	\$ 28,364	\$ 22,068
	=====	=====
SUPPLEMENTAL DISCLOSURE OF NON- CASH TRANSACTIONS:		
Property and equipment acquired through capital lease obligations	\$ 1,829	\$ 27
	=====	=====

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") 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, 2003 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. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2003 for Credit Acceptance Corporation (the "Company"). Certain prior period amounts have been reclassified to conform to the current presentation.

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. SIGNIFICANT ACCOUNTING POLICIES

Finance Charges. The Company recognizes finance charge income in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases (an Amendment of FASB Statements No. 13, 60, and 65 and a Rescission of FASB Statement No. 17)" ("SFAS No. 91"). SFAS No. 91 requires the Company to recognize finance charges under the interest method such that income is recognized on a level yield basis during the life of the underlying asset. During the first quarter of 2004, the Company revised its methodology for applying SFAS No. 91 such that finance charge income and the amount of the provision for earned but unpaid income at the time a retail installment contract (referred to as a "Loan") is transferred to non-accrual status can be calculated for each individual Loan. Prior to the first quarter of 2004, the Company calculated finance charge income and the provision for earned but unpaid revenue using a pooling methodology. The pooling methodology required the Company to make various assumptions and estimates which impacted the timing of income recognition and the classification of finance charge revenue and the provision for earned but unpaid revenue. The Company believes that this revised methodology improves the precision of the Company's calculation of finance charge revenue and the provision for earned but unpaid revenue. This revised methodology resulted in a change in the timing of revenue recognition as the actual term of the Loans on a Loan by Loan basis was longer than the average Loan term as calculated under the pooling methodology, resulting in an approximately \$3.5 million reduction in finance charges during the three months ended March 31, 2004, of which approximately \$3.3 million relates to periods prior to December 31, 2003. In addition, the revised methodology resulted in a change in the amount of revenue recognized on a Loan prior to the Loan transferring to non-accrual status, resulting in an increase in finance charges and a corresponding increase in the provision for earned but unpaid revenue of approximately \$3.5 million for the three months ended March 31, 2004. The revised methodology did not materially impact reported earnings for the three months ended June 30, 2004.

Ancillary Product Income. The Company has relationships with third party vehicle service contract administrators ("TPAs") whereby the TPAs process claims on vehicle service contracts underwritten by third party insurers. The Company receives a commission for all such vehicle service contracts sold by its dealer-partners. The Company refers to dealers participating in the Company's financing program and sharing the Company's commitment to changing customers' lives as "dealer-partners". The Company recognizes the commission received from the TPAs in accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition" ("SAB 104"). Through December 31, 2003, the Company recognized ancillary product income for commissions received on the sale of third party vehicle service contracts upon the sale of the vehicle service contracts since (i) delivery of the vehicle service contract occurs at this time, (ii) the Company bears no further obligation under the vehicle service contract and (iii) the Company's commission is not subject to refund. During the first quarter of 2004, the Company entered into agreements with two new TPAs. The two new agreements differ from the prior agreement in three material respects: (i) the new agreements provide a commission to the Company on all vehicle service contracts sold by its dealer-partners, regardless of whether the vehicle service contract is financed by the Company; (ii) the new agreements pay a higher commission on vehicle service contracts financed by the Company and; (iii) the new agreements allow the Company to participate in underwriting profits depending on the level of future claims paid. Since the commission paid on financed vehicle service contracts is higher than the commission paid on non-financed vehicle

2. SIGNIFICANT ACCOUNTING POLICIES - (CONCLUDED)

service contracts, the Company concluded this difference in commissions rates was evidence of a multiple element revenue arrangement as defined under the provisions of SAB 104 and EITF 00-21, "Revenue Arrangements with Multiple Elements". As a result, the Company considers the amount received from TPAs for financed vehicle service contracts to be comprised of two components, a component relating to the fair value of the commission (a "broker fee") and a larger component relating to providing the financing on the related Loan (a "financing premium").

The two new agreements also require that net premiums on the vehicle service contracts be placed in trust accounts by the TPA. Funds in the trust accounts are utilized by the TPA to pay claims on the vehicle service contracts. Underwriting profits, if any, on the vehicle service contracts are distributed to the Company after the term of the vehicle service contracts have expired. Under FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), the Company is considered the primary beneficiary of the trusts. As a result, the assets and liabilities of the trusts have been consolidated on the Company's balance sheet. As of June 30, 2004, the trusts had \$3.8 million in cash available to pay claims and a related claims reserve of \$3.8 million. The cash is included in cash and cash equivalents and the claims reserve is included in accounts payable and accrued liabilities in the consolidated balance sheets. A third party insures claims in excess of available funds in the trust accounts.

Beginning January 1, 2004, broker fees generated under the two new agreements will be recognized over the life of the related vehicle service contract. Broker fees generated under the old agreement, which does not meet the requirements for consolidation under FIN 46, will be recognized upon the sale of the vehicle service contract. Under all three agreements, the financing premium will be deferred and amortized over the life of the underlying Loan as an adjustment to the yield consistent with the Company's accounting for finance charges under the interest method.

Under the new policy, the Company recognized \$2.2 million and \$4.3 million in income during the three and six months ended June 30, 2004, respectively, and deferred \$4.0 million and \$9.0 million of financing premiums for the three and six months ended June 30, 2004, respectively. The Company estimates the deferred portion will be recognized as follows (in thousands):

	THREE MONTHS ENDED JUNE 30, 2004	SIX MONTHS ENDED JUNE 30, 2004
	-----	-----
2004	\$1,107	\$2,593
2005	1,739	3,993
2006	1,011	2,147
2007	170	265
	-----	-----
	\$4,027	\$8,998
	=====	=====

Loans Receivable and Allowance for Credit Losses. The Company maintains an allowance for credit losses that covers: (i) losses inherent in the Company's Loan portfolio, and (ii) earned but unpaid revenue on Loans in non-accrual status. Losses inherent in the Company's Loan portfolio result from Loans receivable determined to be uncollectible or that have expected future collections less than the full contractual amount, less any losses absorbed by dealer holdbacks. By definition, these losses equal the amount by which advances to dealer-partners plus accrued income (the "net investment") exceed the net present value of future cash flows related to the Loans receivable less the present value of estimated dealer holdback payments.

To record estimated losses on its Loan portfolio, as required under SFAS No. 114, "Accounting by Creditors for Impairment of a Loan - an amendment of FASB Statements No. 5 and 15", as amended by SFAS No. 118, "Accounting by Creditors for Impairment of a Loan- Income Recognition and Disclosures", the Company compares the present value of estimated future collections for each dealer-partner's Loan portfolio to the Company's net investment in that portfolio. During the first quarter of 2004 the Company developed a model for estimating the amount and timing of future dealer holdback payments and began to include the present value of expected future dealer holdback payments in its loss estimate. Considering estimated future dealer holdback payments increases the Company's loss estimate as cash flows used to evaluate impairment are reduced. This change resulted in a \$9.4 million increase in the allowance for credit losses and reduced after-tax earnings by approximately \$6.1 million for the three months ended March 31, 2004. Deducting dealer holdback payments from the cash flows used to evaluate impairment will not increase the cash amount of losses or future charge-offs against the allowance. The change in estimate did not materially impact reported earnings for the three months ended June 30, 2004.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

3. LOANS RECEIVABLE

Loans receivable consisted of the following (in thousands):

	AS OF	
	JUNE 30, 2004	DECEMBER 31, 2003
Gross Loans receivable	\$ 1,169,468	\$ 1,035,681
Unearned finance charges	(190,465)	(157,707)
Unearned commissions, insurance premiums and reserves	(2,688)	(2,557)
Loans receivable	\$ 976,315	\$ 875,417
Non-accrual Loans	\$ 202,106	\$ 203,598
Non-accrual Loans as a percent of gross Loans receivable	17.3%	19.7%

A summary of the changes in gross Loans receivable is as follows (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Balance, beginning of period	\$ 1,144,341	\$ 965,372	\$ 1,035,681	\$ 912,629
Gross amount of Loans accepted	215,103	200,068	514,399	426,111
Net cash collections on Loans	(139,102)	(118,645)	(281,128)	(239,652)
Charge-offs *	(72,496)	(55,568)	(145,844)	(120,222)
Recoveries *	8,415	-	16,670	-
Other fees	15,044	12,903	30,115	24,883
Net change in repossessed collateral	(709)	968	(791)	2,030
Currency translation	(1,128)	6,312	366	5,631
Balance, end of period	\$ 1,169,468	\$ 1,011,410	\$ 1,169,468	\$ 1,011,410

A summary of the changes in the allowance for credit losses is as follows (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Balance, beginning of period	\$ 34,521	\$ 22,929	\$ 17,615	\$ 20,991
Provision for credit losses	1,894	2,296	14,106	5,289
Charge-offs *	(4,916)	(966)	(5,958)	(1,987)
Recoveries *	5,135	-	10,765	-
Currency translation	(67)	202	39	168
Balance, end of period	\$ 36,567	\$ 24,461	\$ 36,567	\$ 24,461

* Charge-offs presented net of recoveries for the three and six months ended June 30, 2003

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

4. OTHER ASSETS

Loans receivable are collateralized by the related vehicles. The Company has the right to repossess the vehicle in the event that the consumer defaults on the payment terms of the Loan. In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", repossessed collateral is valued at the lower of the carrying amount of the receivable or estimated fair value, less estimated costs of disposition, and is classified in other assets in the consolidated balance sheets. As of June 30, 2004 and December 31, 2003, repossessed assets totaled approximately \$6.8 million and \$6.0 million, respectively.

5. DEALER HOLDBACKS

Dealer holdbacks, net consisted of the following (in thousands):

	AS OF	
	JUNE 30, 2004	DECEMBER 31, 2003
Dealer holdbacks	\$ 933,239	\$ 828,720
Less: advances	(457,824)	(404,859)
Dealer holdbacks, net	\$ 475,415	\$ 423,861

6. RELATED PARTY TRANSACTIONS

In the normal course of its business, the Company regularly accepts assignments of Loans originated by affiliated dealer-partners owned by: (i) the Company's majority shareholder and Chairman; (ii) the Company's President; and (iii) a member of the Chairman's family. The Company accepts Loans from affiliated dealer-partners and nonaffiliated dealer-partners on the same terms. A summary of related party Loan activity is as follows (in thousands):

	Affiliated dealer-partner balance as of June 30, 2004	% of consolidated as of June 30, 2004	Affiliated dealer-partner balance as of December 31, 2003	% of consolidated as of December 31, 2003
Gross Loans receivable	\$ 35,653	\$3.0%	\$ 31,500	3.0%
Gross dealer holdbacks	\$ 27,814	\$3.0%	\$ 24,800	3.0%
Advance balance	\$ 13,846	\$3.0%	\$ 12,200	3.0%

	For the Three Months ended June 30, 2004		For the Three Months ended June 30, 2003	
	Affiliated dealer-partner activity	% of consolidated	Affiliated dealer-partner activity	% of consolidated
Loans accepted	\$ 6,500	3.0%	\$ 5,400	2.7%
Advances	\$ 3,100	2.9%	\$ 2,600	2.6%

	For the Six Months ended June 30, 2004		For the Six Months ended June 30, 2003	
	Affiliated dealer-partner activity	% of consolidated	Affiliated dealer-partner activity	% of consolidated
Loans accepted	\$ 15,100	2.9%	\$ 11,900	2.8%
Advances	\$ 7,200	2.9%	\$ 5,400	2.7%

6. RELATED PARTY TRANSACTIONS - (CONCLUDED)

Pursuant to an employment agreement with the Company's President dated April 19, 2001, the Company loaned the President's dealerships \$850,000. The note, including all principal and interest, is due on April 19, 2011, bears interest at 5.22%, is unsecured, and is personally guaranteed by the Company's President. The balance of the note including accrued but unpaid interest was approximately \$1,076,000 and \$1,054,000 as of June 30, 2004 and December 31, 2003, respectively. In addition, pursuant to the employment agreement, the Company loaned the President approximately \$478,000. The note, including all principal and interest, is due on April 19, 2011, bears interest at 5.22% beginning January 1, 2002, and is unsecured. The balance of the note including accrued interest was approximately \$541,000 and \$528,000 as of June 30, 2004 and December 31, 2003, respectively.

Total CAPS (the Company's Internet based Credit Approval Processing System) and dealer enrollment fees earned from affiliated dealer-partners were \$9,000 and \$23,000 for the three and six months ended June 30, 2004, respectively, and \$11,000 and \$28,000 for the same periods in 2003.

The Company paid for air transportation services provided by a company owned by the Company's majority shareholder and Chairman totaling \$61,000 and \$82,000 for the three months and six months ended June 30, 2004, respectively, and \$60,000 and \$75,000 for the same periods in 2003.

Beginning in 2000, the Company offered a line of credit arrangement to certain dealers who were not participating in the Company's core business. These lines of credit are secured primarily by loans originated and serviced by the dealer, with additional security provided by the personal guarantee of the dealer's owner. The Company ceased offering this program to new dealers in the third quarter of 2001 and has been reducing the amount of capital invested in this program since that time. Beginning in 2002, entities owned by the Company's majority shareholder and Chairman began offering secured line of credit loans in a manner similar to the Company's prior program, at his dealerships and at two other dealers, one of whom also does business with the Company. The Company's majority shareholder and Chairman does not intend to expand his line of credit lending activities to additional dealers, except to dealerships which he owns or controls.

7. FORWARD CONTRACTS

In the third quarter of 2003, the Company entered into a series of forward contracts with a commercial bank to manage foreign currency exchange risk associated with the cash flows anticipated from the exit of the United Kingdom operation. As of June 30, 2004 and December 31, 2003, the Company had contracts outstanding to deliver 8.3 million British pounds sterling and 16.9 million British pounds sterling, respectively, to the commercial bank which will be exchanged into United States dollars at a weighted average exchange rate of 1.58 United States dollars per British pound sterling on a monthly basis through June 30, 2005. The Company believes that this transaction minimizes the currency exchange risk associated with an adverse change in the relationship between the United States dollar and the British pound sterling as it repatriates cash from the United Kingdom operation. As the Company has not designated these contracts as hedges as defined under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138 and SFAS No. 149, changes in the fair value of these forward contracts will increase or decrease net income. The fair value of the forward contracts were less than the notional amount of the contracts outstanding as of June 30, 2004 and December 31, 2003 by \$1,758,000 and \$2,817,000, respectively, due to the weakening of the United States dollar versus the British pound sterling since the date the contracts were entered into. The Company recognized a foreign currency gain of \$908,000 (\$590,000 after-tax) and \$1,059,000 (\$688,000 after-tax) for the three months and six months ended June 30, 2004, respectively, related to the change in the fair value of the forward contracts due to: (i) a decrease in the notional amount of the forward contracts from December 31, 2003 to June 30, 2004, and (ii) the strengthening of the United States dollar versus the British pound sterling during the second quarter of 2004.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

8. INCOME TAXES

A reconciliation of the U.S. federal statutory rate to the Company's effective tax rate follows:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
U.S. federal statutory rate	35.0%	35.0%	35.0%	35.0%
State income taxes	1.0	3.4	0.7	0.7
Foreign income taxes	(0.1)	24.1	-	2.3
U.S. tax impact of foreign earnings	-	(12.0)	0.2	(2.0)
Other	0.4	0.5	0.4	0.1
Effective tax rate	36.3%	51.0%	36.3%	36.1%

The differences between the U.S. federal statutory rate and the Company's consolidated effective tax rate are primarily related to: (i) state income taxes that are included in the provision for income taxes, (ii) the impact of earnings generated by the Company's foreign operations, which are taxed at a different rate, and (iii) the impact of the exchange rate on the repatriation of foreign earnings. Repatriations of foreign earnings are taxed by the U.S. based on foreign exchange rates prevailing at the time of repatriation while foreign tax credits are calculated based on the exchange rates that prevailed when the income was originally earned.

9. BUSINESS SEGMENT INFORMATION

The Company has four reportable business segments: United States, United Kingdom, Automobile Leasing, and Other. The United States segment primarily consists of the Company's United States automobile financing business. The United Kingdom segment primarily consists of the Company's United Kingdom automobile financing business. The Automobile Leasing segment consists of the Company's automobile leasing business. The Other segment consists of the Company's Canadian automobile financing business and secured lines of credit and floorplan financing products. The Company is currently liquidating its operations in all segments other than the United States.

Selected segment information is set forth below (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Revenue:				
United States	\$ 38,957	\$ 30,618	\$ 71,339	\$ 60,023
United Kingdom	1,141	2,862	2,589	6,863
Automobile Leasing	929	2,077	2,311	4,706
Other	262	489	571	1,439
Total revenue	\$ 41,289	\$ 36,046	\$ 76,810	\$ 73,031
Income (loss) before provision (credit) for income taxes:				
United States	\$ 19,417	\$ 13,147	\$ 21,155	\$ 24,659
United Kingdom	262	(10,963)	584	(9,212)
Automobile Leasing	345	(252)	831	(766)
Other	(228)	125	(366)	336
Total income before provision for income taxes	\$ 19,796	\$ 2,057	\$ 22,204	\$ 15,017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

10. NET INCOME PER SHARE

Basic net income per share has been computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per share has been computed by dividing net income by the total 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 that would have a dilutive effect using the treasury stock method. The share effect is as follows:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Weighted average common shares outstanding	39,240,321	42,321,170	39,516,011	42,317,443
Common stock equivalents	2,172,987	547,095	2,274,244	312,401
Weighted average common shares and common stock equivalents	41,413,308	42,868,265	41,790,255	42,629,844

The diluted net income per share calculation excludes stock options to purchase approximately 243,334 shares and 202,290 shares for the three months and six months ended June 30, 2004, respectively, and 1,041,309 shares and 1,657,430 shares for the same periods in 2003 as inclusion of these options would be anti-dilutive to the net income per share due to the relationship between the exercise prices and the average market price of common stock during these periods.

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

EXECUTIVE SUMMARY

Since 1972, Credit Acceptance has provided auto loans to consumers, regardless of their credit history. The Company's product is offered through a nationwide network of automobile dealers who benefit by selling vehicles to consumers who otherwise could not obtain financing. The Company delivers credit approvals instantly through the Internet. The Company's revenues are generated primarily through the servicing fees it receives for the collection and administration of Loans assigned by dealer-partners to the Company, and to a lesser extent, through the fees it receives through the sale of third-party ancillary products.

The Company's strategy is to increase the amount of economic profit per share by increasing its return on capital and profitably growing its business. (See "Economic Profit" for the Company's definition of economic profit.) The Company believes it has been successful in improving the profitability of Loan originations in recent years as a result of increasing the spread between the forecasted collection rate and the advance rate, and increasing revenue from ancillary products. For the six months ended June 30, 2004, consolidated Loan originations grew 21% while Loan originations in the United States grew 29% compared to the same period in 2003 due to an increase in the number of active dealer-partners and an increase in the average Loan size. Since the Company believes it is the only financial services company offering "guaranteed credit approval" for automobile dealers on a national scale, and the Company presently serves only a small portion of its target market, the Company believes that it has a good opportunity to grow its business profitably in the future.

Critical success factors for the Company include its access to capital and its ability to accurately forecast Loan performance. The Company's strategy for accessing the capital required to grow its business is to: (i) maintain consistent financial performance, (ii) maintain modest financial leverage, and (iii) maintain multiple funding sources. The Company's funded debt to equity ratio is .5/1.0 at June 30, 2004. The Company currently funds its business through a bank line of credit facility, privately placed secured financings and commercial bank conduit financed secured financings. The ability to accurately forecast Loan performance is critical to building a profitable company. On the day of Loan origination, the Company forecasts future expected cash flows from the Loan. Based on these forecasts, an advance is made to the related dealer-partner at a level that allows the Company to achieve an acceptable return on capital. If Loan performance equals or exceeds the Company's original expectation, it is likely the Company's target return on capital will be achieved.

FORECASTING LOAN PERFORMANCE IN THE UNITED STATES

The United States is the Company's only business segment that continues to originate new Loans. The following table presents the United States forecasted collection rates, advance rates, the spread (the forecasted collection rate less the advance rate), and the percentage of the forecasted collections that have been realized as of June 30, 2004. The amounts presented are expressed as a percent of the original Loan amount by year of Loan origination.

As of June 30, 2004				
Year	Forecasted Collection %	Advance %	Spread %	% of Forecast Realized
1992	81.6%	35.3%	46.3%	100.0%
1993	75.8%	37.3%	38.5%	100.0%
1994	61.9%	41.8%	20.1%	100.0%
1995	55.1%	45.3%	9.8%	99.6%
1996	55.2%	48.4%	6.8%	99.1%
1997	58.1%	48.3%	9.8%	98.7%
1998	67.2%	49.4%	17.8%	98.6%
1999	71.5%	52.3%	19.2%	98.3%
2000	71.7%	50.9%	20.8%	97.4%
2001	66.7%	48.0%	18.7%	90.5%
2002	68.9%	45.7%	23.2%	74.4%
2003	73.2%	47.0%	26.2%	39.9%

Accurately predicting future collection rates is critical to the Company's success. The risk of a forecasting error declines as Loans age. For example, the risk of a material forecasting error for business written in 1999 is very small since 98.3% of the total amount forecasted has already been realized. In contrast, the Company's forecast for recent Loan originations is less certain. If the Company produces disappointing operating results, it will likely be because the Company overestimated future Loan performance. Although the Company makes every effort to estimate collection rates as accurately as possible, there can be no assurance that the Company's estimates will be accurate or that Loan performance will be as predicted.

A wider spread between the forecasted collection rate and the advance rate reduces the Company's risk of credit losses. Because collections are applied to advances on an individual dealer-partner basis, a wide spread does not eliminate the risk of losses, but it does reduce the risk significantly. The Company made no material changes in credit policy or pricing in the second quarter of 2004, other than routine changes designed to maintain current profitability levels.

One method for evaluating the reasonableness of the Company's forecast is to examine the trends in forecasted collection rates over time. The following table compares the Company's forecast of collection rates in the United States for Loans originated by year as of June 30, 2004 with the forecast as of December 31, 2003.

Year	June 30, 2004 Forecasted Collection %	December 31, 2003 Forecasted Collection %	Variance
1992	81.6%	81.5%	0.1%
1993	75.8%	75.7%	0.1%
1994	61.9%	61.8%	0.1%
1995	55.1%	55.2%	-0.1%
1996	55.2%	55.3%	-0.1%
1997	58.1%	58.1%	0.0%
1998	67.2%	67.2%	0.0%
1999	71.5%	71.5%	0.0%
2000	71.7%	71.7%	0.0%
2001	66.7%	67.0%	-0.3%
2002	68.9%	69.4%	-0.5%
2003	73.2%	72.8%	0.4%

RESULTS OF OPERATIONS

Three and Six Months Ended June 30, 2004 Compared to Three and Six Months Ended June 30, 2003

The following is a discussion of the results of operations and income statement data for the Company on a consolidated basis and for each of the Company's four business segments, United States, United Kingdom, Automobile Leasing and Other.

Consolidated

(Dollars in thousands)	THREE MONTHS ENDED JUNE 30, 2004	% OF REVENUE	THREE MONTHS ENDED JUNE 30, 2003	% OF REVENUE
	-----	-----	-----	-----
REVENUE:				
Finance charges	\$33,731	81.7%	\$26,431	73.4%
Ancillary product income	2,459	6.0	4,233	11.7
Lease revenue	405	1.0	1,784	4.9
Other income	4,694	11.4	3,598	10.0
	-----		-----	
Total revenue	41,289	100.0	36,046	100.0
COSTS AND EXPENSES:				
Salaries and wages	8,963	21.7	8,687	24.1
General and administrative	5,214	12.6	5,272	14.6
Provision for credit losses	2,187	5.3	2,863	7.9
Sales and marketing	2,474	6.0	2,483	6.9
Interest	2,373	5.7	1,401	3.9
Stock-based compensation expense	864	2.1	1,428	4.0
United Kingdom asset impairment expense	-	-	10,493	29.1
Other expense	324	0.8	1,376	3.8
	-----		-----	
Total costs and expenses	22,399	54.2	34,003	94.3
	-----		-----	
Operating income	18,890	45.8	2,043	5.7
Foreign exchange gain	906	2.2	14	-
	-----		-----	
Income before provision for income taxes	19,796	47.9	2,057	5.7
Provision for income taxes	7,190	17.4	1,049	2.9
	-----		-----	
Net income	\$12,606	30.5%	\$ 1,008	2.8%
	=====		=====	

(Dollars in thousands)	SIX MONTHS ENDED JUNE 30, 2004		SIX MONTHS ENDED JUNE 30, 2003	
		% OF REVENUE		% OF REVENUE
REVENUE:				
Finance charges	\$ 60,964	79.4%	\$ 50,687	69.4%
Ancillary product income	5,326	6.9	9,966	13.6
Lease revenue	1,052	1.4	4,120	5.6
Other income	9,468	12.3	8,258	11.3
	-----	-----	-----	-----
Total revenue	76,810	100.0	73,031	100.0
COSTS AND EXPENSES:				
Salaries and wages	17,759	23.1	17,204	23.6
General and administrative	10,968	14.3	10,812	14.8
Provision for credit losses	14,734	19.2	7,051	9.7
Sales and marketing	5,017	6.5	4,660	6.4
Interest	4,973	6.5	2,997	4.1
Stock-based compensation expense	1,431	1.9	1,803	2.5
United Kingdom asset impairment expense	-	-	10,493	14.4
Other expense	781	1.0	3,023	4.1
	-----	-----	-----	-----
Total costs and expenses	55,663	72.5	58,043	79.6
	-----	-----	-----	-----
Operating income	21,147	27.5	14,988	20.5
Foreign exchange gain	1,057	1.4	29	-
	-----	-----	-----	-----
Income before provision for income taxes	22,204	28.9	15,017	20.6
Provision for income taxes	8,068	10.5	5,416	7.4
	-----	-----	-----	-----
Net income	\$ 14,136	18.3%	\$ 9,601	13.1%
	=====	=====	=====	=====

For the three months ended June 30, 2004, consolidated net income increased to \$12.6 million or \$0.30 per diluted share from \$1.0 million or \$0.02 per diluted share for the same period in 2003. The increase in consolidated net income was primarily due to: (i) the United Kingdom impairment expenses recognized during the second quarter of 2003, (ii) an increase in the size of the Loan portfolio due to an increase in Loan originations, (iii) an increase in the average annualized yield on the Loan portfolio due to a decrease in the percentage of non-accrual Loans to total Loans, and (iv) a decrease in operating expenses (salaries and wages, general and administrative, and sales and marketing) as a percentage of revenue due to increased operational efficiencies. Partially offsetting these items was a decrease in ancillary product income due to the Company's new policy for recognizing income on third-party vehicle service contracts sold, as discussed in Note 2 to the consolidated financial statements.

For the six months ended June 30, 2004, consolidated net income increased to \$14.1 million or \$0.34 per diluted share from \$9.6 million or \$0.23 per diluted share for the same period in 2003. The increase in consolidated net income was primarily due to: (i) the United Kingdom impairment expenses recognized during the second quarter of 2003, (ii) an increase in the size of the Loan portfolio due to an increase in Loan originations, and (iii) a decrease in operating expenses (salaries and wages, general and administrative, and sales and marketing) as a percentage of revenue due to increased operational efficiencies. Partially offsetting these items were: (i) an increase in the provision for credit losses due to the Company's change in estimate for recording losses on its Loan portfolio and the Company's revised methodology for calculating finance charge income and the related provision for earned but unpaid servicing fees, both as discussed in Note 2 to the consolidated financial statements and (ii) a decrease in ancillary product income due to the Company's new policy for recognizing income on third-party vehicle service contracts sold, as discussed in Note 2 to the consolidated financial statements.

The results of operations for the Company as a whole are attributable to changes described by segment in the discussion of the results of operations in the United States, United Kingdom, Automobile Leasing, and Other business segments. The following discussion of interest expense is provided on a consolidated basis, as the explanation is not meaningful by business segment.

Interest. Consolidated interest expense increased to \$2.4 and \$5.0 million for the three and six months ended June 30, 2004 from \$1.4 million and \$3.0 million for the same periods in 2003. The increase in consolidated interest expense was due to: (i) an increase in average outstanding debt as a result of stock repurchases and an increase in Loan originations and (ii) an increase in the weighted average interest rate to 5.8% and 6.8% for the three and six months ended June 30, 2004 from 5.5 % and 5.9 % for the same periods in 2003 as a result of an increase in the total effective cost of borrowings due to the impact of fixed fees on the Company's secured financings and line of credit facility.

United States

(Dollars in thousands)	THREE MONTHS ENDED JUNE 30, 2004		THREE MONTHS ENDED JUNE 30, 2003	
		% OF REVENUE		% OF REVENUE
REVENUE:				
Finance charges	\$ 32,395	83.3%	\$ 23,195	75.8%
Ancillary product income	2,459	6.3	4,189	13.8
Other income	4,103	10.5	3,234	10.6
Total revenue	38,957	100.0	30,618	100.0
COSTS AND EXPENSES:				
Salaries and wages	8,169	21.0	7,199	23.5
General and administrative	4,650	11.9	4,426	14.5
Provision for credit losses	2,030	5.2	1,490	4.9
Sales and marketing	2,474	6.4	1,818	5.9
Interest	2,231	5.7	958	3.1
Stock-based compensation expense	822	2.1	1,353	4.4
Other expense	70	0.2	209	0.7
Total costs and expenses	20,446	52.5	17,453	57.0
Operating income	18,511	47.5	13,165	43.0
Foreign exchange gain (loss)	906	2.3	(18)	(0.1)
Income before provision for income taxes	19,417	49.7	13,147	42.9
Provision for income taxes	7,076	18.2	4,444	14.5
Net income	\$ 12,341	31.6%	\$ 8,703	28.4%

(Dollars in thousands)	SIX MONTHS ENDED JUNE 30, 2004		SIX MONTHS ENDED JUNE 30, 2003	
		% OF REVENUE		% OF REVENUE
REVENUE:				
Finance charges	\$ 57,984	81.3%	\$ 43,954	73.2%
Ancillary product income	5,326	7.5	9,037	15.1
Other income	8,029	11.3	7,032	11.7
Total revenue	71,339	100.0	60,023	100.0
COSTS AND EXPENSES:				
Salaries and wages	16,121	22.6	14,489	24.1
General and administrative	9,752	13.7	8,999	15.0
Provision for credit losses	14,342	20.1	4,330	7.2
Sales and marketing	5,017	7.0	3,656	6.1
Interest	4,591	6.4	1,904	3.2
Stock-based compensation expense	1,344	1.9	1,649	2.7
Other expense	89	0.1	308	0.5
Total costs and expenses	51,256	71.8	35,335	58.9
Operating income	20,083	28.2	24,688	41.1
Foreign exchange gain (loss)	1,072	1.5	(29)	(0.0)
Income before provision for income taxes	21,155	29.6	24,659	41.1
Provision for income taxes	7,711	10.8	8,476	14.1
Net income	\$ 13,444	18.8%	\$ 16,183	27.0%

Finance Charges. Finance charges increased to \$32.4 million and \$58.0 million for the three and six months ended June 30, 2004 from \$23.2 million and \$44.0 million for the same periods in 2003 primarily due to increases in: (i) the average size of the Loan portfolio resulting from an increase in Loan originations in 2003 and 2004 and (ii) the average annualized yield on the Company's Loan portfolio to 14.7% and 13.6% for the three and six months ended June 30, 2004 from 13.2% and 13.0% for the same periods in 2003. The increase in Loan originations in the United States in 2004 was due to an increase in the number of active dealer-partners due to an increase in dealer-partner enrollments, partially offset by a decrease in the number of Loans originated per active dealer-partner. The increase in the average yield was primarily due to: (i) a decrease in the percentage of

non-accrual Loans to 15.8% at June 30, 2004 from 18.4% at June 30, 2003 resulting primarily from the increase in Loan originations and, to a lesser extent, improvements in credit quality, (ii) the Company's new policy, implemented prospectively in the first quarter of 2004, for recognizing income on third-party vehicle service contracts sold that resulted in the recognition of a portion of vehicle service contract income as finance charges, defined as the "financing premium," as discussed in Note 2 to the consolidated financial statements, and (iii) the Company's revised methodology for calculating finance charge income, as discussed in Note 2 to the consolidated financial statements. The increases in finance charge income resulting from the Company's revised methodology for calculating finance charge income and the Company's new policy for recognizing income on third-party vehicle service contracts sold had no impact on net income as these increases were offset by approximately equal changes in the provision for credit losses and ancillary product income. Selected Loan origination data follows:

(dollars in thousands)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Loan originations	\$ 215,103	\$ 184,079	\$ 514,399	\$ 398,359
Number of Loans originated	17,268	14,736	41,109	32,942
Number of active dealer-partners (1)	899	677	958	721
Loans per active dealer-partner	19.2	21.8	42.9	45.7
Average Loan size	\$ 12.5	\$ 12.5	\$ 12.5	\$ 12.1

(1) Active dealer-partners are dealer-partners who submitted at least one Loan during the period.

Ancillary Product Income. Ancillary product income decreased to \$2.5 million and \$5.3 million for the three and six months ended June 30, 2004 from \$4.2 million and \$9.0 million for the same period in 2003 primarily due to the Company's new policy implemented prospectively in the first quarter of 2004 for recognizing income on third-party vehicle service contracts sold, as discussed in Note 2 to the consolidated financial statements, that resulted in: (i) the deferral of approximately \$4.0 million and \$9.0 million in financing premiums for the three and six months ended June 30, 2004 and (ii) the amortization of \$1.2 million and \$1.7 million of deferred financing premiums as finance charges for the three and six months ended June 30, 2004. These decreases were partially offset by an increase in revenue per vehicle service contract and an increase in the number of third party vehicle service contract products sold resulting from an increase in Loan originations during 2004 compared to 2003. The decrease in ancillary product income resulting from the amortization of deferred financing premiums had no impact on net income as this decrease was offset by an approximately equal increase in finance charge income.

Salaries and Wages. Salaries and wages, as a percentage of revenue, decreased to 21.0% and 22.6% for the three and six months ended June 30, 2004 from 23.5% and 24.1% for the same periods in 2003 primarily due to: (i) a decrease in corporate support salaries, as a percentage of revenue, of 1.6% and 0.9% for the three and six months ended June 30, 2004 compared to the same periods in 2003, which is consistent with the Company's business plan of growing corporate infrastructure at a rate slower than the growth rate of the Loan portfolio and (ii) a decrease in servicing salaries, as a percentage of revenue, of 1.3% and 0.7% for the three and six months ended June 30, 2004 compared to the same periods in 2003 as growth in servicing personnel tends to lag behind periods of significant growth in the Loan portfolio such as that experienced during the first quarter of 2004. Over the long term, the Company expects that servicing salaries will grow at a rate commensurate with the growth in the number of Loans serviced.

General and Administrative. General and administrative expenses, as a percentage of revenue, decreased to 11.9% and 13.7% for the three and six months ended June 30, 2004 from 14.5% and 15.0% for the same periods in 2003 primarily due to: (i) a decrease in legal expenses, as a percentage of revenue, of 1.0% and 0.9% for the three and six months ended June 30, 2004 compared to the same periods in 2003 due to a reduction in litigation during 2004 and (ii) a decrease in occupancy and equipment expenses, as a percentage of revenue, of 0.8% and 0.5% for the three and six months ended June 30, 2004 compared to the same periods in 2003 due to a reduction in depreciation expense, as a percentage of revenue, during 2004.

Provision for Credit Losses. The provision for credit losses increased to \$2.0 million and \$14.3 million for the three and six months ended June 30, 2004 from \$1.5 million and \$4.3 million for the same periods in 2003. The provision for credit losses consists of three components: (i) a provision for earned but unpaid revenue on Loans which were transferred to non-accrual status during the period, (ii) a provision to reflect losses inherent in the Company's Loan portfolio, and (iii) a provision for losses on notes receivable. The increase in the provision for credit losses for the three months ended June 30, 2004 compared to same period in 2003 was primarily due to the \$1.9 million increase in the provision for earned but unpaid revenue on Loans primarily due to the Company's change in estimate for calculating finance charge income and the related provision for earned but unpaid servicing fees, as discussed in Note 2 to the consolidated financial statements, partially offset by a \$1.3 million decrease in the provision for losses inherent in the Loan portfolio due to a favorable trend in loss estimates during 2004. The increase in the provision for

credit losses resulting from the Company's revised methodology for calculating the provision for earned but unpaid

servicing fees had no impact on net income as this increase was offset by an approximately equal increase in finance charges resulting from the Company's revised methodology for calculating finance charge income.

The increase in the provision for credit losses for the six months ended June 30, 2004 compared to the same period in 2003 was primarily due to: (i) a \$3.5 million increase in the provision for earned but unpaid revenue on Loans primarily due to the Company's change in estimate for calculating finance charge income and the related provision for earned but unpaid servicing fees, as discussed in Note 2 to the consolidated financial statements and (ii) a \$6.7 million increase in the provision for losses inherent in the Loan portfolio. The increase in the provision for losses inherent in the Loan portfolio was the result of a \$9.4 million increase in the provision during the first quarter of 2004 resulting from the Company's revised methodology for recording losses on its Loan portfolio which now considers estimated future dealer holdback payments in its analysis of Loan impairment, as discussed in Note 2 to the consolidated financial statements, partially offset by a decrease in the provision during the second quarter of 2004 due to a favorable trend in loss estimates during 2004.

Stock-based Compensation Expense. Stock-based compensation expense decreased to \$800,000 and \$1.3 million for the three and six months ended June 30, 2004 from \$1.4 million and \$1.6 million for the same periods in 2003. The decrease in expense was primarily the result of: (i) additional expense recognized during the second quarter of 2003 as a result of a reduction in the period over which certain performance-based stock options were expected to vest and (ii) a decline in the number of stock options outstanding from the prior year periods.

Foreign Exchange Gain (Loss). The foreign exchange gain increased to \$900,000 and \$1.1 million for the three and six months ended June 30, 2004 from negligible losses for the same periods in 2003. The foreign exchange gain for the three and six months ended June 30, 2004 was primarily the result of an increase in the fair value of forward contracts entered into during the third quarter of 2003, as discussed in Note 7 to the consolidated financial statements.

Provision for Income Taxes. The effective tax rate increased to 36.4% and 36.5% for the three and six months ended June 30, 2004 from 33.8% and 34.4% for the same periods in 2003. The increase in the effective tax rate for the three and six months ended June 30, 2004 was primarily due to the effects of foreign exchange rates on the taxes associated with the repatriation of foreign earnings.

United Kingdom

(Dollars in thousands)

	THREE MONTHS ENDED JUNE 30, 2004	% OF REVENUE	THREE MONTHS ENDED JUNE 30, 2003	% OF REVENUE
	----	-----	----	-----
REVENUE:				
Finance charges	\$ 1,141	100.0%	\$ 2,812	98.3%
Ancillary product income	-	-	44	1.5
Other income	-	-	6	0.2
	-----	-----	-----	-----
Total revenue	1,141	100.0	2,862	100.0
COSTS AND EXPENSES:				
Salaries and wages	622	54.5	1,176	41.1
General and administrative	417	36.5	632	22.1
Provision for credit losses	(202)	(17.7)	811	28.3
Sales and marketing	-	-	638	22.3
Stock-based compensation expense	42	3.7	75	2.6
United Kingdom asset impairment expense	-	-	10,493	366.6
	-----	-----	-----	-----
Total costs and expenses	879	77.0	13,825	483.0
	-----	-----	-----	-----
Income before provision for income taxes	262	23.0	(10,963)	(383.1)
Provision for income taxes	76	6.7	(3,369)	(117.7)
	-----	-----	-----	-----
Net income	\$ 186	16.3%	\$(7,594)	(265.3)%
	=====	=====	=====	=====

(Dollars in thousands)

	SIX MONTHS ENDED JUNE 30, 2004 ----	% OF REVENUE -----	SIX MONTHS ENDED JUNE 30, 2003 ----	% OF REVENUE -----
REVENUE:				
Finance charges	\$ 2,589	100.0%	\$ 5,914	86.2%
Ancillary product income	-	-	929	1.8
Other income	-	-	20	12.1
	-----	-----	-----	-----
Total revenue	2,589	100.0	6,863	100.0
COSTS AND EXPENSES:				
Salaries and wages	1,233	47.6	2,047	29.8
General and administrative	937	36.2	1,192	17.4
Provision for credit losses	(252)	(9.7)	1,245	18.1
Sales and marketing	-	-	944	13.8
Stock-based compensation expense	87	3.4	154	2.2
United Kingdom asset impairment expense	-	-	10,493	152.9
	-----	-----	-----	-----
Total costs and expenses	2,005	77.4	16,075	234.2
	-----	-----	-----	-----
Income before provision for income taxes	584	22.6	(9,212)	(134.2)
Provision for income taxes	172	6.6	(2,924)	(42.6)
	-----	-----	-----	-----
Net income	\$ 412	15.9%	\$ (6,288)	(91.6)%
	=====	=====	=====	=====

Effective June 30, 2003, the Company decided to stop originating Loans in the United Kingdom. As a result, the average size of the Loan portfolio in the United Kingdom has declined significantly. The decline in the revenues and expenses were primarily a result of this decision, except as discussed below.

United Kingdom Asset Impairment Expense. As a result of the decision to stop originating Loans in the United Kingdom, the Company recorded an expense in the second quarter of 2003 consisting of: (i) \$9.8 million to reduce the carrying value of the operation's net asset value of the Loan portfolio to the present value (using a discount rate of 13%) of the forecasted cash flows relating to the Loan portfolio less estimated future servicing expenses and (ii) a write-off of \$700,000 of fixed assets that would no longer be used in the operation. In determining the impairment of the Loan portfolio, the Company analyzed the expected cash flows from this operation assuming lower collection rates than were assumed before the decision to liquidate. These lower collection rates reflect uncertainties (such as potentially higher employee turnover or reduced morale) in the servicing environment that may arise as a result of the decision to liquidate. The Company does not expect to record additional impairment expense unless the actual results are less than the forecast used by management in the impairment analysis, resulting in a decrease in the present value of forecasted cash flows relative to the United Kingdom's net asset value.

Automobile Leasing

(Dollars in thousands)

	THREE MONTHS ENDED JUNE 30, 2004		THREE MONTHS ENDED JUNE 30, 2003	
		% OF REVENUE		% OF REVENUE
REVENUE:				
Lease revenue	\$ 405	43.6%	\$ 1,784	85.9%
Other income	524	56.4	293	14.1
	-----	-----	-----	-----
Total revenue	929	100.0	2,077	100.0
COSTS AND EXPENSES:				
Salaries and wages	146	15.7	247	11.9
General and administrative	75	8.1	139	6.7
Provision for credit losses	-	-	555	26.7
Interest	110	11.8	253	12.2
Other expense	253	27.2	1,167	56.2
	-----	-----	-----	-----
Total costs and expenses	584	62.9	2,361	113.7
	-----	-----	-----	-----
Operating gain (loss)	345	37.1	(284)	(13.7)
Foreign exchange gain (loss)	-	-	32	1.5
	-----	-----	-----	-----
Income (loss) before provision (credit) for income taxes	345	37.1	(252)	(12.2)
Provision (credit) for income taxes	112	12.1	(99)	(4.8)
	-----	-----	-----	-----
Net income (loss)	\$ 233	25.1%	\$ (153)	(7.4)%
	=====	=====	=====	=====

(Dollars in thousands)

	SIX MONTHS ENDED JUNE 30, 2004		SIX MONTHS ENDED JUNE 30, 2003	
		% OF REVENUE		% OF REVENUE
REVENUE:				
Lease revenue	\$ 1,052	45.5%	\$ 4,120	87.5%
Other income	1,259	54.5	586	12.5
	-----	-----	-----	-----
Total revenue	2,311	100.0	4,706	100.0
COSTS AND EXPENSES:				
Salaries and wages	332	14.4	520	11.0
General and administrative	137	5.9	437	9.3
Provision for credit losses	-	-	1,193	25.4
Interest	305	13.2	665	14.1
Other expense	691	29.9	2,715	57.7
	-----	-----	-----	-----
Total costs and expenses	1,465	63.4	5,530	117.5
	-----	-----	-----	-----
Operating gain (loss)	846	36.6	(824)	(17.5)
Foreign exchange gain (loss)	(15)	(0.6)	58	1.2
	-----	-----	-----	-----
Income (loss) before provision (credit) for income taxes	831	36.0	(766)	(16.3)
Provision (credit) for income taxes	294	12.7	(296)	(6.3)
	-----	-----	-----	-----
Net income (loss)	\$ 537	23.2%	\$ (470)	(10.0)%
	=====	=====	=====	=====

In January 2002, the Company decided to stop originating automobile leases. As a result, the average size of the lease portfolio has declined significantly. The decline in the revenues and expenses were primarily a result of this decision, except as discussed below.

Other Income. Other income, as a percentage of revenue, increased to 56.4% and 54.5% for the three and six months ended June 30, 2004 from 14.1% and 12.5% for the same periods in 2003 primarily due to an increase in gains on lease terminations, as a percentage of revenue, during 2004 resulting from an increase in the proportion of lease terminations to total leases outstanding during 2004.

Other

(Dollars in thousands)

	THREE MONTHS ENDED JUNE 30, 2004 ----	% OF REVENUE -----	THREE MONTHS ENDED JUNE 30, 2003 ----	% OF REVENUE -----
REVENUE:				
Finance charges	\$ 194	74.0%	\$ 424	86.7%
Other income	68	26.0	65	13.3
	-----	-----	-----	-----
Total revenue	262	100.0	489	100.0
COSTS AND EXPENSES:				
Salaries and wages	26	9.9	65	13.3
General and administrative	73	27.9	75	15.3
Provision for credit losses	359	137.0	7	1.4
Sales and marketing	-	-	27	5.5
Interest	32	12.2	190	38.9
	-----	-----	-----	-----
Total costs and expenses	490	187.0	364	74.4
	-----	-----	-----	-----
Income (loss) before provision (credit) for income tax	(228)	(87.0)	125	25.6
Provision (credit) for income taxes	(74)	(28.2)	73	14.9
	-----	-----	-----	-----
Net income (loss)	\$ (154)	(58.8)%	\$ 52	10.7%
	=====	=====	=====	=====

(Dollars in thousands)

	SIX MONTHS ENDED JUNE 30, 2004 ----	% OF REVENUE -----	SIX MONTHS ENDED JUNE 30, 2003 ----	% OF REVENUE -----
REVENUE:				
Finance charges	\$ 390	68.3%	\$ 819	56.9%
Other income	181	31.7	620	43.1
	-----	-----	-----	-----
Total revenue	571	100.0	1,439	100.0
COSTS AND EXPENSES:				
Salaries and wages	73	12.8	148	10.3
General and administrative	143	25.0	184	12.8
Provision for credit losses	644	112.8	283	19.7
Sales and marketing	-	-	60	4.2
Interest	77	13.5	428	29.7
	-----	-----	-----	-----
Total costs and expenses	937	164.1	1,103	76.7
	-----	-----	-----	-----
Income (loss) before provision (credit) for income taxes	(366)	(64.1)	336	23.3
Provision (credit) for income taxes	(109)	(19.1)	160	11.1
	-----	-----	-----	-----
Net income (loss)	\$ (257)	(45.0)%	\$ 176	12.2%
	=====	=====	=====	=====

The Other segment consists of the Company's Canadian automobile Loan business, floorplan, and secured line of credit financing businesses. Effective June 30, 2003, the Company decided to stop originating Loans in Canada. As a result, the average size of the Loan portfolio in Canada has declined significantly. The Company has also decided to significantly reduce its floorplan and secured line of credit portfolios since 2001. The decline in the revenues and expenses were primarily a result of these decisions, except as discussed below.

Provision for Credit Losses. The provision for credit losses increased to \$400,000 and \$600,000 for the three and six months ended June 30, 2004 from a negligible amount and \$300,000 for the same periods in 2003. The provision for credit losses consists of four components: (i) a provision for earned but unpaid revenue on Loans which were transferred to non-accrual status during the period, (ii) a provision to reflect losses inherent in the Company's Loan portfolio, (iii) a provision for losses on secured lines of credit, and (iv) a provision for losses on floorplan receivables. The increase in the provision for credit losses for the three and six months ended June 30, 2004 compared to the same periods in 2003 is primarily the result of increases of \$300,000 in provisions for losses on the secured lines of credit and floorplan receivables portfolios during each period of 2004.

AVERAGE CAPITAL ANALYSIS

The following presentation of financial results and subsequent analysis is based on analyzing the consolidated income statement as a percent of capital invested. This information provides an additional perspective on the financial performance of the Company in addition to the presentation of the Company's results as a percent of revenue. The Company believes this information provides a useful measurement of how effectively the Company is utilizing its capital on a consolidated basis.

(Dollars in thousands)	THREE MONTHS ENDED JUNE 30, 2004 ----	% OF AVERAGE CAPITAL (1) -----	THREE MONTHS ENDED JUNE 30, 2003 ----	% OF AVERAGE CAPITAL (1) -----
REVENUE:				
Finance charges	\$ 33,731	28.2%	\$ 26,431	24.1%
Ancillary product income	2,459	2.1	4,233	3.9
Lease revenue	405	0.3	1,784	1.6
Other income	4,694	3.9	3,598	3.3
	-----	----	-----	----
Total revenue	41,289	34.5	36,046	32.9
COSTS AND EXPENSES:				
Salaries and wages	8,963	7.5	8,687	7.9
General and administrative	5,214	4.4	5,272	4.8
Provision for credit losses	2,187	1.8	2,863	2.6
Sales and marketing	2,474	2.1	2,483	2.3
United Kingdom asset impairment expense	-	-	10,493	9.6
Interest	2,373	2.0	1,401	1.3
Stock-based compensation expense	864	0.7	1,428	1.3
Other expense	324	0.3	1,376	1.3
	-----	----	-----	----
Total costs and expenses	22,399	18.7	34,003	31.0
Operating income	18,890	15.8	2,043	1.9
Foreign exchange gain	906	0.8	14	-
	-----	----	-----	----
Income before provision for income taxes	19,796	16.5	2,057	1.9
Provision for income taxes	7,190	6.0	1,049	1.0
	-----	----	-----	----
Net income	\$ 12,606	10.5%	\$ 1,008	0.9%
	=====	====	=====	====
Average capital (1)	\$ 478,593		\$ 438,561	

(Dollars in thousands)	SIX MONTHS ENDED JUNE 30, 2004		SIX MONTHS ENDED JUNE 30, 2003	
		% OF AVERAGE CAPITAL (1)		% OF AVERAGE CAPITAL (1)
REVENUE:				
Finance charges	\$ 60,964	26.1%	\$ 50,687	23.4%
Ancillary product income	5,325	2.3	9,966	4.6
Lease revenue	1,051	0.5	4,120	1.9
Other income	9,470	4.1	8,258	3.8
Total revenue	76,810	32.9	73,031	33.7
COSTS AND EXPENSES:				
Salaries and wages	17,759	7.6	17,204	7.9
General and administrative	10,969	4.7	10,812	5.0
Provision for credit losses	14,734	6.3	7,051	3.2
Sales and marketing	5,017	2.1	4,660	2.1
United Kingdom asset impairment expense	-	-	10,493	4.8
Interest	4,973	2.1	2,997	1.4
Stock-based compensation expense	1,430	0.6	1,803	0.8
Other expense	781	0.3	3,023	1.4
Total costs and expenses	55,663	23.8	58,043	26.8
Operating income	21,147	9.1	14,988	6.9
Foreign exchange gain	1,057	0.5	29	-
Income before provision for income taxes	22,204	9.5	15,017	6.9
Provision for income taxes	8,068	3.5	5,416	2.5
Net income	\$ 14,136	6.1%	\$ 9,601	4.4%
Average capital (1)	\$ 467,005		\$ 433,945	

(1) Average capital is equal to the average amount of debt and equity during the period, each calculated in accordance with generally accepted accounting principles. The calculation of average capital follows:

(Dollars in thousands)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Average debt	\$ 164,338	\$ 101,821	\$ 145,580	\$ 101,147
Average shareholders' equity	314,255	336,740	321,425	332,798
Average capital	\$ 478,593	\$ 438,561	\$ 467,005	\$ 433,945

RETURN ON CAPITAL ANALYSIS

Return on capital is equal to net operating profit after-tax (net income plus interest expense after-tax) divided by average capital as follows:

(Dollars in thousands)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Net income	\$ 12,606	\$ 1,008	\$ 14,136	\$ 9,601
Interest expense after-tax	1,542	911	3,232	1,948
Net operating profit after-tax	14,148	1,919	17,368	11,549
Average capital	\$ 478,593	\$ 438,561	\$ 467,005	\$ 433,945
Return on capital	11.8%	1.7%	7.4%	5.3%

The increase in the Company's return on capital for the three months ended June 30, 2004 compared to the same period in 2003 was primarily the result of: (i) an increase in the return on capital in the United Kingdom to 4.1% in 2004 from (55.3%) in 2003 primarily due to the asset impairment expense recognized during 2003, as discussed further in connection with the United Kingdom results of operations, (ii) an increase in the return on capital in the United States to 12.2% in 2004 from 10.3% in 2003 primarily due to an increase in the average annualized yield on the Loan portfolio and a decrease in operating expenses as a percentage of capital, partially offset by a decrease in ancillary product income as a percentage of capital, as discussed further in connection with the United States results of operations, and (iii) an increase in the percentage of average total capital invested in the United States to 94.7% in 2004 from 82.5% in 2003.

The increase in the Company's return on capital for the six months ended June 30, 2004 compared to the same period in 2003 was primarily the result of: (i) an increase in the return on capital in the United Kingdom to 3.8% in 2004 from (21.3%) in 2003 primarily due to the asset impairment expense recognized during 2003, as discussed further in connection with the United Kingdom results of operations and (ii) an increase in the percentage of average total capital invested in the United States, the Company's business segment with the highest return on capital, to 93.5% in 2004 from 80.8% in 2003. Partially offsetting these items that positively impacted the Company's 2004 return on capital was a decrease in the return on capital in the United States to 7.5% in 2004 from 9.9% in 2003 primarily due to an increase in the provision for credit losses as a percentage of average capital and a decrease in ancillary product income as a percentage of average capital, partially offset by a decrease in operating expenses as a percentage of capital, as discussed in connection with the United States results of operations.

ECONOMIC PROFIT

The Company defines economic profit as net operating profit after-tax less an imputed cost of equity. Economic profit measures how efficiently the Company utilizes its total capital, both debt and equity. To consider the cost of both debt and equity, the Company's calculation of economic profit deducts from net income as determined under GAAP a cost of equity equal to 10% of average equity, which approximates the S&P 500's rate of return since 1965. Management uses economic profit to assess the Company's performance as well as to make capital allocation decisions. Management believes this information is important to shareholders because it allows shareholders to compare the returns earned by the Company investing capital in its core business with the return they could expect if the Company returned capital to shareholders and they invested in other securities. The Company generated an economic profit (loss) of \$4,750,000, or \$0.11 per diluted share, and (\$1,935,000), or (\$0.05) per diluted share, for the three and six months ended June 30, 2004, respectively, compared to (\$7,411,000), or (\$0.17) per diluted share, and (\$7,039,000), or (\$0.17) per diluted share, for the same periods in 2003, respectively.

The following table presents the calculation of the Company's economic profit (loss) for the periods indicated (dollars in thousands, except per share data):

	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
ECONOMIC PROFIT				
Net income (1)	\$ 12,606	\$ 1,008	\$ 14,136	\$ 9,601
Imputed cost of equity at 10% (2)	(7,856)	(8,419)	(16,071)	(16,640)
Total economic profit (loss)	\$ 4,750	\$ (7,411)	\$ (1,935)	\$ (7,039)
Diluted weighted average shares outstanding	41,413,308	42,868,265	41,790,255	42,629,844
Economic profit (loss) per share (3)	\$ 0.11	\$ (0.17)	(0.05)	(0.17)

(1) Consolidated net income from the Consolidated Statement of Income. See "Item 1. Consolidated Financial Statements."

(2) Cost of equity is equal to 10% (on an annual basis) of average shareholders' equity, which was \$314,255,000 and \$321,425,000 for the three months and six months ended June 30, 2004, respectively, and \$336,740,000 and \$332,798,000 for the same periods in 2003.

(3) Economic profit (loss) per share equals the economic profit (loss) divided by the diluted weighted average number of shares outstanding.

CRITICAL ACCOUNTING POLICIES

The Company's consolidated financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates, including those related to the recognition of finance charge revenue and the allowance for credit losses. Item 7 of the Company's Annual Report on Form 10-K discusses several critical accounting policies, which the Company believes involve a high degree of judgment and complexity. See Note 2 to the consolidated financial statements included in this Quarterly Report on Form 10-Q, which is incorporated herein by reference, for material changes to the estimates and judgments associated with the finance charge revenue, allowance for credit losses, and ancillary product income accounting policies during the three months ended March 31, 2004. There were no material changes to the estimates and assumptions associated with these accounting policies during the three months ended June 30, 2004.

LOSS EXPERIENCE

The following sets forth the components of the provision for credit losses, charge-offs related to the Company's Loan portfolio, and the allowance for credit losses as a percentage of gross Loans receivable:

(Dollars in thousands)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2004	2003	2004	2003
Provision for credit losses:				
Loans receivable (1)	\$ 1,894	\$ 2,292	\$ 14,106	\$ 5,302
Leased vehicles	-	555	-	1,193
Other	293	16	628	556
Total provision for credit losses	\$ 2,187	\$ 2,863	\$ 14,734	\$ 7,051
Net charge-offs related to the Company's Loan portfolio absorbed through:				
Dealer holdbacks	\$ 51,440	\$ 43,682	\$ 107,185	\$ 94,588
Unearned finance charges	12,860	10,920	26,796	23,647
Allowance for credit losses (2)	(219)	966	(4,807)	1,987
Total net charge-offs	\$ 64,081	\$ 55,568	\$ 129,174	\$ 120,222

(1) The increase in provision for credit losses for the six months ended June 30, 2004 was primarily due to: (i) the Company's change in estimate for recording losses on its Loan portfolio which now considers estimated future dealer holdback payments in its analysis of Loan impairment, and (ii) credit losses associated with the Company's revised methodology for calculating finance charge income and the related provision for earned but unpaid servicing fees, both as discussed in Note 2 to the consolidated financial statements.

(2) The net recoveries for the three and six months ended June 30, 2004 are primarily the result of changes to the Company's write-off policy, which were implemented in the third quarter of 2003.

The allowance for credit losses as a percentage of gross Loans receivable was 3.1% and 1.7% at June 30, 2004 and December 31, 2003, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of capital are cash flows from operating activities, collections on Loans receivable and borrowings under the Company's line of credit and secured financings. The Company's principal need for capital is to fund cash advances made to dealer-partners in connection with the acceptance of Loans and for the payment of dealer holdbacks to dealer-partners.

The Company's cash and cash equivalents decreased to \$28.4 million as of June 30, 2004 from \$36.0 million at December 31, 2003 and the Company's total balance sheet indebtedness increased to \$171.3 million at June 30, 2004 from \$106.5 million at December 31, 2003. These changes are primarily a result of \$50.7 million in stock repurchases during the first quarter of 2004 and an increase in advances to dealers resulting from an increase in Loan originations during the period. In the fourth quarter of 2003, the Board of Directors authorized the repurchase of 2.6 million common shares through a modified Dutch tender offer. Upon expiration of the tender offer in January 2004, the Company repurchased 2.2 million shares at a cost of \$37.4 million.

The following table summarizes the Company's stock repurchases for the three months ended June 30, 2004:

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS (A)
April 2004	-	\$ -	-	756,231
May 2004	-	-	-	756,231
June 2004	-	-	-	756,231
	-	\$ -	-	
	=====	=====	=====	

- (a) On August 5, 1999 the Company announced a stock repurchase program of up to 1,000,000 shares of the Company's common stock. The program authorized the Company to purchase common shares in the open market or in privately negotiated transactions at price levels the Company deems attractive. Since August 1999, the board of directors has authorized several increases to the stock repurchase program, the most recent occurring on March 10, 2004, which increased the total number of shares authorized to be repurchased to 7,000,000 shares.

Line of Credit Facility. At June 30, 2004, the Company had a \$135.0 million credit agreement with a commercial bank syndicate. The facility has a commitment period through June 9, 2006. The agreement provides that, at the Company's discretion, interest is payable at either the eurodollar rate plus 130 basis points (2.40% at June 30, 2004), or at the prime rate (4.0% at June 30, 2004). The eurodollar borrowings may be fixed for periods of up to six months. Borrowings under the credit agreement are subject to a borrowing base limitation equal to 65% of advances to dealer-partners (as reflected in the consolidated financial statements and related notes) plus 65% of Loans purchased by the Company (not to exceed \$13.0 million), less a hedging reserve (not exceeding \$1.0 million), the amount of letters of credit issued under the line of credit, and the amount of other debt secured by the collateral which secures the line of credit. Currently, the borrowing base limitation does not inhibit the Company's borrowing ability under the line of credit. The credit agreement has certain restrictive covenants, including a minimum required ratio of the Company's assets to debt, its liabilities to tangible net worth, and its earnings before interest, taxes and non-cash expenses to fixed charges. Additionally, the agreement requires that the Company maintain a specified minimum level of net worth. Borrowings under the credit agreement are secured by a lien on most of the Company's assets. The Company must pay annual and quarterly fees on the amount of the commitment. As of June 30, 2004, there was \$30.6 million outstanding under this facility. There were no amounts outstanding under this facility as of December 31, 2003. The weighted average interest rate on line of credit borrowings outstanding as of June 30, 2004 was 2.9%.

Secured Financing. In the second quarter of 2003, the Company's wholly-owned subsidiary, Credit Acceptance Funding LLC 2003-1 ("Funding 2003-1"), completed a secured financing transaction, in which Funding 2003-1 received \$100.0 million in financing. In connection with this transaction, the Company conveyed, for cash and the sole membership interest in Funding 2003-1, dealer-partner advances having a carrying amount of approximately \$134.0 million to Funding 2003-1, which, in turn, conveyed the advances to a trust, which issued \$100.0 million in notes to qualified institutional investors. A financial insurance policy was issued in connection with the transaction. The policy guarantees the timely payment of interest and ultimate repayment of principal on the final scheduled distribution date. The notes are rated "AA" by Standard & Poor's Rating Services. The proceeds of the conveyance to Funding 2003-1 were used by the Company to reduce outstanding borrowings under the Company's line of credit. Until December 15, 2003, the Company and Funding 2003-1 received additional proceeds from the transaction by having the Company convey additional dealer-partner advances to Funding 2003-1 that were then conveyed by Funding 2003-1 to the trust and used by the trust as collateral to support additional borrowings. Additional dealer-partner advances having a carrying amount of approximately \$35.0 million were conveyed by the Company after the completion of the initial funding. After December 15, 2003, the debt outstanding under the facility began to amortize. The total expected term of the facility is 16 months. The secured financing creates loans for which the trust is liable and which are secured by all the assets of the trust and of Funding 2003-1. Such loans are non-recourse to the Company, even though the trust, Funding 2003-1 and the Company are consolidated for financial reporting purposes. The notes bear interest at a fixed rate of 2.77%. The expected annualized cost of the secured financing, including underwriters fees, the insurance premium and other costs is approximately 6.8%. As Funding 2003-1 is organized as a separate legal entity from the Company, assets of Funding 2003-1 (including the conveyed dealer-partner advances) will not be available to satisfy the general obligations of the Company. All the assets of Funding 2003-1 have been encumbered to secure Funding 2003-1's obligations to its creditors. The Company receives a monthly servicing fee paid out of collections equal to 6% of the collections received with respect to the conveyed dealer-partner advances and related Loans. Except for the servicing fee and payments due to dealer-partners, the Company does not receive, or have any rights in, any portion of such collections until the trust's underlying indebtedness is paid in full, either through collections or through a prepayment of the indebtedness. Thereafter,

remaining collections would be paid over to Funding 2003-1 as the sole

beneficiary of the trust where they would be available to be distributed to the Company as the sole member of Funding 2003-1, or the Company may choose to cause Funding 2003-1 to repurchase the remaining dealer-partner advances from the trust and then dissolve, whereby the Company would become the owner of such remaining collections. As of June 30, 2004 and December 31, 2003, there was \$30.4 million and \$100.0 million, respectively, outstanding under this facility.

In the third quarter of 2003, the Company's wholly-owned subsidiary, CAC Warehouse Funding Corp. II ("Warehouse Funding" or "2003-2"), completed a revolving secured financing transaction with an institutional investor, in which Warehouse Funding may receive up to \$100.0 million in financing when the Company conveys dealer-partner advances to Warehouse Funding for equity in Warehouse Funding. Warehouse Funding will in turn pledge the dealer-partner advances as collateral to the institutional investor to secure loans that will fund the cash portion of the purchase price of the dealer-partner advances. During the second quarter of 2004, \$111.7 million in dealer-partner advances were contributed, resulting in \$80 million in additional financing proceeds. This revolving facility allows conveyances of dealer-partner advances by the Company and related borrowing by Warehouse Funding in which Warehouse Funding will receive 70% of the net book value of the contributed dealer-partner advances up to the \$100.0 million facility limit. The facility has a commitment period through September 28, 2004. Provided that the commitment is renewed, there is a requirement that any amounts outstanding under the facility be refinanced, and the facility paid to zero, by December 23, 2004. If this does not occur, the transaction will cease to revolve, will amortize as collections are received and, at the option of the institutional investor, may be subject to acceleration and foreclosure. Upon completion of the refinancing and pay down, the full facility will again be available to Warehouse Funding. Although Warehouse Funding will be liable for any secured financing under the facility, the loans will be non-recourse to the Company, even though Warehouse Funding and the Company are consolidated for financial reporting purposes. Such loans will bear interest at a floating rate equal to the commercial paper rate plus 65 basis points, which has been limited to a maximum rate of 6.25% through an interest rate cap agreement executed in the fourth quarter of 2003. As Warehouse Funding is organized as a separate special purpose legal entity from the Company, assets of Warehouse Funding (including the conveyed dealer-partner advances) will not be available to satisfy the general obligations of the Company. All the assets of Warehouse Funding have been encumbered to secure Warehouse Funding's obligations to its creditors. The Company will receive a monthly servicing fee paid out of collections equal to 6% of the collections received with respect to the conveyed dealer-partner advances and related Loans. Except for the servicing fee and payments due to dealer-partners, the Company will not receive, or have any rights in, any portion of such collections until Warehouse Funding's underlying indebtedness is paid in full either through collections or through a prepayment of the indebtedness. There were no amounts outstanding under this facility as of December 31, 2003. As of June 30, 2004, there was \$100.0 million outstanding under this facility.

The Company has completed a total of ten secured financing transactions, eight of which have been repaid in full. Information about the currently outstanding secured financing transactions is as follows (dollars in thousands):

Issue Number	Close Date	Facility Limit	Secured Financing Balance at June 30, 2004	Secured Dealer Advance Balance at June 30, 2004	Balance as Percent of Original Balance
2003-1	June 2003	\$100,000	\$ 30,428*	\$ 82,777	30%
2003-2	September 2003	\$100,000	100,000	145,645	n/a

* Anticipated to fully amortize by October 31, 2004.

Mortgage Loan. The Company has a mortgage loan from a commercial bank that is secured by a first mortgage lien on the Company's headquarters building and an assignment of all leases, rents, revenues and profits under all present and future leases of the building. There was \$8.6 million and \$5.4 million outstanding on this loan as of June 30, 2004 and December 31, 2003, respectively. During the quarter, the loan, which matures on June 9, 2009, was refinanced and increased by \$3.5 million under similar terms and conditions. The loan bears interest at a fixed rate of 5.35%, and requires monthly payments of \$92,156 and a balloon payment at maturity for the balance of the loan.

Capital Lease Obligations. As of June 30, 2004, the Company has various capital lease obligations outstanding for computer equipment, with monthly payments totaling \$59,000. These capital lease obligations bear interest at rates ranging from 4.45% to 9.31% and have maturity dates between October 2004 and March 2008.

In addition to the balance sheet indebtedness as of June 30, 2004, the Company also has contractual obligations resulting in future minimum payments under operating leases. A summary of the total future contractual obligations requiring repayments is as follows (in thousands):

CONTRACTUAL OBLIGATIONS	PERIOD OF REPAYMENT				TOTAL
	< 1 YEAR	1-3 YEARS	3-5 YEARS	> 5 YEARS	
Long-term debt obligations	\$ 131,086	\$ 32,803	\$ 5,689	\$ -	\$ 169,578
Capital lease obligations	203	1,403	98	-	1,704
Operating lease obligations	510	1,459	348	-	2,317
Purchase obligations (1)	73	146	-	-	219
Other long-term obligations (2) (3)	-	-	-	-	-
Total contractual obligations	\$ 131,872	\$ 35,811	\$ 6,135	\$ -	\$ 173,818

- (1) Purchase obligations consist of commitments that the Company entered into in June 2004 for two 36 month capital lease obligations for computer equipment commencing in July 2004.
- (2) The Company has dealer holdback liabilities on its balance sheet; however, as payments of dealer holdbacks are contingent upon the receipt of customer payments on Loans receivable and the repayment of dealer advances, these obligations are excluded from the above table.
- (3) The Company has entered into a series of forward contracts to deliver British pound sterling in exchange for United States dollars. As the forward contracts are derivatives that are recorded on the balance sheet at their fair value and as this fair value does not represent the amounts that will ultimately be received or paid under these contracts, these obligations are excluded from the above table.

Liquidation of Non-Core Businesses. As of June 30, 2004, the Company expects to receive approximately \$19.0 million from the liquidation of its United Kingdom, Canadian, and Automobile Leasing businesses. The expected liquidation proceeds have been determined based on the Company's forecast of cash inflows and outflows during the estimated remaining years of operation for each business. Detail of expected future net liquidation proceeds follows:

(Dollars in thousands)	AS OF JUNE 30, 2004
United Kingdom	\$ 15,900
Canada	2,200
Automobile Leasing	900
	\$ 19,000

The Company intends to utilize proceeds from businesses being liquidated to: (i) fund dealer-partner advances on Loans originated in the United States and (ii) fund share repurchases. During the second quarter of 2004, the Company received \$7.6 million in liquidation proceeds.

Based upon anticipated cash flows, management believes that cash flows from operations and its various financing alternatives will provide sufficient financing for debt maturities and for future operations. The Company's ability to borrow funds may be impacted by many economic and financial market conditions. If the various financing alternatives were to become limited or unavailable to the Company, the Company's operations could be materially and adversely affected.

FORWARD-LOOKING STATEMENTS

The Company makes forward-looking statements in this report and may make such statements in future filings with the Securities and Exchange Commission. It may also make forward-looking statements in its press releases or other public or shareholder communications. The Company's forward-looking statements are subject to risks and uncertainties and include information about its expectations and possible or assumed future results of operations. When the Company uses any of the words "believes," "expects," "anticipates," "assumptions," "forecasts," "estimates" or similar expressions, it is making forward-looking statements.

The Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of its forward-looking statements. These forward-looking statements represent the Company's outlook only as of the date of this report. While the Company believes that its forward-looking statements are reasonable, actual results could differ materially since the statements are based on our current expectations, which are subject to risks and uncertainties. Factors that might cause such a difference include, but are not limited to, the following:

- the Company's potential inability to accurately forecast and estimate the amount and timing of future collections,
- increased competition from traditional financing sources and from non-traditional lenders,
- the unavailability of funding at competitive rates of interest,
- the Company's potential inability to continue to obtain third party financing on favorable terms,
- the Company's potential inability to generate sufficient cash flow to service its debt and fund its future operations,
- adverse changes in applicable laws and regulations,
- adverse changes in economic conditions,
- adverse changes in the automobile or finance industries or in the non-prime consumer finance market,
- the Company's potential inability to maintain or increase the volume of Loans,
- an increase in the amount or severity of litigation against the Company,
- the loss of key management personnel, and
- the effect of terrorist attacks and potential attacks.

Other factors not currently anticipated by management may also materially and adversely affect the Company's results of operations. The Company does not undertake, and expressly disclaims any obligation, to update or alter its statements whether as a result of new information, future events or otherwise, except as required by applicable law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 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 2003 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Accounting Officer (acting as its principal financial officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based upon that evaluation, the Company's Chief Executive Officer and Chief Accounting Officer (acting as its principal financial officer) concluded that the Company's disclosure controls and procedures are effective to cause the material information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 to be recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. There were no changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II. - OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

The information required in Part II, Item 2 is incorporated by reference from the information in Part I, Item 2 under the caption "Liquidity and Capital Resources" in this Form 10-Q.

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

The Company held its Annual Meeting of Shareholders on May 13, 2004 at which the shareholders considered: (i) the election of six directors, and (ii) the adoption of the Credit Acceptance Corporation Incentive Compensation Plan and the approval of the performance goals thereunder. The following table summarizes the votes for the election and proposal:

Nominee	Votes For	Votes Withheld
Donald A. Foss	38,782,908	3,505
Harry E. Craig	38,739,775	46,638
Glenda Flanagan	38,764,008	22,405
Daniel P. Leff	38,735,178	51,235
Brett A. Roberts	38,782,608	3,805
Thomas N. Tryforos	38,739,675	46,738

Proposal	Votes For	Votes Against	Votes Withheld
Incentive Compensation Plan	35,311,746	102,530	11,344

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 filed a current report on Form 8-K pursuant to Items 5, 7 and 12, dated May 10, 2004, reporting that the Company issued a press release announcing that it was filing a Form 12b-25 with the Securities and Exchange Commission to extend the filing date of its quarterly report on Form 10-Q for the period ended March 31, 2004, a copy of which was filed as Exhibit 99.1.

The Company filed a current report on Form 8-K pursuant to Items 7 and 12, dated May 14, 2004, reporting that the Company issued a press release announcing its financial results for the three months ended March 31, 2004, a copy of which was filed as Exhibit 99.1.

The Company filed a current report on Form 8-K pursuant to Items 5 and 7, dated May 19, 2004, reporting that the Company issued a press release announcing the appointments of Chief Accounting Officer and Treasurer, a copy of which was filed as Exhibit 99.1.

The Company filed a current report on Form 8-K pursuant to Items 9 and 12, dated May 25, 2004, furnishing materials which were prepared for inclusion on its investor relations website, a copy of which was filed as Exhibit 99.1

The Company filed a current report on Form 8-K pursuant to Items 5 and 7, dated June 9, 2004, reporting that the Company issued a press release announcing that it has extended the maturity of its \$135 million credit agreement, a copy of which was filed as Exhibit 99.1.

No financial statements were filed with the Forms 8-K.

SIGNATURE

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)

By: /s/ Kenneth S. Booth

Kenneth S. Booth
Chief Accounting Officer
August 4, 2004

(acting as Principal Financial Officer,
Principal Accounting Officer and Duly
Authorized Officer)

INDEX OF EXHIBITS

EXHIBIT NO.	DESCRIPTION
4 (c)(13)	Third Amended and Restated Credit Agreement, dated as of June 9, 2004, among the Company, certain of the Company's subsidiaries, Comerica Bank, as Administrative Agent and Collateral Agent, and the banks signatory thereto.
4 (g)(7)	Release and Fourth Amendment To Second Amended and Restated Security Agreement, dated June 9, 2004 between Comerica Bank, as Collateral Agent and the Company.
4 (g)(8)	Fifth Amendment To Second Amended and Restated Security Agreement, dated June 30, 2004 between Comerica Bank, as Collateral Agent and the Company.
10(q)	Credit Acceptance Corporation Incentive Compensation Plan, effective April 1, 2004
31(a)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act.
31(b)	Certification of Chief Accounting Officer (acting as principal financial officer) pursuant to Rule 13a-14(a) of the Securities Exchange Act.
32(a)	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) of the Securities Exchange Act.
32(b)	Certification of Chief Accounting Officer (acting as principal financial officer), pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) of the Securities Exchange Act.

=====
THIRD AMENDED AND RESTATED

CREDIT ACCEPTANCE CORPORATION

CREDIT AGREEMENT

DATED AS OF JUNE 9, 2004

COMERICA BANK, AS ADMINISTRATIVE AGENT
AND COLLATERAL 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 9th day of June, 2004, 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") and Credit Acceptance Corporation, a Michigan corporation ("Company").

RECITALS

A. Company has requested that the Banks amend, renew and/or extend to it, credit in the aggregate amount (subject to the Revolving Credit Optional Increase, as defined below) of up to One Hundred Thirty Five Million Dollars (\$135,000,000) consisting of (i) the Revolving Credit (as defined below) previously extended to Company and certain of its Subsidiaries pursuant to that certain Amended and Restated Credit Acceptance Corporation Credit Agreement dated as of June 9, 2003 (as amended, the "Prior Credit Agreement") by and among Company, certain of its Subsidiaries, the Banks signatory thereto and Comerica Bank, individually and in its capacity as Agent, and (ii) letters of credit 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, 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 or any Significant Domestic Subsidiary, jointly and severally with Company) as named in an application to the Agent for the issuance of such Letter of Credit.

"Additional Commitment Fee" shall mean the additional commitment fee payable to Agent for distribution to the Banks pursuant to Section 2.13, hereof.

"Administrative Agency Agreement" is referred to in the definition of Titling Subsidiary Agreements.

"Advance(s)" shall mean, as the context may indicate, a borrowing requested by Company, and made by Banks under Section 2.1 of this Agreement, as the case may be, or requested by the Company 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 or 2.5(c) 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 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, for purposes of the definition of Collateral determining the Borrowing Base and compliance with the covenants under Section 7.4 through 7.7 and 7.17 hereof, Advances to Dealers shall not include (a) any such advances (and the related Installment Contracts) transferred or encumbered pursuant to a Permitted Securitization or assigned to a Securitization Pool (whether or not attributable to the Company under GAAP), unless and until such advances (and the related Installment Contracts) are reassigned to the Company or a Domestic Subsidiary of the Company or such encumbrances are discharged or (b) Charged-Off Advances. For purposes of this definition, "Charged-Off Advances" shall mean those Advances to Dealers which the Company or any of its Subsidiaries has written off consistent with the Company's write off policy described in its periodic reports filed with the Securities and Exchange Commission.

"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 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 of America), or at such other bank as Agent may from time to time designate by written notice to Company 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.

"Allowances for Credit Losses" shall mean those allowances or reserves established by Company or its Subsidiaries in arriving at installment contracts receivable, net, on its Consolidated balance sheets, as specifically identified in such financial statements or as disclosed in the footnotes thereto; provided that Allowances for Credit Losses shall not include allowances or reserves attributable to retail installment contracts which are not at such time "Installment Contracts", due to the proviso in the definition of such term in this Agreement.

"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%).

"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 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.

"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.

"Borrowing Base Certificate" shall mean a Borrowing Base Certificate, substantially in the form of Exhibit O (and determining the amount of Advances to Dealers as of the most recent quarter end, in the case of regular borrowing base certificates delivered under Section 7.3(d) hereof, and as of the most recent month-end, in the case of all other Borrowing Base Certificates submitted hereunder), with appropriate insertions and executed by an authorized officer of the Company and accompanied, when submitted in connection with a Permitted Securitization or a sale of accounts under Section 8.9 hereof, by a breakdown of the contemplated net securitization or sale proceeds to be received (or actually received, as the case may be) from such transaction, and reasonable supporting calculations.

"Borrowing Base Limitation" shall mean, as of any date of determination, an amount equal to (i) sixty-five percent (65%) of Advances to Dealers, plus (ii) the lesser of sixty-five percent (65%) of the Outright Contract Balance or \$13,000,000, minus (iii) the Hedging Reserve and minus (iv) the aggregate principal amount outstanding from time to time of any Debt (other than the Indebtedness) secured by any of the Collateral.

"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.

"CAC South Dakota" shall mean Credit Acceptance Corporation of South Dakota, Inc., a South Dakota corporation.

"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.

"Capitalized Lease" shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) with respect to which the discounted present value of the rental obligations of such Person as lessee thereunder, in conformity with GAAP, is required to be capitalized on the balance sheet of that 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 (i) Fifteen Percent (15%) of the initial amount received by the Company or a Special Purpose Subsidiary pursuant to such Permitted Securitization (before fees and other deductions), it being understood that, for purposes of the calculation under clause (a)(i) of this definition, each tranche of a multi-tranche Permitted Securitization shall be considered a separate Permitted Securitization or (ii) in the case of any Securitization Transaction structured on a revolving basis, fifteen percent (15%) of the maximum aggregate availability at any time to Company or a Special Purpose Subsidiary, each such optional cleanup call to be accompanied by the repurchase of or release of encumbrances on Advances to Dealers or Installment Contracts (whether assigned outright or related to Advances to Dealers), as the case may be, previously transferred or encumbered pursuant to such Permitted Securitization in an amount equal to at least the amount of such cleanup call; 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 (i) Two and One-Half Percent (2-1/2%) of the aggregate amount received by the Company or a Special Purpose Subsidiary pursuant to the Permitted Securitization to which such mandatory cleanup call relates (before fees and other deductions), it being understood that, for purposes of the calculation under clause (b)(i) of this definition, all tranches of a multi-tranche Permitted Securitization shall be considered one Permitted Securitization or (ii) in the case of any Securitization Transaction structured on a revolving basis, Two and One-Half Percent (2-1/2%) of the maximum aggregate availability at any time to Company or a Special Purpose Subsidiary, each such mandatory Cleanup Call to be accompanied by the repurchase of or release of encumbrances on Advances to Dealers or Installment Contracts (whether

assigned outright or related to Advances to Dealers), as the case may be, previously transferred or encumbered pursuant to such Permitted Securitization in an amount equal to at least the lesser of (A) the amount of such cleanup call or (B) the book value at the time of such cleanup call of the Advances to Dealers or Installment Contracts previously transferred or encumbered pursuant to such Permitted Securitization.

"Collateral" shall mean (a) 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), Intercompany Notes and computer records and software relating thereto, whether now owned or hereafter acquired by such Person, (b) one hundred percent (100%) of the share capital of each Significant Domestic Subsidiary of the Company (whether direct or indirect), (c) one hundred percent (100%) of the share capital of T&C Subsidiary (subject to release upon dissolution of the T&C Subsidiary in connection with the completion of the New Restructuring) and of CAC South Dakota (whether or not constituting a Significant Domestic Subsidiary), (d) not less than sixty-five percent (65%) of the aggregate partnership interests of the Scottish Partnership, (e) all other property or rights in which a security interest, mortgage, lien or other encumbrance for the benefit of the Banks is or has been granted or arises or has arisen, under or in connection with this Agreement, the Collateral Documents or any of the Other Loan Documents, or otherwise, (f) the entire Non-Specified Interest at any time held by the Company or any Subsidiary, and (g) all proceeds and products of the foregoing.

"Collateral Documents" shall mean (i) that certain Second Amended and Restated Security Agreement dated as of June 11, 2001 and executed and delivered by Company in favor of the Agent, as Collateral Agent pursuant to the Intercreditor Agreement (as amended, the "Security Agreement"), and encumbering the property described therein, (ii) an assignment executed and delivered by Company in favor of the Agent, as Collateral Agent pursuant to the Intercreditor Agreement, and encumbering the Collateral described in clause (e) of the definition of Collateral, (iii) those certain lien, charge or other security documents executed and delivered, or to be executed and delivered hereunder in order to encumber 100% of the share capital of the T&C Subsidiary, executed and delivered by the Company or any of its subsidiaries and delivered to the Agent, as Collateral Agent (as aforesaid), subject to release of such liens upon dissolution of the T&C Subsidiary in compliance with the terms of the New Restructuring, and (iv) 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 or further amended (subject to the Intercreditor Agreement) from time to time.

"Commitment Fee" shall mean the commitment fee payable to Agent for distribution to the Banks pursuant to Section 2.13, hereof.

"Company" is defined in the Preamble.

"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, 2003, subject to the matters described in Note 2 to the Company's Form 10-Q for the quarter ended March 31, 2004.

"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, plus (c) the aggregate amount of all dividends on any preferred stock of the Company declared during such period, determined after eliminating intercompany transactions among the Company and its Subsidiaries.

"Consolidated Funded Debt" shall mean, as of any applicable date of determination, all Debt of the Company and its Subsidiaries determined on a Consolidated basis according to GAAP (but including the Debt of any Special Purpose Subsidiary, whether or not includible under GAAP), plus without duplication all letters of credit, guarantees and other Guarantee Obligations of the Company and its Subsidiaries (but including any Special Purpose Subsidiary, whether or not includible under GAAP) in respect of liabilities which would constitute Debt, determined on a Consolidated basis according to GAAP.

"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 Assets" shall mean, as of any applicable date of determination, the sum of (i) 100% of all cash and the value (at book) of all Permitted Investments and (ii) 75% of the aggregate amount of Advances to Dealers; determined on a Consolidated basis for the Company and its Subsidiaries according to GAAP, but including the amount of any such assets held by a Special Purpose Subsidiary, whether or not includible under GAAP, and excluding such assets of the Trusts to the extent such assets are Consolidated under 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 and the non-cash effect of stock option expense (whether constituting a gain or a loss);

(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;

(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,

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 Tangible Net Worth" shall mean the total preferred shareholders' investment and common shareholders' investment (common stock, paid in capital and retained earnings) as computed for the Company and its Subsidiaries on a Consolidated basis under GAAP, less assets properly classified as intangible assets according to GAAP, but excluding from the determination thereof, without duplication, any excess servicing asset resulting from the transfer, pursuant to a Permitted Securitization, of Advances to Dealers or Installment Contracts (whether assigned outright or related to Advances to Dealers) and less capitalized financing fees.

"Consolidated Total Liabilities" shall mean, as of any applicable date of determination, the Consolidated total liabilities of the Company and its Subsidiaries according to GAAP (but including the liabilities of any Special Purpose Subsidiary whether or not includible under GAAP), plus without duplication all contingent obligations, including without limitation all Guarantee Obligations not otherwise reflected therein, minus Net Dealer Holdbacks and minus deferred income of the Company and its Subsidiaries, and minus such liabilities of the Trusts to the extent such liabilities are Consolidated under GAAP, in each case determined on a Consolidated basis according to GAAP, except as aforesaid.

"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 or treasurer 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 7.7, inclusive, of this Agreement for the applicable fiscal quarter (or year-end) of the Company, as the case may be, 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.

"Dealer(s)" shall mean a Person engaged in the business of the retail sale of new or used motor vehicles, including both businesses exclusively selling used motor vehicles and businesses principally selling 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 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 and (ii) accepts outright assignments of Installments Contracts from Dealers or funds Installments Contracts originated by such Dealer in the name of Company or any of 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 in respect of Capitalized Leases, (d) the present value of all payments due under any arrangement for retention of title or any conditional sale agreement (other than a Capitalized 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, if any, of Company's long-term non-credit enhanced senior debt obtained by the Company, from time to time, from an applicable credit rating agency of recognized national standing in the United States of America.

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

"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.

"Domestic Guaranty" shall mean that certain guaranty of all Indebtedness outstanding from the Company dated as of this Agreement, 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, as amended from time to time.

"Domestic Subsidiary" shall mean those Subsidiaries of the Company incorporated under the laws of the United States of America, or any state thereof, other than the US LLC, so long as it is a Subsidiary of a Foreign Subsidiary.

"Effective Date" shall mean June 9, 2004.

"Equity Offering" shall mean the issuance and sale for cash, on or after the 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 the Effective Date, 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.

"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 the Applicable Margin (subject, if applicable, to adjustment under Section 4 hereof), plus the quotient of:

(C) the per annum interest rate at which deposits in eurodollars are offered to Agent's Eurocurrency Lending Office by other prime banks in the eurodollar 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 prior to the first day of such Eurocurrency-Interest Period, divided by

(D) 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 1/100th of 1%.

"Eurocurrency-Interest Period" shall mean, 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, Agent and the Swing Line Bank), and 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, as applicable, for a Eurocurrency-based Advance pursuant to Section 2.3 or 2.5 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 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 Advance(s)" shall mean Advances made under the Prior Credit Agreement (as defined therein) which are outstanding on the Effective Date.

"Existing Letter of Credit" shall mean a letter of credit issued under the Prior Credit Agreement which is outstanding on the Effective Date hereof as set forth on Schedule 3.11 attached hereto.

"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, the Commitment Fee, the Additional Commitment Fee and the Letter of Credit Fees.

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

"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(i) of this Agreement and demonstrating that the Company would be in

compliance with the financial covenants set forth in Sections 7.4 through 7.7 hereof and the Borrowing Base Limitation, if applicable, were such Debt outstanding during the applicable reporting periods;

(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;

(d) Concurrently with the incurring of such additional Debt, the proceeds of such Debt, net of third party expenses incurred by the Company in connection with the issuance of such Debt, shall first be applied to reduce (i) the principal, interest and other amounts under other Future Debt then outstanding or (ii) principal, interest and other amounts owing 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), 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); and provided further that Agent and the Banks acknowledge that any proceeds of Future Debt remaining after the application of such proceeds as required by this clause (d) may be held or invested in Permitted Investments or otherwise invested or applied in any manner not prohibited by this Agreement; and

(e) If such additional Debt is to be secured, the applicable Lien shall arise only pursuant to the Security Agreement and/or the other Collateral Documents and each of the holders of such Debt shall become a party to the Intercreditor Agreement and shall execute and deliver such additional or related Loan Documents, as reasonably requested by the Agent.

"Future Debt" shall mean Debt evidenced by Long Term Notes; provided that the aggregate principal amount of all such Debt outstanding at any time from and after the date

hereof shall not exceed One Hundred Fifty Million Dollars (\$150,000,000); and provided further that, at the time any such Debt is incurred, the Funding Conditions have been satisfied. For the purposes of this definition, "Long Term Notes" shall mean unsecured or secured non-revolving promissory notes to be issued by the Company, which Debt shall have a term extending at least beyond the Revolving Credit Maturity Date then in effect, have an amortization schedule not greater than level amortization to maturity (but with no principal payments required for a period of at least 12 months) and have no requirement for mandatory early repayment except (x) upon default, (y) following a change in control or (z) following the sale of any material portion of the assets of the Company or any of its Subsidiaries, to the extent of the proceeds of such sale.

"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 Dealer Holdbacks" shall mean the aggregate amount, as of any applicable date of determination, of dealer holdbacks under Dealer Agreements relating to Installment Contracts utilized in arriving at Dealer holdbacks, net on the Consolidated balance sheet of the Company and its Subsidiaries, as disclosed in the footnotes thereto; provided that Gross Dealer Holdbacks shall not include the amount of dealer holdbacks attributable to retail installment contracts which are not at such time "Installment Contracts" due to the proviso in the definition of such term in this Agreement.

"Guarantee Obligation(s)" shall mean as to any Person (the "guaranteeing person") any obligation of the guaranteeing person in respect of any obligation of another Person (including, without limitation, any bank under any letter of credit), the creation of which was evidenced or induced by a reimbursement agreement, counter-indemnity, endorsement or similar obligation issued by the guaranteeing person, in either case guaranteeing or in effect guaranteeing any Debt, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. To the extent not otherwise determinable, the amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation (as outstanding on the applicable date of determination) in respect of which such Guarantee

Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by Company in good faith.

"Guaranties" shall mean the Domestic Guaranty and any other guaranty of the Indebtedness entered into from time to time in accordance with the terms hereof.

"Guarantor(s)" shall mean each Significant Subsidiary which is required by the Banks to guarantee the obligations of the Company 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.

"Hedging Agreement(s)" shall mean any Interest Rate Protection Agreements and any foreign currency exchange agreements (including without limitation foreign currency hedges and swaps) or other foreign exchange transactions, or any combination of such transactions or agreements or any option with respect to any such transactions or agreements entered into by Company and/or any of its Subsidiaries to manage existing or anticipated foreign exchange risk and not for speculative purposes.

"Hedging Reserve" shall mean a reserve under the Borrowing Base Limitation equal to the lesser of (i) One Million Dollars (\$1,000,000) and (ii) the aggregate amount of Net Hedging Obligations outstanding from time to time (determined in the manner set forth herein) maintained by the Company for the benefit of those Banks or their Affiliates which provide Hedging Agreements to the Company or any Domestic Subsidiary under or in connection with this Agreement, and allocated to such Banks or their Affiliates in the amounts so determined and reported by the Company in its quarterly Borrowing Base Certificates or any updated Borrowing Base Certificates from time to time submitted by the Company hereunder; provided that the adequacy of the amounts established by the Company for the applicable exposure under a Hedging Agreement shall be subject to review and approval by the Majority Banks and each affected Bank, from time to time at the request of such Banks.

"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 Subsidiary 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 Account Party to, or acquired by, the Banks or by Agent, and all Net Hedging Obligations in respect of Hedging Agreements entered into between Company and/or any Significant Domestic Subsidiary and a Bank or an Affiliate of a Bank (up to the maximum amount of the Hedging Reserve, as determined and allocated hereunder) 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 new or 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.

"Intercompany Loans" shall mean any loan or advance in the nature of a loan by the Company to any Subsidiary or by any Subsidiary to any other Subsidiary or to the Company.

"Intercompany Loans, Advances and Investments" shall mean any Intercompany Loan and any other advance or Investment by the Company to or in a Subsidiary or by any Subsidiary to or in the Company or any other Subsidiary.

"Intercompany Note(s)" shall mean the promissory notes substantially in the form of Exhibit N, attached hereto, issued or to be issued by the Company or any Subsidiary to evidence an Intercompany Loan, and pledged to the Agent (in its capacity as Collateral Agent under the Intercreditor Agreement and/or as Agent hereunder.)

"Intercreditor Agreement" shall mean that certain Intercreditor Agreement executed and delivered as of December 15, 1998 by and among the Banks, the holders of certain other Debt and the Agent, as Collateral Agent thereunder, and acknowledged and accepted by the Company and certain of its Subsidiaries, as amended by First Amendment dated as of March 30, 2001 and Second Amendment dated as of June 10, 2002, and as further 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.

"Interest Rate Protection Agreement(s)" shall mean any interest rate, swap, cap, floor, collar, forward rate agreement or other rate protection transaction, or any combination of such transactions or agreements or any option with respect to any such transactions or agreements now existing or hereafter entered into by Company or any of its Subsidiaries to manage existing or anticipated interest rate risk and not for speculative purposes.

"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, Guarantee Obligation or contribution of capital or any investment in, or purchase or other acquisition of, stocks, notes, debentures or other securities of such Person.

"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.

"Joinder Agreement (Guaranty)" shall mean a joinder agreement in the form attached as "Exhibit A" to the form of the Domestic Guaranty, to be executed and delivered by any Person required to be a Guarantor pursuant to Section 7.19 of this Agreement.

"Lead Arranger" shall mean Banc of America Securities, LLC, or such successor lead arranger and sole book manager as appointed by the Company under Section 12.15 hereof.

"Leased Vehicles" shall mean, as of any applicable date of determination, the 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).

"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, 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 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) Fifteen Million Dollars (\$15,000,000); 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 3 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 (including, without limitation, with respect to Installment Contracts), 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.

"Luxembourg Subsidiary" shall mean a wholly-owned direct or indirect Subsidiary of the Company organized under the laws of Luxembourg.

"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.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business or financial condition of the Company and its Subsidiaries, taken as a whole, (b) the ability of each of the Company and its Subsidiaries to perform their material obligations under this Agreement, the Notes (if issued) or any other Loan Document to which any of them is a party, as the case may be, or (c) the validity or enforceability of any material provision of this Agreement, any of the Notes (if issued) or any of the other Loan Documents (as determined by Agent and the Majority Banks) or the rights or remedies of the Agent or the Banks hereunder or thereunder.

"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.

"Net Dealer Holdbacks" shall mean, as of any applicable date of determination, (a) Gross Dealer Holdbacks minus (b) Advances to Dealers.

"Net Hedging Obligation(s)" shall mean, in respect of any one or more Hedging Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedging Agreements, (a) for any date on or after the date such Hedging Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark to market value(s) for such Hedging Agreements, as

determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Agreements, which may include any Bank or Affiliate of such Bank.

"New Bank" is defined in clause (b) of Section 2.17.

"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 2.17 hereof.

"New Restructuring" shall mean a series of transfers, mergers, amalgamations, dissolutions, liquidations and similar transactions involving ownership interests (but not involving any transfers of Advances to Dealers, Installment Contracts or other financial assets, other than to the Company or a Significant Domestic Subsidiary) including without limitation the transfer of the ownership of all of the Company's Foreign Subsidiaries (including the US LLC) by the T&C Subsidiary to CAC South Dakota and the liquidation of the T&C Subsidiary (including the release by the Banks of the T&C Subsidiary from its obligations under the Guaranty and any Collateral Document, and the release of the Lien over the equity interests of the T&C Subsidiary) and the release of those debentures, liens or security agreements executed in favor of the Agent by the Permitted Borrowers (as defined in the Prior Credit Agreement), and the conversion of CAC Scotland from a "controlled foreign corporation" (for purposes of Section 956 of the Internal Revenue Code) to a branch of CAC South Dakota (pursuant to a "check-the-box election"), such transactions resulting in the restructuring of the ownership of the Company's foreign subsidiaries as shown on Exhibit R to the Credit Agreement.

"Non-Specified Interest" is defined in the Titling Subsidiary Agreements.

"Notes" shall mean the Revolving Credit Notes or the Swing Line Notes, or any or all of 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 any of its Subsidiaries.

"Operating Lease" shall mean any lease other than a Capitalized 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 Contract Balance" shall mean, as of any applicable date of determination, (i) the balance owing in respect of Installment Contracts purchased under Outright Dealer Agreements, minus (ii) unearned income with respect to such Installment Contracts and the allowance for credit losses with respect to such Installment Contracts, in each case as such amount would be included in the financial statements and related footnotes of the Company and its Subsidiaries prepared in accordance with GAAP and reported in the applicable Borrowing Base Certificate, 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 Installment

Contracts not expected to be recovered, provided that, the Outright Contract Balance shall not include (a) any Installment Contracts transferred or encumbered pursuant to a Permitted Securitization or assigned to a Securitized Pool (whether or not attributable to the Company under GAAP), unless and until such Installment Contracts are reassigned to the Company or a domestic Subsidiary of the Company or such encumbrances are discharged or (b) Charged-Off Contracts. For purposes of this definition, "Charged-Off Contracts" shall mean those Installment Contracts which the Company or any of its Subsidiaries has written off consistent with the Company's write off policy described in its periodic reports filed with the Security and Exchange Commission.

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

"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 or any ERISA Affiliate, 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 (and stated as a percentage and/or a dollar amount), of the Letters of Credit, 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 the Titling Subsidiary or any Special Purpose Subsidiary), including any such acquisition conducted as a Permitted Merger, of assets, businesses or business interests or shares of stock or other ownership interests of or in any other 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, in the case of an acquisition of assets, all indebtedness which is assumed or to which such assets are subject and, in the case of the acquisition of stock or other ownership interests, all indebtedness to which such stock or other ownership interests, are subject, shall not exceed Ten Million Dollars (\$10,000,000), 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 7.19 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 Guaranties" shall mean (i) any Guarantee Obligation provided by the Company, for the benefit of a Subsidiary, covering the Debt or other obligation or liability permitted to be incurred or entered into by such Subsidiary, and any other Guarantee Obligation of the Company in the ordinary course of business, (ii) any guaranties provided by a Significant Domestic Subsidiary of the Company of the Debt outstanding to 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 or administrative agent of the Installment Contracts covered by a Permitted Securitization, to advance funds equal to the interest component of obligations issued as part of a Permitted Securitization and payable from collections on such Installment Contracts, such payments to be repayable to Company on a priority basis from such collections, sales or other dispositions, provided that the aggregate amount of such advances under this clause (iii) at any time outstanding shall not exceed \$1,500,000 and (iv) other Guarantee Obligations of the Company or any of the Subsidiaries in an aggregate amount not to exceed, at any time outstanding, \$1,000,000.

"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 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 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 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 any foreign subsidiary in obligations similar in nature, term and credit quality to those enumerated in paragraphs (a) through (e) above, except that the applicable jurisdiction of formation or operation 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, could not reasonably be expected to materially adversely affect the present or future use of the property to which they relate, or to 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 Guarantor, but excluding any Special Purpose Subsidiary) or any Person which is being acquired pursuant to a Permitted Acquisition into Company or (ii) the merger of any Subsidiary or any Person which is being acquired pursuant to a Permitted Acquisition (other than a 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, if requested by Agent or 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 Future Debt (x) which is funded solely with the proceeds of (i) new cash equity in the form of nonconvertible common shares, (ii) Subordinated Debt, or (iii) substitute Debt permitted hereunder 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 12 months) and with no provision for mandatory early repayment except (x) upon default, (y) following a change in control or (z) following the sale of any material portion of the assets of the Company or any of its Subsidiaries, to the extent of the proceeds of such sale;

(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 or (y) which has been approved by the Majority Banks. Solely for purposes of the definition of Permitted Prepayment, any Bank which fails, within fifteen (15) Business Days of receipt of written notice from the Company of its intent to make such prepayment (identifying the Debt to be prepaid, and the amount of any such prepayment, captioned "notice of prepayment" and stating that approval is deemed to be given if an objection is not made within fifteen (15) Business Days of receipt of such notice), to object in writing to the Company's proposed prepayment shall be deemed to have approved 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 \$100,000,000; 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 (and any interest in and lien on the Installment Contracts, motor vehicles, and other rights and financial assets relating thereto) or of specific Installment Contracts (and any interest in and lien on motor vehicles and other rights and financial assets relating thereto) arising under Outright Dealer Agreements or (subject to the terms hereof) of Pools of such financial assets, in each case by the Company or one or more of its Subsidiaries to one or more Special Purpose Subsidiaries conducted in accordance with the following requirements:

(a) Each disposition shall identify with reasonable certainty the specific Advances to Dealers or Installment Contracts covered by such disposition; and (x) such Advances to Dealers, and the Installment Contracts, motor vehicles or other rights relating thereto shall have performance and other characteristics so that the quality of such Advances to Dealers, Installment Contracts, as the case may be, is comparable to, but not materially better than, the overall quality of the Company's Advances to Dealers or Installment Contracts, as applicable, as determined in good faith by the Company in its reasonable discretion or (y) with respect to any such assets assigned to an uncapped Pool subsequent to such Pool becoming a Securitized Pool in conformity with the standards set forth in clause (x) of this subparagraph (a), the assets covered by such dispositions were assigned to such Pool in the order such assets were originated and without the exercise of any discretion by the Company;

(b) Both before and after giving effect to such disposition (and taking into account any reduction in the Indebtedness with the proceeds of such disposition as required hereunder), the Company shall be in compliance with the Borrowing Base Limitation, and, in the case of any disposition to an uncapped Securitized Pool, none of the assets covered by such disposition were included, prior to such disposition, in the most recent Borrowing Base Certificate delivered to Agent under Section 7.3(d);

(c) Each such Securitization Transaction shall be structured on the basis of the issuance of Debt or other similar securities by one or more Special Purpose Subsidiaries which Debt or other securities shall be without recourse to Company and its other Subsidiaries, 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, which may include Cleanup Call provisions (it being understood that, for purposes of this subparagraph (c), the terms and conditions governing Securitization Transactions made by the Company prior to January 1, 2004 shall be deemed to have been made on normal and customary terms and conditions);

(d) Concurrently with each such disposition (except for dispositions to an uncapped Securitized Pool whether or not pursuant to a revolving, expansion or re-lending feature included in a Prior Securitization (for purposes of this definition, a "Revolving Feature"), in each case to the extent that no disposition proceeds are available as a result of such dispositions for application hereunder), the net proceeds of such disposition:

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 re-borrow 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; and provided further that Agent and the Banks acknowledge that any proceeds of any such Debt incurred pursuant to a Permitted Securitization remaining after the application of such proceeds as required by this clause (d) may be held or invested in Permitted Investments or otherwise invested or applied in any manner not prohibited by this Agreement; and

(e) 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 to be conducted hereunder, the Company shall provide the following:

(i) to the Agent, (x) not less than three (3) Business Days prior to the date of consummation thereof (or such lesser period as approved by Agent) or (y) solely in the case of dispositions to uncapped Securitized Pools pursuant to a Revolving Feature, not less than three (3) Business Days prior to the date of the release of the financial assets covered by such disposition (or such lesser period as approved by Agent), (I) a certification that, after giving effect to such disposition, it will be in compliance with the Borrowing Base Limitation and that none of the assets covered by such disposition were included in the most recent quarterly Borrowing Base Certificate delivered to Agent under Section 7.3(d) hereof prior to such disposition or (II) a new Borrowing Base Certificate (and any supporting information reasonably required by the Agent) dated as of the proposed date of the applicable disposition or release and, based on projected information, giving effect to such disposition and confirming compliance with the Borrowing Base Limitation;

(ii) to the Agent and the Banks (x) not less than five (5) Business Days prior to the date of consummation thereof (or such lesser period as approved by Agent), proposed drafts of the material Securitization Documents covering the applicable Securitization Transaction (and the term sheet or commitment relating thereto) and (y) within ten (10) Business Days following the consummation thereof, executed copies of such Securitization Documents, including, if applicable, a summary of any material changes from the draft documents delivered to Agent and the Banks prior thereto, except that if such Securitization Transaction consists solely of dispositions pursuant to a Revolving Feature, the Company shall only be required (I) under clause (x) of this subparagraph (ii), to deliver to Agent, not less than three (3) Business Days prior to the consummation thereof (or such lesser period as approved by Agent), a certification that the applicable Securitization Documents remain in effect substantially in the form previously furnished to Agent and the Banks (or identifying any material changes, and attaching any proposed amendment, supplement or other document delivered under such prior Securitization Documents to effect such dispositions) and (II) under clause (y) of this subparagraph (ii), to deliver to Agent executed copies of any such amendment, supplement or other document;

(iii) except in the case of dispositions to uncapped Securitized Pools, to the Agent, not less than three (3) Business Days prior to the date of consummation thereof (or such lesser period as approved by Agent), (I) a schedule substantially in the form delivered for Permitted Securitizations under the Prior Credit Agreement identifying the specific Advances to Dealers and the Installment Contracts proposed to be covered by such transaction, accompanied by (II) a request that the Agent release such assets from the Lien of the Security Agreement and a certification that the proposed Securitization Transaction (and related dispositions) constitutes a Permitted Securitization hereunder, whereupon the financial assets covered by such dispositions which have been originated prior to the date of such release shall be promptly released by Agent; and in the case of a disposition to an uncapped Securitized Pool in a Prior Securitization, all remaining financial assets assigned thereafter to the applicable uncapped

Securitized Pool in the ordinary course, whether originated before or after the date of release, shall be so released and the Lien of the Security Agreement shall be deemed not to attach to any such assets when the Company or any of its Subsidiaries subsequently acquires rights in, to or under such assets and such assets are assigned to an uncapped Securitized Pool; and

(iv) only if the applicable Securitization Transaction is not related to a Prior Securitization or involves the disposition or release of any assets which were covered by the most recent quarterly Borrowing Base Certificate delivered to Agent under Section 7.3(d) hereof and the aggregate net book value of the Advances to Dealers or Installment Contracts covered by such dispositions (or related series of dispositions) in any calendar month exceeds or would exceed (after giving effect to any proposed disposition) Seven Million Five Hundred Thousand Dollars (\$7,500,000), collection information regarding the Installment Contracts proposed to be covered by such transaction (with evidence supporting its determination under clause (x) of subparagraph (a) of this definition, if applicable, 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).

"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 or by the Company or any Subsidiary to a Domestic Subsidiary (excluding the Titling Subsidiary or any Special Purpose Subsidiary) provided that in each case, immediately before and after such transfer, no Default or Event of Default shall have occurred and be continuing, (iii) any transfer of property by the Company or a Domestic Subsidiary to a Foreign Subsidiary, pursuant to the New Restructuring; (iv) any transfer of the capital stock of a Special Purpose Subsidiary to the Company or to any other Subsidiary which is not a Special Purpose Subsidiary and (v) any transfer of funds or other property paid as a dividend by a Subsidiary to the Company or any other Subsidiary to the extent permitted by clause (i) of Section 8.15 hereof.

"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.

"Pools" shall mean a grouping on the books and records of the Company or any of its Subsidiaries of Advances to Dealers or Installment Contracts originated or to be originated with the Company or any of its Subsidiaries by a Dealer and bearing the same pool identification number assigned by the Company's computer system, with (x) an "uncapped" Pool being a Pool which is not reflected on such books and records as capped and to which additional Advances to Dealers and related financial assets may be added and (y) a Pool being capped when the number of the applicable financial assets in such Pool has reached the limit established from time to time between the relevant Dealer and the Company or Subsidiary, as applicable, in the ordinary course of business and consistent with the Company's normal customs and practices in effect as of the date hereof, such that no further financial assets may be added to such Pool.

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

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

"Prior Securitization" shall mean a Permitted Securitization (and the related Securitization Documents) consummated under the Credit Agreement prior to the particular disposition, release or other transaction then being considered.

"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.

"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 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 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 9, 2006, 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 Thirty Five Million Dollars (\$135,000,000), 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 to each of the Banks in the form annexed to this Agreement as Exhibit C, 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 after the Effective Date under Section 2.17 hereof to increase the Revolving Credit Maximum Amount.

"Scottish Partnership" shall mean CAC Scotland, a partnership established by the Company under the law of Scotland and which is a wholly-owned Subsidiary of the Company.

"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, Installment Contracts, 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, Installment Contracts, accounts receivable and/or other financial assets.

"Securitized Pool(s)" shall mean a Pool, whether capped or uncapped, which has been transferred to a Permitted Securitization, including a Prior Securitization.

"Security Agreement" is defined in the definition of Collateral Documents.

"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 (i) which is designated by the Company (in writing to Agent) as a Significant Subsidiary or (ii) which has total assets (but excluding in the calculation of total assets, for any Subsidiary, any

assets which constitute Intercompany Loans, Advances and Investments 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) in excess of one percent (1%) of Company's Consolidated Tangible Net Worth (or five percent (5%) in the case of CAC Reinsurance, Ltd.), 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); provided, however, that none of any Special Purpose Subsidiary, the Titling Subsidiary, the Scottish Partnership, the US LLC (so long as it is considered a Foreign Subsidiary hereunder) or the Luxembourg Subsidiary shall be a Significant Subsidiary, whether or not it satisfies the aforesaid net worth test.

"Significant Domestic Subsidiaries" shall mean those Domestic Subsidiaries identified as such on Schedule 6.5 hereto, and any Domestic 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(ies)" 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.

"Specified Interest" is defined in the Titling Subsidiary Agreements.

"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, and issued pursuant to documentation which is less restrictive (as determined by Agent and the Banks in their reasonable discretion) than the covenants contained in this Agreement.

"Subsidiary(ies)" shall mean any other corporation, association, joint stock company, business trust, limited liability company, partnership (whether general or limited) or any other business entity of which more than fifty percent (50%) of the outstanding voting stock, share capital, membership or other interests, as the case may be, is owned either directly or indirectly by any Person or one or more of its Subsidiaries, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by any Person and/or its Subsidiaries. Unless otherwise specified to the contrary herein or the context otherwise requires, Subsidiary(ies) shall include the Titling Subsidiary and shall refer to each Person which is a Subsidiary of the Company and "100% Subsidiary(ies) shall mean any Subsidiary whose stock or partnership, membership or other equity interests (other than directors' or qualifying shares or other interests to the extent required under applicable law) are owned directly or indirectly entirely by the Company.

"Swing Line" shall mean the revolving credit loan to be advanced to the Company 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 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 Fifteen Million Dollars (\$15,000,000).

"Swing Line Notes" shall mean the swing line notes described in Section 2.5 hereof, made by Company 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.

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

"Titling Subsidiary" shall mean Auto Lease Services LLC, a Delaware limited liability company controlled by the Company and a direct Subsidiary of the Company.

"Titling Subsidiary Agreements" shall mean that certain Limited Liability Company Agreement of the Titling Subsidiary, dated and effective as of March 1, 2001 (and the related Certificate of Formation, as therein defined), and that certain Administrative Agency Agreement, dated and effective as of March 1, 2001 among the Company and the Titling Subsidiary, each as amended (subject to the terms hereof) from time to time.

"Trusts" shall mean the trusts established in connection with the Company's vehicle service contract business or other ancillary product business and required to be Consolidated with the Company and its Subsidiaries under GAAP pursuant to FIN 46/46R.

"T&C Subsidiary" shall mean CAC (TCI) Ltd., a wholly-owned Subsidiary of the Company existing under the laws of the Turks & Caicos Islands.

"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; provided that Unearned Finance Charges shall not include unearned finance charges attributable to retail installment contracts which are not at such time "Installment Contracts", due to the proviso in the definition of such term in this Agreement.

"US LLC" shall mean that certain limited liability company chartered in the United States and established as wholly-owned Subsidiary of Company.

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 to the Company 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, in Dollars, not to exceed at any one time outstanding such Bank's Percentage of the Revolving Credit Maximum Amount. All of the Advances of the Revolving Credit hereunder shall be evidenced by Revolving Credit Notes made by Company to each of the Banks in the form attached hereto as Exhibit C, subject to the terms and conditions of this Agreement.

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 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 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, 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; and

(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.

(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) without duplication, the principal amount of such requested Advance, plus the principal amount 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, plus the aggregate undrawn portion of any Letters of Credit which shall be outstanding as of the date of the requested Advance, the aggregate face amount of Letters of Credit requested but not yet issued 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, shall not exceed the lesser of (i) the Revolving Credit Maximum Amount and (ii) the Borrowing Base Limitation, in each case then applicable; 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) 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 Two Million Five Hundred Thousand Dollars (\$2,500,000) (or a larger integral multiple of One Million Dollars (\$1,000,000)), and at any one time there shall not be in effect more than five (5) Applicable Interest Rates and Interest Periods;

(e) a Request for Advance, once delivered to Agent, shall not be revocable by Company;

(f) each Request for Advance shall constitute and include a certification by the Company as of the date thereof that:

(i) both before and after such Advance, the obligations of the Company set forth in this Agreement and of Company and its Subsidiaries in the other Loan Documents to which such Persons are parties are valid, binding and enforceable obligations of such Persons;

(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, except to the extent such representations and warranties (other than Section 6.12 hereof, which shall be deemed to be remade as of the date of such Request for purposes of this clause (iv), notwithstanding the limitation contained therein) are not, by

their terms, continuing representations and warranties, but speak only as of a specific date (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.

Agent, acting on behalf of the Banks, may, at its option, lend under this Section 2 upon the telephone or e-mail request of a person previously authorized (in a writing delivered to the Agent) by the Company to make such requests and, in the event Agent, acting on behalf of the Banks, makes any such Advance upon a telephone or email request, the requesting person shall fax or deliver by electronic file to Agent, promptly following such telephone or email request, a Request for Advance. The Company hereby authorizes Agent to disburse Advances under this Section 2.3 pursuant to the telephone or e-mail instructions of any person purporting to be a person identified by name on a written list of persons authorized by the Company and delivered to Agent prior to the date of such request to make Requests for Advance on behalf of the Company. Notwithstanding the foregoing, the Company acknowledges that it shall bear all risk of loss resulting from disbursements made upon any telephone or email request. Each telephone or email request for an Advance shall constitute a certification of the matters set forth in the Request for Revolving Credit Advance form as of the date of such requested Advance.

2.4 Disbursement of Advances.

(a) Upon receiving any Request for Advance from Company 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 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 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 without exceptions noted in the compliance certification therein, Agent shall make available to Company the aggregate of the amounts so received by it from the Banks:

(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 maintained with Agent or to such other account or third party as Company 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 maintained with Agent's Correspondent or to such other account or third party as Company 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, as aforesaid and may, in reliance upon such assumption, make available to Company 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 shall pay such amount to Agent. Agent shall also be entitled to recover from such Bank or Company, 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 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, 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 (each such advance being a "Swing Line Advance") to Company 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, in Dollars, 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 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 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 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, 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; and

(C) the duration of the Interest Period applicable thereto.

(ii) without duplication, the principal amount 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), 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, plus the aggregate face amount of Letters of Credit requested but not yet issued, plus the unreimbursed amount of any draws under Letters of Credit shall not exceed the lesser of (A) the Revolving Credit Maximum Amount and (B) the Borrowing Base Limitation, in each case then applicable;

(iii) 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 a larger integral multiple of One Hundred Thousand Dollars

(\$100,000)), and at any one time there shall not be in effect more than Five (5) Applicable Interest Rates and Interest Periods;

(iv) each such Request for Swing Line Advance shall be delivered to the Swing Line Bank, by 12:00 noon (Detroit time) on the proposed date of the Advance; and

(v) 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 of the Company and its Subsidiaries in the Loan Documents, are valid, binding and enforceable obligations of such Persons;

(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, except to the extent such representations and warranties (other than Section 6.12 hereof, which shall be deemed to be remade as of the date of such Request for purposes of this clause (D), notwithstanding the limitation contained therein) are not, by their terms, continuing representations and warranties, but speak only as of a specific date.

Swing Line Bank, may, at its option, lend under this Section 2.5(c) upon the telephone or email request of a person previously authorized (in a writing delivered to the Agent) by Company to make such requests and, in the event Swing Line Bank makes any such Advance upon a telephone or email request, the requesting person shall fax or deliver by electronic file to Swing Line Bank, promptly following such telephone or email request, a Request for Swing Line Advance. Company hereby authorizes Swing Line Bank to disburse Advances under this Section 2.5(c) pursuant to the telephone or e-mail instructions of any person purporting to be a person identified by name on a written list of persons authorized by the Company to make Requests for Advance on behalf of the Company. Notwithstanding the foregoing, the Company acknowledges that Company shall bear all risk of loss resulting from disbursements made upon any telephone or e-mail request. Each telephone or e-mail request for an Advance shall constitute a certification of the matters set forth in the Request for Swing Line Advance form as of the date of such requested Advance. Swing Line Bank shall promptly deliver to Administrative Agent by telecopy or by electronic file a copy of any Request for Advance received hereunder.

(d) Disbursement of Swing Line Advances. Subject to submission of an executed Request for Swing Line Advance by Company without exceptions noted in the

compliance certification therein and to the other terms and conditions hereof, Swing Line Bank shall make available to Company the amount so requested 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 maintained with Agent or to such other account or third party as Company 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 to such other account or third party as Company 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 (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 Company, in an amount equal to such Bank's Percentage of the principal amount of the aggregate Swing Line Advances outstanding 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 (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, the applicable Advance of the Revolving Credit used to refund such Swing Line Advance shall be a Prime-based Advance. 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 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 on the Business Day next succeeding the date such notice is given, except in the case of an Eurocurrency-based Advance, in which case such proceeds shall be made available, prior to 2:00 p.m. Detroit time on the third Business Day following the

date such notice is given. 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, 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 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, or any other Person; (D) any breach of this Agreement by the Company or any other Person; (E) any inability of the Company 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 (other than Eurocurrency-based Advances) 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.

Notwithstanding the foregoing however no Bank shall be required to make any Advances of the Revolving Credit to refund a Swing Line Advance or to purchase a participation in a Swing Line Advance if prior to the making of the Swing Line Advance by the Swing Line Lender, the Agent had received written notice from any Bank that a Default or Event of Default had occurred and was continuing and directing that Swing Line Advances should be suspended based on such occurrence and continuance of a Default or Event of Default; provided, however that the obligation of the Banks to make such Advances of the Revolving Credit (or purchase

such participations) shall be reinstated upon the date on which such Default or Event of Default has been cured, or has been waived by the requisite Banks, as applicable.

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 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.

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 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.

(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 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.

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. 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 two percent (2%) 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 two percent (2%).

2.10 Prepayment. (a) Company may prepay all or part of the outstanding balance of any Prime-based Advance(s) under the Revolving Credit Note 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 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), 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 Two Million Five Hundred Thousand Dollars (\$2,500,000).

(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 Intentionally Omitted.

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) 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.

2.13 Revolving Credit Facility Fee.

(a) 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, 2004 (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.

(b) Commitment Fee. On the Effective Date, the Company shall pay to the Agent, for distribution to the Banks in accordance with this clause (b), a Commitment Fee, such Commitment Fee to be calculated as follows: (i) in the case of a Bank which holds a Percentage of the Revolving Credit Maximum Amount which is less than \$20,000,000, the Commitment Fee shall be determined by multiplying 60 basis points times an amount equal to such Bank's Percentage of the Maximum Revolving Credit Amount, and (ii) in the case of a Bank which holds a Percentage of the Revolving Credit Maximum Amount which is greater than or equal to \$20,000,000, the Commitment Fee shall be determined by multiplying 75 basis points times an amount equal to such Bank's Percentage of the Revolving Credit Maximum Amount.

(c) Additional Commitment Fee. If, at any time after the Effective Date, the remaining maturity of the Revolving Credit shall be less than 366 days, the Company shall be obligated to pay the Agent, for distribution to the Banks in accordance with this clause (c), an Additional Commitment Fee, such Additional Commitment Fee to be calculated as follows: (i) in the case of a Bank which holds a Percentage of the Revolving Credit Maximum Amount which is less than \$20,000,000, the Additional Commitment Fee shall be determined by multiplying 10 basis points times an amount equal to such Bank's Percentage of the Revolving Credit Maximum Amount, and (ii) in the case of a Bank which holds a Percentage of the Revolving Credit Maximum Amount which is greater than or equal to \$20,000,000, the Additional Commitment Fee shall be determined by multiplying 20 basis points times an amount equal to such Bank's Percentage of the Revolving Credit Maximum Amount. The Additional Commitment Fee, if applicable, shall be due and payable 360 days prior to the Revolving Credit Maturity Date then in effect.

2.14 Mandatory Reduction of Indebtedness. If at any time and for any reason, the aggregate principal amount (without duplication) of all Advances of the Revolving Credit hereunder to the Company, plus the aggregate principal amount of Swing Line Advances outstanding hereunder as of such time, plus the aggregate undrawn portion of any Letters of Credit which shall be outstanding, plus the undrawn amount of all Letters of Credit requested but not yet issued, plus the unreimbursed amount of any draws under any Letters of Credit, as of such time exceeds the lesser of (x) the Revolving Credit Maximum Amount and (y) the

Borrowing Base Limitation, in each case then applicable, (as used herein, the "Excess"), the Company shall immediately repay the Indebtedness by the amount of such Excess, and/or reduce any pending request for an Advance on such day by the amount of the Excess, to the extent thereof;

Compliance with this Section 2.14 shall be tested on a daily or other basis satisfactory to Agent in its sole discretion. To the extent that, on the date any mandatory repayment under this Section 2.14 is due, the Indebtedness under the Revolving Credit or any other Indebtedness to be prepaid 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, Company may deposit the amount of such mandatory prepayment 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 upon such deposit the obligation of Company to make such mandatory prepayment shall be deemed satisfied. Subject to the terms and conditions of said cash collateral account, sums on deposit in said cash collateral account 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 Eurocurrency-based Advances, thereby avoiding breakage costs.

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 shall prepay in accordance with the terms hereof the amount, if any, by which the aggregate unpaid principal amount of Advances of the Revolving Credit, plus the aggregate principal amount of Swing Line Advances outstanding hereunder, plus without duplication the aggregate undrawn amount of outstanding Letters of Credit, plus without duplication the unreimbursed amount of any draws under any Letters of Credit, 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, 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 2005 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 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 2.17) 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 2.17, 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 and the Agent (including, for the purposes of this Section 2.17, 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 2.17, 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 2.17), 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 2.17) 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 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 2.17) 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 2.17), each of such Revolving Credit Notes to be substantially in the form of Exhibit C 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) except to the extent such representations and warranties (other than Section 6.12 hereof which shall be deemed to be remade as of such date for purposes of this clause (e), notwithstanding the limitation contained therein) are not, by their terms, continuing representations and warranties, but speak only as of a specific date, the representations and warranties made by Company, 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 2.17 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).

2.18 Revolving Credit as Renewal; Application of Advances; Existing Advances. (a) The Revolving Credit Notes issued by the Company 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.

(b) Each Existing Advance shall be deemed for all purposes of this Agreement to be an Advance under this Agreement.

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 (denominated in Dollars) 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) without duplication, 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, does not exceed the Letter of Credit Maximum Amount;

(b) without duplication, the undrawn amount of the Letter of Credit requested, plus the undrawn 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 undrawn 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, 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, do not exceed the lesser of (i) the Revolving Credit Maximum Amount and (ii) the Borrowing Base Limitation, in each case then applicable;

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

(d) 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, except to the extent such representations and warranties (other than Section 6.12 hereof, which shall be deemed to be remade as of the date of issuance of such Letter of Credit for purposes of this clause (d), notwithstanding the limitation contained therein) are not, by their terms, continuing representations and warranties, but speak only as of a specific date, and both immediately before and immediately after issuance of the Letter of Credit requested, no Default or Event of Default exists;

(e) 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;

(f) 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;

(g) 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;

(h) 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 (as determined in the sole discretion of Agent or such Bank, as the case may be), 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 (as determined by Agent) the extension of credit by banks; and

(i) 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 (e) 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 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 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 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 or 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 a Prime-based Advance of the Revolving Credit 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 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.

(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 and the 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), 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 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.

Notwithstanding the foregoing, however, no Bank shall be deemed to have acquired a participation in a Letter of Credit if, prior to the issuance of the Letter of Credit by the Agent, the Agent had received written notice from any Bank that a Default or an Event of Default had occurred and was continuing and directing the Agent to suspend the issuance of Letters of Credit; provided, however that the Banks shall be deemed to have acquired such a participation upon the date of which such Default or Event of Default has been cured or has been waived by the requisite Revolving Credit Banks, as applicable.

(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. INTENTIONALLY OMITTED

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 5.8 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) shall have executed and delivered to the Agent for the account of each Bank, the Revolving Credit Notes if requested by the Banks, the Swing Line Notes if requested by the Swing Line Bank (solely for the account of the Swing Line Bank), this Agreement (including all schedules, exhibits, certificates, opinions, financial statements and other documents to be delivered pursuant hereto), an amended and restated Guaranty, a Release and Fourth Amendment to Security Agreement and amendments to or reaffirmations of the Collateral Documents and other Loan Documents (or new documents), as required hereunder, and, as applicable, such Revolving Credit Notes, the Swing Line Notes, this Agreement and the other Loan Documents 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 Guarantor 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, in the case of the Company, the borrowing of Advances hereunder; (ii) (A) certified copies of the Company's and each Guarantor's (which is incorporated or formed in the United States) articles of incorporation and bylaws or other constitutional documents, as applicable, 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 or such Guarantor's (which is incorporated or formed in the United States) incorporation or formation, as applicable.

5.3 Representations and Warranties -- All Parties. The representations and warranties made by the Company 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 any of its 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 and Opening Borrowing Base 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, accompanied by a Borrowing Base Certificate dated as of the proposed Effective Date.

5.6 Payment of Agent's and Other Fees. Company shall have paid to the Lead Arranger any arranger's fee under any fee letter in effect as of the date hereof between Company and the Lead Arranger, 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 Opinions. The Agent shall have received an opinion of counsel to Company and the Guarantors, in form and substance acceptable to the Agent.

5.8 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.

5.9 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 or the Swing Line 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, 2003, 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, except to the extent such representations and warranties are not, by their terms, continuing representations and warranties, but speak only as of a specific date; 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 represents and warrants 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 and the Subsidiaries is a corporation, limited liability company or partnership duly organized and validly existing in good standing under the laws of the applicable jurisdiction of organization, charter or incorporation; each of the Company and the Subsidiaries is duly qualified and authorized to do business as a corporation, limited liability company or partnership (or comparable foreign entity) 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 Effect.

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 6.13, 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 Title to Property. The Company 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.

6.4 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 or any of the Subsidiaries, except for those Liens permitted under Section 8.6 hereof.

6.5 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 6.5, attached hereto.

6.6 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 (i) 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, or (ii) disclosed on Schedule 6.6, attached hereto.

6.7 No Defaults. (a) 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 could not reasonably be expected to have a Material Adverse Effect and would not violate this Agreement or any of the other Loan Documents according to the terms thereof.

(b) The Company is in compliance with the Borrowing Base Limitation.

6.8 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).

6.9 Enforceability of Loan Documents - - Significant Domestic Subsidiaries. The Domestic Guaranty, the Security Agreement 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).

6.10 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.

6.11 Non-contravention -- Significant Domestic Subsidiaries. The execution, delivery and performance of the Domestic Guaranty, the Security Agreement 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.

6.12 No Litigation. Except as set forth in Schedule 6.12 annexed hereto, as of the Effective Date, no litigation or other proceeding before any court or administrative agency is pending, or to the knowledge of the officers of Company is threatened against Company or any Subsidiary, the outcome of which could reasonably be expected to have a Material Adverse Effect.

6.13 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 by the Company or any of the Subsidiaries, of this Agreement, any of the other Loan Documents to which such Person is a party or any other documents or instruments to be executed and/or delivered by the Company or any Subsidiaries 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.

6.14 Agreements Affecting Financial Condition. Neither the Company 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.

6.15 No Investment Company; No Margin Stock. None of the Company 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 or any of the Subsidiaries to purchase or carry margin stock or will be made available by the Company 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 nor any of the Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

6.16 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, could not reasonably be expected to have a Material Adverse Effect. 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 reasonably be expected to have a Material Adverse Effect, as of the valuation date most closely preceding the date of this Agreement.

6.17 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, could not reasonably be expected to have a Material Adverse Effect.

(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 could not reasonably be expected to have a Material Adverse Effect.

(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, could not reasonably be expected to have a Material Adverse Effect.

(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, could not reasonably be expected to have a Material Adverse Effect.

(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, could not reasonably be expected to have a Material Adverse Effect.

6.18 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, 2003 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, 2003 balance sheet which could reasonably be expected to have a Material Adverse Effect.

7. AFFIRMATIVE COVENANTS

Company covenants and agrees that it will, and, as applicable, it will cause its Subsidiaries (but excluding, for purposes of Sections 7.3 through 7.8, 7.17 and 7.18 through 7.20 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, and except as otherwise contemplated by the New Restructuring: (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 engage only in businesses as substantially now conducted by the Company and its Subsidiaries and businesses reasonably related thereto; (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 or treasurer 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 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 and (iii)

a "static pool analysis" substantially in the form delivered under the Prior Credit Agreement and in any event satisfactory in form and substance to the Majority Banks, which analyzes the performance of Installment Contracts of the Company and its Subsidiaries derived from their United States operations on a quarterly basis for the fourth quarter of such fiscal year, in each case certified by an authorized officer of the Company as to consistency with prior such analyses, accuracy and fairness of presentation;

(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 and statement of cash flows 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 delivered under the Prior Credit Agreement and in any event satisfactory in form and substance to the Majority Banks, which analyzes the performance of Company's and its Subsidiaries' Installment Contracts derived from their United States operations on a quarterly basis for the applicable quarter, 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 available, and in any event within twenty (20) Business Days after and as of the end of each quarter, including the last quarter, of each fiscal year, a Borrowing Base Certificate as of the end of such quarter, certified by an authorized officer of the Company as to accuracy and fairness of presentation;

(e) as soon as possible, and in any event within three (3) Business Days after becoming aware (i) of any change in the financial condition of the Company, or any of its Subsidiaries which has a Material Adverse Effect, a certificate of the chief financial officer or treasurer of Company (or in his absence, a responsible senior officer) setting forth the details of such change, or (ii) of the taking by the Internal Revenue Service or any foreign taxing jurisdiction of a tax position (verbal or written) which has or could reasonably be expected to have a Material Adverse Effect (or have a material adverse effect on any such tax position taken by the Company or any of its Subsidiaries) setting forth the details of such position and the financial impact thereof;

(f) 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;

(g) 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;

(h) from time to time at the request of Agent or any Bank, a copy of the standard form of Company's Dealer Agreement then in effect for the Company's operations in the United States of America, and each other material jurisdiction, if any, identifying any material changes from the form supplied to the Banks hereunder for the preceding year;

(i) 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;

(j) 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 transferred, encumbered, or otherwise disposed of 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

(k) on an annual basis, a report as to the Company's Debt Rating, if then maintained by the Company, provided that the Company shall also promptly report any changes in such Debt Rating;

(l) promptly upon the formulation thereof, notice of any material revisions to the Company's write off policy as in effect on the Effective Date;

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

7.4 Maintain Asset Coverage Ratio. On a Consolidated basis, maintain at all times, Consolidated Net Assets at a level greater than or equal to Consolidated Funded Debt.

7.5 Maintain Total Liabilities Ratio Level. On a Consolidated basis, maintain as of the end of each fiscal quarter a ratio of Consolidated Total Liabilities (including in the calculation thereof, for purposes of this Section 7.5, all Debt incurred by a Special Purpose Subsidiary, whether or not included therein under GAAP) to the Company's Consolidated Tangible Net Worth equal to or less than 1.50 to 1.0.

7.6 Minimum Tangible Net Worth. On a Consolidated basis, maintain Consolidated Tangible Net Worth of not less than Two Hundred Forty Million Dollars (\$240,000,000), plus the sum of (i) eighty percent (80%) of Consolidated Net Income for each fiscal quarter of the Company (A) beginning on or after April 1, 2004, (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.

7.7 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 2.75 to 1.0, unless the remaining maturity of the Revolving Credit shall be less than 366 days, in which case such ratio shall be maintained at not less than 3.50 to 1.00.

7.8 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.

7.9 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 reasonably be expected to have a Material Adverse Effect.

7.10 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 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 7.20 hereof.

7.11 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 7.20 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.

7.12 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 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.

7.13 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 Guarantors, as the case may be, in connection therewith or herewith.

7.14 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.

(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.

7.15 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 6.16 hereof) or a Reportable Event; or

(g) (g) the occurrence of a Prohibited Transaction which could reasonably be expected to have a Material Adverse Effect.

7.16 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 separate indemnities covering the foregoing matters. The obligations of Company under this Section 7.16 shall be in addition to any and all other obligations and liabilities the Company may have to Agent or any of the Banks at common law or pursuant to any other agreement.

7.17 Installment Contract Standards. (a) Cause each Installment Contract relating to Advances to Dealers or encumbered by the Collateral Documents to satisfy the following requirements:

(i) Such Installment Contract (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 thereunder is not an Affiliate of the Company; and

(iii) Such Installment Contract is owned by Company or a Subsidiary, or Company or a Subsidiary has a valid first priority perfected security interest therein (provided that the failure of up to \$2,500,000 in aggregate amount of such financial assets, valued according to GAAP, to satisfy the requirements of this clause (iii) shall not constitute a violation of this Section 7.17); and

(b) Exercise its best efforts to enforce the provisions of its Dealer Agreements relating to the eligibility criteria for Advances to Dealers, including without limitation:

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

(ii) it is enforceable against the applicable Installment Contract obligor 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 (received directly or by assignment) in the financed vehicle securing the performance of the applicable Installment Contract obligor;

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

(vii) the applicable Installment Contract obligor owns 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.

7.18 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 the Indebtedness hereunder 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.

7.19 Subsidiaries; Guaranties. With respect to each Person which becomes a Significant Domestic Subsidiary of the Company subsequent to the Effective Date hereof, within thirty (30) 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 Domestic Subsidiary, cause such Subsidiary to execute and deliver to Agent, for and on behalf of each of the Banks, a Joinder Agreement whereby such Significant Domestic Subsidiary becomes obligated as a Guarantor under the Domestic Guaranty, together with such supporting documentation, including without limitation corporate authority items, certificates and opinions of counsel, as reasonably required by Agent, acting in its capacity as Collateral Agent, as aforesaid.

7.20 Subsidiaries; Security Documents. (a) With respect to each existing Subsidiary which becomes a Significant Domestic Subsidiary of the Company subsequent to the Effective Date hereof, within thirty (30) days of the date of the 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 Domestic Subsidiary, and in the case of any newly acquired or created

Significant Domestic Subsidiary, promptly following acquisition or creation, (i) grant (or cause to be granted) a security interest and lien to the Agent, acting in its capacity as Collateral Agent under the Intercreditor Agreement, in the Collateral owned by such Significant Domestic Subsidiary substantially on the terms provided in the Security Agreement and (ii) pledge (or cause to be pledged) to the Agent, acting in its capacity as Collateral Agent under the Intercreditor Agreement, all of the outstanding capital Stock of such Significant Domestic Subsidiary which is owned by the Company or its Subsidiaries substantially on the terms provided in the Security Agreement, in each case, as security for the Indebtedness; and

(b) within thirty days following Agent's request (given at the direction or with the concurrence of the Majority Banks) in the event of a material change in any Dealer Agreement (or any related document) which, in the reasonable discretion of Agent and the Majority Banks (supported by an opinion of counsel) adversely affects any Collateral Document or which necessitates a change in any Collateral Document in order to provide Agent and the Banks with the full benefit thereof (and to extend such Collateral Documents to any additional property rights or interests resulting from any such change in a Dealer Agreement), enter into such amendments to the Collateral Documents so affected, on terms and conditions as reasonably required by the Agent, acting in its capacity as Collateral Agent, as aforesaid, or as Agent hereunder;

together in each case with such supporting documentation, including without limitation corporate authority items, certificates and opinions of counsel, as reasonably required by the Agent, acting in its capacity as Collateral Agent as aforesaid.

8. NEGATIVE COVENANTS

Company covenants and agrees 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 and 8.15 hereof, any Special Purpose Subsidiary), without the prior written consent of the Majority Banks, to:

8.1 Redemptions. Purchase, acquire or redeem any of its capital stock, except for a Permitted Repurchase.

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 Permitted Transfer under clause (iv) of the definition thereof, 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) and other transfers made pursuant to the New Restructuring, provided that, both before and after giving effect thereto, no Default or Event of Default has occurred and is continuing.

8.4 Guaranties. Become or remain obligated under or in respect of a Guarantee Obligation, 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) the Future Debt;

(d) Subordinated Debt, provided, however, that on the date any such Debt is incurred, clauses (a) and (c) of the Funding Conditions shall have been satisfied;

(e) Debt secured by Liens permitted under Section 8.6(b), not to exceed an aggregate amount of Ten Million Dollars (\$10,000,000) at any time outstanding;

(f) such other Debt set forth in Schedule 8.5A and Schedule 8.5B 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, in the case of the Debt set forth in Schedule 8.5A, any required amortization according to the terms thereof) on substantially the same terms and otherwise in compliance with this Agreement;

(g) (i) Intercompany Loans by the Company to any Domestic Subsidiary or by any Domestic Subsidiary to the Company or another Domestic Subsidiary (excluding the Titling Subsidiary, any Special Purpose Subsidiary and any other Subsidiary excluded from the definition of Significant Subsidiary by the proviso at the end of such definition) made while no Default or Event of Default has occurred and is continuing (both before and after giving effect thereto), provided, however, that any such Intercompany Loan shall be evidenced by and funded under an Intercompany Note which shall be pledged (pursuant to the Security Agreement) to the Agent, in its capacity as Collateral Agent under the Intercreditor Agreement, as security for the Indebtedness, (ii) Intercompany Loans made to the Titling Subsidiary, subject to the limits set

forth in Section 8.8(i) and provided, however, that any such Intercompany Loan shall be evidenced by and funded under an Intercompany Note which shall be pledged (pursuant to the Security Agreement) to the Agent, in its capacity as Collateral Agent under the Intercreditor Agreement, as security for the Indebtedness, (iii) Intercompany Loans by the Company or any Domestic Subsidiary to a Foreign Subsidiary existing immediately prior to the Effective Date and disclosed on Schedule 8.8 hereto and evidenced by an Intercompany Note pledged (pursuant to the Security Agreement) to the Agent, in its capacity as Collateral Agent under the Intercreditor Agreement, as security for the Indebtedness, and (iv) Intercompany Loans (on a subordinated basis in relation to the Indebtedness on substantially the basis set forth in the form of Intercompany Note, attached hereto) by any Foreign Subsidiary to the Company, another Foreign Subsidiary or a Domestic Subsidiary excluding any Special Purpose Subsidiary and any other Subsidiary excluded from the definition of Significant Subsidiary by the proviso at the end of such definition;

(h) Debt incurred by a Special Purpose Subsidiary under, and secured by assets transferred pursuant to, a Permitted Securitization, whether or not attributable to the Company under GAAP;

(i) Debt arising under Hedging Agreements entered into by the Company (copies of which shall be provided to the Agent promptly following the execution thereof and Permitted Guaranties); and

(j) 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), 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, to the extent applicable (and subject to the terms of this Agreement), Future Debt 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 mortgages or security interests in fixed assets to secure purchase money Debt for fixed assets (including refinancing of such mortgages or security interests and 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 Ten Million Dollars (\$10,000,000) at any one time outstanding, 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 any renewal or refinancing (subject to the foregoing) of such Debt;

(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 financial assets or other 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, Two Million Five Hundred Thousand Dollars (\$2,500,000).

8.7 Acquisitions. Other than (i) any Permitted Acquisition, (ii) any transfer to the Company or any Subsidiary of any assets or business or ownership interests by Company or any Subsidiary otherwise permitted by this Agreement or (iii) any acquisition of any rights or property pursuant to a Permitted Securitization or pursuant to the New Restructuring, 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 Three Million Dollars (\$3,000,000) at any time outstanding, plus reasonable, reimbursable business and travel expenses;

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

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

(d) (i) Intercompany Loans, Advances and Investments made pursuant to the New Restructuring or the restructuring of the ownership of the Company's Subsidiaries (but without the transfer of any cash or other property other than to the extent necessary, upon formation, to meet minimum capitalization requirements, if any, under applicable law), (ii) Intercompany Loans, Advances and Investments by the Company or any Domestic Subsidiary (excluding the Titling Subsidiary, any Special Purpose Subsidiary and any other Subsidiary excluded from the definition of Significant Subsidiary by the proviso at the end of such definition) to or in any other such Domestic Subsidiary, or any Person that concurrently with such Investment becomes such a Domestic Subsidiary, made while no Default or Event of Default has occurred and is continuing, and (iii) Intercompany Loans, Advances and Investments existing immediately prior to the Effective Date to or in any Foreign Subsidiaries and disclosed on Schedule 8.8 hereof;

(e) Floor Plan Receivables and Notes Receivable in the ordinary course of business;

(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) and Permitted Merger(s), to the extent any such acquisition or merger shall be deemed to constitute an Investment;

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

(i) Intercompany Loans, Advances and Investments by the Company to or in the Titling Subsidiary existing immediately prior to the Effective Date;

(j) Investments in any Subsidiary (including, without limitation, any Special Purpose Subsidiary) from and after the date hereof, consisting of (w) dispositions 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 or administrative agent) which are permitted under the definition of Permitted Guaranties; (y) the repurchase or replacement from and after the Effective Date hereof of an aggregate amount not to exceed \$5,000,000 in Advances to Dealers, Installment Contracts (whether assigned outright or related to Advances to Dealers) subsequently determined not to satisfy the eligibility standards contained in the applicable Securitization Documents relating to a Permitted Securitization or otherwise required to be repurchased by the applicable Securitization Documents entered into in compliance with the terms of this Agreement, 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 or Installment Contracts (whether assigned outright or related to Advances to Dealers) which 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 or any Subsidiary (other than a Special Purpose Subsidiary) of the capital stock of any Special Purpose Subsidiary;

(k) Investments in foreign currencies outstanding for no more than fourteen (14) days that are necessary to fulfill foreign exchange contracts entered into by the Company or any of its Subsidiaries for hedging purposes; and

(l) Investments, other than those set forth in subparagraphs (a) through (k) above, in an aggregate amount at any time outstanding not to exceed Five Million Dollars \$5,000,000).

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 and Other Financial Assets. Except (i) to Agent, in its capacity as Agent for and on behalf of the Banks or in its capacity as Collateral Agent under the Intercreditor Agreement or (ii) pursuant to a Permitted Transfer or (iii) in connection with a Permitted Securitization or (iv) pursuant to the New Restructuring, sell, transfer, or assign or reallocate from the Non-Specified Interest to a Specified Interest any account, note, trade acceptance receivable, lease or other financial asset, unless such sale, transfer, assignment or reallocation has been made in the ordinary course of business or, if not in the ordinary course of business, the sum of (x) the face value of the accounts, notes or trade acceptance receivables, leases or other financial assets proposed to be transferred, plus (y) the face value of the accounts, notes or trade acceptance receivables, leases or other financial assets transferred by the Company and its Subsidiaries, excluding the face value of accounts, notes or trade acceptance receivables, leases and other financial assets transferred pursuant to clauses (i), (ii), and (iii) above, since June 30th of the preceding calendar year, does not exceed Fifteen Million Dollars (\$15,000,000); provided, however, that in the case of all sales, transfers, assignments or reallocations permitted under this Section 8.9, no Default or Event of Default shall have occurred and be continuing (both before and after giving effect thereto) and both before and after giving effect to such disposition (and taking into account any reduction in the Indebtedness with the proceeds of such disposition as required hereunder), the Company shall be in compliance with the Borrowing Base Limitation, as confirmed by a Borrowing Base Certificate (and any supporting information reasonably required by the Agent) submitted by the Company not less than five (5) Business Days prior to the date of such disposition, and dated as of the proposed date of such disposition, and by an updated Borrowing Base Certificate (to be provided within 10 Business Days of the date of such disposition).

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 (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, other than (A) loan documents evidencing or otherwise related to the Future Debt or unsecured overdraft lines of credit or similar credit arrangements maintained by the Subsidiaries in the ordinary course of business (but limited to the applicable Subsidiary or the property and assets of the applicable Subsidiary), 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 (B) other than pursuant to any of the Securitization Documents, but as to any prohibition on the creation or assumption of any lien or encumbrance, only to the extent of the financial assets and the other rights and property transferred or encumbered or otherwise disposed of in connection with the Permitted Securitization covered by such Securitization Documents.

8.12 Prepayment of Debts. Except for Permitted Prepayments and for prepayments of Intercompany Loans made pursuant to the New Restructuring or in accordance with the form of Intercompany Note, attached hereto, prepay, purchase, redeem or defease any Debt for money borrowed, excluding, subject to the terms hereof, the Indebtedness, and excluding (i) paydowns from time to time of permitted working capital facilities or other revolving debt, (ii) mandatory payments, prepayments or redemptions of Future Debt and (iii) with respect only to Permitted Securitizations, any payment pursuant to a Cleanup Call.

8.13 Amendment of 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 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 Future Debt to include (or enter into any Future Debt Documents which include) any covenants or other provisions 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; provided, however, that, solely for purposes of this Section 8.13, any Bank which fails, within fifteen (15) Business Days of receipt of a written notice from Company of its intent to make such amendment, modification or alteration (or waiver) in respect of the Future Debt, (accompanied by a summary, in reasonable detail, of the proposed terms and conditions thereof, captioned "notice of intent to amend Future Debt" and stating that approval is deemed to be given if an objection is not made within fifteen (15) Business Days of receipt of such notice), to object in writing to such action shall be deemed to have given its approval of such amendment, modification, alteration or waiver.

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 (once approved by the requisite Banks) 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) no Default or Event of Default has occurred and is continuing.

8.16 Securitization Transaction; Amendments to Securitization Documents. Engage in a Securitization Transaction, other than a Permitted Securitization and, except in connection with a Permitted Securitization, assign and transfer any financial assets to a Securitized Pool, 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 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.

8.17 Amendments to Titling Subsidiary Agreements. Amend, modify or otherwise alter (or suffer to be amended, modified or altered) in any material respect adverse to the Banks, any of the Titling Subsidiary Agreements or any other documents or instruments relating to the establishment or operation of the Titling Subsidiary. For purposes of such documents or instruments, any amendments to or changes in the provisions relating to the creation or transfer of Specified Interests and the allocation or reallocation of financial assets or other property thereto, and any amendment, modification, resignation or removal whereby the Company shall cease to be the founding member of or otherwise cease to control the Titling Subsidiary or cease to be the administrative agent under the Administrative Agency Agreement shall (without reducing the scope of this Section 8.17) be deemed to be materially adverse to the Banks.

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 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 7.9, 7.11, 7.14, 7.15 and 7.16(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 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 Domestic 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 which is a party thereto, as applicable, or the validity, binding effect or enforceability thereof shall be contested by any Person, or the Company, or any Significant Subsidiary which is a party thereto shall deny that it has any or further liability or obligation under the Domestic Guaranty or any of the Collateral Documents, as applicable, or the Domestic 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 or any of its Subsidiaries for borrowed money in an aggregate amount in excess of Five Million Dollars (\$5,000,000); 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 Five Million Dollars (\$5,000,000), 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 \$5,000,000;

(g) a final judgment or final judgments for the payment of money aggregating in excess of Five Million Dollars (\$5,000,000), 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 6.16 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) (a) Any Person or group of Persons (within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended), other than Donald Foss, his wife and children or trust(s) established for his or their benefit, shall acquire beneficial ownership (within the meaning of Rule 13d-3 promulgated under such Act) of more than 50% of the outstanding securities (on a fully diluted basis and taking into account any securities or contract rights exercisable, exchangeable or convertible into equity securities) of the Company having voting rights in the election of directors under normal circumstances; or (b) a majority of the members of the Board of Directors of the Company shall cease to be Continuing Members. For purposes of the foregoing; "Continuing Member" means a member of the Board of Directors of the Company who either (i) was a member of the Company's Board of Directors on the Effective Date and has been such continuously thereafter or (ii) became a member of such Board of Directors after the Effective Date and whose election or nomination for election was approved by a vote of the majority of the Continuing Members who are then members of the Company's Board of Directors; or (c) there shall occur a "Change in Control" (or equivalent event thereunder) under the documents relating to any Future Debt then outstanding; 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; (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 of Certain Laws. To the extent permitted by applicable law, Company hereby agrees to waive, and does 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, 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 expressly agrees 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 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, at the direction or with the concurrence 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 of principal of, or interest on 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. Upon receipt of each such payment, the Agent shall make prompt payment to each Bank, in like funds 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 is due that the Company does not intend to remit such payment, the Agent may, in its discretion, assume that the Company 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 has not in fact remitted such payment to the Agent, each Bank shall forthwith on demand repay to the Agent 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 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 is compelled by law to make payment subject to such tax. In such event, Company 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 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 of any such taxes payable by the Company.

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 payment or delivery of funds into or out of any jurisdiction other than the United States (whether assessed against Company, the Agent or any of the Banks). The Company shall be reimbursed by the applicable Lender for any payment made by the Company under this Section 10.1(d) if the applicable Lender is not in compliance with its obligations under Section 13.14.

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 others, the proceeds of any Collateral and any other sums received or collected in respect of the Indebtedness (net of Agent's reasonable costs and expenses), shall be applied, first, to Indebtedness evidenced by the Notes or under Hedging Agreements in such order and manner as determined by the Majority Banks (subject, however, to the applicable Percentages of the Revolving Credit held by each of the Banks and provided, however, that the maximum amount of those proceeds which may be applied to Indebtedness in respect of Hedging Agreements shall not exceed the maximum amount of the Hedging Reserve stated in the definition thereof), next, to any other Indebtedness on a pro rata basis, and then, if there is any excess, to the Company. The application of such proceeds and other sums to the applicable Indebtedness shall be based on each Bank's Percentage of such 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 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 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 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 fails to borrow, refund or convert into any Eurocurrency-based Advance or Quoted Rate Advance after notice has been given by Company to Agent in accordance with the terms hereof requesting such Advance, or if Company 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 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 or deposits in eurodollars, 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. Thereafter, until Agent notifies Company that such circumstances no longer exist, (i) the obligation of Banks to make Eurocurrency-based Advances, and the right of Company to convert an Advance to or refund an Advance as a Eurocurrency-based Advance, as the case may be, shall be suspended, and (ii) the Company shall repay in full (or cause to be repaid in full) the then outstanding principal amount of each such Eurocurrency-based Advance covered hereby, 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.

11.4 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 such Bank shall forthwith give notice thereof to Company and to Agent. Thereafter, (a) the obligations of Banks to make Eurocurrency-based Advances and the right of Company to convert an Advance into or refund an Advance as a Eurocurrency-based Advance shall be suspended and thereafter Company may select as Applicable Interest Rates 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, the applicable Advance shall immediately be converted to a Prime-based Advance 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.

11.5 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 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, then such Bank shall promptly notify Agent (or, in the case of a Swing Line Advance, shall notify Company directly, with a copy of such notice to Agent), and Agent (or such Bank, as aforesaid) shall promptly notify Company 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 of any event of which it has knowledge which will entitle Banks to compensation pursuant to this Section, or which will cause Company to incur additional liability under Sections 11.1 and 11.6 hereof, provided that Agent shall incur no liability whatsoever to the Banks or Company 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.

11.6 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 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 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 with respect to a deposit obtained by the Agent or any of the Banks in order to fund such Advance to the Company. 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.

11.7 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 11.5 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.

11.8 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 Company.

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 under this Agreement or the other Loan Documents or any other instrument executed pursuant hereto, and for which Agent is not reimbursed by Company, 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. Company 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 or any of its Subsidiaries 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 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 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 under the terms hereof, or other material information or documents received by Agent, in its capacity as Agent, from the Company or its Subsidiaries.

12.8 Agent's Fees. Commencing on July 1, 2004 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 shall pay to Agent an agency fee set forth (or to be set forth from time to time) in a letter agreement between Company 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 and Company in making Advances of the Revolving Credit or any other Indebtedness of Company 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 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, 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 Lead Arranger. Banc of America Securities, LLC has been designated by the Company as "Lead Arranger" (and sole book manager) under this Agreement. Other than its rights and remedies as a Bank hereunder, if applicable, the Lead Arranger shall have no administrative, collateral or other rights or responsibilities, provided, however, that the Lead Arranger shall be entitled to the benefits afforded to Agent under Sections 12.5, 12.6 and 12.11 hereof.

12.16 Collateral Matters. (a) The Agent is authorized on behalf of all the Banks, without the necessity of any notice to or further consent from the Banks (but subject to the Intercreditor Agreement), from time to time to take any action with respect to any Collateral or the Collateral Documents which may be necessary to perfect and maintain a perfected security interest in and Liens upon the Collateral granted pursuant to the Loan Documents.

(b) The Banks irrevocably authorize the Agent, at its option and in its discretion (but subject to the Intercreditor Agreement), to release any Lien granted to or held by the Agent upon any Collateral (i) upon termination of the Revolving Credit Maximum Amount and payment in full of all Indebtedness payable under this Agreement and under any other Loan Document; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition not otherwise prohibited hereunder; (iii) constituting property in which Company or any Subsidiary owned no interest at the time the Lien was granted or at any time thereafter; or (iv) if approved, authorized or ratified in writing by the Majority Banks or all the Banks, as the case may be, as provided in Section 13.11. The Banks consent to the dissolution of Credit Acceptance Corporation Life Insurance Company ("CAC Life") which was dissolved and liquidated into CAC Reinsurance Ltd., such consent being retroactive to the date of such

dissolution (the "CAC Life Restructuring"). The Banks further irrevocably authorize the Agent, at its option and in its discretion, to release any Liens granted to or held by the Agent (x) pursuant to any debentures executed and delivered by Credit Acceptance Corporation UK Limited or CAC UK Funding Ltd. and any lien, charge or other security documents executed and delivered by CAC of Canada Limited or Credit Acceptance Corporation Ireland Limited, and (y) over the assets of the T&C Subsidiary and CAC Life and over the equity interests of the T&C Subsidiary and CAC Life, and the Banks further irrevocably authorize the Agent, at its option and in its discretion, to grant such other releases as may be necessary to effectuate the New Restructuring and the CAC Life Restructuring (including the release of the T&C Subsidiary and CAC Life from their respective obligations under the Guaranty. Upon request by the Agent at any time, the Banks will confirm in writing the Agent's authority to release particular types or items of Collateral pursuant to this Section 12.16(b).

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. Company 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 the Company 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. Company 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 any of its property in the courts of any other jurisdiction. The Company 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. In the event the obligation of the Company to pay interest on the principal balance of the Notes is or becomes in excess of the maximum interest rate which the Company 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, 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.

13.5 Closing Costs; Other Costs. To the extent not restricted by any financial assistance provisions of any applicable law, Company 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, 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 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 hereunder or otherwise, shall also be paid by Company. All of said amounts required to be paid by Company 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 two percent (2%).

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 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.

13.7 Further Action. Company, 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 Banks and their respective successors and assigns.

(b) The foregoing shall not authorize any assignment by Company, 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 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 authorizes 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 which has been delivered to such Bank pursuant to this Agreement; provided that each such prospective participant shall have executed 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 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 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) each assignment shall be accompanied by the assignee's joinder to the Intercreditor Agreement, if then in effect; and

(v) 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 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 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. Agent, the Banks and the Company 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, 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 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, Agent and the other Banks may continue to deal directly with such Bank in connection with such Bank's rights and duties hereunder).

Company 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, 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 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 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 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, (X) that no amendment, waiver or consent shall increase the Percentage or the stated commitment amounts applicable to any Bank unless approved, in writing, by the affected Bank and (Y) that no amendment, waiver or consent shall, unless in writing and signed by all the Banks (or signed by Agent at the direction of all of the Banks), do any of the following: (a) increase the Revolving Credit Maximum Amount, except in accordance with Section 2.18 hereof, (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, the Intercreditor 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," "Percentage" or "Borrowing Base Limitation," 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 Lead Arranger in addition to all the Banks, affect the rights or duties of the Lead Arranger 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 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. Agent and 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 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 to be confidential; provided that Agent or any Bank may disclose any such information (a) as has become generally available to the public or has been lawfully obtained by Agent or such Bank from any third party under no duty of confidentiality to the Company known to Agent or 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 Agent or 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 Agent or such Bank, and (e) to any permitted transferee or assignee or to any approved participant of, or with respect to, the Notes, as aforesaid, which has signed a confidentiality agreement consistent with the terms of this Section 13.13 hereof.

13.14 Withholding Taxes. If any Bank is not a United States person within the meaning of Section 7701(a)(30) of the Internal Revenue Code, 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 W-8BEN or any successor form 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 W-8ECI or any successor form 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 Advances to the Company, if such Bank has assigned its entire interest in the Revolving Credit (including any outstanding Advances thereunder and participations in Letters of Credit issued hereunder), Swing Line and any Notes issued to it by the Company, 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, 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 with such forms, certificates or other documents as may be reasonably necessary to allow the Company 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 later of the Effective Date and the execution hereof by Banks, Agent and the Company, and the issuance by the Company 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.

13.16 Severability. In case any one or more of the obligations of the Company 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 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 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 set forth in Section 11.8 hereof (together with any other indemnities of the Company contained elsewhere in this Agreement or in any of the other Loan Documents, including but not limited to Sections 7.14, 11.1, 11.5, 11.7, 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]

RELEASE AND FOURTH AMENDMENT TO SECURITY AGREEMENT

This Release and Fourth Amendment to Security Agreement ("Fourth Amendment") is dated as of June 9, 2004 by and between Credit Acceptance Corporation, a Michigan corporation ("Company"), the Subsidiaries of the Company from time to time parties hereto, including the undersigned Subsidiaries (collectively, with the Company, and either or any of them, the "Debtors" and individually, each a "Debtor") and Comerica Bank, a Michigan banking corporation ("Comerica"), as agent (in such capacity, the "Collateral Agent") for the benefit of the "Lenders" and the "Future Debt Holders" (each as referred to in the Security Agreement, defined below).

R E C I T A L S:

A. Pursuant to the requirements of that certain Amended and Restated Credit Agreement dated as of June 11, 2001 (the "Original Credit Agreement"), the Senior Debt Documents and the Intercreditor Agreement (each as defined in the Security Agreement), Debtors executed and delivered to the Collateral Agent that certain Second Amended and Restated Security Agreement dated as of June 11, 2001.

B. Debtors and the Collateral Agent entered into that certain First Amendment to Second Amended and Restated Security Agreement ("First Amendment") dated as of September 7, 2001 and that certain Second Amendment to Second Amended and Restated Security Agreement ("Second Amendment") dated as of June 10, 2002, and that certain Third Amendment to Second Amended and Restated Security Agreement ("Third Amendment") dated as August 31, 2002, in each case amending the Security Agreement referred to in Recital A on the terms set forth therein (such Security Agreement, as amended by the First Amendment, the Second Amendment and the Third Amendment, the "Security Agreement").

C. Company and Debtors intend, concurrently with this Fourth Amendment, to consummate the New Restructuring, and to enter into that certain Third Amended and Restated Credit Agreement dated as of June 9, 2004 (as the same may be further amended, restated or otherwise modified from time to time, the "Credit Agreement").

D. Debtors and the Collateral Agent, with the concurrence of the Banks (as defined in the Intercreditor Agreement), desire to further amend the Security Agreement as set forth below as execution and delivery of this Fourth Amendment is a condition to effectiveness of the Credit Agreement.

NOW THEREFORE, the parties agree as follows:

1. The following is inserted in the post-amble to Section 2.1 as new subsection (iv):

"or (iv) any equity interests in Foreign Subsidiaries except to the extent a pledge or grant of lien was made pursuant to a Collateral Document (other than this Security Agreement) in existence on the Effective Date."

2. The following is inserted as new Section 3.8 of the Security Agreement:

"Section 3.8 Intellectual Property.

Each Debtor owns the United States registered copyrights, letters patent and trademarks and intellectual property license agreements set forth on the attached Schedule G, together with the applications for registration of copyrights, trademarks or patents, and such mask works set forth on the attached Schedule G, together with such additional intellectual property as such Debtor may disclose to the Collateral Agent from time to time."

3. The following is inserted as new Section 4.18 of the Security Agreement:

"Section 4.18 Preservation of Intellectual Property.

(a) Each Debtor agrees to take all necessary steps, including, without limitation, in the United States Copyright Office or the United States Patent and Trademark Office or in any court, to defend, enforce, and preserve the validity and ownership of the intellectual property identified on Schedule G hereto and all such additional registered intellectual property as may be acquired or held by each Debtor, except in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them.

(b) Each Debtor shall not abandon any registered intellectual property registrations or applications therefor without the written consent of the Collateral Agent, unless the Debtors shall have previously determined, using their commercially reasonable judgment, that such use or pursuit or maintenance of such intellectual property registrations or applications, is not of material economic value to them.

(c) In the event that a Debtor becomes aware that any item of the intellectual property which such Debtor has determined, using its commercially reasonable judgment, to be material to its business (either singly or when taken as a whole together with other such intellectual property rights then being infringed against or misappropriated) is infringed or misappropriated by a third party, such Debtor shall notify the Collateral Agent promptly and in writing, in reasonable detail, and shall take such actions as such Debtor or the Collateral Agent deems necessary or appropriate (using its reasonable commercial judgment) including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation. Any expense incurred in connection with such activities shall be borne by the Debtors. Each Debtor will advise the Collateral Agent promptly and in writing and in reasonable detail, of

any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding any material item of the intellectual property collateral.

(d) Promptly following application for registration, registration or acquisition by a Debtor of any trademark, patent or copyright, such Debtor shall provide notice to the Collateral Agent of such application, registration or acquisition so that the Collateral Agent may make such filings as it may deem necessary or desirable to perfect its interest in such intellectual property, and such Debtor shall execute an amendment to the Security Agreement in substantially the form of Exhibit C in order to for the Collateral Agent to perfect its interests in any intellectual property held by such Debtor."

4. The Security Agreement is amended by attaching Annex 1 hereto to the Security Agreement as Schedule G and Annex 2 hereto to the Security Agreement as Exhibit C.

5. Upon the due execution of this Fourth Amendment by all parties hereto (and, in the case of the release of the assets, equity interests and guaranty of the T&C Subsidiary, upon completion of the New Restructuring), the Collateral Agent hereby (i) releases and discharges any security interests and other Liens or encumbrances over the assets of the T&C Subsidiary, CAC Life or over the equity interests of the T&C Subsidiary or CAC Life which are held by the Collateral Agent for the benefit of the Lenders or Future Debt Holders, except for any pledge of the equity interests of CAC Scotland, the equity interests of which shall be transferred to CAC South Dakota subject to such pledge (collectively, the "Security on the Collateral"); (ii) acknowledges that the Security on the Collateral shall cease to be of any force or effect whatsoever and that neither the T&C Subsidiary nor CAC Life shall be bound by any the representations, warranties, covenants, obligations or agreements set forth in the Security Agreement; (iii) authorizes the Company and each Debtor to file, at Company's or such Debtor's expense, such Uniform Commercial Code financing statements or such other filings which are necessary to terminate the Security on the Collateral, and (iv) releases T&C Subsidiary and CAC Life from any and all obligations under that certain Amended and Restated Domestic Guaranty dated as of June 9, 2004, provided, however, that (x) retroactive to consummation of the CAC Life Restructuring, CAC Reinsurance, Ltd. hereby assumes all of the obligations of CAC Life under the Loan Documents executed by CAC Life prior to this Fourth Amendment and (y) the release of CAC Life described in this section shall not extend to any of the obligations of CAC Reinsurance Ltd. (the company into which CAC Life was liquidated pursuant to the CAC Life Restructuring) under any Loan Document, which in each case remains in full force and effect.

6. Each undersigned Debtor hereby reaffirms its obligations under the Security Agreement as amended as of the date hereof. Each reference in the Security Agreement to "this Agreement" or "the Agreement" shall be deemed to refer to the Security Agreement as amended by the First Amendment, the Second Amendment, the Third Amendment and this Fourth Amendment, and each further amendment which may be executed and delivered from time to time.

7. Unless otherwise defined to the contrary herein, all capitalized terms used in this Fourth Amendment shall have the meaning set forth in the Credit Agreement.

8. This Fourth Amendment shall be construed in accordance with and governed by the laws of the State of Michigan.

9. This Fourth Amendment may be executed in counterparts in accordance with Section 13.10 of the Credit Agreement.

10. Except as expressly modified hereby, all the terms and conditions of the Security Agreement shall remain in full force and effect, and except as expressly set forth herein, nothing set forth in this Fourth Amendment shall constitute a waiver or release of any term or condition of the Security Agreement or any of the Collateral Agent's rights and remedies provided thereunder or as otherwise provided by law.

IN WITNESS WHEREOF, the parties hereto have duly executed this Fourth Amendment as of the day and year first written above.

DEBTORS:

CREDIT ACCEPTANCE CORPORATION

By: -----

Name: -----

Title: -----

Address for Notices:
Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Douglas Busk

AUTO FUNDING AMERICA OF NEVADA INC.
BUYERS VEHICLE PROTECTION PLAN, INC.
CAC LEASING, INC.
VEHICLE REMARKETING SERVICES, INC.
CREDIT ACCEPTANCE CORPORATION OF
NEVADA, INC.
CREDIT ACCEPTANCE CORPORATION OF
SOUTH DAKOTA, INC.

By: -----

Name: -----

Title: -----

Address for Notices:
c/o Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Douglas Busk

CAC REINSURANCE, LTD

By: -----

Name: -----

Title: -----

Address for Notices:
c/o Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Douglas Busk

CAC (TCI), LTD.

By: -----

Name: -----

Title: -----

Address for Notices:
c/o Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Douglas Busk

COLLATERAL AGENT:

COMERICA BANK as Collateral Agent

By: -----

Name: -----

Title: -----

Address for Notices:
Metropolitan Loans F
One Detroit Center, 5th Floor
500 Woodward Avenue
Detroit, Michigan 48226
Fax No.: 313/222-5636
Telephone No.: 313/222-0236
Attention: Harve C. Light

ANNEX 1
SCHEDULE G
COPYRIGHT SCHEDULE
CREDIT ACCEPTANCE CORPORATION

COPYRIGHT	REG. NO.
CAC program review: 18 minutes that can change the profitability of your dealership : ser. 100	TX3449287
CAC program review: 18 minutes that can change the profitability of your dealership : ser. 200	TX3449289
CAC Sales and management video seminar	TX3377499
CAC sales and management video seminar	TX3395660
CAC Sales and management video seminar : owner's manual	TX3395659
Century Club stock option plan for dealers	TX3724334
Century Club stock option plan for dealers	TX3770159
Credit Acceptance Corporation dealership procedures	TX3467195
Credit Acceptance Corporation dealership procedures	TX3572818
Credit Acceptance Corporation management conference	TX3305783
Credit Acceptance Corporation management conference	TX3439695
Credit Acceptance Corporation management conference manual. By Credit Acceptance Corporation	TX4348146
Credit Acceptance Corporation servicing agreement instructions	TX3436544
Credit Acceptance Corporation: servicing agreement instructions	TX3577877
Credit acceptance corporation's 100% plus plan	TX4160147
Credit Acceptance Corporation's value advance program (VAP)	TX4160146
Don Foss/Credit Acceptance Corporation sales training tapes	PA565492
Don Foss Credit Acceptance Corporation seminar	TX3349797
Don Foss Credit Acceptance Corporation seminar	TX3349798
Don Foss Credit Acceptance Corporation seminar; sales training manual. By Credit Acceptance Corporation	TX4379522
Get started video--easy steps to successful CAC selling	TX3449288
Get started video--easy steps to successful CAC selling : ser. 200	TX3449286
Giving care dealers new avenues for profits : brochure series 100	TX3432531
Giving car dealers new avenues for profits, brochure series 100. By Credit Acceptance Corporation	TX4348147
Giving car dealers new avenues for profits : brochure series 200 and contents	TX3431952

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REG. NO.

Giving car dealers new avenues for profits; brochure series 200 and contents. By Credit Acceptance Corporation	TX4182062
No-risk financing for high-risk buyers	TX3432894
No-risk financing for high-risk buyers brochure. By Credit Acceptance Corporation	TX4379523
The advantages and disadvantages of "buy here, pay here" / by Richard Vanderport	TX3432530
The CAC sales and management video training seminar	TX3360449

TRADEMARK SCHEDULE

CREDIT ACCEPTANCE CORPORATION

MARK	SERIAL/REGIS. NO.
ASK ABOUT OUR GUARANTEED CREDIT APPROVAL	76/367134
ASK OTTO	2,699,904
CAC CREDIT ACCEPTANCE CORPORATION	1,576,794
CREDIT ACCEPTANCE WE CHANGE LIVES!	2,644,387
MISCELLANEOUS DESIGN	2,657,196
PROFIT PROTECTOR	2,451,702
WE CHANGE LIVES	2,660,738
OTTO (and Design)	76/447928

ANNEX 2

EXHIBIT C

FORM OF AMENDMENT

This Amendment, dated _____, 20__, is delivered pursuant to Section 4.18(d) of the Security Agreement referred to below. The undersigned hereby agrees that this Amendment may be attached to the Second Amended and Restated Security Agreement dated as of June 11, 2001, between the undersigned and Comerica Bank, as the Collateral Agent, as the same may be amended, restated or otherwise modified from time to time (the "Security Agreement"), and that the intellectual property listed on Schedule G annexed hereto shall be and become part of the Collateral referred to in the Security Agreement and shall secure payment and performance of all Indebtedness as provided in the Security Agreement.

Capitalized terms used herein but not defined herein shall have the meanings therefor provided in the Security Agreement.

[Debtors]

By: _____
Name: _____
Title: _____

Comerica Bank, as Collateral Agent

By: _____
Name: _____
Title: _____

Execution Copy

FIFTH AMENDMENT TO SECURITY AGREEMENT

This Fifth Amendment to Security Agreement ("Fifth Amendment") is dated as of June 30, 2004 by and between Credit Acceptance Corporation, a Michigan corporation ("Company"), the Subsidiaries of the Company from time to time parties hereto, including the undersigned Subsidiaries (collectively, with the Company, and either or any of them, the "Debtors" and individually, each a "Debtor") and Comerica Bank, a Michigan banking corporation ("Comerica"), as agent (in such capacity, the "Collateral Agent") for the benefit of the "Lenders" and the "Future Debt Holders" (each as referred to in the Security Agreement, defined below).

R E C I T A L S:

A. Pursuant to the requirements of that certain Amended and Restated Credit Agreement dated as of June 11, 2001 (the "Original Credit Agreement"), the Senior Debt Documents and the Intercreditor Agreement (each as defined in the Security Agreement), Debtors executed and delivered to the Collateral Agent that certain Second Amended and Restated Security Agreement dated as of June 11, 2001.

B. Debtors and the Collateral Agent entered into that certain First Amendment to Second Amended and Restated Security Agreement ("First Amendment") dated as of September 7, 2001 and that certain Second Amendment to Second Amended and Restated Security Agreement ("Second Amendment") dated as of June 10, 2002, that certain Third Amendment to Second Amended and Restated Security Agreement ("Third Amendment") dated as August 31, 2002, and that certain Release and Fourth Amendment to Security Agreement ("Fourth Amendment") dated as of June 9, 2004, in each case amending the Security Agreement referred to in Recital A on the terms set forth therein (such Security Agreement, as amended by the First Amendment, the Second Amendment, the Third Amendment and the Fourth Amendment, the "Security Agreement").

C. Company and Debtors intend, concurrently with this Fifth Amendment, to complete the New Restructuring, and, in connection therewith, transfer certain partnership interests in CAC Scotland held by CAC (TCI) to CAC South Dakota.

D. Debtors and the Collateral Agent, with the concurrence of the Banks (as defined in the Intercreditor Agreement), desire to further amend the Security Agreement as set forth below to reflect the completion of the New Restructuring.

NOW THEREFORE, the parties agree as follows:

1. Section 1.1 of the Security Agreement is amended by deleting the definitions of "Consent and Release" and "Stapled Stock Restructuring".

2. Section 2.1(i) of the Security Agreement is hereby deleted and the following is inserted in its place:

"(i) all shares of stock and other equity, partnership or membership interests constituting ownership interests (or evidence thereof) or other securities, of the Significant Domestic Subsidiaries of Debtor from time to time owned or acquired by such Debtor in any manner (including without limitation, as applicable, the Pledged Shares) and any certificates at any time evidencing the same, and all dividends, cash, instruments, rights and other property from time to time received, receivable or otherwise distributed or distributable in respect of or in exchange for any or all of such shares; and any monies and other property from time to time received, receivable or otherwise distributed or distributable in respect of or in exchange for CAC South Dakota's partnership interest in CAC Scotland to the extent such partnership interest has been pledged and assigned, for collateral purposes, to the Collateral Agent, for and on behalf of the Benefited Parties pursuant to that certain Assignment in Security by and among CAC South Dakota, the Collateral Agent, CAC International Holdings, L.L.C. and CAC Scotland (as amended from time to time, the "Assignment");"

3. Subsection (iv) of the post-amble to Section 2.1 is hereby deleted and the following is inserted in its place:

"(iv) any equity interests in Foreign Subsidiaries except to the extent described in Section 2.1(i) of the Security Agreement."

4. Section 4.14(c) of the Security Agreement is hereby deleted and the following is inserted in its place:

"(c) The Collateral Agent shall establish, for the benefit of the Benefited Parties in the name of the Collateral Agent, a segregated non-interest bearing blocked account (the "Receiving Account") under which CAC South Dakota and the other Debtors shall have no withdrawal or other rights (whether or not a Default or Event of Default has occurred and is continuing), such account being subject to the security interest and lien established by this Agreement. All dividends, distributions and other sums paid (or payable) in respect of CAC South Dakota's partnership interest in CAC Scotland assigned, for collateral purposes, to the Collateral Agent, for and on behalf of the Benefited Parties pursuant to the Assignment, shall be received and held by Collateral Agent for the benefit of the Benefited Parties, and thereafter promptly deposited by Collateral Agent to the Receiving Account established under this clause (c). So long as no Default or Event of Default has occurred and is continuing, the Collateral Agent shall promptly transfer all such sums on deposit in the Receiving Account to another account, as specified from time to time in writing by CAC South Dakota. Upon the occurrence and during the continuance of any Default or Event of Default, all such sums on deposit in the Receiving Account shall be retained in the Receiving Account for disposition in accordance with this Agreement. Furthermore, CAC South Dakota shall cause all dividends, distributions and other sums paid (or payable) in respect of its partnership interest in CAC Scotland assigned for collateral purposes, to the Collateral Agent, for and on behalf of the Benefited Parties pursuant to the Assignment, to be paid directly by CAC Scotland to the

Collateral Agent in accordance with the terms of the Assignment, and shall cause any such dividends, distributions or other sums received by any other Person, including without limitation any Debtor, to be promptly delivered and paid over to the Collateral Agent for disposition according to the terms hereof."

5. Schedule D of the Security Agreement is hereby deleted from the Security Agreement and Annex 1 attached hereto is inserted in its place.

6. Each undersigned Debtor hereby ratifies and reaffirms its obligations under the Security Agreement as amended as of the date hereof. Each reference in the Security Agreement to "this Agreement" or "the Agreement" shall be deemed to refer to the Security Agreement as amended by the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment and this Fifth Amendment, and each further amendment which may be executed and delivered from time to time.

7. Unless otherwise defined to the contrary herein, all capitalized terms used in this Fifth Amendment shall have the meaning set forth in that certain Third Amended and Restated Credit Agreement dated as of June 9, 2004 (as the same may be further amended, restated or otherwise modified from time to time, the "Credit Agreement").

8. This Fifth Amendment shall be construed in accordance with and governed by the laws of the State of Michigan.

9. This Fifth Amendment may be executed in counterparts in accordance with Section 13.10 of the Credit Agreement.

10. Except as expressly modified hereby, all the terms and conditions of the Security Agreement shall remain in full force and effect, and except as expressly set forth herein, nothing set forth in this Fifth Amendment shall constitute a waiver or release of any term or condition of the Security Agreement or any of the Collateral Agent's rights and remedies provided thereunder or as otherwise provided by law.

IN WITNESS WHEREOF, the parties hereto have duly executed this Fifth Amendment as of the day and year first written above.

DEBTORS:

CREDIT ACCEPTANCE CORPORATION

By: _____

Name: _____

Title: _____

Address for Notices:
Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Douglas Busk

AUTO FUNDING AMERICA OF NEVADA INC.
BUYERS VEHICLE PROTECTION PLAN, INC.
CAC LEASING, INC.
VEHICLE REMARKETING SERVICES, INC.
CREDIT ACCEPTANCE CORPORATION OF
NEVADA, INC.
CREDIT ACCEPTANCE CORPORATION OF
SOUTH DAKOTA, INC.

By: _____

Name: _____

Title: _____

Address for Notices:
c/o Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Douglas Busk

CAC REINSURANCE, LTD

By: -----
Name: -----
Title: -----

Address for Notices:
c/o Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Douglas Busk

CAC (TCI), LTD.

By: -----
Name: -----
Title: -----

Address for Notices:
c/o Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Douglas Busk

COLLATERAL AGENT:

COMERICA BANK as Collateral Agent

By: -----

Name: -----

Title: -----

Address for Notices:
Metropolitan Loans F
One Detroit Center, 5th Floor
500 Woodward Avenue
Detroit, Michigan 48226
Fax No.: 313/222-5636
Telephone No.: 313/222-0236
Attention: Harve C. Light

Annex 1

SCHEDULE D

TO

SECURITY AGREEMENT

Pledged Shares

Issuer	Owner	Certificate No.	No. of Pledged Shares	Pledged Shares as % of Total Shares Issued and Outstanding	Total Shares Issued and Outstanding
Auto Funding America of Nevada, Inc.	Company	1	1,000	100%	1,000
Buyers Vehicle Protection Plan, Inc.	Company	1	1,000	100%	1,000
CAC Leasing, Inc.	Company	1	1,000	100%	1,000
Vehicle Remarketing Services, Inc.	Company	1	10	100%	10
Credit Acceptance Corporation of Nevada, Inc.	Company	1	1,000	100%	1,000
Credit Acceptance Corporation of South Dakota, Inc.	Company	2	4,500	90%	5,000
Credit Acceptance Corporation of South Dakota, Inc.	CAC Reinsurance	3	500	10%	5,000
CAC (TCI) Limited	Company	1,2	4,500	90%	5,000
CAC (TCI) Limited	CAC Reinsurance	3	500	10%	5,000

The entire Non-Specified Interest of Company in the Titling Subsidiary, evidenced by Certificate No. 1 under the Titling Subsidiary Agreements

CREDIT ACCEPTANCE CORPORATION
INCENTIVE COMPENSATION PLAN

EFFECTIVE APRIL 1, 2004

I. GENERAL PROVISIONS

1.01 PURPOSE. The Plan, which was adopted by the Company's Board on the Effective Date, is intended to attract and retain highly competent, effective and loyal Employees and Non-Employee Directors in order to create per share intrinsic value for shareholders.

1.02 PARTICIPANTS. Participants in the Plan shall be such Employees (including Employees who are directors) and Non-Employee Directors of the Company or of an Affiliate as the Committee may select from time to time. The Committee may grant Options, Restricted Stock Awards, Restricted Stock Units and Performance Awards to an individual upon the condition that the individual become an Employee or Non-Employee Director of the Company or of an Affiliate, provided that the Option, Restricted Stock Award, Restricted Stock Unit or Performance Award shall be deemed to be granted only on the date that the individual becomes an Employee or Non-Employee Director.

1.03 DEFINITIONS. As used in this Plan, the following terms have the meaning described below:

(a) "AFFILIATE" OR "AFFILIATES" means a corporation or other entity that is affiliated with the Company and includes any parent or subsidiary of the Company, as defined in Code Sections 424(e) and (f), respectively.

(b) "AGREEMENT" means the written agreement that sets forth the terms of a Participant's Option, Restricted Stock Award, Restricted Stock Unit or Performance Award.

(c) "BOARD" means the Board of Directors of the Company.

(d) "BUSINESS COMBINATION" means (1) any reorganization, merger, share exchange or consolidation of the Company, or (2) any sale, lease, exchange or other transfer of all or substantially all of the assets of the Company.

(e) "CASHLESS EXERCISE PROCEDURE" means delivery to the Company by a Participant exercising an Option of a properly executed exercise notice, acceptable to the Company, together with irrevocable instructions to the Participant's broker to deliver to the Company sufficient 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.

(f) "CAUSE" means (1) with respect to any Participant who is a party to a written employment agreement with the Company or any Affiliate, "Cause" as defined in such employment agreement, or (2) with respect to any Participant who is not a party to a written employment agreement with the Company or any Affiliate, personal dishonesty, willful misconduct, any breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule or regulation (other than traffic violations or similar offenses) or receipt of a final cease-and-desist order. In determining willfulness, no act or failure to act on a Participant's part shall be considered "willful" unless done or omitted to be done by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interests of the Company.

(g) "CHANGE IN CONTROL" means the occurrence of any of the following events:

(1) If the Incumbent Directors cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be considered to be an Incumbent Director; provided further, that any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies by or on behalf of a person other than the Board shall not be considered an Incumbent Director.

(2) If there shall be consummated a Business Combination, other than (A) a merger or consolidation effected to implement a reorganization of the Company's ownership wherein the Company shall become a wholly-owned subsidiary of another corporation and the shareholders of the Company shall become shareholders of such other corporation without any material change in each shareholder's proportionate ownership of such other corporation from that owned in the Company prior to such merger or consolidation; and (B) a Business Combination following which: (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Common Stock and outstanding Voting Stock immediately prior to such Business Combination beneficially own, directly or indirectly, more than 65% of, respectively, the then outstanding shares of Common Stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the Surviving Corporation in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the outstanding Common Stock and Voting Stock, as the case may be; (ii) no person or entity beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the Surviving Corporation or the combined voting power of the then outstanding voting securities of the Surviving Corporation (excluding any person or entity who beneficially owned 20% or more of the

outstanding Common Stock or Voting Stock prior to such Business Combination, the Surviving Corporation and any employee benefit plan (or related trust) of the Company or the Surviving Corporation); and (iii) at least a majority of the members of the board of directors of the Surviving Corporation were Incumbent Directors immediately prior to the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

(3) Approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company.

(h) "CODE" means the Internal Revenue Code of 1986, as amended.

(i) "CODE SECTION 162(M) PERFORMANCE AWARDS" is defined in Section 4.02 of the Plan.

(j) "CODE SECTION 162(M) RESTRICTED STOCK AWARD AND RESTRICTED STOCK UNITS" is defined in Section 3.07 of the Plan.

(k) "COMMITTEE" means the Board acting as a whole, or a committee of two or more "non-employee directors" (as defined in Rule 16b-3 under the Exchange Act) who also constitute "outside directors" (as defined under Code Section 162(m) if applicable at the time) if designated by the Board to administer the Plan. The fact that a Committee member shall fail to qualify under Rule 16b-3 under the Exchange Act or Code Section 162(m) shall not invalidate any grant or award made by the Committee, if the grant or award is otherwise validly granted under the Plan.

(l) "COMMON STOCK" means shares of the Company's authorized and unissued common stock, or reacquired shares of such common stock.

(m) "COMPANY" means Credit Acceptance Corporation and any successor thereto.

(n) "DISABILITY" means disability as defined in Section 22(e) of the Code.

(o) "EFFECTIVE DATE" means April 1, 2004, the date on which the Board adopted the Plan.

(p) "EMPLOYEE" means an employee of the Company or Affiliate, who has an "employment relationship" with the Company or an Affiliate, as defined in Treasury Regulation 1.421-7(h); and the term "employment" means employment with the Company, or an Affiliate of the Company.

(q) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time and any successor thereto.

(r) "FAIR MARKET VALUE" means, with respect to a share of Common Stock on the Grant Date, the average of the high and low sale prices of Common Stock

on the Nasdaq Stock Market ("NSM") as reported in The Wall Street Journal for the Grant Date. In the event that there were no Common Stock transactions on such date, the Fair Market Value shall be determined as of the immediately preceding date on which there were Common Stock transactions. Unless otherwise specified in the Plan, "Fair Market Value" for purposes of determining the value of Common Stock on the date of exercise means (i) if shares acquired or to be acquired upon exercise were sold by the Participant exercising the option on the date of exercise, the average sale price of such shares, or (ii) if shares acquired or to be acquired upon exercise were not sold on the date of exercise by the Participant exercising the option, the average of the high and low sale prices of such Common Stock on the NSM on the last date preceding the exercise on which there were Common Stock transactions, as reported in The Wall Street Journal. If the Common Stock is not listed for trading on the NSM on the relevant date, (1) the average of the high and low sale prices on the securities exchange (or, if there is more than one, the principal such exchange) on which the Common Stock is traded as reported in The Wall Street Journal for the relevant date; (2) if the shares are not listed for trading on any securities exchange or the NSM on such date but bid and ask information is reported by Nasdaq or another generally accepted reporting service, the average of the high bid and low asked prices of the shares, as so reported by Nasdaq or, if not reported by Nasdaq, another generally accepted reporting service, for the relevant date; (3) if none of the foregoing is applicable, the fair market value of a share as of the relevant date, as determined by the Committee; provided that for purposes of determining the value of Common Stock on the date of exercise under the circumstances described in this sentence, if shares acquired or to be acquired upon exercise were sold on the date of exercise by the Participant exercising the option, "Fair Market Value" means the average sale price of such shares.

(s) "GRANT DATE" means the date on which the Committee authorizes an individual Option, Restricted Stock Award, Restricted Stock Unit or Performance Award, or such later date as shall be designated by the Committee.

(t) "INCENTIVE STOCK OPTION" means an Option that is intended to meet the requirements of Section 422 of the Code and is designated as such in the Agreement evidencing the grant.

(u) "INCUMBENT DIRECTORS" means the members of the Board on the Effective Date.

(v) "NON-EMPLOYEE DIRECTOR" means a director of the Company or an Affiliate who is not an Employee.

(w) "NONQUALIFIED STOCK OPTION" means an Option that is not an Incentive Stock Option.

(x) "OPTION" means either an Incentive Stock Option or a Nonqualified Stock Option.

(y) "PARTICIPANT" means the individuals described in Section 1.02.

(z) "PERFORMANCE AWARD" means a performance award granted pursuant to Article IV.

(aa) "PLAN" means the Credit Acceptance Corporation Incentive Compensation Plan, the terms of which are set forth herein, as amended from time to time.

(bb) "RESTRICTED PERIOD" means the period of time during which Common Stock subject to a Restricted Stock Award, Restricted Stock Unit or Performance Award is subject to transfer restrictions that make it nontransferable.

(cc) "RESTRICTED STOCK" means Common Stock that is subject to a Restricted Period pursuant to Article III or Article IV.

(dd) "RESTRICTED STOCK AWARD" means an award of Common Stock that is subject to a Restricted Period, granted pursuant to Article III.

(ee) "RESTRICTED STOCK UNIT" means a right granted pursuant to Article III to receive Restricted Stock or an equivalent value in cash pursuant to the terms of the Plan and the related Agreement.

(ff) "RETIREMENT" means a Participant's voluntary cessation of employment, or voluntary cessation of services as a Non-Employee Director, following the Participant's 65th birthday.

(gg) "SURVIVING CORPORATION" means the corporation resulting from a Business Combination referred to in Section 1.03(g)(2)(B) of the Plan, including, without limitation, the surviving corporation in a merger involving the Company and a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries.

(hh) "VOTING STOCK" means the securities ordinarily having the right to vote in the election of directors to the Board.

1.04 ADMINISTRATION. (A) The Plan shall be administered by the Committee, in accordance with Rule 16b-3 under the Exchange Act and Code Section 162(m), if applicable. The Committee, at any time and from time to time, subject to Sections 2.02 and 7.07, may grant Options, Restricted Stock Awards, Restricted Stock Units and Performance Awards to such Employees and for such number of shares of Common Stock as it shall designate. 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 its administration with respect to any Option, Restricted Stock Award, Restricted Stock Unit or Performance Award granted under the Plan shall be final and binding upon all Participants. Notwithstanding the foregoing, the Committee shall not waive any restrictions on a Code Section 162(m) Performance Award, Restricted Stock Award or Restricted Stock Unit.

(b) To the extent permitted by applicable law, 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, Restricted Stock Awards, Restricted Stock Units and Performance Awards to, or to cancel, modify, waive rights with respect to, alter, discontinue or terminate Options, Restricted Stock Awards, Restricted Stock Units or Performance Awards held by Participants who are not officers or directors of the Company for purposes of Section 16 of the Exchange Act.

1.05 STOCK. The total number of shares of Company Common Stock available for grants and awards under this Plan shall be One Million (1,000,000). The maximum number of shares of Common Stock that may be subject to Option grants under the Plan to any salaried employee during any two-year period shall not exceed 500,000 shares. Shares subject to any portion of a terminated, forfeited, cancelled or expired Option, Restricted Stock Award, Restricted Stock Unit or Performance Award granted hereunder may again be subjected to grants and awards under the Plan as of the date of such termination, forfeiture, cancellation or expiration. All amounts in this Section 1.05 shall be adjusted, as applicable, in accordance with Article VI.

II. STOCK OPTIONS

2.01 GRANT OF OPTIONS. The Committee may grant Options to Participants and, to the extent Options are granted, shall determine the general terms and conditions of exercise, including any applicable vesting or performance requirements, which shall be set forth in a Participant's Agreement. 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 and the remainder as a Nonqualified Stock Option. An Option shall expire no later than the close of business on the tenth anniversary of the Grant Date. Any Participant may hold more than one Option, Restricted Stock Award, Restricted Stock Unit or Performance Award under the Plan and any other plan of the Company or Affiliate.

2.02 INCENTIVE STOCK OPTIONS. Any Option intended to constitute an Incentive Stock Option shall comply with the requirements of this Section 2.02 and shall only be granted to an Employee. No Incentive Stock Option shall be granted with an exercise price below its Fair Market Value on the Grant Date. An Incentive Stock Option shall not be granted to any Participant who owns (within the meaning of Code Section 424(d)) stock of the Company or any Affiliate possessing more than 10% of the total combined voting power of all classes of stock of the Company or a Affiliate unless, at the Grant Date, the exercise price for the Option is at least 110% of the Fair Market Value of the shares subject to the Option and the Option, by its terms, is not exercisable more than 5 years after the Grant Date. The aggregate Fair Market Value of the underlying Common Stock (determined at the Grant Date) as to which Incentive Stock Options granted under the Plan (including a plan of an Affiliate) may first be exercised by a Participant in any one calendar year shall not exceed \$100,000. To the extent that an Option intended to constitute an Incentive Stock Option shall violate the foregoing \$100,000 limitation (or any other limitation set forth in Code Section 422), the portion of the Option that exceeds

the \$100,000 limitation (or fails any other Code Section 422 requirement) shall be deemed to constitute a Nonqualified Stock Option.

2.03 OPTION PRICE. The Committee shall determine the per share exercise price for each Option granted under the Plan, but no Option shall be granted with an exercise price below 100% of the Fair Market Value of Common Stock on the Grant Date.

2.04 PAYMENT FOR OPTION SHARES. The purchase price for shares of Common Stock to be acquired upon exercise of an Option granted hereunder shall be paid in full in cash or by personal check, bank draft or money order at the time of exercise; provided, however, that in lieu of such form of payment, the Committee may permit a Participant to pay such purchase price in whole or in part by tendering shares of Common Stock that have been held at least six months, which are freely owned and held by the Participant independent of any restrictions, hypothecations or other encumbrances, duly endorsed for transfer (or with duly executed stock powers attached), or in any combination of the above. If shares of Common Stock are tendered in payment of all or part of the exercise price, they shall be valued for such purpose at their Fair Market Value on the date of exercise. At the discretion of the Committee, as set forth in a Participant's Option Agreement, the purchase price may be paid by using the Cashless Exercise Procedure if the relevant agreement between the Company and the Participant's broker referred to in the definition of such term has been executed by the Company and such broker.

2.05 ACCELERATION. The Committee may, in its discretion, accelerate a Participant's right to exercise an Option.

III. RESTRICTED STOCK AWARDS AND UNITS

3.01 TERMS OF RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNITS. The Committee shall have the authority to grant Restricted Stock Awards and Restricted Stock Units to such Participants and for such number of shares of Common Stock as it shall designate. Such Awards and Units shall be evidenced by an Agreement that shall specify the terms thereof, including the Restricted Period, the number of shares of Common Stock subject to the Award or Unit, and such other provisions, which may include, among other things, vesting and performance goals, as the Committee shall determine.

3.02 TRANSFERABILITY. Except as provided in this Article III of the Plan, the shares of Common Stock subject to a Restricted Stock Award or Restricted Stock Unit may not be transferred, pledged, assigned, or otherwise alienated or hypothecated until the termination of (a) the applicable Restricted Period or for such period of time as shall be established by the Committee and specified in the applicable Agreement, or (b) upon the earlier satisfaction of other conditions as specified by the Committee and set forth in the applicable Agreement. Prior to the end of the Restricted Period, all rights with respect to the Common Stock subject to a Restricted Stock Award or Restricted Stock Unit granted to a Participant shall be exercisable during the Participant's lifetime only by the Participant or the Participant's legal representative.

3.03 OTHER RESTRICTIONS. The Committee shall impose such other restrictions on any shares of Common Stock subject to a Restricted Stock Award or Restricted Stock Unit as it may deem advisable including, without limitation, restrictions under applicable federal or state securities laws, and shall legend any certificates representing such shares to give appropriate notice of such restrictions.

3.04 CERTIFICATE LEGEND. In addition to any legends placed on certificates pursuant to Section 3.03 or Article IV, any certificate representing shares of Common Stock subject to a Restricted Stock Award or Restricted Stock Unit or Performance Award shall bear the following legend:

The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary or by operation of law, is subject to certain restrictions on transfer set forth in the Credit Acceptance Corporation Incentive Compensation Plan (the "Plan"), rules and administrative guidelines adopted pursuant to such Plan and an Agreement dated _____, _____. A copy of the Plan, such rules and such Agreement may be obtained from the Secretary of the Company.

3.05 REMOVAL OF RESTRICTIONS. Except as otherwise provided under the Plan, if the Restricted Period has elapsed or been waived by the Committee with respect to all or a portion of the Restricted Stock represented by a certificate, the holder thereof shall be entitled to have the legend required by Section 3.04 removed from such stock certificate with respect to the shares as to which the Restricted Period has elapsed. Any certificate evidencing the remaining shares shall bear the legend required by Section 3.04 and Article IV. The Committee shall have the discretion to waive the applicable Restricted Period with respect to all or any part of the Common Stock subject to a Restricted Stock Award, or Restricted Stock Unit or Performance Share Award that has not been granted pursuant to Code Section 162(m). The Company shall have the right to retain any certificate representing shares of Common Stock subject to a Restricted Stock Award, Restricted Stock Unit or Performance Award until such time as all conditions and/or restrictions applicable to such shares of Common Stock have been satisfied.

3.06 VOTING AND DIVIDEND RIGHTS. During the Restricted Period, Participants shall be considered record owners of any shares of Common Stock subject to any Restricted Stock Award or Restricted Stock Unit held by them for purposes of determining who is entitled to vote or receive dividends with respect to such shares. If any dividends or distributions are paid in shares of Common Stock during the Restricted Period, the dividend or other distribution shares shall be subject to the same restrictions on transferability as the shares of Common Stock with respect to which they were paid.

3.07 RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNITS GRANTED UNDER CODE SECTION 162(M). The Committee, at its discretion, may designate certain Restricted Stock Awards and Restricted Stock Units as granted pursuant to Code Section 162(m) ("Code Section 162(m) Restricted Stock Award and Restricted Stock Units"). Such Restricted Stock Awards and Restricted Stock Units must comply with the following additional requirements, which override any other provision set forth in this Article III:

(a) CODE SECTION 162(M) GRANTS. Each Code Section 162(m) Restricted Stock Award and Restricted Stock Unit shall be based upon pre-established, objective performance goals that are intended to satisfy the performance-based compensation requirements of Code Section 162(m) and the regulations promulgated thereunder. Further, at the discretion of the Committee, a Restricted Stock Award or Restricted Stock Unit also may be subject to goals and restrictions in addition to the performance requirements.

(b) PERFORMANCE GOALS. Each Code Section 162(m) Restricted Stock Award or Restricted Stock Unit shall be based upon the attainment of specified levels of Company or Affiliate performance (or combination thereof) during a specified performance period, as measured by any or all of the following: (i) economic profit; (ii) earnings per share; (iii) operating income; (iv) net income; (v) revenue; (vi) book value per share, (vii) return on capital; (viii) total loan originations; (ix) origination quality measures such as charge-off rates, collection rates, dollars collected or similar measures; (x) loan performance measures such as charge-off rates, collection rates, dollars collected; (xi) annual profitability; and (xii) market capitalization.

(c) COMMITTEE DETERMINATIONS. For each designated performance period, the Committee shall (i) select those Employees who shall be eligible to receive a Restricted Stock Award or Restricted Stock Unit; (ii) determine the performance period, which may be a one, two, three, four or five fiscal year period; (iii) determine the target levels of Company or Affiliate performance; and (iv) determine the number of shares or compensation subject to a Restricted Stock Award or Restricted Stock Unit to be paid to each selected Employee. The Committee shall make the foregoing determinations prior to the commencement of services to which a Restricted Stock Award or Restricted Stock Unit relates (or within the permissible time period established under Code Section 162(m)) and while the outcome of the performance goals and targets is uncertain.

(d) COMMITTEE CERTIFICATION. For each performance period, the Committee shall certify, in writing: (i) if the Company or its Affiliate(s) (as applicable) has attained the performance targets; and (ii) the cash or number of shares (or combination thereof) pursuant to the Restricted Stock Award or Restricted Stock Unit that shall be paid to each selected Employee or that become freely transferable upon attainment of the performance targets and/or other restrictions. The Committee may not waive all or part of the conditions, goals and restrictions applicable to the receipt of full or partial payment of a Restricted Stock Award or Restricted Stock Unit. No part of a Code Section 162(m) Restricted Stock Award or Restricted Stock Unit shall be paid or become transferable until the Committee certifies in writing that the performance goals and restrictions have been satisfied.

(e) DIVIDENDS. Any dividends paid on Restricted Stock during the Restricted Period automatically shall be reinvested on behalf of the Employee in additional shares of Restricted Stock under the Plan, and such additional shares

shall be subject to the same performance goals and restrictions as the other shares under the Restricted Stock Award.

(f) FORMULA. Grants of Restricted Stock and Restricted Stock Units that are intended to satisfy Code Section 162(m) shall be subject to a formula to be approved by the Compensation Committee and shareholders in accordance with Treasury regulations under Code Section 162(m).

(g) NONALIENATION. Except as provided in this Article III of the Plan, the shares pursuant to a Code Section 162(m) Restricted Stock Award or Restricted Stock Unit granted hereunder may not be transferred, pledged, assigned, or otherwise alienated or hypothecated until the applicable performance targets and other restrictions are satisfied, as shall be certified in writing by the Committee. All rights with respect to a Restricted Stock Award or Restricted Stock Unit granted hereunder shall apply only to such Employee or the Employee's legal representative.

(h) REMOVAL OF LEGEND. Except as otherwise provided in this Article III of the Plan, and subject to applicable federal and state securities laws, shares covered by each Code Section 162(m) Restricted Stock Award or Restricted Stock Unit granted under the Plan shall become freely transferable by the Employee after the Committee has certified that the applicable performance targets and restrictions have been satisfied. Once the shares are released from the restrictions, the Employee shall be entitled to have the legend required by Section 3.04 of the Plan removed from the applicable Common Stock certificate.

IV. PERFORMANCE AWARDS

4.01 PERFORMANCE AWARDS. The Committee is authorized to grant Performance Awards to eligible Participants. Subject to the terms of the Plan, a Performance Award granted under the Plan (a) may be denominated or payable in cash or shares of Common Stock (including, without limitation, Restricted Stock), and (b) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such performance goals during such performance period, as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award, and the other terms and conditions of any Performance Award, including the effect upon such Award of termination of the Participant's employment and/or directorship, shall be determined by the Committee.

4.02 PERFORMANCE AWARDS GRANTED UNDER CODE SECTION 162(M). The Committee, at its discretion, may designate certain Performance Awards as granted pursuant to Code Section 162(m) ("Code Section 162(m) Performance Awards"). Such

Performance Awards must comply with the following additional requirements, which override any other provision set forth in this Article IV:

(a) CODE SECTION 162(M) GRANTS. Each Code Section 162(m) Performance Award shall be based upon pre-established, objective performance goals that are intended to satisfy the performance-based compensation requirements of Code Section 162(m) and the regulations promulgated thereunder. Further, at the discretion of the Committee, a Performance Award also may be subject to goals and restrictions in addition to the performance requirements.

(b) PERFORMANCE GOALS. Each Code Section 162(m) Performance Award shall be based upon the attainment of specified levels of Company or Affiliate performance (or combination thereof) during a specified performance period, as measured by any or all of the following: (i) economic profit; (ii) earnings per share; (iii) operating income; (iv) net income; (v) revenue; (vi) book value per share, (vii) return on capital; (viii) total loan originations; (ix) 3-month gross charge-off rate; (x) 36-month gross charge-off rate; (xi) annual profitability; and (xii) market capitalization.

(c) COMMITTEE DETERMINATIONS. For each designated performance period, the Committee shall (i) select those Employees who shall be eligible to receive a Code Section 162(m) Performance Award; (ii) determine the performance period, which may be a one, two, three, four or five fiscal year period; (iii) determine the target levels of Company or Affiliate performance; and (iv) determine the Performance Award to be paid to each selected Employee. The Committee shall make the foregoing determinations prior to the commencement of services to which a Performance Award relates (or within the permissible time period established under Code Section 162(m)) and while the outcome of the performance goals and targets is uncertain. No part of a Performance Award shall be paid or become transferable until the Committee certifies in writing that the performance goals and restrictions have been satisfied.

(d) COMMITTEE CERTIFICATION. For each performance period, the Committee shall certify, in writing: (i) if the Company or its Affiliate(s) (as applicable) has attained the performance targets; and (ii) the cash or number of shares (or combination thereof) pursuant to the Performance Award that shall be paid to each selected Employee (or the number of shares that are to become freely transferable, if a Performance Award is granted subject to attainment of the designated performance goals). The Committee may not waive all or part of the conditions, goals and restrictions applicable to the receipt of full or partial payment of a Performance Award.

(e) FIRST FORM - VOTING AND DIVIDEND RIGHTS. Code Section 162(m) Performance Awards may be granted in two different forms, at the discretion of the Committee. Under the first form, the Employee shall receive a Performance Award that consists of a certificate of Common Stock legended in accordance

with Section 3.04, restricted from transfer prior to the satisfaction of the designated performance goals and restrictions, as determined by the Committee and specified in the Employee's Agreement. Prior to satisfaction of the performance goals and restrictions, the Employee shall be entitled to vote the performance shares. Further, any dividends paid on such shares during the performance and/or Restricted Period automatically shall be reinvested on behalf of the Employee in additional performance shares under the Plan, and such additional shares shall be subject to the same performance goals and restrictions as the other shares under the Performance Award.

(f) SECOND FORM. Under the second form, the Employee shall receive an Agreement from the Committee that specifies the performance goals and restrictions that must be satisfied before the Company shall issue the payment, which may be cash, a designated number of shares of Common Stock, or a combination thereof. Any certificate for shares under such form of Performance Award shall be issued only after the Committee certifies in writing that the performance goals and restrictions have been satisfied.

(g) FORMULA. Performance Awards that are intended to satisfy Code Section 162(m) shall be subject to a formula to be approved by the Compensation Committee and shareholders in accordance with Treasury regulations under Code Section 162(m).

(h) NON-ALIENATION. Except as provided in this Article IV of the Plan, the shares pursuant to a Code Section 162(m) Performance Award granted hereunder may not be transferred, pledged, assigned, or otherwise alienated or hypothecated until the applicable performance targets and other restrictions are satisfied, as shall be certified in writing by the Committee. All rights with respect to a Code Section 162(m) Performance Award granted hereunder shall apply only to such Employee or the Employee's legal representative.

(i) REMOVAL OF LEGEND. Except as otherwise provided in this Article IV of the Plan, and subject to applicable federal and state securities laws, shares covered by each Code Section 162(m) Performance Share Award made under the Plan shall become freely transferable by the Employee after the Committee has certified that the applicable performance targets and restrictions have been satisfied. Once the shares are released from the restrictions, the Employee shall be entitled to have the legend required by Section 3.04 removed from the applicable Common Stock certificate.

V. TERMINATION OF EMPLOYMENT AND SERVICES

5.01. OPTIONS.

(a) Unless otherwise provided in the applicable Agreement, if, prior to the date that an Option first becomes exercisable, a Participant's status as an Employee or Non-Employee Director is terminated for any reason, the Participant's right to exercise

the Option shall terminate and all rights thereunder shall cease as of the close of business on the date of such termination.

(b) For any Nonqualified Stock Option unless otherwise provided in the applicable Agreement and for any Incentive Stock Option, if, on or after the date that the Option first becomes exercisable, a Participant's status as an Employee or Non-Employee Director is terminated (1) for Cause, any unexercised portion of the Option (whether then exercisable or not) shall, as of the time of the Cause determination, immediately terminate, (2) due to death or Disability, then the Option, to the extent that it is exercisable on the date of termination, shall be exercisable only until the earlier of the one year anniversary of such termination or the "expiration date" set forth in the applicable Agreement, (3) for any other reason (except as provided in the next sentence), then the Option, to the extent that it is exercisable on the date of termination, shall be exercisable only until the earlier of the three month anniversary of such termination or the "expiration date" set forth in the applicable Agreement. For any Nonqualified Stock Option, unless otherwise provided in the applicable Agreement, if, on or after the date that the Option first becomes exercisable, a Participant's status as an Employee or Non-Employee Director is terminated due to Retirement, or is terminated involuntarily (other than for Cause or due to death or Disability) within 6 months following a Change in Control, then the Option, to the extent that it is exercisable on the date of termination, shall be exercisable until the "expiration date" set forth in the applicable Agreement. The Committee, at its discretion, may designate in the applicable Agreement a different post-termination period for exercise of a Nonqualified Stock Option and may extend the exercise period of any Option, but in no event may the post-termination exercise period exceed the tenth anniversary of the Grant Date; it being understood that the extension of the exercise term for an Incentive Stock Option may cause such Option to become a Nonqualified Stock Option.

(c) Shares subject to Options that are not exercised within the time allotted for exercise shall expire and be forfeited by the Participant as of the close of business on the date they are no longer exercisable.

5.02 RESTRICTED STOCK AWARDS AND RESTRICTED STOCK UNITS. Unless otherwise provided in the applicable Agreement, if the status as an Employee or Non-Employee Director of a Participant holding a Restricted Stock Award or Restricted Stock Unit terminates for any reason prior to the lapse of the Restricted Period, any shares of Common Stock subject to a Restricted Stock Award or Restricted Stock Unit as to which the Restricted Period has not yet lapsed or been waived shall be forfeited by the Participant; provided, however, that the Committee, in its sole discretion, may waive or change the remaining restrictions or add additional restrictions with respect to any Restricted Stock Award or Restricted Stock Unit that would otherwise be forfeited, as it deems appropriate.

5.03 PERFORMANCE AWARDS. Unless otherwise provided in the applicable Agreement, if the status as an Employee or Non-Employee Director of a Participant holding a Performance Award terminates for any reason prior to satisfaction of the performance requirements of such Award, such Award automatically shall be forfeited by

the Participant to the extent such requirements are not satisfied; provided, however, that the Committee, in its sole discretion, may waive or change the remaining requirements or add additional requirements with respect to any Performance Award or portion thereof that would otherwise be forfeited, as it deems appropriate.

5.04 OTHER PROVISIONS. Neither the transfer of a Participant from one corporation or division to another corporation or division among the Company and any of its Affiliates nor a leave of absence under the Company's leave policy shall be deemed to constitute a termination of status as a Participant for purposes of the Plan.

VI. ADJUSTMENTS AND CHANGE IN CONTROL

6.01 ADJUSTMENTS.

(a) If 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 corporate transaction or event affects the Common Stock such that an adjustment is 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 (1) the number and type of shares of Common Stock which thereafter may be made the subject of Options, Restricted Stock Awards, Restricted Stock Units and Performance Awards, (2) the number and type of shares of Common Stock subject to outstanding Options, Restricted Stock Awards, Restricted Stock Units and Performance Awards, and (3) the exercise price with respect to any Option, or, if deemed appropriate, cancel outstanding Options and make provision for a cash payment to the holders thereof; provided, however, in each case, that with respect to Incentive Stock Options any such adjustment shall be made in accordance with Section 422 of the Code or any successor provision thereto to the extent that such Option is intended to remain an Incentive Stock Option.

(b) The foregoing adjustments shall be made by the Committee or, if such adjustment is required by the Board, then by the Board at the recommendation of the Committee. Any such adjustment shall provide for the elimination of any fractional share that might otherwise become subject to an Option, Restricted Stock Award, Restricted Stock Unit or Performance Award.

6.02 CHANGE IN CONTROL. Upon the occurrence of a Change in Control, or if the Committee determines in its sole discretion that a Change in Control has occurred, then Options, Restricted Stock Awards, Restricted Stock Units and Performance Awards shall be treated as the Committee may determine (including acceleration of vesting and cash settlements of Options) at the time of grant or at a subsequent date, as provided in the recipient's Agreement. If no such provision is made in the recipient's Agreement and no subsequent determination is made by the Committee, then (a) any Option granted

hereunder immediately shall become exercisable in full, regardless of any installment provision applicable to such Option; (b) any remaining Restricted Period on any shares of Common Stock subject to a Restricted Stock Award or Restricted Stock Unit granted hereunder immediately shall lapse; and (c) the performance requirements for a Performance Award granted hereunder shall be deemed to have been satisfied in full.

6.03 MERGER. If the Company is a party to any merger, consolidation, reorganization, or sale of substantially all of its assets, each holder of outstanding Option, Restricted Stock Award, Restricted Stock Unit or Performance Award, to the extent that such Option, Award or Unit remains outstanding thereafter, shall be entitled to receive, in lieu of the shares of Common Stock to which such holder would otherwise be entitled, upon the exercise of such Option or the lapse of the Restricted Period on shares of Common Stock subject to a Restricted Stock Award or Restricted Stock Unit or the satisfaction of the performance requirements for a Performance Award, the securities and/or property which a shareholder owning the number of shares subject to the holder's Option, Restricted Stock Award, Restricted Stock Unit or Performance Award would be entitled to receive pursuant to such merger, consolidation, reorganization or sale of assets.

VII. MISCELLANEOUS

7.01 PARTIAL EXERCISE/FRACTIONAL SHARES. The Committee may permit, and shall establish procedures for, the partial exercise of Options granted under the Plan. No fractional shares shall be issued in connection with the exercise or payment of a grant or award under the Plan; instead, the Fair Market Value of the fractional shares shall be paid in cash, or at the discretion of the Committee, the number of shares shall be rounded down to the nearest whole number of shares, and any fractional shares shall be disregarded.

7.02 RULE 16B-3 REQUIREMENTS. Notwithstanding any other provision of the Plan, the Committee may impose such conditions on a Restricted Stock Award, Restricted Stock Unit, Performance Award or the exercise of an Option (including, without limitation, the right of the Committee to limit the time of exercise to specified periods) as may be required to satisfy the requirements of Rule 16b-3 of the Exchange Act (as such rule may be in effect at such time).

7.03 RIGHTS PRIOR TO ISSUANCE OF SHARES. No Participant shall have any rights as a shareholder with respect to shares covered by an Option, Restricted Stock Award, Restricted Stock Unit or Performance Award until the issuance of such shares as reflected on the books and records of the Company or its transfer agent. 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 the shares are issued.

7.04 NON-ASSIGNABILITY. No Option, Restricted Stock Award, Restricted Stock Unit or Performance Award shall be transferable by a Participant except by will or the laws of descent and distribution. During the lifetime of a Participant, an Incentive Stock Option shall be exercised only by the Participant. No transfer of an Option, Restricted

Stock Award, Restricted Stock Unit or Performance Award shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and a copy of the will or 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, Restricted Stock Grant Award, Restricted Stock Unit or Performance Award.

7.05 SECURITIES LAWS.

(a) Anything to the contrary herein notwithstanding, the Company's obligation to sell and deliver Common Stock pursuant to the exercise of an Option, or deliver Common Stock pursuant to a Restricted Stock Award, Restricted Stock Unit or Performance Award is subject to such compliance with federal and state laws, rules and regulations applying to the authorization, issuance or sale of securities as the Company deems necessary or advisable. The Company shall not be required to sell or deliver Common Stock unless and until it receives satisfactory assurance that the issuance or transfer of such shares shall not violate any of the provisions of the Securities Act of 1933, the Exchange Act, any other applicable federal laws, or the rules and regulations of the Securities and Exchange Commission promulgated thereunder or those of any stock exchange or stock market on which the Common Stock may be listed or traded, the provisions of any state laws governing the sale of securities, or that there has been compliance with the provisions of such acts, rules, regulations and laws.

(b) The Committee may impose such restrictions on any shares of Common Stock subject to or underlying an Option, Restricted Stock Award, Restricted Stock Unit or Performance Award as it may deem advisable, including, without limitation, restrictions (i) under applicable federal securities laws, (ii) under the requirements of any stock exchange or other recognized trading market upon which such shares of Common Stock are then listed or traded, or (iii) under any blue sky or state securities laws applicable to such shares. No shares shall be issued until counsel for the Company has determined that the Company has complied with all requirements under appropriate securities laws.

7.06 WITHHOLDING AND 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, the lapse of a Restricted Period or the satisfaction of the performance requirements relating to a Performance Award. A Participant may use the Cashless Exercise Procedure or may tender previously acquired shares of Common Stock that have been held at least six months to satisfy the withholding obligation in whole or in part, such shares being valued for such purpose at Fair Market Value; provided that the Company shall not withhold from exercise more shares than are necessary to satisfy the established requirements of federal, state and local tax withholding obligations.

7.07 TERMINATION AND AMENDMENT.

(a) The Board may terminate the Plan, or the granting of Options, Restricted Stock Awards, Restricted Stock Units or Performance Awards under the Plan,

at any time. No new grants or awards of Incentive Stock Options shall be made under the Plan after the tenth anniversary of the Effective Date.

(b) The Board may amend or modify the Plan at any time and from time to time.

(c) No amendment, modification or termination of the Plan shall adversely affect any Option, Restricted Stock Award, Restricted Stock Unit or Performance Award previously granted under the Plan in any material way without the consent of the Participant holding the Option, Restricted Stock Award, Restricted Stock Unit or Performance Award.

7.08 EFFECT ON EMPLOYMENT OR SERVICES. Neither the adoption of the Plan nor the granting of any Option, Restricted Stock Award, Restricted Stock Unit or Performance Award pursuant to the Plan shall be deemed to create any right in any individual to be retained or continued in the employment or services of the Company or an Affiliate.

7.09 USE OF PROCEEDS. The proceeds received from the sale of Common Stock pursuant to the Plan shall be used for general corporate purposes of the Company.

7.10 SHAREHOLDER APPROVAL OF PLAN. The Plan shall be subject to the approval of the holders of at least a majority of the votes cast on the matter at a meeting of shareholders of the Company held within 12 months after adoption of the Plan by the Board. No Option, Restricted Stock Award, Restricted Stock Unit or Performance Award granted under the Plan may be exercised or paid out in whole or in part unless the Plan has been approved by the shareholders as provided herein. If not approved by shareholders within 12 months after approval by the Board, the Plan and any Options, Restricted Stock Awards, Restricted Stock Units or Performance Awards granted under the Plan shall be rescinded.

7.11 GOVERNING LAW. The Plan and all actions taken under the Plan shall be governed and construed in accordance with Michigan law.

THIS PLAN is hereby executed as of April 16, 2004 in accordance with the Board resolutions adopted on such date.

CREDIT ACCEPTANCE CORPORATION

By: /s/ Charles A. Pearce

Charles A. Pearce
Corporate Secretary

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT

I, Brett A. Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Credit Acceptance Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 4, 2004

By: /s/ Brett A. Roberts

Brett A. Roberts
Chief Executive Officer

CERTIFICATION OF CHIEF ACCOUNTING OFFICER (ACTING AS PRINCIPAL FINANCIAL OFFICER) PURSUANT TO RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT

I, Kenneth S. Booth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Credit Acceptance Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 4, 2004

By: /s/ Kenneth S. Booth

Kenneth S. Booth
Chief Accounting Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AND
RULE 13A-14(B) OF THE SECURITIES EXCHANGE ACT

In connection with the Quarterly Report of Credit Acceptance Corporation (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brett A. Roberts, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

By: /s/ Brett A. Roberts

Brett A. Roberts
Chief Executive Officer
August 4, 2004

CERTIFICATION OF CHIEF ACCOUNTING OFFICER (ACTING AS PRINCIPAL FINANCIAL OFFICER)
PURSUANT TO 18 U.S.C. SECTION 1350 AND
RULE 13A-14(B) OF THE SECURITIES EXCHANGE ACT

In connection with the Quarterly Report of Credit Acceptance Corporation (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth Booth, Chief Accounting Officer of the Company (acting as its principal financial officer), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

By: /s/ Kenneth S. Booth

Kenneth S. Booth
Chief Accounting Officer
August 4, 2004