Credit Acceptance Announces First Quarter 2009 Earnings

SOUTHFIELD, Mich., Apr 29, 2009 (GlobeNewswire via COMTEX News Network) -- Credit Acceptance Corporation (Nasdaq:CACC) (referred to as the "Company," "we," "our," or "us") announced consolidated net income of $29.0 million, or $0.93 per diluted share, for the three months ended March 31, 2009 compared to consolidated net income of $17.6 million, or $0.57 per diluted share, for the same period in 2008.

Adjusted net income, a non-US GAAP financial measure, for the three months ended March 31, 2009 was $24.7 million, or $0.79 per diluted share, compared to $16.8 million, or $0.54 per diluted share, for the same period in 2008.

Refer to our Form 10-Q, filed today with the Securities and Exchange Commission, which will appear on our website at creditacceptance.com, for a complete discussion of the results of operations and financial data for the three months ended March 31, 2009.

Loan Performance

At loan inception, we use a statistical model to estimate the expected collection rate for each loan. Subsequent to loan inception, we continue to evaluate the expected collection rate of each loan. Our evaluation for each loan becomes more accurate as the loans age, as we use actual performance data in our forecast. By comparing our current expected collection rate for each loan with the rate we projected at the time of assignment, we are able to assess the accuracy of our initial forecast. The following table compares our forecast of consumer loan collection rates as of March 31, 2009, with the forecasts as of December 31, 2008 and at the time of assignment, segmented by year of assignment:

	Forecasted Collection Percentage as of			Variance in Forecasted Collection Percentage from	
Loan Assignment Year	March 31, 2009	Dec. 31, 2008	Initial Forecast	Dec. 31, 2008	Initial Forecast
2000	72.5%	72.5%	72.8%	0.0%	-0.3%
2001	67.4%	67.4%	70.4%	0.0%	-3.0%
2002	70.4%	70.4%	67.9%	0.0%	2.5%
2003	73.8%	73.8%	72.0%	0.0%	1.8%
2004	73.3%	73.4%	73.0%	-0.1%	0.3%
2005	74.1%	74.1%	74.0%	0.0%	0.1%
2006	70.5%	70.3%	71.4%	0.2%	-0.9%
2007	68.2%	67.9%	70.7%	0.3%	-2.5%
2008	67.9%	67.9%	69.7%	0.0%	-1.8%

During the first quarter of 2009, actual loan performance was consistent with our forecast at December 31, 2008. As a result of current economic conditions and uncertainty about future conditions, we continue to be cautious about our forecasts of future collection rates. However, we believe our current estimates are reasonable for the following reasons:

* Our forecasts start with the assumption that loans in our current portfolio will perform like historical loans with similar attributes.
* During 2008, we reduced our forecasts on loans originated in 2006 through 2008 as these loans began to perform worse than expected. Additionally, we adjusted our estimated timing of future net cash flows to reflect recent trends relating to loan prepayments and reduced the forecasted collection rate used at loan inception to price new loan originations.
* During 2008, and during the first quarter of 2009, we reduced the expected collection rate on new loan originations. The reductions reflect both the experience to date on 2006 through 2008 loans as well as an expectation that the external environment will continue to negatively impact loan performance.
* Our current forecasting methodology, when applied against historical data, produces a consistent forecasted collection rate as the loans age.
* During the first quarter of 2009, realized net loan cash flows were consistent with our current forecast.

Although current economic uncertainty increases the risk of poor loan performance, we set prices at loan inception to increase the likelihood of achieving an acceptable return on capital, even if collection results are worse than we currently forecast.

The following table presents forecasted consumer loan collection rates, advance rates (includes amounts paid to acquire purchased loans), the spread (the forecasted collection rate less the advance rate), and the percentage of the forecasted collections that had been realized as of March 31, 2009. Payments of dealer holdback and accelerated payments of dealer holdback are not included in the advance percentage paid to the dealer-partner. All amounts are presented as a percentage of the initial balance of the consumer loan (principal + interest). The table includes both dealer loans and purchased loans.

	As of March 31, 2009			
Loan Assignment Year	Forecasted Collection %	Advance %	Spread %	% of Forecast Realized
2000	72.5%	47.9%	24.6%	99.3%
2001	67.4%	46.0%	21.4%	98.9%
2002	70.4%	42.2%	28.2%	98.6%
2003	73.8%	43.4%	30.4%	98.3%
2004	73.3%	44.0%	29.3%	97.4%
2005	74.1%	46.9%	27.2%	96.2%
2006	70.5%	46.6%	23.9%	86.0%
2007	68.2%	46.5%	21.7%	62.1%
2008	67.9%	44.6%	23.3%	31.3%
2009	69.3%	42.6%	26.7%	4.5%

The following table presents forecasted consumer loan collection rates, advance rates (includes amounts paid to acquire purchased loans), and the spread (the forecasted collection rate less the advance rate) as of March 31, 2009 for purchased loans and dealer loans separately:

	Loan Assignment Year	Forecasted Collection %	Advance %	Spread %
Purchased loans	2007	67.9%	48.9%	19.0%

	2008	66.9%	46.9%	20.0%
	2009	68.2%	44.9%	23.3%
Dealer loans	2007	68.2%	45.9%	22.3%
	2008	68.4%	43.4%	25.0%
	2009	69.5%	42.0%	27.5%

Although the advance rate on purchased loans is higher as compared to the advance rate on dealer loans, purchased loans do not require the Company to pay dealer holdback. The increase in the spread between the forecasted collection rate and the advance rate during 2008 and 2009 occurred as a result of pricing changes implemented during the first nine months of 2008 and stable forecasted collection rates during the first quarter of 2009.

Access to Capital

Based on our available capital, we are targeting a 10% reduction in consumer loan unit volume for the first half of 2009. Our target growth rate in the second half of 2009 will depend on our success in securing additional financing and renewing our existing debt facilities.

In August of 2009, our $325.0 million warehouse facility and our $50.0 million residual credit facility (collectively referred to as the "maturing facilities") mature. If we are unsuccessful in renewing the maturing facilities, and alternative financing cannot be obtained, additional reductions in loan origination volumes will be required. As of March 31, 2009, $249.9 million was outstanding under the $325.0 million warehouse facility. In the event that this facility is not renewed, no further advances would be made under the facility, and the amount outstanding would be repaid by the proceeds from the loans securing the facility. We currently expect such amounts to be repaid over time as collections on such loans are received, even if the lender under such facility has the right to cause the loans securing the facility to be sold to repay the outstanding indebtedness. Although the facility is non-recourse to the Company, the sale of the loans by the lender at less than their book value could result in significant losses to the Company. As of March 31, 2009, the book value of the loans was $342.8 million. No amounts were outstanding under the $50.0 million residual credit facility as of March 31, 2009. In the event that this facility is not renewed, any amounts then outstanding under this facility are required to be repaid in full at maturity. Given current conditions in the credit markets, there can be no assurance that the maturing facilities will be renewed or that alternative financing will be obtained. In addition, we may be required to incur significant fees or other costs in connection with extending or replacing these facilities.

The following table summarizes maximum loan origination volumes under two scenarios: (1) the maturing facilities are renewed (or replaced) but no other additional capital is obtained during 2009; and (2) no additional capital is obtained during 2009 and the maturing facilities are not renewed.

(Dollars in millions)		Maximum for the Year Ended December 31, 2009	
	Year Ended Dec. 31, 2008	Assuming Maturing Facilities are Renewed (or Replaced)	Assuming Maturing Facilities are Not Renewed (or Replaced)
Loan dollar volume	$805	$660	$580
Average loans receivable balance, net	$967	$1,080	$1,050

For the three months ended March 31, 2009, loan dollar volume was $195.0 million.

Loan Volume

The following table summarizes the changes in consumer loan unit volume and active dealer-partners:

	Three Months Ended March 31, 2009	2008	% change
Consumer loan unit volume	34,991	40,217	-13.0%
Active dealer-partners (1)	2,305	2,292	0.6%
Average volume per active dealer-partner	15.2	17.5	-13.1%
Consumer loan unit volume from dealer-partners active both periods	23,490	29,982	-21.7%
Dealer-partners active both periods	1,297	1,297	0.0%
Average volume per dealer-partners active both periods	18.1	23.1	-21.7%
Consumer loan unit volume from new dealer-partners	2,228	3,011	-26.0%
New active dealer-partners (2)	338	347	-2.6%
Average volume per new active dealer-partners	6.6	8.7	-24.1%
Attrition (3)	-25.4%	-18.1%	

(1) Active dealer-partners are dealer-partners who have received funding for at least one dealer loan or purchased loan during the period.

(2) New active dealer-partners are dealer-partners who enrolled in our program and have received funding for their first dealer loan or purchased loan from us during the periods presented.

(3) Attrition is measured according to the following formula: decrease in consumer loan unit volume from dealer-partners who have received funding for at least one dealer loan or purchased loan during the comparable period of the prior year but did not receive funding for any dealer loans or purchased loans during the current period divided by prior year comparable period consumer loan unit volume.

The following table summarizes changes in consumer loan dollar and unit volume in each of the last 5 quarters as compared to the same period in the previous year:

Three Months Ended	Consumer Loans Year over Year Percent Change: Dollar Volume	Unit Volume
March 31, 2008	28.5%	16.0%
June 30, 2008	40.6%	26.1%
September 30, 2008	27.5%	26.9%
December 31, 2008	-21.0%	-13.4%
March 31, 2009	-26.3%	-13.0%

Unit and dollar volume declined during the first quarter of 2009 as compared to the same period in 2008 due to pricing changes implemented during 2008.

The following table summarizes key information regarding purchased loans:

	Three Months Ended March 31, 2009	2008
New purchased loan unit volume as a percentage of total unit volume	17.7%	29.8%
New purchased loan dollar volume as a percentage of total dollar volume	21.3%	36.8%

As of March 31, 2009 and 2008, the net purchased loan receivable balance was 29.9% and 23.1%, respectively, of the total net receivable balance.

Adjusted Financial Results

Adjusted financial results are provided to help shareholders understand our financial performance. The financial data below is non-GAAP, unless labeled otherwise. We use adjusted financial information internally to measure financial performance and to determine incentive compensation. The table below shows our results following adjustments to reflect non-GAAP accounting methods. These adjustments are explained in the table footnotes and the subsequent "Floating Yield Adjustment" and "Program Fee Yield Adjustment" sections. Measures such as adjusted average capital, adjusted net income, adjusted net income per diluted share, adjusted net income plus interest expense after-tax, adjusted return on capital, adjusted revenue, adjusted operating expenses, and economic profit are all non-GAAP financial measures. These non-GAAP financial measures should be viewed in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP.

Adjusted financial results for the three months ended March 31, 2009, compared to the same period in 2008, include the following:

(Dollars in thousands, except per share data)	Three Months Ended March 31, 2009	2008	% Change
Adjusted average capital	$ 997,396	$ 865,631	15.2%
Adjusted net income	$ 24,714	$ 16,769	47.4%

Adjusted interest expense after-tax	$ 5,205	$ 6,313	-17.6%
Adjusted net income plus interest expense after-tax	$ 29,919	$ 23,082	29.6%
Adjusted return on capital	12.0%	10.7%	12.1%
Cost of capital	6.0%	6.6%	-9.1%
Economic profit	$ 14,886	$ 8,881	67.6%
GAAP diluted weighted average shares outstanding	31,180,146	30,891,227	0.9%
Adjusted net income per diluted share	$ 0.79	$ 0.54	46.3%

Economic profit increased 67.6% for the three months ended March 31, 2009, as compared to the same period in 2008. Economic profit is a function of the return on capital in excess of the cost of capital and the amount of capital invested in the business.

For the three months ended March 31, 2009, adjusted average capital grew by 15.2% and the adjusted return on capital increased from 10.7% to 12.0%, as compared to the same period in 2008. The return on capital was positively impacted by the following:

* Operating expenses, as a percentage of adjusted average capital, declined as adjusted average capital grew by 15.2% and operating expenses declined 1.7%. The decline in operating expenses reflects a decline in origination expenses, which were reduced in proportion to the reduction in origination volumes and reduced expenses related to information technology;
* The cost of capital declined due to a reduction in market interest rates on our outstanding debt partially offset by a reduction in the proportion of average debt to average adjusted capital; and
* Finance charges, as a percentage of adjusted average capital, increased due to pricing changes implemented during the first nine months of 2008 and an increase in the proportion of average loans receivable to average adjusted capital, partially offset by a decline in loan performance during 2008.

The following table shows adjusted revenue and adjusted operating expenses as a percentage of adjusted average capital and the percentage change in adjusted average capital for each of the last eight quarters, compared to the same periods in the prior year:

	Three Months Ended							
	Mar. 31, 2009	Dec. 31, 2008	Sept. 30, 2008	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007
Adjusted revenue as a percentage of adjusted average capital	30.7%	30.2%	28.9%	28.5%	30.7%	31.7%	32.5%	32.2%
Adjusted								

operating expenses as a percentage of adjusted average capital	11.6%	11.1%	10.8%	11.3%	13.6%	14.7%	13.6%	13.6%
Adjusted return on capital	12.0%	12.1%	11.4%	10.8%	10.7%	10.7%	11.8%	11.8%
Percentage change in adjusted average capital compared to the same period in the prior year	15.2%	30.4%	42.3%	39.6%	37.5%	35.5%	34.2%	29.4%

The following tables show how non-GAAP measures reconcile to GAAP measures. All after-tax adjustments are calculated using a 37% tax rate as we estimate that to be our long term average effective tax rate. Amounts do not recalculate due to rounding.

(Dollars in thousands, except per share data)	Three Months Ended March 31, 2009	2008	%Change
Adjusted net income			
GAAP net income	$ 29,001	$ 17,620	64.6%
Floating yield adjustment (after-tax)	(4,345)	(1,765)	
Program fee yield adjustment (after-tax)	320	544	
Loss (gain) from discontinued United Kingdom segment (after-tax)	11	(39)	
Interest expense related to interest rate swap agreement	(213)	532	
Adjustment to record taxes at 37%	(60)	(123)	
Adjusted net income	$ 24,714	$ 16,769	47.4%
Adjusted net income per diluted share	$ 0.79	$ 0.54	46.3%
Diluted weighted average shares outstanding	31,180,146	30,891,227	0.9%
Adjusted average capital			
GAAP average debt	$ 624,279	$ 584,794	6.8%

GAAP average shareholders' equity	352,562	274,897	28.3%
Floating yield adjustment	21,829	9,076	
Program fee yield adjustment	(1,274)	(3,136)	
Adjusted average capital	$ 997,396	$ 865,631	15.2%
Adjusted return on capital			
Adjusted net income	$ 24,714	$ 16,769	
Adjusted interest expense after-tax	5,205	6,313	
Adjusted net income plus interest expense after-tax	$ 29,919	$ 23,082	29.6%
Adjusted return on capital(1)	12.0%	10.7%	12.1%
Economic profit			
Adjusted return on capital	12.0%	10.7%	
Cost of capital(2)	6.0%	6.6%	
Adjusted return on capital in excess of cost of capital	6.0%	4.1%	
Adjusted average capital	$ 997,396	$ 865,631	
Economic profit	$ 14,886	$ 8,881	67.6%

(1) Adjusted return on capital is defined as annualized adjusted net income plus adjusted interest expense after-tax divided by adjusted average capital.

(2) The cost of capital includes both a cost of equity and a cost of debt. The cost of equity capital is determined based on a formula that considers the risk of the business and the risk associated with our use of debt. The formula utilized for determining the cost of equity capital is as follows: (the average 30 year treasury rate + 5%) + [(1 - tax rate) x (the average 30 year treasury rate + 5% - pre-tax average cost of debt rate) x average debt/(average equity + average debt x tax rate)]. For the three months ended March 31, 2009 and 2008, the average 30 year treasury rate was 3.5% and 4.4%, respectively. The adjusted pre-tax average cost of debt was 5.3% and 6.9%, respectively.

	Quarter Ended			
(Dollars in thousands)	Mar. 31, 2009	Dec. 31, 2008	Sept. 30, 2008	Jun. 30, 2008
Adjusted net income				
GAAP net income	$ 29,001	$ 18,556	$ 20,657	$ 10,344
Floating yield adjustment (after-tax)	(4,345)	4,125	1,183	9,536

Program fee yield adjustment (after-tax)	320	372	506	653
Loss (gain) from discontinued United Kingdom segment (after-tax)	11	221	(326)	35
Litigation	--	--	--	--
Interest expense related to interest rate swap agreement	(213)	242	(179)	(375)
Adjustment to record taxes at 37%	(60)	56	419	(2)
Adjusted net income	$ 24,714	$ 23,572	$ 22,260	$ 20,191

Adjusted revenue

GAAP total revenue	$ 87,888	$ 86,296	$ 80,107	$ 75,005
Floating yield adjustment	(6,898)	6,546	1,880	15,137
Program fee yield adjustment	507	590	804	1,036
Provision for credit losses	(167)	(14,252)	(8,278)	(20,782)
Provision for claims	(4,809)	(2,650)	13	(9)
Adjusted revenue	$ 76,521	$ 76,530	$ 74,526	$ 70,387

Adjusted average capital

GAAP average debt	$ 624,279	$ 665,635	$ 706,637	$686,148
GAAP average shareholders' equity	352,562	331,402	308,990	295,771
Floating yield adjustment	21,829	18,643	18,002	9,326
Program fee yield adjustment	(1,274)	(1,609)	(2,048)	(2,626)
Adjusted average capital	$ 997,396	$1,014,071	$1,031,581	$988,619
Adjusted revenue as a percentage of adjusted average capital	30.7%	30.2%	28.9%	28.5%

Adjusted return on capital

Adjusted net income	$ 24,714	$ 23,572	$ 22,260	$ 20,191
Adjusted interest expense after-tax	5,205	6,994	7,081	6,602
Adjusted net income plus interest expense after-tax	$ 29,919	$ 30,566	$ 29,341	$ 26,793

Adjusted return on

capital	12.0%	12.1%	11.4%	10.8%

Adjusted operating expenses				
GAAP salaries and wages	$ 17,121	$ 17,788	$ 16,766	$ 16,699
GAAP general and administrative	7,998	6,785	6,975	6,627
GAAP sales and marketing	3,921	3,446	4,103	4,556
Litigation	--	--	--	--
Adjusted operating expenses	$ 29,040	$ 28,019	$ 27,844	$ 27,882
Adjusted operating expenses as a percentage of adjusted average capital	11.6%	11.1%	10.8%	11.3%
Percentage change in adjusted average capital compared to the same period in the prior year	15.2%	30.4%	42.3%	39.6%

	Quarter Ended			
(Dollars in thousands)	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007
Adjusted net income				
GAAP net income	$ 17,620	$ 12,484	$ 14,742	$ 12,330
Floating yield adjustment (after-tax)	(1,765)	1,591	1,265	617
Program fee yield adjustment (after-tax)	544	1,353	925	1,143
Loss (gain) from discontinued United Kingdom segment (after-tax)	(39)	(219)	(1,273)	163
Litigation	--	--	91	315
Interest expense related to interest rate swap agreement	532	302	--	--
Adjustment to record taxes at 37%	(123)	(639)	4	379
Adjusted net income	$ 16,769	$ 14,872	$ 15,754	$ 14,947
Adjusted revenue				
GAAP total revenue	$ 70,778	$ 63,232	$ 61,058	$ 58,286
Floating yield				

adjustment	(2,800)	2,525	2,008	979
Program fee yield adjustment	863	2,150	1,470	1,814
Provision for credit losses	(2,479)	(6,345)	(5,629)	(3,968)
Provision for claims	(5)	(4)	4	(14)
Adjusted revenue	$ 66,357	$ 61,558	$ 58,911	$ 57,097
Adjusted average capital				
GAAP average debt	$ 584,794	$ 515,031	$ 477,930	$ 473,141
GAAP average shareholders' equity	274,897	256,838	243,922	233,465
Floating yield adjustment	9,076	9,784	8,348	8,073
Program fee yield adjustment	(3,136)	(4,011)	(5,316)	(6,345)
Adjusted average capital	$ 865,631	$ 777,642	$ 724,884	$ 708,334
Adjusted revenue as a percentage of adjusted average capital	30.7%	31.7%	32.5%	32.2%
Adjusted return on capital				
Adjusted net income	$ 16,769	$ 14,872	$ 15,754	$ 14,947
Adjusted interest expense after-tax	6,313	5,928	5,689	5,960
Adjusted net income plus interest expense after-tax	$ 23,082	$ 20,800	$ 21,443	$ 20,907
Adjusted return on capital	10.7%	10.7%	11.8%	11.8%
Adjusted operating expenses				
GAAP salaries and wages	$ 17,740	$ 16,823	$ 13,620	$ 13,092
GAAP general and administrative	7,124	6,729	7,266	7,359
GAAP sales and marketing	4,671	5,003	3,855	4,163
Litigation	--	--	(145)	(500)
Adjusted operating expenses	$ 29,535	$ 28,555	$ 24,596	$ 24,114
Adjusted operating expenses as a				

percentage of adjusted average capital	13.6%	14.7%	13.6%	13.6%
Percentage change in adjusted average capital compared to the same period in the prior year	37.5%	35.5%	34.2%	29.4%

Floating Yield Adjustment

The purpose of this adjustment is to modify the calculation of our GAAP-based finance charge revenue so that favorable and unfavorable changes in expected cash flows from loans receivable are treated consistently. To make the adjustment understandable, we must first explain how GAAP requires us to account for finance charge revenue, our primary revenue source.

Finance charge revenue equals the cash inflows from our loan portfolio less cash outflows to acquire the loans. Our GAAP finance charge revenue is based on estimates of future cash flows and is recognized on a level-yield basis over the estimated life of the loan. With the level-yield approach, the amount of finance charge revenue recognized from a loan in a given period, divided by the loan asset, is a constant percentage. Under GAAP, favorable changes in expected cash flows are treated as increases to the yield and are recognized over time, while unfavorable changes are recorded as a current period expense. The non-GAAP methodology that we use (the "floating yield" method) is identical to the GAAP approach except that, under the "floating yield" method, all changes in expected cash flows (both positive and negative) are treated as yield adjustments and therefore impact earnings over time. The GAAP treatment always results in a lower carrying value of the loan receivable asset, but may result in either higher or lower earnings for any given period depending on the timing and amount of expected cash flow changes.

We believe floating yield earnings are a more accurate reflection of the performance of our business, since both favorable and unfavorable changes in estimated cash flows are treated consistently.

Program Fee Yield Adjustment

The purpose of this adjustment is to make revenue from program fees comparable across time periods. In 2001, we began charging dealer-partners a monthly program fee for access to our internet-based Credit Approval Processing System, also known as CAPS.

Effective January 1, 2007, we implemented a change in the way these fees are charged designed to positively impact dealer-partner attrition. We continue to charge a monthly program fee of $599, but instead of collecting the fee in the current period, we collect it from future dealer holdback payments.

As a result of this change, (as of January 1, 2007) we record program fees on a GAAP basis as a yield adjustment, recognizing these fees as finance charge revenue over the term of the dealer loan because collection is dependent on the future cash flows of the loan. Previously, we had recorded the fee as program fee revenue in the month the fee was charged. The current GAAP treatment is more consistent with the cash economics of the business.

To allow for proper comparisons between periods, we make an adjustment to our financial results as though program fees had always been recorded as a yield adjustment. The program fee adjustment will become less significant in future periods. The program fee adjustment is projected to be $0.8 million and $0.3 million in 2009 and 2010, respectively. The adjustment will be immaterial starting in 2011.

Cautionary Statement Regarding Forward-Looking Information

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of our forward-looking statements. Statements in this release that are not historical facts, such as those using terms like "may," "will," "should," "believe," "expect," "anticipate," "assume," "forecast," "estimate," "intend," "plan", "target" and those regarding our future results, plans and objectives, are "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements represent our outlook only as of the date of this release. Actual results could differ materially from these forward-looking statements 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 factors set forth in Item 1A of our Form 10-K for the year ended December 31, 2008, other risk factors discussed herein or listed from time to time in our reports filed with the Securities and Exchange Commission and the following:

* Our inability to accurately forecast and estimate the amount and timing of future collections could have a material adverse effect on results of operations.

* We may be unable to continue to access or renew funding sources and obtain capital on favorable terms needed to maintain and grow the business.

* Requirements under credit facilities to meet financial and portfolio performance covenants.

* The conditions of the U.S. and international capital markets may adversely affect lenders the Company has relationships with, causing us to incur additional cost and reducing our sources of liquidity, which may adversely affect our financial position, liquidity and results of operations.

* Due to competition from traditional financing sources and non-traditional lenders, we may not be able to compete successfully.

* We may not be able to generate sufficient cash flow to service our outstanding debt and fund operations.

* Interest rate fluctuations may adversely affect our borrowing costs, profitability and liquidity.

* The regulation to which we are subject could result in a material adverse affect on our business.

* Adverse changes in economic conditions, the automobile or finance industries, or the non-prime consumer market, could adversely affect our financial position, liquidity and results of operations, the ability of key vendors that we depend on to supply us with certain services, and our ability to enter into future financing transactions.

* Litigation we are involved in from time to time may adversely affect our financial condition, results of operations and cash flows.

* We are dependent on our senior management and the loss of any of these individuals or an inability to hire additional team members could adversely affect our ability to operate profitably.

* Our inability to properly safeguard confidential consumer

information.

* Our operations could suffer from telecommunications or technology downtime or increased costs.

* Natural disasters, acts of war, terrorist attacks and threats or the escalation of military activity in response to such attacks or otherwise may negatively affect our business, financial condition and results of operations.

Other factors not currently anticipated by management may also materially and adversely affect our results of operations. We do not undertake, and expressly disclaim any obligation, to update or alter our statements whether as a result of new information, future events or otherwise, except as required by applicable law.

Description of Credit Acceptance Corporation

Since 1972, Credit Acceptance has provided auto loans to consumers, regardless of their credit history. Our product is offered through a nationwide network of automobile dealers who benefit from sales of vehicles to consumers who otherwise could not obtain financing; from repeat and referral sales generated by these same customers; and from sales to customers responding to advertisements for our product, but who actually end up qualifying for traditional financing.

Without our product, consumers are often unable to purchase a vehicle or they purchase an unreliable one. Further, as we report to the three national credit reporting agencies, an important ancillary benefit of our program is that we provide a significant number of our consumers with an opportunity to improve their lives by improving their credit score and move on to more traditional sources of financing. Credit Acceptance is publicly traded on the NASDAQ under the symbol CACC. For more information, visit creditacceptance.com.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED INCOME STATEMENTS

(Dollars in thousands, except per share data)	Three Months Ended March 31,	
	2009	2008
	(Unaudited)	
Revenue:		
Finance charges	$ 76,726	$ 63,675
Premiums earned	6,460	32
Other income	4,702	7,071
Total revenue	87,888	70,778
Costs and expenses:		
Salaries and wages	17,121	17,740
General and administrative	7,998	7,124
Sales and marketing	3,921	4,671
Provision for credit losses	164	2,649
Interest	7,923	10,864
Provision for claims	4,809	5
Total costs and expenses	41,936	43,053

Operating income	45,952	27,725
Foreign currency gain (loss)	3	(13)
Income from continuing operations before provision for income taxes	45,955	27,712
Provision for income taxes	16,943	10,131
Income from continuing operations	29,012	17,581
Discontinued operations		
(Loss) gain from discontinued United Kingdom operations	(15)	56
(Benefit) provision for income taxes	(4)	17
(Loss) gain from discontinued operations	(11)	39
Net income	$ 29,001	$ 17,620
Net income per common share:		
Basic	$ 0.95	$ 0.59
Diluted	$ 0.93	$ 0.57
Income from continuing operations per common share:		
Basic	$ 0.95	$ 0.58
Diluted	$ 0.93	$ 0.57
(Loss) gain from discontinued operations per common share:		
Basic	$ --	$ --
Diluted	$ --	$ --
Weighted average shares outstanding:		
Basic	30,479,665	30,106,881
Diluted	31,180,146	30,891,227

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)	As of	
	March 31, 2009	Dec. 31, 2008
	(Unaudited)	
ASSETS:		
Cash and cash equivalents	$ 106	$ 3,154
Restricted cash and cash equivalents	86,991	80,333
Restricted securities available for sale	3,136	3,345
Loans receivable (including $14,828 and $15,383 from affiliates as of March 31, 2009 and December 31, 2008, respectively)	1,179,484	1,148,752

Allowance for credit losses	(131,384)	(130,835)
Loans receivable, net	1,048,100	1,017,917
Property and equipment, net	20,487	21,049
Other assets	18,157	13,556
Total Assets	$ 1,176,977	$ 1,139,354
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Liabilities:		
Accounts payable and accrued liabilities	$ 94,512	$ 83,948
Line of credit	99,300	61,300
Secured financing	521,865	574,175
Mortgage note and capital lease obligations	5,862	6,239
Deferred income taxes, net	78,837	75,060
Income taxes payable	8,211	881
Total Liabilities	808,587	801,603
Shareholders' Equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued	--	--
Common stock, $.01 par value, 80,000,000 shares authorized, 30,843,959 and 30,666,691 shares issued and outstanding as of March 31, 2009 and December 31, 2008, respectively	308	306
Paid-in capital	13,080	11,829
Retained earnings	357,179	328,178
Accumulated other comprehensive loss, net of tax of $1,242 and $1,478 at March 31, 2009 and December 31, 2008, respectively	(2,177)	(2,562)
Total Shareholders' Equity	368,390	337,751
Total Liabilities and Shareholders' Equity	$ 1,176,977	$ 1,139,354

SOURCE: Credit Acceptance Corporation

Credit Acceptance Corporation
Investor Relations:
Douglas W. Busk, Senior Vice President and Treasurer
(248) 353-2700 Ext. 4432
IR@creditacceptance.com