

Eyes on the road.



Stay alert. Respond to the environment.

In hazardous conditions,

you must be more ***focused*** than ever.

It has been – and continues to be – a rough road for the automotive lending industry. So as we navigate forward into 2009, we are wise to remain cautious. Hands on the wheel. Always attentive. Because no matter how good the vehicle or the engine that powers it, we can't control external conditions. The road is filled with potential hazards. And, while we can seek alternative routes to reach our destination, our best insurance against the unforeseen is a sound defensive strategy. This is where experience, timing and judgment all come into play. And that's where AmeriCredit is more focused than ever.

Since our founding in 1992, AmeriCredit Corp. has become a leading independent automobile finance company. We provide auto financing solutions indirectly through auto dealers across the United States. Our company's reputation has been built on delivering quality service and products – and our proven ability to effectively price for and manage risk. Our experience in managing through challenging economic cycles, combined with our resilient business model, helps us maintain control when road conditions become hazardous. And when driving conditions are clear – when the economic environment and capital markets improve – AmeriCredit will continue to do what it has always done: provide dealers and shareholders the value they have come to expect.



Rough roads are *inevitable* and affect everyone.

But AmeriCredit has navigated

difficult economic environments before.



Preserving our liquidity position and capital base gives us the options and the maneuverability to *choose alternate routes.*

Access to the capital markets has been inconsistent.

So until things are stable again,
our proven funding platform gives us confidence

that we will be able to get *the fuel we need.*





Sound strategies give us a sense of direction –
and help us maintain control. So as the road opens up ahead,
AmeriCredit is ready to keep *moving forward.*



To Our Shareholders

The road we traveled during fiscal year 2008 was filled with many unexpected obstacles. As gas and food prices soared, the job and housing markets weakened, and entire regional economies faltered, our middle-market consumers experienced increasing economic pressures. At the same time, the capital markets – where we fund our business through securitization transactions – went through persistent and unprecedented disruptions.

Navigating through difficult credit cycles is nothing new to AmeriCredit. We believe that the sound structure of our business model allows us to carefully and efficiently manage economic downturns. But the ongoing dislocations in the capital markets have made this particular economic cycle much different from any in our company's history.

Nonetheless, we are meeting these challenges head on. Drawing on our 16 years of experience as an auto finance company, we have taken several decisive steps to protect our franchise. Most notably, we deliberately slowed origination volume to preserve liquidity and funding capacity. Many of the steps we took have been painful – as we discontinued several lending channels and significantly reduced our staffing levels. And some were expensive, like the forward purchase agreement we executed with one of our key relationship banks, designed to help ensure our access to the capital markets. But overall, we believe these measures will stabilize our business in the short term – and help position AmeriCredit to take full advantage of the marketplace once conditions improve.

Hazards We Faced in 2008

The economic environment weakened throughout the year – declining home values, higher gas and food prices, and a slackening labor market. We experienced higher-than-expected credit losses – in terms of both frequency and severity – due to the added economic stress on the consumer and declining auction recovery rates on repossessed collateral. Credit performance was particularly weak in regions that have seen the greatest decline in housing prices and year-over-year employment levels – California, Florida, Nevada and Arizona.

Likewise, the capital markets were inconsistent – at times essentially gridlocked – making our funding sources unreliable and expensive. What began in early 2007 with concerns about subprime mortgage originators grew by late 2007 into worries about the capitalization and viability of the bond insurers that AmeriCredit had historically used to support our securitization program. By early 2008, the dislocations in the capital markets were full-blown, making it tenuous for us to fund our business through auto receivables backed securitizations.

We also responded proactively to address the hazards in the capital markets. In April 2008, we entered into a forward purchase agreement with Deutsche Bank to support the issuance of “AAA” bonds under our subprime AMCAR securitization platform. With this commitment from Deutsche Bank, we expect to have reliable access to permanent funding for our receivables through early 2009 even if the capital markets remain volatile. In May, we seized upon a brief window of liquidity in the asset-backed securities market and completed our first AMCAR deal since September 2007 for \$750 million in notes. As a result of our timely efforts to reduce loan originations and rationalize our cost structure, we maintained unrestricted cash balances of \$433 million at June 30, 2008.

Conditions Ahead

As we look to the horizon, it appears that fiscal year 2009 will undoubtedly be fraught with many of the same hazards we faced in 2008. Two factors, in particular, will continue to test our focus and acuity: the impact of economic factors on

IN FISCAL YEAR 2008, WE TOOK THE NECESSARY ACTIONS TO BEST POSITION AMERICREDIT TO RIDE OUT AN ADVERSE ECONOMIC AND CAPITAL MARKETS ENVIRONMENT.

As we have in the past, we responded quickly by pulling back origination levels to preserve liquidity. As early as the fall of 2007, we moved to tighten credit standards and de-emphasize loan volume targets. In early 2008, with the economic and funding headwinds showing no signs of abating, we decisively shifted our operating strategy. Unfortunately, pursuing this revised plan required us to make some difficult decisions. We eliminated our leasing and direct lending initiatives and exited the Canadian market. Underwriting terms were further tightened, primarily in the form of higher minimum credit score requirements and lower loan-to-wholesale values. We also narrowed our dealer base by focusing our efforts on our most favorable dealer relationships. In assessing changes to our operating structure, we were careful to preserve the core strength of our business model and provide for scalability to grow our business when conditions permit. To support the reduction in origination goals, we realigned our cost structure by reducing staff and consolidating our network of credit centers to 24 locations. Ultimately, we cut our annualized originations target for fiscal year 2008 by approximately two-thirds, from almost \$10 billion per year to less than \$3 billion.

our portfolio credit performance, and uncertainty about the timing and cost of securitization transactions in the unstable capital markets.

Entering fiscal year 2009, we find that economic indicators have deteriorated further – as evidenced by higher national unemployment, escalating inflationary levels and low consumer confidence. Many regional economies, such as those in Florida and southern California, are under even greater stress than the national economy as a whole. Our collections team remains focused on providing the highest level of customer service, while seeking to maximize the overall performance of our portfolio. We have increased collections staff and extended their hours of operation. We anticipate that recovery rates on repossessed collateral, which we have recently seen stabilize somewhat, will continue to be soft throughout fiscal year 2009 due to the depressed value of large SUVs and pickup trucks, and ongoing slack consumer demand for both new and used vehicles. Overall, we anticipate that our core subprime consumer portfolio will reflect the strain of a deteriorating economic environment, and the stress will be most evident in our seasonally weak September and December quarters. Given these factors, we



In conditions like these,
experience makes all the difference.

Our management team has been through
economic downturns before,
gaining the knowledge and foresight
necessary to respond quickly
and effectively to change.

strengthened our loan loss reserve levels to 6.3% of receivables at June 30, 2008.

As for funding and the capital markets, it is difficult to predict when or in what form the securitization market will return completely. Through our proven AMCAR funding platform, we have securitized over \$54 billion of subprime receivables since 1994. Our focus going forward will be on bringing unwrapped senior-subordinated securitizations to the market, as market concerns and the diminished credit ratings of the bond insurers now precludes use of insured structures. Although we have historically favored issuing bond-insured asset backed securities under our AMCAR program, we have issued over \$4 billion of senior-subordinated asset backed securities in the past. With senior-subordinated structures, we expect our capital requirements for credit enhancement to be somewhat higher than the insured transaction we completed in May. Our agreement with Deutsche Bank provides a backstop to help ensure the sale of up to \$2 billion of “AAA” rated securities, but selling the “AA” and

Moving Forward

In fiscal year 2008, we took the necessary actions to best position AmeriCredit to ride out an adverse economic and capital markets environment. As we move into fiscal year 2009, we will clearly maintain a defensive posture, controlling those factors we can, such as loan volume and pricing, liquidity levels and operating costs, while proactively guarding against those hazards we cannot control, such as the economy and the capital markets.

In conditions like these, experience makes all the difference. Our management team has been through economic downturns before, gaining the knowledge and foresight necessary to respond quickly and effectively to change. Our two new board members, Ian M. Cumming and Justin R. Wheeler, bring an exceptional level of expertise to our company. And, of course, we have a talented group of employees to successfully execute our strategy and help AmeriCredit maintain its position as a leader in auto finance.

EVENTUALLY, WHEN CONDITIONS IMPROVE, AND WITH THE FOUNDATION WE HAVE IN PLACE, WE WILL EMERGE STRONGLY TO COMPETE IN THE MARKETPLACE AND DELIVER SHAREHOLDER VALUE.

“A” rated notes under the senior subordinated structure will require expanded investor outreach and will be costly.

For now, we will stay the course with an annualized originations target of no more than \$3 billion. We believe this level of originations will enable us to withstand the weak consumer credit environment, while maintaining sufficient liquidity and warehouse capacity to operate the business, assuming modest access to the securitization market. We will concentrate primarily on subprime originations where we can most profitably achieve our origination goals, given the current level of funding costs. Since early 2008, we have been increasingly successful in originating a higher quality mix of business at better pricing levels, which will ultimately lead to improved loan level profitability. Despite the major decline in consumer demand for auto purchases, the competitive landscape is improving with the retrenchment by and, in some cases, exit of large scale market participants. As we move through fiscal year 2009, we will continue to evaluate credit on a regional basis – balancing underwriting standards and market performance – and increase pricing in markets where competitive dynamics will support them.

Our business model was engineered to withstand unpredictable credit cycles. And as unusually difficult as this cycle may be, our vigilance will allow the company to successfully navigate the credit environment and capital markets. Eventually, when conditions improve, and with the foundation we have in place, we will emerge strongly to compete in the marketplace and deliver shareholder value.



CLIFTON H. MORRIS, JR.
CHAIRMAN OF THE BOARD



DANIEL E. BERCE
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

Financial and Operating Information Summary

YEARS ENDED JUNE 30,	2008	2007	2006	2005	2004
OPERATING DATA					
DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA					
Finance charge income	\$2,382,484	\$2,142,470	\$1,641,125	\$1,217,696	\$927,592
Other revenue	160,598	197,453	170,213	233,150	288,244
Total revenue	2,543,082	2,339,923	1,811,338	1,450,846	1,215,836
Impairment of goodwill	212,595				
Net (loss) income	(69,319)	360,249	306,183	285,909	226,983
Basic (loss) earnings per share	(0.60)	3.02	2.29	1.88	1.45
Diluted (loss) earnings per share	(0.60)	2.73	2.08	1.73	1.37
Diluted weighted average shares	114,962,241	133,224,945	148,824,916	167,242,658	166,387,259
Origination volume (a)	6,293,494	8,454,600	6,208,004	5,031,325	3,474,407

JUNE 30,	2008	2007	2006	2005	2004
BALANCE SHEET DATA					
IN THOUSANDS					
Cash and cash equivalents	\$433,493	\$910,304	\$513,240	\$663,501	\$421,450
Finance receivables, net	14,030,299	15,102,370	11,097,008	8,297,750	6,363,869
Total assets	16,547,210	17,811,020	13,067,865	10,947,038	8,824,579
Credit facilities	2,928,161	2,541,702	2,106,282	990,974	500,000
Securitization notes payable	10,420,327	11,939,447	8,518,849	7,166,028	5,598,732
Senior notes	200,000	200,000		166,755	166,414
Convertible senior notes	750,000	750,000	200,000	200,000	200,000
Total liabilities	14,650,340	15,735,870	11,058,979	8,825,122	6,699,467
Shareholders' equity	1,896,870	2,075,150	2,008,886	2,121,916	2,125,112
Finance receivables	14,981,412	15,922,458	11,775,665	8,838,968	6,782,280
Gain on sale receivables		24,091	421,037	2,163,941	5,140,522
Managed receivables	14,981,412	15,946,549	12,196,702	11,002,909	11,922,802

(a) Fiscal year 2008 and 2007 amounts include \$218.1 million and \$34.9 million of contracts purchased through our leasing program, respectively.

The Company's common stock trades on the New York Stock Exchange under the symbol ACF. As of August 26, 2008, there were 116,312,936 shares of common stock outstanding. The following table sets forth the range of the high, low and closing sale prices for the Company's common stock as reported on the Composite Tape of the New York Stock Exchange Listed Issues.

Selected Stock and Financial Data

COMMON STOCK DATA	HIGH	LOW	CLOSE
FISCAL YEAR ENDED JUNE 30, 2008			
First quarter	\$27.25	\$15.42	\$17.58
Second quarter	20.17	9.54	12.79
Third quarter	16.00	8.96	10.07
Fourth quarter	14.94	8.50	8.62
FISCAL YEAR ENDED JUNE 30, 2007			
First quarter	\$28.25	\$21.68	\$24.99
Second quarter	26.51	22.59	25.17
Third quarter	27.77	20.45	22.86
Fourth quarter	29.46	22.52	26.55

As of August 26, 2008, there were approximately 221 shareholders of record of the Company's common stock.

QUARTERLY FINANCIAL DATA (UNAUDITED)

QUARTERS:	1ST	2ND	3RD	4TH
DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA				
FISCAL YEAR ENDED JUNE 30, 2008				
Total revenue	\$652,674	\$653,254	\$638,742	\$598,412
Income (loss) before income taxes	86,348	(29,061)	61,154	(210,620)
Net income (loss)	61,819	(19,090)	38,165	(150,213)
Basic earnings (loss) per share	0.53	(0.17)	0.33	(1.30)
Diluted earnings (loss) per share	0.49	(0.17)	0.31	(1.30)
Diluted weighted average shares	128,111,826	114,253,706	126,728,797	115,299,234
FISCAL YEAR ENDED JUNE 30, 2007				
Total revenue	\$523,621	\$575,636	\$615,273	\$625,393
Income before income taxes	117,648	150,804	129,432	134,183
Net income	74,236	95,426	103,732	86,855
Basic earnings per share	0.59	0.82	0.88	0.74
Diluted earnings per share	0.54	0.74	0.80	0.66
Diluted weighted average shares	139,718,283	130,153,556	131,166,057	131,816,572

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

FORM 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2008

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 1-10667

AmeriCredit Corp.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

75-2291093
(I.R.S. Employer
Identification No.)

801 Cherry Street, Suite 3900, Fort Worth, Texas 76102

(Address of principal executive offices, including Zip Code)

(817) 302-7000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of each class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of 41,677,800 shares of the Registrant's Common Stock held by non-affiliates based upon the closing price of the Registrant's Common Stock on the New York Stock Exchange on December 31, 2007, was approximately \$533,059,062. For purposes of this computation, all executive officers, directors and 5 percent beneficial owners of the Registrant are deemed to be affiliates. Such determination should not be deemed an admission that such executive officers, directors and beneficial owners are, in fact, affiliates of the Registrant.

There were 116,312,936 shares of Common Stock, \$0.01 par value, outstanding as of August 26, 2008.

DOCUMENTS INCORPORATED BY REFERENCE

The Registrant's definitive Proxy Statement pertaining to the 2008 Annual Meeting of Shareholders ("Proxy Statement") filed pursuant to Regulation 14A is incorporated herein by reference into Part III.

AMERICREDIT CORP.
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FORWARD-LOOKING STATEMENTS

This Form 10-K contains several “forward-looking statements.” Forward-looking statements are those that use words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “may,” “likely,” “should,” “estimate,” “continue,” “future” or other comparable expressions. These words indicate future events and trends. Forward-looking statements are our current views with respect to future events and financial performance. These forward-looking statements are subject to many assumptions, risks and uncertainties that could cause actual results to differ significantly from historical results or from those anticipated by us. The most significant risks are detailed from time to time in our filings and reports with the Securities and Exchange Commission including this Annual Report on Form 10-K for the year ended June 30, 2008. It is advisable not to place undue reliance on our forward-looking statements. We undertake no obligation to, and do not, publicly update or revise any forward-looking statements, except as required by federal securities laws, whether as a result of new information, future events or otherwise.

The following factors are among those that may cause actual results to differ materially from historical results or from the forward-looking statements:

- changes in general economic and business conditions;
- interest rate fluctuations;
- our financial condition and liquidity, as well as future cash flows and earnings;
- competition;
- the effect, interpretation or application of new or existing laws, regulations, court decisions and accounting pronouncements;
- the availability of sources of financing;
- the level of net charge-offs, delinquencies and prepayments on the automobile contracts we originate; and
- significant litigation.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected.

INDUSTRY DATA

In this Form 10-K, we rely on and refer to information regarding the automobile lending industry from market research reports, analyst reports and other publicly available information. Although we believe that this information is reliable, we cannot guarantee the accuracy and completeness of this information, and we have not independently verified any of it.

AVAILABLE INFORMATION

We make available free of charge through our website, www.americredit.com, our AmeriCredit Automobile Receivables Trust, AmeriCredit Prime Automobile Receivables Trust, Bay View Automobile Receivables Trust and Long Beach Automobile Receivables Trust securitization portfolio performance measures and all materials that we file electronically with the Securities and Exchange Commission (“SEC”), including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practical after filing or furnishing such material with or to the SEC.

The public may read and copy any materials we file with or furnish to the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website, www.sec.gov, that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

PART I

ITEM 1. BUSINESS

General

We are a leading independent auto finance company that has been operating in the automobile finance business since September 1992. We purchase auto finance contracts for new and used vehicles purchased by consumers from franchised and select independent automobile dealerships in our dealership network. We previously made loans directly to customers buying new and used vehicles and provided lease financing through our dealership network, but terminated those activities during fiscal 2008. As used herein, “loans” include auto finance contracts originated by dealers and purchased by us, without recourse. We predominantly target consumers who are typically unable to obtain financing from banks, credit unions and manufacturer captive auto finance companies. Funding for our auto lending activities is obtained through the utilization of our credit facilities and the transfer of loans in securitization transactions. We service our loan portfolio at regional centers using automated loan servicing and collection systems.

We have historically maintained a significant share of the sub-prime market and have participated in the prime and near prime sectors of the auto finance industry to a more limited extent. We source our business primarily through our relationships with auto dealers, which are maintained through our regional credit centers, marketing representatives (dealer relationship managers) and alliance relationships. We expanded our traditional niche through the acquisition of Bay View Acceptance Corporation (“BVAC”) in May 2006, which offered specialized auto finance products, including extended term financing and higher loan-to-value advances to consumers with prime credit bureau scores and our acquisition of Long Beach Acceptance Corporation (“LBAC”) in January 2007, which offered auto finance products primarily to consumers with near prime credit bureau scores. As of June 30, 2008, the operations of BVAC and LBAC have been integrated into our origination, servicing and administrative activities and we provide auto finance products solely under the AmeriCredit Financial Services, Inc. name.

Since January 2008, we have revised our operating plan in an effort to preserve and strengthen our capital and liquidity position, and to maintain sufficient capacity on our credit facilities to fund new loan originations until capital market conditions improve for securitization transactions. Under this revised plan, we increased the minimum credit score requirements for new loan originations, decreased our originations infrastructure by closing and consolidating credit center locations, selectively decreased the number of dealers from whom we purchase loans and reduced originations and support function headcounts. We have discontinued new originations in our direct lending, leasing and specialty prime platforms, certain partner relationships and in Canada. Our fiscal 2009 target for annualized loan origination levels has been reduced to approximately \$3.0 billion. We recognized restructuring charges of \$20.1 million for fiscal 2008, related to the closing and consolidating of credit center locations and headcount reductions.

We were incorporated in Texas on May 18, 1988, and succeeded to the business, assets and liabilities of a predecessor corporation formed under the laws of Texas on August 1, 1986. Our predecessor began operations in March 1987, and the business has been operated continuously since that time. Our principal executive offices are located at 801 Cherry Street, Suite 3900, Fort Worth, Texas, 76102 and our telephone number is (817) 302-7000.

Marketing and Loan Originations

Target Market. Our automobile lending programs are designed to serve customers who have limited access to automobile financing through banks, credit unions and the manufacturer captives. The bulk of our typical borrowers have experienced prior credit difficulties or have limited credit histories and generally have credit bureau scores ranging from 500 to 700. Because we generally serve customers who are unable to meet the credit standards imposed by most banks, credit unions and manufacturer captives, we generally charge higher interest rates than those charged by such sources. Since we provide financing in a relatively high-risk market, we also expect to sustain a higher level of credit losses than these other automobile financing sources.

Marketing. Since we are an indirect lender, we focus our marketing activities on automobile dealerships. We are selective in choosing the dealers with whom we conduct business and primarily pursue manufacturer franchised dealerships with used car operations and select independent dealerships. We prefer to finance later model, low mileage used vehicles and moderately priced new vehicles. Of the contracts purchased by us during fiscal 2008, approximately 89% were originated by manufacturer franchised dealers and 11% by select independent dealers; further, approximately 81% were used vehicles and 19% were new vehicles. We purchased contracts from 17,872 dealers during fiscal 2008. No dealer location accounted for more than 1% of the total volume of contracts purchased by us for that same period.

Prior to entering into a relationship with a dealer, we consider the dealer's operating history and reputation in the marketplace. We then maintain a non-exclusive relationship with the dealer. This relationship is actively monitored with the objective of maximizing the volume of applications received from the dealer that meet our underwriting standards and profitability objectives. Due to the non-exclusive nature of our relationships with dealerships, the dealerships retain discretion to determine whether to obtain financing from us or from another source for a loan made by the dealership to a customer seeking to make a vehicle purchase. Our representatives regularly contact and visit dealers to solicit new business and to answer any questions dealers may have regarding our financing programs and capabilities and to explain our underwriting philosophy. To increase the effectiveness of these contacts, marketing personnel have access to our management information systems which detail current information regarding the number of applications submitted by a dealership, our response and the reasons why a particular application was rejected.

We purchase finance contracts without recourse to the dealer. Accordingly, the dealer has no liability to us if the consumer defaults on the contract. Although finance contracts are purchased without recourse to the dealer, the dealer typically makes certain representations as to the validity of the contract and compliance with certain laws, and indemnifies us against any claims, defenses and set-offs that may be asserted against us because of assignment of the contract or the condition of the underlying collateral. Recourse based upon those representations and indemnities would be limited in circumstances in which the dealer has insufficient financial resources to perform upon such representations and indemnities. We do not view recourse against the dealer on these representations and indemnities to be of material significance in our decision to purchase finance contracts from a dealer. Depending upon the contract structure and consumer credit attributes, we may charge dealers a non-refundable acquisition fee or pay dealers a participation fee when purchasing finance contracts. These fees are assessed on a contract-by-contract basis.

Origination Network. Our originations platform provides specialized focus on marketing and underwriting loans. Responsibilities are segregated so that the sales group markets our programs and products to our dealer customers, while the underwriting group focuses on underwriting, negotiating and closing loans.

We use a combination of a credit centers and dealer relationship managers to market our indirect financing programs to selected dealers, develop relationships with these dealers and underwrite contracts submitted by the dealerships. We believe that the personal relationships our credit underwriters and dealer relationship managers establish with the dealership staff are an important factor in creating and maintaining productive relationships with our dealer customer base.

We select markets for credit center locations based upon numerous factors, including demographic trends and data, competitive conditions, regulatory environment and availability of qualified personnel. Credit centers are typically situated in suburban office buildings that are accessible to dealers.

Regional credit managers and credit underwriters staff credit center locations. Branch personnel are compensated with base salaries and incentives based on corporate performance and overall branch performance, including factors such as loan credit quality, loan pricing adequacy and loan volume objectives.

Regional vice presidents monitor credit center compliance with our underwriting guidelines. Our management information systems provide the regional vice presidents with access to credit application

information enabling them to consult with the credit underwriters and on credit decisions and review exceptions to our underwriting guidelines. The regional vice presidents also make periodic visits to the credit centers to conduct operational reviews.

Dealer relationship managers are either based in a credit center or work from a home office. Dealer relationship managers solicit dealers for applications and maintain our relationships with the dealers in their geographic vicinity, but do not have responsibility for credit approvals. We believe the local presence provided by our dealer relationship managers enables us to be more responsive to dealer concerns and local market conditions. Finance contracts solicited by the dealer relationship managers are underwritten at a credit center or at our national loan processing center. The dealer relationship managers are compensated with base salaries and incentives based on loan volume objectives and the generation of credit applications from dealerships that meet our underwriting criteria. The dealer relationship managers report to regional sales managers.

The following table sets forth information with respect to the number of credit centers, number of dealer relationship managers, dollar volume of contracts purchased and number of producing dealerships for the periods set forth below.

	Years Ended June 30,		
	2008	2007	2006
	(dollars in thousands)		
Number of credit centers	24	65	79
Number of dealer relationship managers	104	302	249
Origination volume ^(a)	\$6,293,494	\$8,454,600	\$6,208,004
Number of producing dealerships ^(b)	17,872	19,114	17,111

(a) Fiscal 2008 and 2007 amount includes \$218.1 million and \$34.9 million of contracts purchased through our leasing program, respectively.

(b) A producing dealership refers to a dealership from which we purchased contracts in the respective period.

Credit Underwriting

We utilize a proprietary credit scoring system to support the credit approval process. The credit scoring system was developed through statistical analysis of our consumer demographic and portfolio databases. Credit scoring is used to differentiate credit applicants and to rank order credit risk in terms of expected default rates, which enables us to evaluate credit applications for approval and tailor loan pricing and structure according to this statistical assessment of credit risk. For example, a consumer with a lower score would indicate a higher probability of default and, therefore, we would either decline the application, or, if approved, compensate for this higher default risk through the structuring and pricing of the loan. While we employ a credit scoring system in the credit approval process, credit scoring does not eliminate credit risk. Adverse determinations in evaluating contracts for purchase or changes in certain macroeconomic factors could negatively affect the credit quality of our receivables portfolio.

The credit scoring system considers data contained in the customer's credit application and credit bureau report as well as the structure of the proposed loan and produces a statistical assessment of these attributes. This assessment is used to segregate applicant risk profiles and determine whether the risk is acceptable and the price we should charge for that risk. Our credit scorecards are monitored through comparison of actual versus projected performance by score. Periodically, we endeavor to refine our proprietary scorecards based on new information including identified correlations between receivables performance and data obtained in the underwriting process.

We purchase individual contracts through our underwriting specialists in credit centers using a credit approval process tailored to local market conditions. Underwriting personnel have a specific credit authority based upon their experience and historical loan portfolio results as well as established credit scoring parameters.

Contracts may also be underwritten through our national loan processing center for specific dealers requiring centralized service, in certain markets where a credit center is not present or, in some cases, outside of normal credit center working hours. Although the credit approval process is decentralized, our application processing system includes controls designed to ensure that credit decisions comply with our credit scoring strategies and underwriting policies and procedures.

Finance contract application packages completed by prospective obligors are received electronically, through web-based platforms, or Internet portals, that automate and accelerate the financing process. Upon receipt or entry of application data into our application processing system, a credit bureau report is automatically accessed and a credit score is computed. A substantial percentage of the applications received by us fail to meet our credit score requirement and are automatically declined. For applications that are not automatically declined, our underwriting personnel review the application package and determine whether to approve the application, approve the application subject to conditions that must be met, or deny the application. The credit decision is based primarily on the applicant's credit score determined by our proprietary credit scoring system. We estimate that approximately 20-30% of applicants will be approved for credit by us. Dealers are contacted regarding credit decisions electronically or by facsimile. Declined applicants are also provided with appropriate notification of the decision.

Our underwriting and collateral guidelines, including credit scoring parameters, form the basis for the credit decision. Exceptions to credit policies and authorities must be approved by designated individuals with appropriate credit authority. Additionally, our centralized credit risk management department monitors exceptions and adherence to underwriting guidelines, procedures and appropriate approval levels.

Completed contract packages are sent to us by dealers. Loan documentation is scanned to create electronic images and electronically forwarded to our centralized loan processing department. A loan processing representative verifies certain applicant employment, income and residency information when required by our credit policies. Loan terms, insurance coverage and other information may be verified or confirmed with the customer. The original documents are subsequently sent to our centralized account services department and critical documents are stored in a fire resistant vault.

Once cleared for funding, the funds are electronically transferred to the dealer or a check is issued. Upon funding of the contract, we acquire a perfected security interest in the automobile that was financed. Daily loan reports are generated for review by senior operations management. All of our contracts are fully amortizing with substantially equal monthly installments. Key variables, such as loan applicant data, credit bureau and credit score information, loan structures and terms and payment histories are tracked. The credit risk management function also regularly reviews the performance of our credit scoring system and is responsible for the development and enhancement of our credit scorecards.

Credit indicator packages with portfolio performance at various levels of detail including total company, credit center and dealer are prepared regularly and reviewed. Various daily reports and analytical data are also generated to monitor credit quality as well as to refine the structure and mix of new loan originations. We review portfolio returns on a consolidated basis, as well as at the credit center, origination channel, dealer and contract levels.

Loan Servicing

Our servicing activities consist of collecting and processing customer payments, responding to customer inquiries, initiating contact with customers who are delinquent in payment of an installment, maintaining the security interest in the financed vehicle, monitoring physical damage insurance coverage of the financed vehicle, and arranging for the repossession of financed vehicles, liquidation of collateral and pursuit of deficiencies when necessary.

We use monthly billing statements to serve as a reminder to customers as well as an early warning mechanism in the event a customer has failed to notify us of an address change. Approximately 15 days before a customer's first payment due date and each month thereafter, we mail the customer a billing statement directing the customer to mail payments to a lockbox bank for deposit in a lockbox account. Payment receipt data is electronically transferred from our lockbox bank to us for posting to the loan accounting system. Payments may also be received from third party payment providers, such as Western Union, directly by us from customers or via electronic transmission of funds. Payment processing and customer account maintenance is performed centrally at our operations center in Arlington, Texas.

Statistically-based behavioral assessment models are used to project the relative probability that an individual account will default. The behavioral assessment models are also used to help develop servicing strategies for the portfolio or for targeted account groups within the portfolio.

Our collections activities are performed at regional centers located in Arlington, Texas; Chandler, Arizona; Charlotte, North Carolina; and Peterborough, Ontario. A predictive dialing system is utilized to make phone calls to customers whose payments are past due. The predictive dialer is a computer-controlled telephone dialing system that simultaneously dials phone numbers of multiple customers from a file of records extracted from our database. Once a live voice responds to the automated dialer's call, the system automatically transfers the call to a collector and the relevant account information to the collector's computer screen. Accounts that the system has been unable to reach within a specified number of days are flagged, thereby promptly identifying for management all customers who cannot be reached by telephone. By eliminating the time spent on attempting to reach customers, the system gives a single collector the ability to speak with a larger number of customers daily.

Once an account reaches a certain level of delinquency, the account moves to one of our advanced collection units. The objective of these collectors is to resolve the delinquent account. We may repossess a financed vehicle if an account is deemed uncollectible, the financed vehicle is deemed by collection personnel to be in danger of being damaged, destroyed or hidden, the customer deals in bad faith or the customer voluntarily surrenders the financed vehicle.

At times, we offer payment deferrals to customers who have encountered financial difficulty, hindering their ability to pay as contracted. A deferral allows the customer to move delinquent payments to the end of the loan, usually by paying a fee that is calculated in a manner specified by applicable law. The collector reviews the customer's past payment history and behavioral score and assesses the customer's desire and capacity to make future payments. Before agreeing to a deferral, the collector also considers whether the deferment transaction complies with our policies and guidelines. Exceptions to our policies and guidelines for deferrals must be approved in accordance with these policies and guidelines. While payment deferrals are initiated and approved in the collections department, a separate department processes authorized deferment transactions. Exceptions are also monitored by our centralized credit risk management function.

Repossessions are subject to prescribed legal procedures, which include peaceful repossession, one or more customer notifications, a prescribed waiting period prior to disposition of the repossessed automobile and return of personal items to the customer. Some jurisdictions provide the customer with reinstatement or redemption rights. Legal requirements, particularly in the event of bankruptcy, may restrict our ability to dispose of the repossessed vehicle. Independent repossession firms engaged by us handle repossessions. All repossessions, other than bankruptcy or previously charged off accounts, must be approved by a collections officer. Upon repossession and after any prescribed waiting period, the repossessed automobile is sold at auction. We do not sell any vehicles on a retail basis. The proceeds from the sale of the automobile at auction, and any other recoveries, are credited against the balance of the contract. Auction proceeds from sale of the repossessed vehicle and other recoveries are usually not sufficient to cover the outstanding balance of the contract, and the resulting deficiency is charged off. For fiscal 2008, the net recovery rate upon the sale of repossessed assets was approximately 45%. We pursue collection of deficiencies when we deem such action to be appropriate.

Our policy is to charge off an account in the month in which the account becomes 120 days contractually delinquent if we have not repossessed the related vehicle. We charge off accounts in repossession when the automobile is repossessed and legally available for disposition. A charge-off represents the difference between the estimated net sales proceeds and the amount of the delinquent contract, including accrued interest. Accounts in repossession that have been charged off are removed from finance receivables and the related repossessed automobiles are included in other assets at net realizable value on the consolidated balance sheet pending disposal.

The value of the collateral underlying our receivables portfolio is updated monthly with a loan-by-loan link to national wholesale auction values. This data, along with our own experience relative to mileage and vehicle condition, are used for evaluating collateral disposition activities.

Financing

We finance our loan origination volume through the use of our credit facilities and execution of securitization transactions.

Credit Facilities. Loans are typically funded initially using credit facilities that are administered by agents on behalf of institutionally managed commercial paper or medium term note conduits. Under these funding agreements, we transfer finance receivables to special purpose finance subsidiaries. These subsidiaries, in turn, issue notes to the agents, collateralized by such finance receivables and cash. The agents provide funding under the notes to the subsidiaries pursuant to an advance formula, and the subsidiaries forward the funds to us in consideration for the transfer of finance receivables. While these subsidiaries are included in our consolidated financial statements, these subsidiaries are separate legal entities and the finance receivables and other assets held by these subsidiaries are legally owned by them and are not available to our creditors or creditors of our other subsidiaries. Advances under our funding agreements bear interest at commercial paper, LIBOR or prime rates plus specified fees depending upon the source of funds provided by the agents.

Securitizations. We pursue a financing strategy of securitizing our receivables to diversify our funding, provide liquidity and obtain a fixed rate cost-effective source of funds for the purchase of additional automobile finance contracts. The asset-backed securities market allows us to finance our loan origination volume at high investment grade interest rates over the life of the securitization transaction, thereby locking in the excess spread on our loan portfolio.

Proceeds from securitizations approximate our investment in the automobile finance receivables securitized. The proceeds are primarily used to fund initial cash credit enhancement requirements in the securitization and to pay down borrowings under our credit facilities, thereby increasing availability thereunder for further contract purchases. From 1994 to June 30, 2008, we had securitized approximately \$57.1 billion of automobile receivables.

In our securitizations, we, through wholly-owned subsidiaries, transfer automobile receivables to newly-formed securitization trusts ("Trusts"), which issue one or more classes of asset-backed securities. The asset-backed securities are in turn sold to investors.

Historically, we primarily arranged for a financial guaranty insurance policy from monoline insurers to achieve a triple-A credit rating on the asset-backed securities issued by the securitization Trusts and we have executed securitization transactions with five monoline insurers. The financial guaranty insurance policies insure the timely payment of interest and the ultimate payment of principal due on the asset-backed securities. We have limited reimbursement obligations to the insurers; however, credit enhancement requirements, including the insurers' encumbrance of certain restricted cash accounts and subordinated interests in Trusts, provide a source of funds to cover shortfalls in collections and to reimburse the insurers for any claims which may be made under the policies issued with respect to our securitizations. Since our securitization program's inception, there have been no claims under any insurance policies.

The credit enhancement requirements in a securitization transaction include restricted cash accounts that are generally established with an initial deposit and may subsequently be funded through excess cash flows from securitized receivables. An additional form of credit enhancement is provided in the form of overcollateralization whereby more receivables are transferred to the Trusts than the amount of asset-backed securities issued by the Trusts. In the event a shortfall exists in amounts payable on the asset-backed securities, first overcollateralization is reduced, and then funds may be withdrawn from the restricted cash account to cover the shortfall before amounts are drawn on the insurance policy, if applicable. With respect to insured securitization transactions, funds may also be withdrawn to reimburse the insurers for draws on financial guaranty insurance policies in an event of default. Additionally, agreements with the insurers provide that if portfolio performance ratios (delinquency, cumulative default or cumulative net loss triggers) in a Trust's pool of receivables exceed certain targets, the restricted cash account would be increased. Cash would be retained in the restricted cash account and not released to us until the increased target levels have been reached and maintained. We are entitled to receive amounts from the restricted cash accounts to the extent the amounts deposited exceed the required target enhancement levels.

Several of the monoline insurers we have used in the past are facing financial stress and have received rating agency downgrades due to risk exposures on insurance policies that guarantee mortgage debt and related structured products and one has decided to no longer issue insurance policies for asset-backed securities. As a result, demand for securities guaranteed by insurance, particularly securities backed by sub-prime collateral, has weakened and we do not anticipate utilizing this structure in the foreseeable future.

Due to the developments noted above in the financial guaranty insurance industry, we will most likely attempt to utilize primarily senior subordinated transactions in the foreseeable future. We have completed seven of this type of securitization transaction, most recently in May 2007, in the United States. These securitization transactions involve the sale of subordinate asset-backed securities in order to protect investors in the senior asset-backed securities from potential losses. Similar to an insured securitization transaction, we provide credit enhancement in the form of a restricted cash account and overcollateralization and excess cash flows are used to increase the credit enhancement assets to required minimum levels, after which time excess cash flows may be distributed to us depending on the terms of the structure utilized. The credit enhancement assets related to these Trusts typically do not contain portfolio performance ratios which could increase the minimum required credit enhancement levels.

Trade Names

We have obtained federal trademark protection for the "AmeriCredit" name and the logo that incorporates the "AmeriCredit" name. Certain other names, logos and phrases used by us in our business operations have also been trademarked.

Regulation

Our operations are subject to regulation, supervision and licensing under various federal, state and local statutes, ordinances and regulations.

In most states in which we operate, a consumer credit regulatory agency regulates and enforces laws relating to consumer lenders and sales finance companies such as us. These rules and regulations generally provide for licensing as a sales finance company or consumer lender, limitations on the amount, duration and charges, including interest rates, for various categories of loans, requirements as to the form and content of finance contracts and other documentation, and restrictions on collection practices and creditors' rights. In certain states, we are subject to periodic examination by state regulatory authorities. Some states in which we operate do not require special licensing or provide extensive regulation of our business.

We are also subject to extensive federal regulation, including the Truth in Lending Act, the Equal Credit Opportunity Act and the Fair Credit Reporting Act. These laws require us to provide certain disclosures to prospective borrowers and protect against discriminatory lending practices and unfair credit practices. The

principal disclosures required under the Truth in Lending Act include the terms of repayment, the total finance charge and the annual percentage rate charged on each contract or loan. The Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, age or marital status. According to Regulation B promulgated under the Equal Credit Opportunity Act, creditors are required to make certain disclosures regarding consumer rights and advise consumers whose credit applications are not approved of the reasons for the rejection. In addition, the credit scoring system used by us must comply with the requirements for such a system as set forth in the Equal Credit Opportunity Act and Regulation B. The Fair Credit Reporting Act requires us to provide certain information to consumers whose credit applications are not approved on the basis of a report obtained from a consumer reporting agency and to respond to consumers who inquire regarding any adverse reporting submitted by us to the consumer reporting agencies. Additionally, we are subject to the Gramm-Leach-Bliley Act, which requires us to maintain the privacy of certain consumer data in our possession and to periodically communicate with consumers on privacy matters. We are also subject to the Servicemembers Civil Relief Act, which requires us, in most circumstances, to reduce the interest rate charged to customers who have subsequently joined, enlisted, been inducted or called to active military duty.

The dealers who originate automobile finance contracts purchased by us also must comply with both state and federal credit and trade practice statutes and regulations. Failure of the dealers to comply with these statutes and regulations could result in consumers having rights of rescission and other remedies that could have an adverse effect on us.

We believe that we maintain all material licenses and permits required for our current operations and are in substantial compliance with all applicable local, state and federal regulations. There can be no assurance, however, that we will be able to maintain all requisite licenses and permits, and the failure to satisfy those and other regulatory requirements could have a material adverse effect on our operations. Further, the adoption of additional, or the revision of existing, rules and regulations could have a material adverse effect on our business.

Competition

The automobile finance market is highly fragmented and is served by a variety of financial entities including the captive finance affiliates of major automotive manufacturers, banks, thrifts, credit unions and independent finance companies. Many of these competitors have substantially greater financial resources and lower costs of funds than ours. In addition, our competitors often provide financing on terms more favorable to automobile purchasers or dealers than we offer. Many of these competitors also have long standing relationships with automobile dealerships and may offer dealerships or their customers other forms of financing, including dealer floor plan financing or revolving credit products, which are not provided by us. Providers of automobile financing have traditionally competed on the basis of interest rates charged, the quality of credit accepted, the flexibility of loan terms offered and the quality of service provided to dealers and customers. In seeking to establish ourselves as one of the principal financing sources at the dealers we serve, we compete predominantly on the basis of our high level of dealer service and strong dealer relationships and by offering flexible loan terms. There can be no assurance that we will be able to compete successfully in this market or against these competitors.

Since early calendar 2008, several of our principal competitors have substantially reduced or even ceased origination activities due to the weakened economic environment and ongoing dislocations in the capital markets that have made securitization transactions difficult to execute.

Employees

At June 30, 2008, we employed 3,832 persons in the United States and Canada. None of our employees are a part of a collective bargaining agreement, and our relationships with employees are satisfactory.

Executive Officers

The following sets forth certain data concerning our executive officers.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Clifton H. Morris, Jr.	72	Chairman of the Board
Daniel E. Berce	54	President and Chief Executive Officer
Steven P. Bowman	41	Executive Vice President, Chief Credit and Risk Officer
Chris A. Choate	45	Executive Vice President, Chief Financial Officer and Treasurer
Mark Floyd	55	Executive Vice President, Co-Chief Operating Officer
Preston A. Miller	44	Executive Vice President, Co-Chief Operating Officer

CLIFTON H. MORRIS, JR. has been Chairman of the Board since May 1988 and served as Chief Executive Officer from April 2003 to August 2005 and from May 1988 to July 2000. He also served as President from May 1988 until April 1991 and from April 1992 to November 1996. Mr. Morris joined us in 1988.

DANIEL E. BERCE has been President since April 2003 and added the title of Chief Executive Officer in August 2005. Mr. Berce was Vice Chairman and Chief Financial Officer from November 1996 until April 2003. Mr. Berce joined us in 1990.

STEVEN P. BOWMAN has been Executive Vice President, Chief Credit and Risk Officer since January 2005. Prior to that, he was Executive Vice President, Chief Credit Officer from March 2000 to January 2005. Mr. Bowman joined us in 1996.

CHRIS A. CHOATE has been Executive Vice President, Chief Financial Officer and Treasurer since January 2005. Before that, he was Executive Vice President, Chief Legal Officer and Secretary from November 1999 to January 2005. Mr. Choate joined us in 1991.

MARK FLOYD has been Executive Vice President, Co-Chief Operating Officer since August 2007 and had been Executive Vice President, Chief Operating Officer for Servicing since January 2005. Prior to that, he was Executive Vice President, Chief Operating Officer from April 2003 to January 2005. He served as President, Dealer Services from August 2001 until April 2003. Mr. Floyd joined us in 1997.

PRESTON A. MILLER has been Executive Vice President, Co-Chief Operating Officer since August 2007 and had been Executive Vice President, Chief Operating Officer for Originations since January 2005. Prior to that, he was Executive Vice President, Chief Financial Officer and Treasurer from April 2003 to January 2005. Mr. Miller was Executive Vice President, Treasurer from July 1998 until April 2003. Mr. Miller joined us in 1989.

ITEM 1A. RISK FACTORS

Dependence on Credit Facilities. We depend on various credit facilities with financial institutions to finance our purchase of contracts pending securitization.

At June 30, 2008, we had five separate credit facilities that provide borrowing capacity of up to \$4,970.0 million, including:

- (i) a master warehouse facility providing up to \$2,500.0 million of receivables financing which matures in October 2009;
- (ii) a medium term note facility providing \$750.0 million of receivables financing which matures in October 2009;

- (iii) a call facility providing up to \$500.0 million of receivables financing for finance receivables repurchased from securitization Trusts upon exercise of the cleanup call option which matures in August 2008;
- (iv) a prime/near prime facility providing up to \$1,120.0 million for the financing of higher credit quality receivables which matures in September 2008;
- (v) a leasing warehouse facility providing up to \$100.0 million for the financing of our lease receivables which matures in June 2009.

The call facility matured in August 2008 and the facility was not renewed. Under the terms of the facility, receivables pledged will amortize down until the facility pays off. Additionally, we expect the prime/near prime facility, which matures in September 2008, to be renewed at an amount of \$400.0 to \$500.0 million.

We cannot guarantee that any of these financing sources will continue to be available beyond the current maturity dates at reasonable terms or at all. The availability of these financing sources depends, in part, on factors outside of our control, including regulatory capital treatment for unfunded bank lines of credit and the availability of bank liquidity in general. If we are unable to extend or replace these facilities or arrange new credit facilities or other types of interim financing, we will have to curtail or suspend loan origination activities, which would have a material adverse effect on our financial position, liquidity, and results of operations.

Our credit facilities generally contain a borrowing base or advance formula which requires us to pledge levels of finance receivables in excess of the amounts which we can borrow under the facilities. We are required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities. In addition, the finance receivables pledged as collateral must be less than 31 days delinquent at periodic measurement dates and, in the case of our master warehouse facility, finance receivables become ineligible to borrow against if they have been pledged collateral for more than 364 days. Accordingly, increases in delinquencies or defaults on pledged collateral resulting from weakened economic conditions, or aging of pledged receivables on the master warehouse facility for more than 364 days, due to our inability to execute securitization transactions or any other factor, would require us to pledge additional finance receivables to support borrowing levels and replace delinquent, defaulted or seasoned collateral. The pledge of additional finance receivables to support our credit facilities would adversely impact our financial position, liquidity, and results of operations.

The current disruptions in the capital markets have caused banks and other credit providers to restrict availability of new credit facilities and require more collateral and higher pricing upon renewal of existing credit facilities, if such facilities are renewed at all. Accordingly, as our existing credit facilities mature, we likely will be required to provide more collateral in the form of finance receivables or cash to support borrowing levels which will affect our financial position, liquidity, and results of operations. In addition, higher pricing would increase our cost of funds and adversely affect our profitability.

Additionally, the credit facilities contain various covenants requiring certain minimum financial ratios, asset quality, and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings under these facilities. If the lenders elect to accelerate outstanding indebtedness under these agreements following the violation of any covenant, such actions may result in an event of default under our senior note and convertible senior note indentures. As of June 30, 2008, our credit facilities were in compliance with all covenants.

Dependence on Securitization Program. Since December 1994, we have relied upon our ability to transfer receivables to securitization Trusts and sell securities in the asset-backed securities market to generate cash

proceeds for repayment of credit facilities and to purchase additional receivables. Accordingly, adverse changes in our asset-backed securities program or in the asset-backed securities market for automobile receivables in general could materially adversely affect our ability to purchase and securitize loans on a timely basis and upon terms acceptable to us. Any adverse change or delay would have a material adverse effect on our financial position, liquidity, and results of operations.

We will continue to require the execution of securitization transactions in order to fund our future liquidity needs. There can be no assurance that funding will be available to us through these sources or, if available, that it will be on terms acceptable to us. If these sources of funding are not available to us on a regular basis for any reason, including the occurrence of events of default, deterioration in loss experience on the receivables, breach of financial covenants or portfolio and pool performance measures, disruption of the asset-backed market or otherwise, we will be required to revise the scale of our business, including the possible discontinuation of loan origination activities, which would have a material adverse effect on our financial position, liquidity, and results of operations.

The asset-backed securities market along with credit markets in general, have been experiencing unprecedented disruptions. Market conditions which began deteriorating in mid-2007, remained impaired through fiscal 2008, and will likely remain so during fiscal 2009. Current conditions in the asset-backed securities market include increased risk premiums for issuers, reduced investor demand for asset-backed securities, particularly those securities backed by sub-prime collateral, financial stress and rating agency downgrades impacting the financial guaranty insurance providers, and a general tightening of availability of credit. These conditions, which may increase our cost of funding and reduce our access to the asset-backed securities market may continue or worsen in the future. We attempt to mitigate the impact of market disruptions by obtaining adequate committed credit facilities from a variety of reliable sources. There can be no assurance, however, that we will be successful in selling securities in the asset-backed securities market, at least in the near term, that our credit facilities will be adequate to fund our loan origination activities until the disruptions in the securitization markets subside or that the cost of debt will allow us to operate at profitable levels. Since we are highly dependent on the availability of the asset-backed securities market to finance our operations, continued disruptions in this market or adverse changes or delays in our ability to access this market would have a material adverse effect on our financial position, liquidity, and results of operations. Continued reduced investor demand for asset-backed securities such as our asset-backed securities could result in our having to hold auto loans until investor demand improves, but our capacity to hold auto loans is not unlimited. A reduced demand for our asset-backed securities could require us to reduce the amount of auto loans that we will purchase. Continued adverse market conditions could also result in increased costs and reduced margins earned in connection with our securitization transactions.

Dependence on Financial Guaranty Insurance. To date, all but seven of our securitizations in the United States have utilized financial guaranty insurance policies provided by various monoline insurance providers in order to achieve triple-A ratings on the insured securities issued in our securitization transactions. These ratings reduce the costs of securitizations relative to alternative forms of financing available to us and have historically enhanced the marketability of these transactions to investors in asset-backed securities.

During fiscal 2008, the credit ratings of several of the monoline insurance providers were downgraded. Financial Security Assurance, Inc. ("FSA"), historically the most active bond insurance provider in our securitization program, announced that it was ceasing to issue new insurance policies in connection with asset-backed securities. As a result of these downgrades, which weakened investor demand for insured asset-backed securities, and FSA's decision to stop issuing financial guaranty insurance on asset-backed securities, our ability to utilize financial guaranty insurance policies in our securitization program has effectively ceased for the foreseeable future. The inability to issue or market to investors insured securitization transactions could have a material adverse effect on the cost and availability of capital to finance contract purchases which in turn could have a material adverse effect on our financial position, liquidity, and results of operations.

Utilization of Senior Subordinated Securitization Structures. In seven of our securitizations in the United States, in lieu of relying on a financial guaranty insurance policy, we have sold or retained subordinate asset-backed securities in order to provide credit enhancement for the senior asset-backed securities. Due to the diminished viability of financial guaranty insurance policies, we anticipate attempting to utilize senior subordinated securitization structures for the foreseeable future and likely throughout 2009.

In a senior subordinated securitization we currently expect initial credit enhancement to be in the mid-20% range increasing to a higher level of targeted credit enhancement. These enhancement levels are higher than required in our most recent insured transaction, our 2008-A-F securitization insured by FSA, in which initial enhancement was 20.5% increasing to a target of 24.5%. The larger credit enhancement requirement in senior subordinated securitizations could adversely impact our ability to execute securitization transactions and may affect the timing of such securitizations given the increased amount of liquidity necessary to fund credit enhancement requirements. This, in turn, may adversely impact our ability to opportunistically access the capital markets when conditions are more favorable.

Additionally, we expect that the higher rated, or triple-A, securities to be sold by us in a senior subordinated securitization will comprise approximately 70-75% of the total securities issued. The balance of securities we expect to issue, the subordinated notes rated double-A and single-A, will comprise the remaining 25-30%. So far in 2008, there have been several senior subordinated securitizations executed by other issuers backed by prime auto collateral, but the double-A or single-A rated subordinated securities have generally not been offered for sale, we believe due to weakened investor demand for subordinate securities. Accordingly, there can be no assurance that we will be able to sell the double-A and single-A rated securities in a senior subordinated securitization, or that the pricing and terms demanded by investors for such securities will be acceptable to us. If we were unable for any reason to sell the double-A and single-A rated securities in a senior subordinated securitization, we would be required to hold such securities which could have a material adverse effect on our financial position, liquidity, and results of operations and could cause us to have to curtail or suspend loan origination activities.

In order to induce investors to purchase double-A and single-A rated securities in a senior subordinated securitization, we may find it necessary to pay other forms of consideration in addition to the interest coupons on the securities, including upfront commitment fees and warrants to acquire our common stock. The amount of such consideration, if provided, may be material and could have an adverse effect on our financial position, liquidity, and results of operations and, in the case of warrants to acquire our common stock, could be dilutive to existing shareholders.

Liquidity and Capital Needs. Our ability to make payments on or to refinance our indebtedness and to fund our operations depends on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, capital markets and other factors that are beyond our control.

We expect to continue to require substantial amounts of cash. Our primary cash requirements include the funding of: (i) contract purchases pending their securitization; (ii) credit enhancement requirements in connection with the securitization of the receivables and credit facilities; (iii) interest and principal payments under our credit facilities and other indebtedness; (iv) fees and expenses incurred in connection with the securitization and servicing of receivables and credit facilities; (v) ongoing operating expenses; (vi) income tax payments; and (vii) capital expenditures.

We require substantial amounts of cash to fund our contract purchase and securitization activities. Although we must fund certain credit enhancement requirements upon the closing of a securitization, we typically receive the cash representing excess cash flows and return of credit enhancement deposits over the actual life of the receivables securitized. The initial credit enhancement requirement will increase in future securitizations, which

requires increased use of our cash. We also incur transaction costs in connection with a securitization transaction. Accordingly, our strategy of securitizing our newly purchased receivables will require significant amounts of cash.

Our primary sources of future liquidity are expected to be: (i) distributions received from securitization Trusts; (ii) interest and principal payments on loans not yet securitized; (iii) servicing fees; (iv) borrowings under our credit facilities or proceeds from securitization transactions; and (v) further issuances of other debt or equity securities.

Because we expect to continue to require substantial amounts of cash for the foreseeable future, we anticipate that we will require the execution of additional securitization transactions and may choose to enter into other additional debt or equity financings. The type, timing and terms of financing selected by us will be dependent upon our cash needs, the availability of other financing sources and the prevailing conditions in the capital markets. There can be no assurance that funding will be available to us through these sources or, if available, that the funding will be on acceptable terms. If we are unable to execute securitization transactions on a regular basis, we would not have sufficient funds to finance new loan originations and, in such event, we would be required to revise the scale of our business, including possible discontinuation of loan origination activities, which would have a material adverse effect on our ability to achieve our business and financial objectives.

Leverage. We currently have a substantial amount of outstanding indebtedness. Our ability to make payments of principal or interest on, or to refinance, our indebtedness will depend on our future operating performance, including the performance of receivables transferred to securitization Trusts, and our ability to enter into additional securitization transactions as well as other debt or equity financings, which, to a certain extent, are subject to economic, financial, competitive, regulatory, capital markets and other factors beyond our control.

If we are unable to generate sufficient cash flows in the future to service our debt, we may be required to refinance all or a portion of our existing debt or to obtain additional financing. There can be no assurance that any refinancings will be possible or that any additional financing could be obtained on acceptable terms. The inability to refinance our existing debt or to obtain additional financing would have a material adverse effect on our financial position, liquidity, and results of operations.

The degree to which we are leveraged creates risks including: (i) we may be unable to satisfy our obligations under our outstanding indebtedness; (ii) we may find it more difficult to fund future credit enhancement requirements, operating costs, income tax payments, capital expenditures, or general corporate expenditures; (iii) we may have to dedicate a substantial portion of our cash resources to the payments on our outstanding indebtedness, thereby reducing the funds available for operations and future business opportunities; and (iv) we may be vulnerable to adverse general economic, capital markets and industry conditions.

Our credit facilities require us to comply with certain financial ratios and covenants. Additionally, our credit facilities have minimum asset quality maintenance requirements. These restrictions may interfere with our ability to obtain financing or to engage in other necessary or desirable business activities. As of June 30, 2008, we were in compliance with all financial and portfolio performance covenants in our credit facilities and senior note and convertible senior note indentures.

If we cannot comply with the requirements in our credit facilities, then the lenders may increase our borrowing costs or require us to repay immediately all of the outstanding debt. If our debt payments were accelerated, our assets might not be sufficient to fully repay the debt. These lenders may require us to use all of our available cash to repay our debt, foreclose upon their collateral or prevent us from making payments to other creditors on certain portions of our outstanding debt. These events may also result in a default under our senior note and convertible senior note indentures. We may not be able to obtain a waiver of these provisions or refinance our debt, if needed. In such case, our financial condition, liquidity, and results of operations would materially suffer.

Default and Prepayment Risks. Our results of financial condition, liquidity, and results of operations depend, to a material extent, on the performance of loans in our portfolio. Obligor under contracts acquired or originated by us may default during the term of their loan. Generally, we bear the full risk of losses resulting from defaults. In the event of a default, the collateral value of the financed vehicle usually does not cover the outstanding loan balance and costs of recovery.

We maintain an allowance for loan losses on loans held on our balance sheet which reflects management's estimates of inherent losses for these loans. If the allowance is inadequate, we would recognize the losses in excess of that allowance as an expense and results of operations would be adversely affected. A material adjustment to our allowance for loan losses and the corresponding decrease in earnings could limit our ability to enter into future securitizations and other financings, thus impairing our ability to finance our business.

We are required to deposit substantial amounts of the cash flows generated by our interests in securitizations sponsored by us to satisfy targeted credit enhancement requirements. An increase in defaults would reduce the cash flows generated by our interests in securitization transactions lengthening the period required to build targeted credit enhancement levels in the securitization trusts. Distributions of cash from the securitizations to us would be delayed and the ultimate amount of cash distributable to us would be less, which would have an adverse effect on our liquidity. The targeted credit enhancement levels in future securitizations will also likely be increased, further impacting our liquidity.

Portfolio Performance—Negative Impact on Cash Flows. Generally, the form of agreements we have entered into with our financial guaranty insurance providers in connection with securitization transactions contain specified limits on portfolio performance ratios (delinquency, cumulative default and cumulative net loss) on the receivables included in each securitization Trust. If, at any measurement date, a portfolio performance ratio with respect to any Trust were to exceed the specified limits, provisions of the credit enhancement agreement would automatically increase the level of credit enhancement requirements for that Trust if a waiver was not obtained. During the period in which the specified portfolio performance ratio was exceeded, excess cash flows, if any, from the Trust would be used to fund the increased credit enhancement levels instead of being distributed to us, which would have an adverse effect on our cash flows and liquidity.

Our securitization transactions insured by some of our financial guaranty insurance providers are cross-collateralized to a limited extent. In the event of a shortfall in the original target credit enhancement requirement for any of these securitization Trusts after a certain period of time, excess cash flows from other transactions insured by the same insurance provider would be used to satisfy the shortfall amount.

During fiscal 2008 and as of June 30, 2008, three LBAC securitizations (LB2006-A, LB2006-B and LB2007-A) had delinquency ratios in excess of the targeted levels. As part of an arrangement with the insurer of these transactions, the excess cash flows from our other securitizations insured by this insurer were used to fund higher credit enhancement requirements in the LBAC Trusts which exceeded the portfolio performance ratios. As of June 30, 2008, we have reached the higher required credit enhancement levels in these three LBAC Trusts.

During fiscal 2008, we entered into an agreement with an insurer to increase the portfolio performance ratios in the 2007-2-M securitization. In return for higher portfolio performance ratios, we agreed to use excess cash flow from other securitizations insured by this insurer to fund the higher credit enhancement requirement for the 2007-2-M Trust. As of June 30, 2008, we have reached the higher required credit enhancement in this Trust.

Right to Terminate Servicing. The agreements that we have entered into with our financial guaranty insurance providers in connection with securitization transactions contain additional specified targeted portfolio performance ratios (delinquency, cumulative default and cumulative net loss) that are higher than the limits referred to in the preceding risk factor. If, at any measurement date, the targeted portfolio performance ratios with respect to any insured Trust were to exceed these additional levels, provisions of the agreements permit the financial guaranty insurance providers to terminate our servicing rights to the receivables sold to that Trust. In

addition, the servicing agreements on certain insured securitization Trusts are cross-defaulted so that a default under one servicing agreement would allow the financial guaranty insurance provider to terminate our servicing rights under all servicing agreements for securitization Trusts in which they issued a financial guaranty insurance policy. Additionally, if these higher targeted portfolio performance levels were exceeded, the financial guaranty insurance providers may elect to retain all excess cash generated by other securitization transactions insured by them as additional credit enhancement. This, in turn, could result in defaults under our other securitizations and other material indebtedness, including under our senior note and convertible note indentures. Although we have never exceeded these additional targeted portfolio performance ratios, and do not anticipate violating any event of default triggers for our securitizations, there can be no assurance that our servicing rights with respect to the automobile receivables in such Trusts or any other Trusts will not be terminated if (i) such targeted portfolio performance ratios are breached, (ii) we breach our obligations under the servicing agreements, (iii) the financial guaranty insurance providers are required to make payments under a policy, or (iv) certain bankruptcy or insolvency events were to occur. As of June 30, 2008, no such servicing right termination events have occurred with respect to any of the Trusts formed by us. The termination of any or all of our servicing rights would have a material adverse effect on our financial position, liquidity, and results of operations.

Implementation of Business Strategy. Our financial position, liquidity, and results of operations depend on management's ability to execute our business strategy. Key factors involved in the execution of the business strategy include achieving the desired loan origination volume, continued and successful use of proprietary scoring models for credit risk assessment and risk-based pricing, the use of effective credit risk management techniques and servicing strategies, implementation of effective loan servicing and collection practices, continued investment in technology to support operating efficiency, and continued access to significant funding and liquidity sources. Our failure or inability to execute any element of our business strategy could materially adversely affect our financial position, liquidity, and results of operations.

Target Consumer Base. A substantial portion of our loan purchasing and servicing activities involve sub-prime automobile receivables. Sub-prime borrowers are associated with higher-than-average delinquency and default rates. While we believe that we effectively manage these risks with our proprietary credit scoring system, risk-based loan pricing and other underwriting policies and collection methods, no assurance can be given that these criteria or methods will be effective in the future. In the event that we underestimate the default risk or under-price contracts that we purchase, our financial position, liquidity, and results of operations would be adversely affected, possibly to a material degree.

Economic Conditions. We are subject to changes in general economic conditions that are beyond our control. During periods of economic slowdown or recession, such as the United States and Canadian economies are currently experiencing, delinquencies, defaults, repossessions and losses generally increase. These periods also may be accompanied by increased unemployment rates, decreased consumer demand for automobiles and declining values of automobiles securing outstanding loans, which weakens collateral coverage and increases the amount of a loss in the event of default. Significant increases in the inventory of used automobiles during periods of economic recession may also depress the prices at which repossessed automobiles may be sold or delay the timing of these sales. Additionally, higher gasoline prices, unstable real estate values, reset of adjustable rate mortgages to higher interest rates, increasing unemployment levels, general availability of consumer credit or other factors that impact consumer confidence or disposable income could increase loss frequency and decrease consumer demand for automobiles as well as weaken collateral values on certain types of automobiles. Because we focus predominantly on sub-prime borrowers, the actual rates of delinquencies, defaults, repossessions and losses on these loans are higher than those experienced in the general automobile finance industry and could be more dramatically affected by a general economic downturn. In addition, during an economic slowdown or recession, our servicing costs may increase without a corresponding increase in our finance charge income. While we seek to manage the higher risk inherent in loans made to sub-prime borrowers through the underwriting criteria and collection methods we employ, no assurance can be given that these criteria or methods will afford adequate protection against these risks. Any sustained period of increased delinquencies, defaults, repossessions or losses or increased servicing costs could adversely affect our financial position, liquidity, and results of operations and our ability to enter into future securitizations and future credit facilities.

Wholesale Auction Values. We sell repossessed automobiles at wholesale auction markets located throughout the United States and Canada. Auction proceeds from the sale of repossessed vehicles and other recoveries are usually not sufficient to cover the outstanding balance of the contract, and the resulting deficiency is charged off. Decreased auction proceeds resulting from the depressed prices at which used automobiles may be sold during periods of economic slowdown or recession will result in higher credit losses for us. Furthermore, depressed wholesale prices for used automobiles may result from significant liquidations of rental or fleet inventories, and from increased volume of trade-ins due to promotional programs offered by new vehicle manufacturers. Additionally, higher gasoline prices may decrease the wholesale auction value of certain types of vehicles as evidenced by recent declines in wholesale values of large sport utility vehicles and trucks. Our net recoveries as a percentage of repossession charge-offs was 45% in fiscal 2008, 49% in fiscal 2007 and 48% in fiscal 2006. There can be no assurance that our recovery rates will remain at current levels.

Interest Rates. Our profitability may be directly affected by the level of and fluctuations in interest rates, which affects the gross interest rate spread we earn on our receivables. As the level of interest rates change, our gross interest rate spread on new originations either increases or decreases since the rates charged on the contracts originated or purchased from dealers are limited by market and competitive conditions, restricting our opportunity to pass on increased interest costs to the consumer. We believe that our financial position, liquidity, and results of operations could be adversely affected during any period of higher interest rates, possibly to a material degree. We monitor the interest rate environment and employ hedging strategies designed to mitigate the impact of increases in interest rates. We can provide no assurance, however, that hedging strategies will mitigate the impact of increases in interest rates.

Leucadia Ownership. As of June 30, 2008, Leucadia National Corp. (“Leucadia”) owned 26% of our outstanding common stock and had two members on our Board of Directors. As a result, Leucadia could exert significant influence over matters requiring shareholder approval, including approval of significant corporate transactions. This concentration of ownership may delay or prevent a change in control of our company and make some transactions more difficult without the support of Leucadia.

Labor Market Conditions. Competition to hire and retain personnel possessing the skills and experience required by us could contribute to an increase in our employee turnover rate. High turnover or an inability to attract and retain qualified personnel could have an adverse effect on our delinquency, default and net loss rates, our ability to grow and, ultimately, our financial condition, liquidity, and results of operations.

Data Integrity. If third parties or our employees are able to penetrate our network security or otherwise misappropriate our customers’ personal information or loan information, or if we give third parties or our employees improper access to our customers’ personal information or loan information, we could be subject to liability. This liability could include identity theft or other similar fraud-related claims. This liability could also include claims for other misuses or losses of personal information, including for unauthorized marketing purposes. Other liabilities could include claims alleging misrepresentation of our privacy and data security practices.

We rely on encryption and authentication technology licensed from third parties to provide the security and authentication necessary to effect secure online transmission of confidential consumer information. Advances in computer capabilities, new discoveries in the field of cryptography or other events or developments may result in a compromise or breach of the algorithms that we use to protect sensitive customer transaction data. A party who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. We may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches. Our security measures are designed to protect against security breaches, but our failure to prevent such security breaches could subject us to liability, decrease our profitability, and damage our reputation.

Regulation. Reference should be made to Item 1. “Business—Regulation” for a discussion of regulatory risk factors.

Competition. Reference should be made to Item 1. “Business—Competition” for a discussion of competitive risk factors.

Litigation. As a consumer finance company, we are subject to various consumer claims and litigation seeking damages and statutory penalties, based upon, among other things, usury, disclosure inaccuracies, wrongful repossession, violations of bankruptcy stay provisions, certificate of title disputes, fraud, breach of contract and discriminatory treatment of credit applicants. Some litigation against us could take the form of class action complaints by consumers. As the assignee of finance contracts originated by dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against dealers. The damages and penalties claimed by consumers in these types of matters can be substantial. The relief requested by the plaintiffs varies but can include requests for compensatory, statutory and punitive damages. We believe that we have taken prudent steps to address and mitigate the litigation risks associated with our business activities. However, any adverse resolution of litigation pending or threatened against us could have a material adverse affect on our financial condition, results of operations and cash flows.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Our executive offices are located at 801 Cherry Street, Suite 3900, Fort Worth, Texas, in a 227,000 square foot office space under a twelve-year lease that commenced in July 1999. On June 2, 2008, we exercised an early termination option on the executive office lease and our obligation now ends May 31, 2009. Subsequent to June 30, 2008, we signed a new lease for executive office space for 51,000 square feet under a ten-year lease agreement.

We also lease 76,000 square feet of office space in Charlotte, North Carolina, 85,000 square feet of office space in Peterborough, Ontario, and 150,000 square feet of office space in Chandler, Arizona, all under ten-year agreements with renewal options, and lease 250,000 square feet of office space in Arlington, Texas, under a twelve-year agreement with renewal options that commenced in August 2005. We also own a 250,000 square foot servicing facility in Arlington, Texas. Through our acquisition of BVAC, we lease 15,600 square feet of office space in Covina, California. Additionally, through our acquisition of LBAC, we lease 35,000 square feet of office space in Paramus, New Jersey, and 28,000 square feet of office space in Orange, California. Our regional credit centers are generally leased under agreements with original terms of three to five years. Such facilities are typically located in a suburban office building and consist of between 1,500 and 3,000 square feet of space.

As of April 1, 2004, we abandoned certain office space at the executive offices and the Chandler facility. During fiscal 2008, we abandoned multiple credit centers throughout the United States and Canada, as well as all of the BVAC Covina location and a portion of the LBAC Paramus facility. As of June 30, 2008, we have sublet approximately 53% of the 258,000 square feet of space we have abandoned in connection with prior restructurings. We are seeking to sublease the remainder of the abandoned office space.

ITEM 3. LEGAL PROCEEDINGS

As a consumer finance company, we are subject to various consumer claims and litigation seeking damages and statutory penalties, based upon, among other things, usury, disclosure inaccuracies, wrongful repossession, violations of bankruptcy stay provisions, certificate of title disputes, fraud, breach of contract and discriminatory treatment of credit applicants. Some litigation against us could take the form of class action complaints by

consumers and/or shareholders. As the assignee of finance contracts originated by dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against dealers. The damages and penalties claimed by consumers in these types of matters can be substantial. The relief requested by the plaintiffs varies but can include requests for compensatory, statutory and punitive damages. We believe that we have taken prudent steps to address and mitigate the litigation risks associated with our business activities.

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

There were no matters submitted to a vote of our security holders during the fourth quarter ended June 30, 2008.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock trades on the New York Stock Exchange under the symbol ACF. As of August 26, 2008, there were 116,312,936 shares of common stock outstanding and approximately 221 shareholders of record.

The following table sets forth the range of the high, low and closing sale prices for our common stock as reported on the Composite Tape of the New York Stock Exchange Listed Issues.

	<u>High</u>	<u>Low</u>	<u>Close</u>
Fiscal year ended June 30, 2008			
First Quarter	\$27.25	\$15.42	\$17.58
Second Quarter	20.17	9.54	12.79
Third Quarter	16.00	8.96	10.07
Fourth Quarter	14.94	8.50	8.62
Fiscal year ended June 30, 2007			
First Quarter	\$28.25	\$21.68	\$24.99
Second Quarter	26.51	22.59	25.17
Third Quarter	27.77	20.45	22.86
Fourth Quarter	29.46	22.52	26.55

Dividend Policy

We have never paid cash dividends on our common stock. The indentures pursuant to which our senior notes and convertible senior notes were issued contain certain restrictions on the payment of dividends. Currently, we are not eligible to pay dividends under these indenture limits. We presently intend to retain future earnings, if any, for use in the operation and expansion of the business and do not anticipate paying any cash dividends in the foreseeable future.

Share Repurchases

For the year ended June 30, 2008, we repurchased shares of our common stock as follows (dollars in thousands, except per share data):

<u>Date</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs</u>
July 2007 ^(a)	3,663,700	\$23.85	3,663,700	\$212,538
August 2007 ^(a)	568,350	\$22.06	568,350	\$200,000
September 2007 ^(a)	1,502,800	\$18.63	1,502,800	\$172,003

(a) *On September 12, 2006, we announced the approval of a stock repurchase plan by our Board of Directors which authorized us to repurchase up to \$300.0 million of our common stock in the open market or in privately negotiated transactions, based on market conditions.*

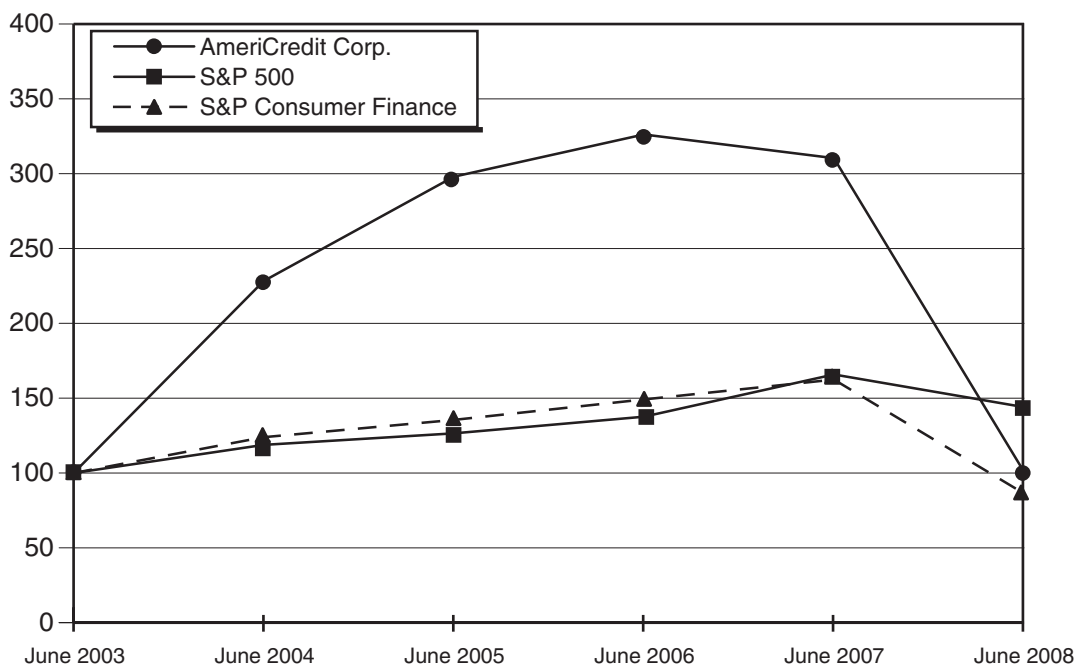
We have repurchased \$1,374.8 million of our common stock since inception of our share repurchase program in April 2004, and we have remaining authorization to repurchase \$172.0 million of our common stock. A covenant in our senior note indenture entered into in June 2007 limits our ability to repurchase stock. Currently, we are not eligible to repurchase shares under the indenture limits and do not anticipate pursuing repurchase activity for the foreseeable future.

Performance Graphs

The following performance graph presents cumulative shareholder returns on our Common Stock for the five years ended June 30, 2008. In the performance graph, we are compared to (i) the S&P 500 and (ii) the S&P Consumer Finance Index. Each Index assumes \$100 invested at the beginning of the measurement period and is calculated assuming quarterly reinvestment of dividends and quarterly weighting by market capitalization.

The data source for the graphs is Hemscott Inc., an authorized licensee of S&P.

Comparison of Cumulative Shareholder Return 2003-2008



	<u>June 2003</u>	<u>June 2004</u>	<u>June 2005</u>	<u>June 2006</u>	<u>June 2007</u>	<u>June 2008</u>
AmeriCredit Corp.	\$100.00	\$228.42	\$298.25	\$326.55	\$310.53	\$100.82
S&P 500	\$100.00	\$119.11	\$126.64	\$137.57	\$165.90	\$144.13
S&P Consumer Finance	\$100.00	\$123.90	\$135.47	\$149.14	\$162.66	\$ 86.30

ITEM 6. SELECTED FINANCIAL DATA

The table below summarizes selected financial information. For additional information, refer to the audited consolidated financial statements and notes thereto in Item 8. Financial Statements and Supplementary Data.

Years Ended June 30,	2008	2007	2006	2005	2004
	(dollars in thousands, except per share data)				
Operating Data					
Finance charge income	\$ 2,382,484	\$ 2,142,470	\$ 1,641,125	\$ 1,217,696	\$ 927,592
Other revenue	160,598	197,453	170,213	233,150	288,244
Total revenue	2,543,082	2,339,923	1,811,338	1,450,846	1,215,836
Impairment of goodwill	212,595				
Net (loss) income	(69,319)	360,249	306,183	285,909	226,983
Basic (loss) earnings per share . .	(0.60)	3.02	2.29	1.88	1.45
Diluted (loss) earnings per share	(0.60)	2.73	2.08	1.73	1.37
Diluted weighted average shares	114,962,241	133,224,945	148,824,916	167,242,658	166,387,259
Other Data					
Origination volume ^(a)	6,293,494	8,454,600	6,208,004	5,031,325	3,474,407
June 30,	2008	2007	2006	2005	2004
	(in thousands)				
Balance Sheet Data					
Cash and cash equivalents	\$ 433,493	\$ 910,304	\$ 513,240	\$ 663,501	\$ 421,450
Finance receivables, net	14,030,299	15,102,370	11,097,008	8,297,750	6,363,869
Total assets	16,547,210	17,811,020	13,067,865	10,947,038	8,824,579
Credit facilities	2,928,161	2,541,702	2,106,282	990,974	500,000
Securitization notes payable	10,420,327	11,939,447	8,518,849	7,166,028	5,598,732
Senior notes	200,000	200,000		166,755	166,414
Convertible senior notes	750,000	750,000	200,000	200,000	200,000
Total liabilities	14,650,340	15,735,870	11,058,979	8,825,122	6,699,467
Shareholders' equity	1,896,870	2,075,150	2,008,886	2,121,916	2,125,112
Other Data					
Finance receivables	14,981,412	15,922,458	11,775,665	8,838,968	6,782,280
Gain on sale receivables		24,091	421,037	2,163,941	5,140,522
Managed receivables	14,981,412	15,946,549	12,196,702	11,002,909	11,922,802

(a) Fiscal 2008 and 2007 amounts include \$218.1 million and \$34.9 million of contracts purchased through our leasing program, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

We are a leading independent auto finance company specializing in purchasing retail automobile installment sales contracts originated by franchised and select independent dealers in connection with the sale of used and new automobiles. We generate revenue and cash flows primarily through the purchase, retention, subsequent securitization and servicing of finance receivables. As used herein, "loans" include auto finance receivables originated by dealers and purchased by us. To fund the acquisition of receivables prior to securitization and to fund the repurchase of receivables pursuant to clean-up call options, we use available cash and borrowings under our credit facilities. We earn finance charge income on the finance receivables and pay interest expense on borrowings under our credit facilities.

We, through wholly-owned subsidiaries, periodically transfer receivables to securitization trusts ("Trusts") that issue asset-backed securities to investors. We retain an interest in these securitization transactions in the form of restricted cash accounts and overcollateralization, whereby more receivables are transferred to the Trusts than the amount of asset-backed securities issued by the Trusts, as well as the estimated future excess cash flows expected to be received by us over the life of the securitization. Excess cash flows result from the difference between the finance charges received from the obligors on the receivables and the interest paid to investors in the asset-backed securities, net of credit losses and expenses.

Excess cash flows from the Trusts are initially utilized to fund credit enhancement requirements in order to attain specific credit ratings for the asset-backed securities issued by the Trusts. Once predetermined credit enhancement requirements are reached and maintained, excess cash flows are distributed to us or, in a securitization utilizing a senior subordinated structure, may be used to accelerate the repayment of certain subordinated securities. In addition to excess cash flows, we receive monthly base servicing fees and we collect other fees, such as late charges, as servicer for securitization Trusts. For securitization transactions that involve the purchase of a financial guaranty insurance policy, credit enhancement requirements will increase if targeted portfolio performance ratios are exceeded. Excess cash flows otherwise distributable to us from Trusts in which the portfolio performance ratios were exceeded and from other Trusts which may be subject to limited cross-collateralization provisions are accumulated in the Trusts until such higher levels of credit enhancement are reached and maintained. Senior subordinated securitizations typically do not utilize portfolio performance ratios.

We structure our securitization transactions as secured financings. Accordingly, following a securitization, the finance receivables and the related securitization notes payable remain on the consolidated balance sheets. We recognize finance charge and fee income on the receivables and interest expense on the securities issued in the securitization transaction and record a provision for loan losses to cover probable loan losses on the receivables.

Prior to October 1, 2002, securitization transactions were structured as sales of finance receivables. We also acquired two securitization Trusts which were accounted for as sales of finance receivables. Receivables sold under this structure are referred to herein as "gain on sale receivables." At June 30, 2008, we had no outstanding gain on sale securitizations.

On May 1, 2006, we acquired the stock of Bay View Acceptance Corporation ("BVAC"). BVAC served auto dealers in 32 states offering specialized auto finance products, including extended term financing and higher loan-to-value advances to consumers with prime credit bureau scores.

On January 1, 2007, we acquired the stock of Long Beach Acceptance Corporation ("LBAC"). LBAC served auto dealers in 34 states offering auto finance products primarily to consumers with near prime credit bureau scores.

As of June 30, 2008, the operations of BVAC and LBAC have been integrated into our origination, servicing and administrative activities and we provide auto finance products solely under the AmeriCredit Financial Services, Inc. name.

Since January 2008, we have revised our operating plan in an effort to preserve and strengthen our capital and liquidity position, and to maintain sufficient capacity on our credit facilities to fund new loan originations until capital market conditions improve for securitization transactions. Under this revised plan, we increased the minimum credit score requirements for new loan originations, decreased our originations infrastructure by closing and consolidating credit center locations, selectively decreased the number of dealers from whom we purchase loans and reduced originations and support function headcounts. We have discontinued new originations in our direct lending, leasing and specialty prime platforms, certain partner relationships, and in Canada. Our fiscal 2009 target for annualized loan origination levels has been reduced to approximately \$3.0 billion. We recognized restructuring charges of \$20.1 million for fiscal 2008, related to the closing and consolidating of credit center locations and headcount reductions.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the amount of revenue and costs and expenses during the reporting periods. Actual results could differ from those estimates and those differences may be material. The accounting estimates that we believe are the most critical to understanding and evaluating our reported financial results include the following:

Allowance for loan losses

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the finance receivables as of the reporting date. We review charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to the probable credit losses. We also use historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the reporting date. Assumptions regarding credit losses and loss confirmation periods are reviewed periodically and may be impacted by actual performance of finance receivables and changes in any of the factors discussed above. Should the credit loss assumption or loss confirmation period increase, there would be an increase in the amount of allowance for loan losses required, which would decrease the net carrying value of finance receivables and increase the amount of provision for loan losses recorded on the consolidated statements of operations and comprehensive operations. A 10% and 20% increase in cumulative net credit losses over the loss confirmation period would increase the allowance for loan losses as of June 30, 2008, as follows (in thousands):

	<u>10% adverse change</u>	<u>20% adverse change</u>
Impact on allowance for loan losses	\$95,111	\$190,223

We believe that the allowance for loan losses is adequate to cover probable losses inherent in our receivables; however, because the allowance for loan losses is based on estimates, there can be no assurance that the ultimate charge-off amount will not exceed such estimates or that our credit loss assumptions will not increase.

Income Taxes

We are subject to income tax in the United States and Canada. In the ordinary course of our business, there may be transactions, calculations, structures and filing positions where the ultimate tax outcome is uncertain. At any point in time, multiple tax years are subject to audit by various taxing jurisdictions and we record liabilities for anticipated tax issues based on the requirements of Financial Accounting Standards Board Interpretation No. 48 (“FIN 48”), *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement 109*. Management believes that the estimates are reasonable. However, due to expiring statutes of limitations, audits, settlements, changes in tax law or new authoritative rulings, no assurance can be given that the final outcome of these matters will be comparable to what was reflected in the historical income tax provisions and accruals. We may need to adjust our accrued tax assets or liabilities if actual results differ from estimated results or if we adjust these assumptions in the future, which could materially impact the effective tax rate, earnings, accrued tax balances and cash.

As a part of our financial reporting process, we must assess the likelihood that our deferred tax assets can be recovered. If recovery is not likely, the provision for taxes must be increased by recording a reserve in the form of a valuation allowance for the deferred tax assets that are estimated to be unrecoverable. In this process, certain criteria are evaluated including the existence of deferred tax liabilities that can be used to absorb deferred tax assets, taxable income in prior carryback years that can be used to absorb net operating losses, credit carrybacks, and estimated taxable income in future years. Based upon our earnings history and earnings projections, management believes it is more likely than not that the tax benefits of the asset will be fully realized. Accordingly, no valuation allowance has been provided on deferred taxes. Our judgment regarding future taxable income may change due to future market conditions, changes in U.S. or international tax laws and other factors. These changes, if any, may require adjustments to these deferred tax assets and an accompanying reduction or increase in net income in the period in which such determinations are made.

Since July 1, 2007, we have accounted for uncertainty in income taxes recognized in the financial statements in accordance with FIN 48. FIN 48 requires that a more-likely-than-not threshold be met before the benefit of a tax position may be recognized in the financial statements and prescribes how such benefit should be measured. It also provides guidance on derecognition, classification, accrual of interest and penalties, accounting in interim periods, disclosure and transition.

RESULTS OF OPERATIONS

Year Ended June 30, 2008 as compared to Year Ended June 30, 2007

Changes in Finance Receivables

A summary of changes in our finance receivables is as follows (in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>
Balance at beginning of period	\$15,922,458	\$11,775,665
LBAC acquisition		1,784,263
Loans purchased	6,075,412	8,419,669
Loans repurchased from gain on sale Trusts	18,401	315,153
Liquidations and other	<u>(7,034,859)</u>	<u>(6,372,292)</u>
Balance at end of period	<u>\$14,981,412</u>	<u>\$15,922,458</u>
Average finance receivables	<u>\$16,059,129</u>	<u>\$13,621,386</u>

The decrease in loans purchased during fiscal 2008 as compared to fiscal 2007 was primarily due to the implementation of the revised operating plan, which reduced origination levels to an annualized rate of approximately \$3.0 billion by June 30, 2008. The increase in liquidations and other resulted primarily from

higher collections and charge-offs on finance receivables due to the increase in average finance receivables.

The average new loan size increased to \$19,093 for fiscal 2008 from \$18,506 for fiscal 2007. The average annual percentage rate for finance receivables purchased during fiscal 2008 decreased to 15.4% from 15.8% during fiscal 2007 due to a generally higher quality mix of loans purchased in fiscal 2008 with lower relative annual percentage rates.

Net Margin

Net margin is the difference between finance charge and other income earned on our receivables and the cost to fund the receivables as well as the cost of debt incurred for general corporate purposes.

Our net margin as reflected on the consolidated statements of operations and comprehensive operations is as follows (in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>
Finance charge income	\$2,382,484	\$2,142,470
Other income	159,779	136,093
Interest expense	(837,412)	(680,825)
Net margin	<u>\$1,704,851</u>	<u>\$1,597,738</u>

Net margin as a percentage of average finance receivables is as follows:

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>
Finance charge income	14.8%	15.7%
Other income	1.0	1.0
Interest expense	(5.2)	(5.0)
Net margin as a percentage of average finance receivables	<u>10.6%</u>	<u>11.7%</u>

The decrease in net margin for fiscal 2008, as compared to fiscal 2007, was a result of the lower effective yield due to a shift to a higher quality mix in the portfolio, combined with an increase in interest expense caused by a continued amortization of older securitizations with lower market interest costs.

Revenue

Finance charge income increased by 11.2% to \$2,382.5 million for fiscal 2008 from \$2,142.5 million for fiscal 2007, primarily due to the increase in average finance receivables. The effective yield on our finance receivables decreased to 14.8% for fiscal 2008 from 15.7% for fiscal 2007. The effective yield represents finance charges and fees taken into earnings during the period as a percentage of average finance receivables and is lower than the contractual rates of our auto finance contracts due to finance receivables in nonaccrual status.

Other income consists of the following (in thousands):

	<u>Years Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Investment income	\$ 56,769	\$ 84,718
Leasing income	40,679	1,426
Late fees and other income	62,331	49,949
	<u>\$159,779</u>	<u>\$136,093</u>

Investment income decreased as a result of lower invested cash balances combined with lower investment rates.

Costs and Expenses

Operating Expenses

Operating expenses increased to \$434.2 million for fiscal 2008 from \$399.7 million for fiscal 2007, as a result of higher average finance receivables outstanding, which were offset in part by cost savings resulting from the revised operating plan. Our operating expenses are predominately related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Personnel costs represented 72.7% and 76.2% of total operating expenses for fiscal 2008 and 2007, respectively.

Operating expenses as an annualized percentage of average finance receivables were 2.7% for fiscal 2008, as compared to 2.9% for fiscal 2007. The decrease in operating expenses as an annualized percentage of average finance receivables primarily resulted from cost synergies realized from the integration of LBAC, as well as cost savings resulting from the revised operating plan.

Provision for Loan Losses

Provisions for loan losses are charged to income to bring our allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables. The provision for loan losses recorded for fiscal 2008 and 2007 reflects inherent losses on receivables originated during those periods and changes in the amount of inherent losses on receivables originated in prior periods. The provision for loan losses increased to \$1,131.0 million for fiscal 2008 from \$727.7 million for fiscal 2007 as a result of weaker credit performance from the LBAC portfolio and sub-prime loans originated in calendar years 2006 and 2007 as well as higher expected future losses due to weaker economic conditions, particularly in certain geographic areas, including Florida and Southern California. As an annualized percentage of average finance receivables, the provision for loan losses was 7.0% and 5.3% for fiscal 2008 and 2007, respectively.

Interest Expense

Interest expense increased to \$837.4 million for fiscal 2008 from \$680.8 million for fiscal 2007. Average debt outstanding was \$15,207.0 million and \$12,925.6 million for fiscal 2008 and 2007, respectively. Our effective rate of interest paid on our debt increased to 5.5% for fiscal 2008 compared to 5.3% for fiscal 2007, due to an increase in market interest rates and a continued amortization of older securitizations with lower interest costs.

Goodwill Impairment

The primary cause of the goodwill impairment is the decline in our market capitalization, which declined 13.6 percent from March 31, 2008, to \$1,002.6 million at June 30, 2008. The decline, which is consistent with market capitalization declines experienced by other financial services companies over the same time period, was caused by investor concerns over external factors, including the capital market dislocations and the impact of weakening economic conditions on consumer loan portfolios.

Taxes

Our effective income tax rate was 24.8% and 32.3% for fiscal 2008 and 2007, respectively. The lower effective tax rate in fiscal 2008 resulted primarily from the negative rate effect of no longer being permanently reinvested with respect to its Canadian subsidiaries as of June 30, 2008 of 15.3%, the negative rate effect of an impairment of non-deductible goodwill of 3.2%, the negative rate effect of FIN 48 uncertain tax positions of 7.4% and the positive rate effect of a revision of the estimate of the deferred tax assets and liabilities of 14.1%. The fiscal 2007 rate was impacted by the favorable resolution of certain prior year contingent liabilities.

Other Comprehensive Loss

Other comprehensive loss consisted of the following (in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>
Unrealized losses on cash flow hedges	\$(84,404)	\$ (1,036)
Unrealized losses on credit enhancement assets	(232)	(3,043)
Increase in fair value of equity investment		4,497
Reclassification of gain on sale of equity investment into earnings		(51,997)
Foreign currency translation adjustment	5,855	4,521
Income tax benefit	26,683	18,470
	<u>\$(52,098)</u>	<u>\$(28,588)</u>

Cash Flow Hedges

Unrealized losses on cash flow hedges consisted of the following (in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>
Unrealized (losses) gains related to changes in fair value	\$(109,039)	\$ 11,536
Reclassification of unrealized losses (gains) into earnings	24,635	(12,572)
	<u>\$ (84,404)</u>	<u>\$ (1,036)</u>

Unrealized (losses) gains related to changes in fair value for fiscal 2008 and 2007, were due to changes in the fair value of interest rate swap agreements that were designated as cash flow hedges for accounting purposes. The fair value of the interest rate swap agreements changed in fiscal 2008 because of a significant decline in forward interest rates.

Unrealized losses on cash flow hedges of our floating rate debt are reclassified into earnings when interest rate fluctuations on securitization notes payable or other hedged items affect earnings.

Canadian Currency Translation Adjustment

Canadian currency translation adjustment gains of \$5.9 million and \$4.5 million for fiscal 2008 and 2007, respectively, were included in other comprehensive loss. The translation adjustment gains are due to the increase in the value of our Canadian dollar denominated assets related to the decline in the U.S. dollar to Canadian dollar conversion rates.

Year Ended June 30, 2007 as compared to Year Ended June 30, 2006

Changes in Finance Receivables

A summary of changes in our finance receivables is as follows (in thousands):

<u>Years Ended June 30,</u>	<u>2007</u>	<u>2006</u>
Balance at beginning of period	\$11,775,665	\$ 8,838,968
LBAC acquisition	1,784,263	
BVAC acquisition		680,122
Loans purchased	8,419,669	6,208,004
Loans repurchased from gain on sale Trusts	315,153	877,929
Liquidations and other	(6,372,292)	(4,829,358)
Balance at end of period	<u>\$15,922,458</u>	<u>\$11,775,665</u>
Average finance receivables	<u>\$13,621,386</u>	<u>\$ 9,993,061</u>

The increase in loans purchased during fiscal 2007 as compared to fiscal 2006 was due to the addition of dealer relationship managers and credit center staff resulting in relationships with more auto dealers and higher origination levels through existing dealer relationships, as well as originations of \$671.6 million and \$660.0 million through the BVAC and LBAC platforms, respectively. Fiscal 2006 loans purchased through the BVAC platform were \$78.3 million. The increase in liquidations and other resulted primarily from increased collections and charge-offs on finance receivables due to the increase in average finance receivables.

The average new loan size increased to \$18,506 for fiscal 2007 from \$17,354 for fiscal 2006 due to loans purchased through the BVAC and LBAC platforms which are generally higher in quality and larger in size. The average annual percentage rate for finance receivables purchased during fiscal 2007 decreased to 15.8% from 16.7% during fiscal 2006 due to lower average percentage rates on the BVAC and LBAC loans purchased.

Net Margin

Net margin is the difference between finance charge and other income earned on our receivables and the cost to fund the receivables as well as the cost of debt incurred for general corporate purposes.

Our net margin as reflected on the consolidated statements of operations and comprehensive operations is as follows (in thousands):

<u>Years Ended June 30,</u>	<u>2007</u>	<u>2006</u>
Finance charge income	\$2,142,470	\$1,641,125
Other income ^(a)	136,093	95,364
Interest expense	(680,825)	(419,360)
Net margin	<u>\$1,597,738</u>	<u>\$1,317,129</u>

Net margin as a percentage of average finance receivables is as follows:

<u>Years Ended June 30,</u>	<u>2007</u>	<u>2006</u>
Finance charge income	15.7%	16.4%
Other income ^(a)	1.0	1.0
Interest expense	(5.0)	(4.2)
Net margin as a percentage of average finance receivables	<u>11.7%</u>	<u>13.2%</u>

(a) Excludes the \$9.2 million pretax loss on redemption of our 9.25% Senior Notes due 2009 during fiscal 2006.

The decrease in net margin for fiscal 2007, as compared to fiscal 2006, was a result of the lower effective yield on the higher quality BVAC and LBAC portfolios, combined with an increase in interest expense caused by an increase in market interest rates affecting the cost of short-term borrowings on our credit facilities, an increase in leverage and a continued amortization of older securitizations with lower interest costs. The net margin as a percentage of average finance receivables of 11.7%, would be 12.8% for fiscal 2007 excluding the BVAC and LBAC portfolios.

Revenue

Finance charge income increased by 30.5% to \$2,142.5 million for fiscal 2007 from \$1,641.1 million for fiscal 2006, primarily due to the increase in average finance receivables. The effective yield on our finance receivables decreased to 15.7% for fiscal 2007 from 16.4% for fiscal 2006. The effective yield represents finance charges and fees taken into earnings during the period as a percentage of average finance receivables and is lower than the contractual rates of our auto finance contracts due to finance receivables in nonaccrual status. The decrease in the effective yield is due mainly to a lower effective yield on the BVAC and LBAC portfolios.

Servicing income consists of the following (in thousands):

<u>Years Ended June 30,</u>	<u>2007</u>	<u>2006</u>
Servicing fees	\$ 2,726	\$ 35,513
Other-than-temporary impairment		(457)
Accretion	<u>6,637</u>	<u>40,153</u>
	<u>\$ 9,363</u>	<u>\$ 75,209</u>
Average gain on sale receivables	<u>\$105,831</u>	<u>\$1,223,469</u>

Servicing fees are earned from servicing domestic finance receivables sold to gain on sale Trusts. Servicing fees decreased as a result of the amortization of our gain on sale receivables portfolio. Servicing fees were 2.6% and 2.9% of average gain on sale receivables for fiscal 2007 and 2006, respectively.

Other-than-temporary impairment of \$457,000 for fiscal 2006 resulted from higher than forecasted default rates in certain gain on sale Trusts.

The present value discount related to our credit enhancement assets represents the risk-adjusted time value of money on estimated cash flows. The present value discount on credit enhancement assets is accreted into earnings over the life of credit enhancement assets using the effective interest method. Additionally, unrealized gains on credit enhancement assets reflected in accumulated other comprehensive income are also accreted into earnings over the life of the credit enhancement assets using the effective interest method. We recognized accretion of \$6.6 million and \$40.2 million during fiscal 2007 and 2006, respectively. We reduce accretion of the present value discount in a period when such accretion would cause an other-than-temporary impairment in a securitization Trust. Accretion is reduced on the securitization Trust and an other-than-temporary impairment is recorded in an amount equal to the amount by which the reference amount exceeds the revised value of the related credit enhancement assets. Future period accretion is subsequently recognized based upon the revised value and recorded over the remaining expected life of the securitization Trust.

Other income consists of the following (in thousands):

	<u>Years Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>
Investment income	\$ 84,718	\$55,016
Loss on redemption of senior notes		(9,207)
Late fees and other income	<u>51,375</u>	<u>40,348</u>
	<u>\$136,093</u>	<u>\$86,157</u>

Investment income increased as a result of higher invested cash balances combined with increased market interest rates.

Gain on sale of equity investment

We held an equity investment in DealerTrack, a leading provider of on-demand software and data solutions that utilizes the Internet to link automotive dealers with banks, finance companies, credit unions and other financing sources. On December 16, 2005, DealerTrack completed an IPO of its common stock. As part of the IPO, we sold 758,526 shares at an average cost of \$4.15 per share for net proceeds of \$15.81 per share, resulting in an \$8.8 million gain. During fiscal 2007, we sold our remaining investment in DealerTrack, consisting of 2,644,242 shares acquired at an average cost of \$4.15 per share for net proceeds of \$23.81 per share, resulting in a \$52.0 million gain.

Costs and Expenses

Operating Expenses

Operating expenses increased to \$399.7 million for fiscal 2007 from \$336.2 million for fiscal 2006, due to increased costs to support greater origination volume and an increase in finance receivables. Our operating expenses are predominately related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Personnel costs represented 76.2% and 77.5% of total operating expenses for fiscal 2007 and 2006, respectively.

Provision for Loan Losses

Provisions for loan losses are charged to income to bring our allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables. The provision for loan losses recorded for fiscal 2007 and 2006, reflects inherent losses on receivables originated during those periods and changes in the amount of inherent losses on receivables originated in prior periods. The provision for loan losses increased to \$727.7 million for fiscal 2007 from \$567.5 million for fiscal 2006 as a result of increased origination volume. As an annualized percentage of average finance receivables, the provision for loan losses was 5.3% and 5.7% for fiscal 2007 and 2006, respectively. The decrease in the provision for loan losses as an annualized percentage of average finance receivables reflects the inclusion of the higher quality BVAC and LBAC portfolios for fiscal 2007.

Interest Expense

Interest expense increased to \$680.8 million for fiscal 2007 from \$419.4 million for fiscal 2006. Average debt outstanding was \$12,925.6 million and \$9,201.7 million for fiscal 2007 and 2006, respectively. Our effective rate of interest paid on our debt increased to 5.3% for fiscal 2007 compared to 4.6% for fiscal 2006, due to an increase in market interest rates and a continued amortization of older securitizations with lower interest costs.

Taxes

Our effective income tax rate was 32.3% and 36.9% for fiscal 2007 and 2006, respectively. The lower rate in fiscal 2007 resulted from the favorable resolution of certain prior contingent liabilities, for which we recorded a net tax rate reduction of 4.4% in fiscal 2007.

Other Comprehensive (Loss) Income

Other comprehensive (loss) income consisted of the following (in thousands):

<u>Years Ended June 30,</u>	<u>2007</u>	<u>2006</u>
Unrealized losses on credit enhancement assets	\$ (3,043)	\$ (6,165)
Unrealized (losses) gains on cash flow hedges	(1,036)	8,892
Increase in fair value of equity investment	4,497	56,347
Reclassification of gain on sale of equity investment into earnings	(51,997)	(8,847)
Foreign currency translation adjustment	4,521	9,028
Income tax benefit (provision)	18,470	(18,538)
	<u>\$ (28,588)</u>	<u>\$ 40,717</u>

Credit Enhancement Assets

Unrealized losses on credit enhancement assets consisted of the following (in thousands):

<u>Years Ended June 30,</u>	<u>2007</u>	<u>2006</u>
Unrealized gains related to changes in credit loss assumptions	\$ 353	\$ 2,183
Unrealized (losses) gains related to changes in interest rates	(4)	161
Reclassification of unrealized gains into earnings through accretion	(3,392)	(8,509)
	<u>\$(3,043)</u>	<u>\$(6,165)</u>

Changes in the fair value of credit enhancement assets as a result of modifications to the credit loss assumptions are reported as unrealized gains in other comprehensive income (loss) until realized. Unrealized losses are reported as a reduction in unrealized gains to the extent that there are unrealized gains. If there are no unrealized gains to offset the unrealized losses, the losses are considered to be other-than-temporary and are charged to operations. The cumulative credit loss assumptions used to estimate the fair value of credit enhancement assets are periodically reviewed by us and modified to reflect the actual credit performance for each securitization pool through the reporting date as well as estimates of future losses considering several factors including changes in the general economy. Differences between cumulative credit loss assumptions used in individual securitization pools can be attributed to the original credit attributes of a pool, actual credit performance through the reporting date and pool seasoning to the extent that changes in economic trends will have more of an impact on the expected future performance of less seasoned pools.

We updated the cumulative credit loss assumptions used in measuring the fair value of credit enhancement assets resulting in the recognition of unrealized gains of \$353,000 and \$2.2 million for fiscal 2007 and 2006, respectively.

Net unrealized gains of \$3.4 million and \$8.5 million were reclassified into earnings through accretion during fiscal 2007 and 2006, respectively.

Cash Flow Hedges

Unrealized (losses) gains on cash flow hedges consisted of the following (in thousands):

<u>Years Ended June 30,</u>	<u>2007</u>	<u>2006</u>
Unrealized gains related to changes in fair value	\$ 11,536	\$ 19,855
Reclassification of unrealized gains into earnings	(12,572)	(10,963)
	<u>\$ (1,036)</u>	<u>\$ 8,892</u>

Unrealized gains related to changes in fair value for fiscal 2007 and 2006, were primarily due to changes in the fair value of interest rate swap agreements that were designated as cash flow hedges for accounting purposes. The fair value of the interest rate swap agreements fluctuates based upon changes in forward interest rate expectations.

Unrealized gains or losses on cash flow hedges are reclassified into earnings when interest rate fluctuations on securitization notes payable or other hedged items affect earnings.

Equity Investment

On December 16, 2005, DealerTrack completed an initial public offering (“IPO”) of its common stock. At the time of the IPO we owned 3,402,768 shares of DealerTrack with an average cost of \$4.15 per share. As part of the IPO, we sold 758,526 shares for net proceeds of \$15.81 per share resulting in an \$8.8 million gain. We

owned 2,644,242 shares of DealerTrack with a market value of \$22.11 per share at June 30, 2006. During fiscal 2007, we sold our remaining investment in DealerTrack for net proceeds of \$23.81 per share, resulting in a \$52.0 million gain. The equity investment was classified as available for sale, and changes in its market value were reflected in other comprehensive income. We recorded a \$4.5 million and \$56.3 million increase in the fair value due to changes in the market value per share of DealerTrack during fiscal 2007 and 2006, respectively.

Canadian Currency Translation Adjustment

Canadian currency translation adjustment gains of \$4.5 million and \$9.0 million for fiscal 2007 and 2006, respectively, were included in other comprehensive (loss) income. The translation adjustment gains are due to the increase in the value of our Canadian dollar denominated assets related to the decline in the U.S. dollar to Canadian dollar conversion rates.

CREDIT QUALITY

We provide financing in relatively high-risk markets, and, therefore, anticipate a corresponding high level of delinquencies and charge-offs.

The following tables present certain data related to the receivables portfolio (dollars in thousands):

<u>June 30, 2008</u>	<u>Finance Receivables</u>		
Principal amount of receivables, net of fees	\$14,981,412		
Nonaccretable acquisition fees	(42,802)		
Allowance for loan losses	(908,311)		
Receivables, net	<u>\$14,030,299</u>		
Number of outstanding contracts	<u>1,094,915</u>		
Average carrying amount of outstanding contract (in dollars)	<u>\$ 13,683</u>		
Allowance for loan losses and nonaccretable acquisition fees as a percentage of receivables	<u>6.3%</u>		
<u>June 30, 2007</u>	<u>Finance Receivables</u>	<u>Gain on Sale</u>	<u>Total Managed</u>
Principal amount of receivables, net of fees	\$15,922,458	<u>\$24,091</u>	<u>\$15,946,549</u>
Nonaccretable acquisition fees	(120,425)		
Allowance for loan losses	(699,663)		
Receivables, net	<u>\$15,102,370</u>		
Number of outstanding contracts	<u>1,143,713</u>	<u>2,028</u>	<u>1,145,741</u>
Average carrying amount of outstanding contract (in dollars)	<u>\$ 13,922</u>	<u>\$11,879</u>	<u>\$ 13,918</u>
Allowance for loan losses and nonaccretable acquisition fees as a percentage of receivables	<u>5.2%</u>		

The allowance for loan losses and nonaccretable acquisition fees as a percentage of receivables increased to 6.3% as of June 30, 2008, from 5.2% as of June 30, 2007, as a result of higher expected future losses due to weaker economic conditions, increased budgetary stress on sub-prime and near prime consumers and lower recovery rates on repossessed collateral.

Delinquency

The following is a summary of managed finance receivables that are (i) more than 30 days delinquent, but not yet in repossession, and (ii) in repossession, but not yet charged off (dollars in thousands):

<u>June 30, 2008</u>	<u>Finance Receivables</u>			
	<u>Amount</u>	<u>Percent</u>		
Delinquent contracts:				
31 to 60 days	\$ 898,874	6.0%		
Greater-than-60 days	434,524	2.9		
	1,333,398	8.9		
In repossession	46,763	0.3		
	<u>\$1,380,161</u>	<u>9.2%</u>		
<u>June 30, 2007</u>	<u>Finance Receivables</u>		<u>Total Managed</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Delinquent contracts:				
31 to 60 days	\$ 755,419	4.7%	\$ 755,598	4.7%
Greater-than-60 days	331,594	2.1	331,722	2.1
	1,087,013	6.8	1,087,320	6.8
In repossession	46,081	0.3	46,081	0.3
	<u>\$1,133,094</u>	<u>7.1%</u>	<u>\$1,133,401</u>	<u>7.1%</u>

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies in our managed receivables portfolio may vary from period to period based upon the average age or seasoning of the portfolio, seasonality within the calendar year and economic factors. Due to our target customer base, a relatively high percentage of accounts become delinquent at some point in the life of a loan and there is a high rate of account movement between current and delinquent status in the portfolio.

Delinquencies in finance receivables were higher at June 30, 2008, as compared to June 30, 2007, as a result of deterioration in credit performance for the reasons described above.

Deferrals

In accordance with our policies and guidelines, we, at times, offer payment deferrals to consumers, whereby the consumer is allowed to move up to two delinquent payments to the end of the loan generally by paying a fee (approximately the interest portion of the payment deferred, except where state law provides for a lesser amount). Our policies and guidelines limit the number and frequency of deferments that may be granted. Additionally, we generally limit the granting of deferments on new accounts until a requisite number of payments have been received. Due to the nature of our customer base and policies and guidelines of the deferral program, approximately 50% of accounts historically comprising the managed portfolio received a deferral at some point in the life of the account.

An account for which all delinquent payments are deferred is classified as current at the time the deferment is granted and therefore is not included as a delinquent account. Thereafter, such account is aged based on the timely payment of future installments in the same manner as any other account.

Contracts receiving a payment deferral as an average quarterly percentage of average receivables outstanding were as follows:

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Finance receivables (as a percentage of average finance receivables)	<u>6.3%</u>	<u>6.0%</u>	<u>6.1%</u>
Total managed portfolio (as a percentage of average managed receivables)	<u>6.3%</u>	<u>6.0%</u>	<u>6.4%</u>

The following is a summary of total deferrals as a percentage of receivables outstanding:

<u>June 30, 2008</u>	<u>Finance Receivables</u>	
Never deferred	75.3%	
Deferred:		
1-2 times	20.6	
3-4 times	3.7	
Greater than 4 times	<u>0.4</u>	
Total deferred	<u>24.7</u>	
Total	<u>100.0%</u>	
<u>June 30, 2007</u>	<u>Finance Receivables</u>	<u>Total Managed</u>
Never deferred	80.5%	80.6%
Deferred:		
1-2 times	16.3	16.3
3-4 times	3.1	3.1
Greater than 4 times	<u>0.1</u>	<u> </u>
Total deferred	<u>19.5</u>	<u>19.4</u>
Total	<u>100.0%</u>	<u>100.0%</u>

We evaluate the results of our deferment strategies based upon the amount of cash installments that are collected on accounts after they have been deferred versus the extent to which the collateral underlying the deferred accounts has depreciated over the same period of time. Based on this evaluation, we believe that payment deferrals granted according to our policies and guidelines are an effective portfolio management technique and result in higher ultimate cash collections from the portfolio.

Changes in deferment levels do not have a direct impact on the ultimate amount of finance receivables charged off by us. However, the timing of a charge-off may be affected if the previously deferred account ultimately results in a charge-off. To the extent that deferrals impact the ultimate timing of when an account is charged off, historical charge-off ratios and loss confirmation periods used in the determination of the adequacy of our allowance for loan losses are also impacted. Increased use of deferrals may result in a lengthening of the loss confirmation period, which would increase expectations of credit losses inherent in the loan portfolio and therefore increase the allowance for loan losses and related provision for loan losses. Changes in these ratios and periods are considered in determining the appropriate level of allowance for loan losses and related provision for loan losses.

Charge-offs

The following table presents charge-off data with respect to our managed finance receivables portfolio (dollars in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Finance receivables:			
Repossession charge-offs	\$1,496,713	\$1,070,778	\$ 766,638
Less: Recoveries	(670,307)	(539,524)	(377,707)
Mandatory charge-offs ^(a)	173,640	106,840	78,455
Net charge-offs	<u>\$1,000,046</u>	<u>\$ 638,094</u>	<u>\$ 467,386</u>
Total managed:			
Repossession charge-offs	\$1,496,835	\$1,081,743	\$ 950,751
Less: Recoveries	(670,383)	(544,348)	(454,700)
Mandatory charge-offs ^(a)	173,632	105,664	82,578
Net charge-offs	<u>\$1,000,084</u>	<u>\$ 643,059</u>	<u>\$ 578,629</u>
Net charge-offs as an annualized percentage of average receivables:			
Finance receivables	<u>6.2%</u>	<u>4.7%</u>	<u>4.7%</u>
Total managed portfolio	<u>6.2%</u>	<u>4.7%</u>	<u>5.2%</u>
Recoveries as a percentage of gross repossession charge-offs:			
Finance receivables ^(b)	<u>44.8%</u>	<u>48.8%</u>	<u>49.3%</u>
Total managed portfolio ^(b)	<u>44.8%</u>	<u>48.8%</u>	<u>47.8%</u>

(a) Mandatory charge-offs represent accounts 120 days delinquent that are charged off in full with no recovery amounts realized at time of charge-off and the net write-down of finance receivables in repossession to the net realizable value of the repossessed vehicle when the repossessed vehicle is legally available for sale.

(b) Percentages exclude recoveries related to accounts with deficiency balances sold to third parties totaling approximately \$16.6 million for fiscal 2007.

Net charge-offs as a percentage of average receivables outstanding may vary from period to period based upon the average age or seasoning of the portfolio and economic factors. The increase in net charge-offs for fiscal 2008, as an annualized percentage of average receivables, as compared to fiscal 2007 and 2006, was a result of weaker credit performance from the LBAC portfolio and sub-prime loans originated in calendar years 2007 and 2006, as well as a decline in the wholesale values for used cars.

LIQUIDITY AND CAPITAL RESOURCES

General

Our primary sources of cash have been finance charge income, servicing fees, distributions from securitization Trusts, net proceeds from senior notes and convertible senior notes transactions, borrowings under credit facilities, transfers of finance receivables to Trusts in securitization transactions and collections and recoveries on finance receivables. Our primary uses of cash have been purchases of finance receivables, repayment of credit facilities, securitization notes payable and other indebtedness, funding credit enhancement requirements for securitization transactions and credit facilities, operating expenses, and income taxes.

We used cash of \$6,260.2 million, \$8,832.4 million and \$7,147.5 million for the purchase of finance receivables during fiscal 2008, 2007 and 2006, respectively. These purchases were funded initially utilizing cash and credit facilities and subsequently through long-term financing in securitization transactions.

Credit Facilities

In the normal course of business, in addition to using our available cash, we pledge receivables and borrow under our credit facilities to fund our operations and repay these borrowings as appropriate under our cash management strategy.

As of June 30, 2008, credit facilities consisted of the following (in millions):

<u>Facility Type</u>	<u>Maturity^(a)</u>	<u>Facility Amount</u>	<u>Advances Outstanding</u>
Master warehouse facility	October 2009	\$2,500.0	\$1,470.3
Medium term note facility	October 2009 ^(b)	750.0	750.0
Call facility	August 2008	500.0	157.0
Prime/near prime facility	September 2008	1,120.0	424.7
Canadian credit facility ^(c)	May 2008		126.2
Lease warehouse facility ^(d)	June 2009	100.0	
		<u>\$4,970.0</u>	<u>\$2,928.2</u>

(a) *These facilities are non-recourse to us, and as such the outstanding debt balance can either be repaid in full or over time based on the amortization of receivables pledged.*

(b) *This facility is a revolving facility through the date stated above. During the revolving period, we have the ability to substitute receivables for cash, or vice versa.*

(c) *In connection with the closure of our Canadian lending activities, we did not renew the Cdn \$150.0 million Canadian credit facility in May 2008. Under the terms of the facility, the outstanding balance will amortize down and is due in full in May 2009.*

(d) *In June 2008, we entered into a \$100.0 million lease warehouse facility.*

The call facility matured in August 2008 and was not renewed. Under the terms of the facility, receivables pledged will amortize down until the facility pays off.

In September 2007, we terminated a \$400.0 million near prime facility, a \$450.0 million BVAC facility and a \$600.0 million LBAC facility, and we entered into the prime/near prime facility, which provides up to \$1,500.0 million through September 2008 for the financing of prime and near prime credit quality receivables. In April 2008, we amended the prime/near prime facility to address a potential covenant violation in the facility related to credit losses in our Bay View and Long Beach portfolios. The amendment reduced the size of the facility to \$1,120.0 million from \$1,500.0 million. The facility matures in September 2008, and we expect to renew this facility at an amount of \$400.0 to \$500.0 million.

Our credit facilities contain various covenants requiring certain minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. As of June 30, 2008, we were in compliance with all financial and portfolio performance covenants in our credit facilities and senior note and convertible note indentures.

Senior Notes

In June 2007, we issued \$200.0 million of senior notes that are due in June 2015. Interest on the senior notes is payable semiannually at a rate of 8.5%. The notes will be redeemable, at our option, in whole or in part, at any time on or after July 1, 2011, at specific redemption prices.

Convertible Senior Notes

In September 2006, we issued \$550.0 million of convertible senior notes of which \$275.0 million are due in 2011, bearing interest at a rate of 0.75% per annum, and \$275.0 million are due in 2013, bearing interest at a rate of 2.125% per annum. Interest on the notes is payable semiannually. Subject to certain conditions, the notes,

which are uncollateralized, may be converted prior to maturity into shares of our common stock at an initial conversion price of \$28.07 per share and \$30.51 per share for the notes due in 2011 and 2013, respectively. Upon conversion, the conversion value will be paid in: 1) cash equal to the principal amount of the notes and 2) to the extent the conversion value exceeds the principal amount of the notes, shares of our common stock. The notes are convertible only in the following circumstances: 1) if the closing sale price of our common stock exceeds 130% of the conversion price during specified periods set forth in the indentures under which the notes were issued, 2) if the average trading price per \$1,000 principal amount of the notes is less than or equal to 98% of the average conversion value of the notes during specified periods set forth in the indentures under which the notes were issued or 3) upon the occurrence of specific corporate transactions set forth in the indentures under which the notes were issued.

In connection with the issuance of these convertible senior notes, we used net proceeds of \$246.8 million to purchase 10,109,500 shares of our common stock.

In conjunction with the issuance of the convertible senior notes, we purchased call options that entitle us to purchase shares of our common stock in an amount equal to the number of shares issued upon conversion of the notes at \$28.07 per share and \$30.51 per share for the notes due in 2011 and 2013, respectively. These call options are expected to allow us to offset the dilution of our shares if the conversion feature of the convertible senior notes is exercised.

We also sold warrants to purchase 9,796,408 shares of our common stock at \$35 per share and 9,012,713 shares of our common stock at \$40 per share for the notes due in 2011 and 2013, respectively. In no event are we required to deliver a number of shares in connection with the exercise of these warrants in excess of twice the aggregate number of shares initially issuable upon the exercise of the warrants.

We have analyzed the conversion feature, call option and warrant transactions under Emerging Issues Task Force Issue No. 00-19, *Accounting for Derivative Financial Instruments Indexed to and Potentially Settled In a Company's Own Stock*, and determined they meet the criteria for classification as equity transactions. As a result, both the cost of the call options and the proceeds of the warrants are reflected in additional paid-in capital on our consolidated balance sheets, and we will not recognize subsequent changes in their fair value.

In November 2003, we issued \$200.0 million of contingently convertible senior notes that are due in November 2023. Interest on the notes is payable semiannually at a rate of 1.75% per annum. The notes, which are uncollateralized, are convertible prior to maturity into shares of our common stock at \$18.68 per share. Additionally, we may exercise our option to repurchase the notes, or holders of the convertible senior notes may require us to repurchase the notes, on November 15, 2008, at a price equal to 100.25% of the principal amount of the notes redeemed, or after November 15, 2008 at par. Subsequent to June 30, 2008, we repurchased \$114.7 million of these convertible notes at a small discount. Holders of the remaining balance of \$85.3 million of these convertible notes may require us to repurchase the notes on November 15, 2008, at a price equal to 100.25% of the principal amount of the notes redeemed.

In conjunction with the issuance of the convertible senior notes, we purchased a call option that entitles us to purchase shares of our stock in an amount equal to the number of shares convertible at \$18.68 per share. This call option allows us to offset the dilution of our shares if the conversion feature of the convertible senior notes is exercised. We also issued warrants to purchase 10,705,205 shares of our common stock. Each warrant entitles the holder, at its option, and subject to certain provisions within the warrant agreement, to purchase shares of common stock from us at \$28.20 per share, at any time prior to its expiration on October 15, 2008. During fiscal 2008, we sold the call option and repurchased these warrants.

Contractual Obligations

The following table summarizes the expected scheduled principal and interest payments, where applicable, under our contractual obligations (in thousands):

<u>Years Ending June 30,</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Thereafter</u>	<u>Total</u>
Operating leases	\$ 18,973	\$ 12,259	\$ 8,642	\$ 7,035	\$ 6,698	\$ 15,036	\$ 68,643
Other notes payable	603	482	118				1,203
Master warehouse facility		1,470,335					1,470,335
Medium term note facility		750,000					750,000
Call facility	156,945						156,945
Prime/ near prime facility . .	424,669						424,669
Canadian credit facility	126,212						126,212
Securitization notes payable	4,374,874	3,039,204	1,853,503	1,071,024	82,779		10,421,384
Senior notes						200,000	200,000
Convertible senior notes ^(a)				275,000		475,000	750,000
Total expected interest payments	<u>575,946</u>	<u>301,833</u>	<u>146,714</u>	<u>54,872</u>	<u>28,254</u>	<u>72,753</u>	<u>1,180,372</u>
Total	<u>\$5,678,222</u>	<u>\$5,574,113</u>	<u>\$2,008,977</u>	<u>\$1,407,931</u>	<u>\$117,731</u>	<u>\$762,789</u>	<u>\$15,549,763</u>

(a) Includes \$200 million convertible notes due in November 2023, of which we have repurchased \$114.7 million subsequent to June 30, 2008, and the remaining \$85.3 million of which we expect to repurchase on November 15, 2008.

We adopted the provisions of FIN 48 on July 1, 2007. As of the year ended June 30, 2008, we had liabilities associated with uncertain tax positions of \$73.6 million. The table above does not include these liabilities due to the high degree of uncertainty regarding the future cash flows associated with these amounts.

Securizations

We have completed 63 securitization transactions through June 30, 2008, excluding securitization Trusts entered into by BVAC and LBAC prior to their acquisition by us. The proceeds from the transactions were primarily used to repay borrowings outstanding under our credit facilities.

A summary of the active transactions is as follows (in millions):

<u>Transaction</u>	<u>Date</u>	<u>Original Amount</u>	<u>Balance at June 30, 2008</u>
2004-1	June 2004	575.0	50.0
2004-C-A	August 2004	800.0	99.7
2004-D-F	November 2004	750.0	109.5
2005-A-X	February 2005	900.0	151.4
2005-1	April 2005	750.0	113.8
2005-B-M	June 2005	1,350.0	296.4
2005-C-F	August 2005	1,100.0	285.5
2005-D-A	November 2005	1,400.0	421.1
2006-1	March 2006	945.0	270.9
2006-R-M	May 2006	1,200.0	715.4
2006-A-F	July 2006	1,350.0	588.5
2006-B-G	September 2006	1,200.0	595.7
2007-A-X	January 2007	1,200.0	672.9
2007-B-F	April 2007	1,500.0	951.9
2007-1	May 2007	1,000.0	645.0
2007-C-M	July 2007	1,500.0	1,071.0
2007-D-F	September 2007	1,000.0	759.4
2007-2-M	October 2007	1,000.0	765.3
2008-A-F	May 2008	750.0	742.1
BV2005-LJ-1	February 2005	232.1	49.7
BV2005-LJ-2	July 2005	185.6	47.0
BV2005-3	December 2005	220.1	71.9
LB2004-B	July 2004	250.0	26.4
LB2004-C	December 2004	350.0	53.9
LB2005-A	June 2005	350.0	77.1
LB2005-B	October 2005	350.0	94.2
LB2006-A	May 2006	450.0	161.4
LB2006-B	September 2006	500.0	237.0
LB2007-A	March 2007	486.0	296.2
Total active securitizations		<u>\$23,643.8</u>	<u>\$10,420.3</u>

We structure our securitization transactions as secured financings. Finance receivables are transferred to a securitization Trust, which is one of our special purpose finance subsidiaries, and the Trusts issue one or more series of asset-backed securities (securitization notes payable). While these Trusts are included in our consolidated financial statements, these Trusts are separate legal entities; thus the finance receivables and other assets held by these Trusts are legally owned by these Trusts, are available to satisfy the related securitization notes payable and are not available to our creditors or our other subsidiaries.

At the time of securitization of finance receivables, we are required to pledge assets equal to a specified percentage of the securitization pool to provide credit enhancement required for specific credit ratings for the asset-backed securities issued by the Trusts.

Generally, we employ two types of securitization structures. The structure we have utilized most frequently involves the purchase of a financial guaranty insurance policy issued by an insurer. Several of the financial guaranty insurers used by us in the past are facing financial stress and have been downgraded by the rating agencies due to risk exposures on insurance policies that guarantee mortgage debt and related structured products and one of the financial guaranty insurers we have utilized in the past, has decided to no longer issue insurance policies on asset-backed securities. As a result, demand for securities guaranteed by insurance, particularly securities backed by sub-prime collateral, has weakened, and we do not anticipate utilizing this structure in the foreseeable future.

The second type of securitization structure we use and the structure we anticipate utilizing for the foreseeable future, involves the sale of subordinated asset-backed securities in order to provide credit enhancement for the senior asset-backed securities. We currently expect our initial cash deposit and overcollateralization requirements for such transactions to be in the mid 20% range increasing to a higher level of targeted credit enhancement. This level of credit enhancement will require significantly greater use of our capital than in similar securitization transactions we have completed in the past. Increases or decreases to the credit enhancement level required in future securitization transactions will depend on the net interest margin of the finance receivables transferred, the collateral characteristics of the receivables transferred, credit performance trends of our finance receivables, our financial condition and the economic environment.

In April 2008, we entered into a one year, \$2 billion forward purchase commitment agreement with Deutsche Bank AG, Cayman Islands Branch (“Deutsche”). Under this agreement and subject to certain terms, Deutsche will purchase triple-A rated asset-backed securities issued by our sub-prime AMCAR securitization platform in registered public offerings, including the senior asset-backed securities under the senior subordinated structure described above.

Cash flows related to securitization transactions were as follows (in millions):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Initial credit enhancement deposits:			
Restricted cash	\$ 82.4	\$135.6	\$ 95.0
Overcollateralization	384.1	408.9	355.0
Distributions from Trusts:			
Gain on sale Trusts	7.5	93.3	454.5
Secured financing Trusts	668.5	854.2	653.8

The agreements with the insurers of our securitization transactions covered by a financial guaranty insurance policy provide that if portfolio performance ratios (delinquency, cumulative default or cumulative net loss) in a Trust’s pool of receivables exceed certain targets, the specified credit enhancement levels would be increased.

The securitization transactions insured by some of our financial guaranty insurance providers are cross-collateralized to a limited extent. In the event of a shortfall in the original target credit enhancement requirement for any of these securitization Trusts after a certain period of time, excess cash flows from other transactions insured by the same insurance provider would be used to satisfy the shortfall amount.

During fiscal 2008 and as of June 30, 2008, three LBAC securitizations (LB2006-A, LB2006-B and LB2007-A) had delinquency ratios in excess of the targeted levels. As part of an arrangement with the insurer of these transactions, the excess cash flows from our other securitizations insured by this insurer were used to fund higher credit enhancement requirements in the LBAC Trusts which exceeded the portfolio performance ratios. As of June 30, 2008, we have reached the higher required credit enhancement levels in these three LBAC Trusts.

During fiscal 2008, we entered into an agreement with an insurer to increase the portfolio performance ratios in the 2007-2-M securitization. In return for higher portfolio performance ratios, we agreed to use excess

cash flow from other securitizations insured by this insurer to fund the higher credit enhancement requirement for the 2007-2-M Trust. As of June 30, 2008, we have reached the higher required credit enhancement in this Trust.

The agreements that we enter into with our financial guaranty insurance providers in connection with securitization transactions contain additional specified targeted portfolio performance ratios (delinquency, cumulative default and cumulative net loss) that are higher than the limits referred to above. If, at any measurement date, the targeted portfolio performance ratios with respect to any insured Trust were to exceed these additional levels, provisions of the agreements permit the financial guaranty insurance providers to terminate our servicing rights to the receivables sold to that Trust. In addition, the servicing agreements on certain insured securitization Trusts are cross-defaulted so that a default under one servicing agreement would allow the financial guaranty insurance provider to terminate our servicing rights under all servicing agreements for securitization Trusts in which they issued a financial guaranty insurance policy. Additionally, if these higher targeted portfolio performance levels were exceeded, the financial guaranty insurance providers may elect to retain all excess cash generated by other securitization transactions insured by them as additional credit enhancement. This, in turn, could result in defaults under our other securitizations and other material indebtedness, including under our senior note and convertible senior note indentures. Although we have never exceeded these additional targeted portfolio performance ratios, and do not anticipate violating any event of default triggers for our securitizations, there can be no assurance that our servicing rights with respect to the automobile receivables in such Trusts or any other Trusts will not be terminated if (i) such targeted portfolio performance ratios are breached, (ii) we breach our obligations under the servicing agreements, (iii) the financial guaranty insurance providers are required to make payments under a policy, or (iv) certain bankruptcy or insolvency events were to occur. As of June 30, 2008, no such termination events have occurred with respect to any of the Trusts formed by us.

Stock Repurchases

During fiscal 2008, 2007 and 2006, we repurchased 5,734,850 shares of our common stock at an average cost of \$22.30 per share, 13,466,030 shares of our common stock at an average cost of \$24.06 per share, and 21,025,074 shares of our common stock at an average cost of \$25.12 per share, respectively.

We have repurchased \$1,374.8 million of our common stock since April 2004 and we have remaining authorization to repurchase \$172.0 million of our common stock. A covenant in our senior note indenture entered into in June 2007 limits our ability to repurchase stock. Currently, we are not eligible to repurchase shares under the indenture limits and do not anticipate pursuing repurchase activity for the foreseeable future.

Recent Market Developments

We anticipate that a number of factors will adversely impact our liquidity in fiscal 2009: higher credit enhancement levels in our securitization transactions caused by a reduction in excess spread due to higher cost of funds, and to a lesser extent, the credit deterioration we are experiencing in our portfolio; disruptions in the capital markets and making the execution of securitization transactions more challenging and expensive; and decreased cash distributions from our securitization Trusts due to weaker credit performance.

Since January 2008, we have revised our operating plan in an effort to preserve and strengthen our capital and liquidity position, and to maintain sufficient capacity on our credit facilities to fund new loan originations until capital market conditions improve for securitization transactions. Under this revised plan, we increased the minimum credit score requirements for new loan originations, decreased our originations infrastructure by closing and consolidating credit center locations, selectively decreased the number of dealers from whom we purchase loans and reduced originations and support function headcounts. We have discontinued new originations in our direct lending, leasing and specialty prime platforms, certain partner relationships, and in Canada. Our fiscal 2009 target for annualized loan origination levels has been reduced to approximately \$3.0 billion. We recognized restructuring charges of \$20.1 million for fiscal 2008, related to the closing and consolidating of credit center locations and headcount reductions.

We believe that we have sufficient liquidity and warehouse capacity to operate under this plan through fiscal 2009. However, if the asset-backed securities market or the credit markets, in general, continue to deteriorate, or if economic factors further deteriorate resulting in weaker credit performance, we may need to reduce our targeted origination volume below the \$3.0 billion level to sustain adequate liquidity.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Fluctuations in market interest rates impact our credit facilities and securitization transactions. Our gross interest rate spread, which is the difference between interest earned on our finance receivables and interest paid, is affected by changes in interest rates as a result of our dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund our purchases of finance receivables.

Credit Facilities

Finance receivables purchased by us and pledged to secure borrowings under our credit facilities bear fixed interest rates. Amounts borrowed under our credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, our special purpose finance subsidiaries are contractually required to purchase interest rate cap agreements in connection with borrowings under our credit facilities. The purchaser of the interest rate cap agreement pays a premium in return for the right to receive the difference in the interest cost at any time a specified index of market interest rates rises above the stipulated “cap” rate. The purchaser of the interest rate cap agreement bears no obligation or liability if interest rates fall below the “cap” rate. As part of our interest rate risk management strategy and when economically feasible, we may simultaneously sell a corresponding interest rate cap agreement in order to offset the premium paid by our special purpose finance subsidiary to purchase the interest rate cap agreement and thus retain the interest rate risk. The fair value of the interest rate cap agreement purchased by the special purpose finance subsidiary is included in other assets and the fair value of the interest rate cap agreement sold by us is included in other liabilities on our consolidated balance sheets.

In November 2006, we entered into interest rate swap agreements to hedge the variability in interest payments on our medium term note facility caused by fluctuations in the benchmark interest rate. These interest rate swap agreements are designated and qualify as cash flow hedges. The fair values of the interest rate swap agreements are included in other liabilities on the consolidated balance sheets.

Securitizations

The interest rate demanded by investors in our securitization transactions depends on prevailing market interest rates for comparable transactions and the general interest rate environment. We utilize several strategies to minimize the impact of interest rate fluctuations on our gross interest rate margin, including the use of derivative financial instruments, the regular sale or pledging of auto receivables to securitization Trusts, pre-funding of securitization transactions and the use of revolving structures.

In our securitization transactions, we transfer fixed rate finance receivables to Trusts that, in turn, sell either fixed rate or floating rate securities to investors. The fixed rates on securities issued by the Trusts are indexed to market interest rate swap spreads for transactions of similar duration or various London Interbank Offered Rates (“LIBOR”) and do not fluctuate during the term of the securitization. The floating rates on securities issued by the Trusts are indexed to LIBOR and fluctuate periodically based on movements in LIBOR. Derivative financial instruments, such as interest rate swap and cap agreements, are used to manage the gross interest rate spread on these transactions. We use interest rate swap agreements to convert the variable rate exposures on securities issued by our securitization Trusts to a fixed rate, thereby locking in the gross interest rate spread to be earned by us over the life of a securitization. Interest rate swap agreements purchased by us do not impact the amount of cash flows to be received by holders of the asset-backed securities issued by the Trusts. The interest rate swap

agreements serve to offset the impact of increased or decreased interest paid by the Trusts on floating rate asset-backed securities on the cash flows to be received by us from the Trusts. We utilize such arrangements to modify our net interest sensitivity to levels deemed appropriate based on our risk tolerance. In circumstances where the interest rate risk is deemed to be tolerable, usually if the risk is less than one year in term at inception, we may choose not to hedge potential fluctuations in cash flows due to changes in interest rates. Our special purpose finance subsidiaries are contractually required to purchase a financial instrument to protect the net spread in connection with the issuance of floating rate securities even if we choose not to hedge our future cash flows. Although the interest rate cap agreements are purchased by the Trusts, cash outflows from the Trusts ultimately impact our retained interests in the securitization transactions as cash expended by the securitization Trusts will decrease the ultimate amount of cash to be received by us. Therefore, when economically feasible, we may simultaneously sell a corresponding interest rate cap agreement to offset the premium paid by the Trust to purchase the interest rate cap agreement. The fair value of the interest rate cap agreements purchased by the special purpose finance subsidiaries in connection with securitization transactions are included in other assets and the fair value of the interest rate cap agreements sold by us are included in other liabilities on our consolidated balance sheets. Changes in the fair value of the interest rate cap agreements are reflected in interest expense on our consolidated statements of operations and comprehensive operations.

Pre-funding securitizations is the practice of issuing more asset-backed securities than needed to cover finance receivables initially sold or pledged to the Trust. The proceeds from the pre-funded portion are held in an escrow account until additional receivables are delivered to the Trust in amounts up to the pre-funded balance held in the escrow account. The use of pre-funded securitizations allows us to lock in borrowing costs with respect to the finance receivables subsequently delivered to the Trust. However, we incur an expense in pre-funded securitizations during the period between the initial delivery of finance receivables and the subsequent delivery of finance receivables equal to the difference between the interest earned on the proceeds held in the escrow account and the interest rate paid on the asset-backed securities outstanding.

Additionally, in May 2006, we issued a “revolving” securitization transaction that allowed us to replace receivables as they amortize down rather than paying down the outstanding debt balance for a period of one year subject to compliance with certain covenants. The use of this type of transaction allowed us to lock in borrowing costs for the revolving period and allowed us to finance approximately 50% more receivables than in our typical amortizing securitization structure at that borrowing cost. It is unlikely that we will be able to utilize this revolving structure in the foreseeable future due to challenging capital market conditions, particularly for sub-prime collateral.

We have entered into interest rate swap agreements to hedge the variability in interest payments on our seven most recent securitization transactions. Portions of these interest rate swap agreements are designated and qualify as cash flow hedges. The fair values of the interest rate swap agreements are included in other liabilities on the consolidated balance sheets.

The following table provides information about our interest rate-sensitive financial instruments by expected maturity date as of June 30, 2008 (dollars in thousands):

<u>Years Ending June 30,</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Thereafter</u>	<u>Fair Value</u>
Assets:							
Finance receivables							
Principal amounts	\$5,702,779	\$4,027,735	\$ 2668,522	\$1,595,780	\$759,072	\$227,524	\$13,826,318
Weighted average annual percentage rate	15.45%	15.36%	15.38%	15.33%	15.19%	14.77%	
Interest rate caps purchased							
Notional amounts	\$ 582,906	\$ 491,350	\$ 504,671	\$ 459,463	\$481,186	\$653,709	\$ 36,471
Average strike rate	3.26%	3.25%	3.17%	3.19%	3.34%	4.14%	
Liabilities:							
Credit facilities							
Principal amounts	\$ 707,826	\$2,220,335					\$ 2,928,161
Weighted average effective interest rate	3.13%	3.76%					
Securitization notes payable							
Principal amounts	\$4,374,874	\$3,039,204	\$1,853,503	\$1,071,024	\$ 82,779		\$10,006,738
Weighted average effective interest rate	4.68%	4.98%	5.32%	5.84%	6.96%		
Senior notes							
Principal amounts						\$200,000	\$ 160,500
Weighted average effective interest rate						8.50%	
Convertible senior notes							
Principal amounts				\$ 275,000		\$475,000	\$ 519,813
Weighted average effective interest rate				0.75%		1.97%	
Interest rate swaps							
Notional amounts	\$1,315,773	\$ 584,458	\$ 671,899	\$ 609,329			\$ 72,697
Average pay rate	3.69%	4.99%	5.14%	5.24%			
Average receive rate	3.22%	4.71%	5.02%	5.26%			
Interest rate caps sold							
Notional amounts	\$ 582,906	\$ 418,519	\$ 438,501	\$ 459,463	\$481,186	\$653,709	\$ 36,381
Average strike rate	3.14%	3.14%	3.14%	3.19%	3.34%	4.14%	

The following table provides information about our interest rate-sensitive financial instruments by expected maturity date as of June 30, 2007 (dollars in thousands):

<u>Years Ending June 30,</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Thereafter</u>	<u>Fair Value</u>
Assets:							
Finance receivables							
Principal amounts	\$ 6,649,221	\$ 4,361,352	\$ 2,706,889	\$ 1,468,165	\$ 576,557	\$ 160,274	\$ 14,878,986
Weighted average annual percentage rate	15.43%	15.34%	15.32%	15.28%	15.09%	14.29%	
Interest-only receivables from							
Trusts	\$ 134						\$ 134
Interest rate swaps							
Notional amounts	\$ 53,547	\$ 1,173,113	\$ 596,053	\$ 524,380	\$ 7,368	\$ 638	\$ 14,926
Average pay rate	5.04%	5.00%	5.07%	5.07%	4.92%	4.92%	
Average receive rate	5.40%	5.21%	5.37%	5.46%	5.04%	5.10%	
Interest rate caps purchased							
Notional amounts	\$ 628,168	\$ 304,233	\$ 272,620	\$ 295,501	\$ 320,733	\$ 340,577	\$ 13,410
Average strike rate	5.70%	5.93%	5.95%	5.96%	5.98%	6.36%	
Liabilities:							
Credit facilities							
Principal amounts	\$ 968,747		\$ 1,572,955				\$ 2,541,702
Weighted average effective interest rate	5.39%		5.42%				
Securitization notes payable							
Principal amounts	\$ 5,229,516	\$ 3,514,769	\$ 1,928,709	\$ 1,272,424			\$ 11,708,795
Weighted average effective interest rate	5.09%	5.23%	5.41%	5.53%			
Senior notes							
Principal amounts						\$ 200,000	\$ 200,000
Weighted average effective interest rate						8.50%	
Convertible senior notes							
Principal amounts					\$ 275,000	\$ 475,000	\$ 886,442
Weighted average effective interest rate					0.75%	1.97%	
Interest rate caps sold							
Notional amounts	\$ 628,168	\$ 304,233	\$ 272,620	\$ 295,501	\$ 320,733	\$ 340,577	\$ 13,410
Average strike rate	5.70%	5.93%	5.95%	5.96%	5.98%	6.36%	

Finance receivables and interest-only receivables from Trusts are estimated to be realized by us in future periods using discount rate, prepayment and credit loss assumptions similar to our historical experience. Notional amounts on interest rate swap and cap agreements are based on contractual terms. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

The notional amounts of interest rate swap and cap agreements, which are used to calculate the contractual payments to be exchanged under the contracts, represent average amounts that will be outstanding for each of the years included in the table. Notional amounts do not represent amounts exchanged by parties and, thus, are not a measure of our exposure to loss through our use of these agreements.

Management monitors our hedging activities to ensure that the value of derivative financial instruments, their correlation to the contracts being hedged and the amounts being hedged continue to provide effective protection against interest rate risk. However, there can be no assurance that our strategies will be effective in minimizing interest rate risk or that increases in interest rates will not have an adverse effect on our profitability. All transactions are entered into for purposes other than trading.

Recently Issued Accounting Pronouncements

Statement of Financial Accounting Standards No. 157

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (“SFAS 157”), which defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. SFAS 157 requires companies to disclose the fair value of its financial instruments according to a fair value hierarchy. Additionally, companies are required to provide certain disclosures regarding instruments within the hierarchy, including a reconciliation of the beginning and ending balances for each major category of assets and liabilities. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements. SFAS 157 is effective for our fiscal year ending June 30, 2009. Management does not expect this to have a material impact on our consolidated financial position, results of operations or cash flows.

Statement of Financial Accounting Standards No. 159

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (“SFAS 159”), which provides the option to report certain financial assets and liabilities at fair value, with the intent to mitigate volatility in financial reporting that can occur when related assets and liabilities are recorded on different bases. SFAS 159 also amends SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, by providing the option to record unrealized gains and losses on securities currently classified as held-for-sale and held-to-maturity. SFAS 159 is effective for our fiscal year ending June 30, 2009. Management does not expect this to have a material impact on our consolidated financial position, results of operations or cash flows.

Statement of Financial Accounting Standards No. 141R

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, *Business Combinations* (“SFAS 141R”), which replaces Statement of Financial Accounting Standards No. 141, *Business Combinations*. SFAS 141R establishes principles and requirements for determining how an enterprise recognizes and measures the fair value of certain assets and liabilities acquired in a business combination, including noncontrolling interests, contingent consideration and certain acquired contingencies. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations beginning in our 2010 fiscal year. We are currently evaluating the impact that SFAS 141R will have on our consolidated financial position, results of operations or cash flows.

Statement of Financial Accounting Standards No. 161

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, (“SFAS No. 161”). SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2008. The adoption of SFAS No. 161 will not affect our consolidated financial condition, results of operations, or cash flows, but may require additional disclosures for our derivative and hedging activities.

Financial Accounting Standards Board Staff Position APB 14-1

In May 2008, the FASB issued FSP Accounting Principles Board (“APB”) 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (“FSP APB 14-1”). FSP APB 14-1 requires the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer’s non-convertible debt borrowing rate. FSP APB 14-1 is effective for fiscal years beginning after December 15, 2008 on a retroactive basis and will be adopted by us in the first quarter of fiscal 2010. We are currently evaluating the impact that FSP APB 14-1 will have on our consolidated financial position, results of operations or cash flows.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**AMERICREDIT CORP.
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)**

	June 30,	
	2008	2007
Assets		
Cash and cash equivalents	\$ 433,493	\$ 910,304
Finance receivables, net	14,030,299	15,102,370
Restricted cash—securitization notes payable	982,670	1,014,353
Restricted cash—credit facilities	259,699	166,884
Property and equipment, net	55,471	58,572
Leased vehicles, net	210,857	33,968
Deferred income taxes	317,319	151,704
Goodwill		208,435
Other assets	257,402	164,430
Total assets	\$16,547,210	\$17,811,020
Liabilities and Shareholders' Equity		
Liabilities:		
Credit facilities	\$ 2,928,161	\$ 2,541,702
Securitization notes payable	10,420,327	11,939,447
Senior notes	200,000	200,000
Convertible senior notes	750,000	750,000
Funding payable	21,519	87,474
Accrued taxes and expenses	216,387	199,059
Other liabilities	113,946	18,188
Total liabilities	14,650,340	15,735,870
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Preferred stock, \$.01 par value per share, 20,000,000 shares authorized; none issued		
Common stock, \$.01 par value per share, 230,000,000 shares authorized; 118,766,250 and 120,590,473 shares issued	1,188	1,206
Additional paid-in capital	42,336	71,323
Accumulated other comprehensive (loss) income	(6,404)	45,694
Retained earnings	1,912,684	2,000,066
Treasury stock, at cost (2,454,534 and 1,934,061 shares)	(52,934)	(43,139)
Total shareholders' equity	1,896,870	2,075,150
Total liabilities and shareholders' equity	\$16,547,210	\$17,811,020

The accompanying notes are an integral part of these consolidated financial statements.

AMERICREDIT CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE OPERATIONS
(dollars in thousands, except per share data)

	Years Ended June 30,		
	2008	2007	2006
Revenue			
Finance charge income	\$ 2,382,484	\$ 2,142,470	\$ 1,641,125
Other income	159,779	136,093	86,157
Servicing income	819	9,363	75,209
Gain on sale of equity investment		51,997	8,847
	<u>2,543,082</u>	<u>2,339,923</u>	<u>1,811,338</u>
Costs and expenses			
Operating expenses	434,176	399,717	336,153
Provision for loan losses	1,130,962	727,653	567,545
Impairment of goodwill	212,595		
Interest expense	837,412	680,825	419,360
Restructuring charges, net	20,116	(339)	3,045
	<u>2,635,261</u>	<u>1,807,856</u>	<u>1,326,103</u>
(Loss) income before income taxes	(92,179)	532,067	485,235
Income tax (benefit) provision	(22,860)	171,818	179,052
Net (loss) income	<u>(69,319)</u>	<u>360,249</u>	<u>306,183</u>
Other comprehensive (loss) income			
Unrealized losses on credit enhancement assets	(232)	(3,043)	(6,165)
Unrealized (losses) gains on cash flow hedges	(84,404)	(1,036)	8,892
Increase in fair value of equity investment		4,497	56,347
Reclassification of gain on sale of equity investment into earnings		(51,997)	(8,847)
Foreign currency translation adjustment	5,855	4,521	9,028
Income tax benefit (provision)	26,683	18,470	(18,538)
Other comprehensive (loss) income	<u>(52,098)</u>	<u>(28,588)</u>	<u>40,717</u>
Comprehensive (loss) income	<u>\$ (121,417)</u>	<u>\$ 331,661</u>	<u>\$ 346,900</u>
(Loss) earnings per share			
Basic	<u>\$ (0.60)</u>	<u>\$ 3.02</u>	<u>\$ 2.29</u>
Diluted	<u>\$ (0.60)</u>	<u>\$ 2.73</u>	<u>\$ 2.08</u>
Weighted average shares			
Basic	<u>114,962,241</u>	<u>119,155,716</u>	<u>133,837,116</u>
Diluted	<u>114,962,241</u>	<u>133,224,945</u>	<u>148,824,916</u>

The accompanying notes are an integral part of these consolidated financial statements.

AMERICREDIT CORP.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(dollars in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Treasury Stock	
	Shares	Amount				Shares	Amount
Balance at July 1, 2005	166,808,056	\$1,668	\$ 1,150,612	\$ 33,565	\$1,333,634	21,180,057	\$ (397,563)
Common stock issued on exercise of options	2,367,995	24	27,420				
Income tax benefit from exercise of options and amortization of convertible senior note hedges			16,922				
Common stock issued for employee benefit plans	283,240	3	5,905			(78,288)	1,280
Stock based compensation expense			16,586				
Repurchase of common stock						21,025,074	(528,070)
Other comprehensive income, net of income taxes of \$18,538				40,717			
Net income					306,183		
Balance at June 30, 2006	169,459,291	1,695	1,217,445	74,282	1,639,817	42,126,843	(924,353)
Common stock issued on exercise of options	4,398,036	44	52,585				
Income tax benefit from exercise of options and amortization of convertible senior note hedges			30,196				
Common stock issued for employee benefit plans	333,146	3	6,811			(76,499)	1,746
Stock based compensation expense			20,230				
Purchase of warrants						17,687	(334)
Sale of warrants related to convertible debt			93,086				
Purchase of call option related to convertible debt			(145,710)				
Retirement of treasury stock	(53,600,000)	(536)	(1,203,320)			(53,600,000)	1,203,856
Repurchase of common stock						13,466,030	(324,054)
Other comprehensive loss, net of income tax benefit of \$18,470				(28,588)			
Net income					360,249		
Balance at June 30, 2007	120,590,473	1,206	71,323	45,694	2,000,066	1,934,061	(43,139)
Common stock issued on exercise of options	1,138,691	11	12,561				
Common stock issued on exercise of warrants	1,065,047	11	8,581				
FIN 48 tax liability adjustment						(463)	
Income tax benefit from exercise of options and amortization of convertible note hedges			13,443				
Common stock cancelled - restricted stock	(15,050)						
Common stock issued for employee benefit plans	987,089	10	2,140			(214,377)	6,606
Stock based compensation expense			17,945				
Repurchase of common stock						5,734,850	(127,901)
Amortization of warrant			10,193				
Retirement of treasury stock	(5,000,000)	(50)	(93,850)			(17,600)	111,500
Other comprehensive loss, net of income tax benefit of \$26,683				(52,098)			
Net loss					(69,319)		
Balance at June 30, 2008	118,766,250	\$1,188	\$ 42,336	\$ (6,404)	\$1,912,684	2,454,534	\$ (52,934)

The accompanying notes are an integral part of these consolidated financial statements.

AMERICREDIT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended June 30,		
	2008	2007	2006
Cash flows from operating activities			
Net (loss) income	\$ (69,319)	\$ 360,249	\$ 306,183
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	87,479	36,737	35,304
Accretion and amortization of loan fees	29,435	(16,982)	(20,062)
Provision for loan losses	1,130,962	727,653	567,545
Deferred income taxes	(137,949)	(44,564)	(41,921)
Accretion of present value discount	(651)	(6,637)	(40,153)
Stock based compensation expense	17,945	20,230	16,586
Gain on sale of available for sale securities		(51,997)	(8,847)
Impairment of goodwill	212,595		
Other	16,970	2,396	2,853
Changes in assets and liabilities, net of assets and liabilities acquired:			
Other assets	(38,524)	30,313	117,650
Accrued taxes and expenses	11,018	21,605	26,193
Net cash provided by operating activities	<u>1,259,961</u>	<u>1,079,003</u>	<u>961,331</u>
Cash flows from investing activities			
Purchases of receivables	(6,260,198)	(8,832,379)	(7,147,471)
Principal collections and recoveries on receivables	6,108,690	5,884,140	4,373,044
Distributions from gain on sale Trusts	7,466	93,271	454,531
Purchases of property and equipment	(8,463)	(11,604)	(5,573)
Sale of property			34,807
Purchases of leased vehicles	(198,826)	(28,427)	
Proceeds from sale of equity investment		62,961	11,992
Acquisition of Bay View, net of cash acquired			(61,764)
Acquisition of Long Beach, net of cash acquired		(257,813)	
Change in restricted cash—securitization notes payable	31,683	(32,953)	(195,456)
Change in restricted cash—credit facilities	(92,754)	(23,579)	325,724
Change in other assets	(41,731)	2,314	(6,473)
Net cash used by investing activities	<u>(454,133)</u>	<u>(3,144,069)</u>	<u>(2,216,639)</u>
Cash flows from financing activities			
Net change in credit facilities	385,611	232,895	887,430
Issuance of securitization notes payable	4,250,000	6,748,304	4,645,000
Payments on securitization notes payable	(5,774,035)	(4,923,625)	(3,760,931)
Issuance of (payments on) senior notes		200,000	(167,750)
Issuance of convertible senior notes		550,000	
Debt issuance costs	(39,347)	(40,247)	(14,520)
Proceeds from sale of warrants related to convertible debt		93,086	
Purchase of call option related to convertible debt		(145,710)	
Repurchase of common stock	(127,901)	(324,054)	(528,070)
Net proceeds from issuance of common stock	25,174	58,157	32,467
Other net changes	323	15,938	7,697
Net cash (used) provided by financing activities	<u>(1,280,175)</u>	<u>2,464,744</u>	<u>1,101,323</u>
Net (decrease) increase in cash and cash equivalents	(474,347)	399,678	(153,985)
Effect of Canadian exchange rate changes on cash and cash equivalents	(2,464)	(2,614)	3,724
Cash and cash equivalents at beginning of year	<u>910,304</u>	<u>513,240</u>	<u>663,501</u>
Cash and cash equivalents at end of year	<u>\$ 433,493</u>	<u>\$ 910,304</u>	<u>\$ 513,240</u>

The accompanying notes are an integral part of these consolidated financial statements.

AMERICREDIT CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

History and Operations

We were formed on August 1, 1986, and, since September 1992, have been in the business of purchasing and servicing automobile sales finance contracts. From January 2007 through May 2008, we also originated leases on automobiles.

Basis of Presentation

The consolidated financial statements include our accounts and the accounts of our wholly-owned subsidiaries, including certain special purpose financing trusts utilized in securitization transactions (“Trusts”) which are considered variable interest entities. All intercompany transactions and accounts have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year presentation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements and the amount of revenue and costs and expenses during the reporting periods. Actual results could differ from those estimates and those differences may be material. These estimates include, among other things, the determination of the allowance for loan losses on finance receivables, stock based compensation and income taxes.

Cash Equivalents

Investments in highly liquid securities with original maturities of 90 days or less are included in cash and cash equivalents.

Finance Receivables

Finance receivables are carried at amortized cost.

Allowance for Loan Losses

Provisions for loan losses are charged to operations in amounts sufficient to maintain the allowance for loan losses at a level considered adequate to cover probable credit losses inherent in our finance receivables.

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the finance receivables as of the reporting date. We review charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to probable credit losses. We also use historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the reporting date. Assumptions regarding probable credit losses and loss confirmation periods are reviewed periodically and may be impacted by actual performance of finance receivables and changes in any of the factors discussed above.

Charge-off Policy

Our policy is to charge off an account in the month in which the account becomes 120 days contractually delinquent if we have not repossessed the related vehicle. We charge off accounts in repossession when the automobile is repossessed and legally available for disposition. A charge-off generally represents the difference between the estimated net sales proceeds and the amount of the delinquent contract, including accrued interest. Accounts in repossession that have been charged off have been removed from finance receivables and the related repossessed automobiles, aggregating \$39.8 million and \$39.4 million at June 30, 2008 and 2007, respectively, are included in other assets on the consolidated balance sheets pending sale.

Securitization

The structure of our securitization transactions does not qualify under the accounting criteria for sales of finance receivables and, accordingly, such securitization transactions have been accounted for as secured financings. Therefore, following a securitization, the finance receivables and the related securitization notes payable remain on the consolidated balance sheets. We recognize finance charge and fee income on the receivables and interest expense on the securities issued in the securitization transaction, and record a provision for loan losses to recognize probable loan losses inherent in the finance receivables. Cash pledged to support the securitization transaction is deposited to a restricted account and recorded on our consolidated balance sheets as restricted cash—securitization notes payable, which is invested in highly liquid securities with original maturities of 90 days or less or in highly rated guaranteed investment contracts.

Prior to October 1, 2002, we structured our securitization transactions to meet the accounting criteria for sales of finance receivables. We also acquired two securitization Trusts which were accounted for as sales of receivables. Such securitization transactions are referred to herein as gain on sale Trusts. We had no gain on sale Trusts outstanding as of June 30, 2008.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is generally provided on a straight-line basis over the estimated useful lives of the assets, which ranges from three to 25 years. The cost of assets sold or retired and the related accumulated depreciation are removed from the accounts at the time of disposition and any resulting gain or loss is included in operations. Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and betterments are capitalized.

Leased Vehicles

Leased vehicles consist of automobiles leased to consumers. These assets are reported at cost, less accumulated depreciation. Depreciation expense is recorded on a straight-line basis over the term of the lease. Leased vehicles are depreciated to the estimated residual value at the end of the lease term. Depreciation expense of \$36.4 million and \$1.3 million for the years ended June 30, 2008 and 2007, respectively, is included in operating expenses on our consolidated statements of operations and comprehensive operations. Residual values of operating leases are evaluated individually for impairment under Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (“SFAS 144”). Under SFAS 144, when aggregate future cash flows from the operating lease, including the expected realizable fair value of the leased asset at the end of the lease, are less than the book value of the lease, an immediate impairment write-down is recognized if the difference is deemed not recoverable. Otherwise, reductions in the expected residual value result in additional depreciation of the leased asset over the remaining term of the lease. Upon disposition, a gain or loss is recorded for any difference between the net book value of the lease and the proceeds from the disposition of the asset, including any insurance proceeds.

Goodwill

Under the purchase method of accounting, the net assets of entities acquired by us are recorded at their estimated fair value at the date of acquisition. The excess cost of the acquisition over the fair value is recorded as goodwill. Goodwill with an indefinite life is subject to impairment testing. We evaluate goodwill impairment on an annual basis or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. Specifically, goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is to identify potential impairment by comparing the fair value of the reporting unit with its carrying amount, including goodwill. We have determined that we have only one operating segment, thus one reporting unit. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is not required. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of the impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value (i.e., the fair value of reporting unit less the fair value of the unit's assets and liabilities, including identifiable intangible assets) of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying value of goodwill exceeds its implied fair value, the excess is required to be recorded as an impairment charge in earnings. We performed our annual goodwill impairment analysis and based upon the results of this analysis we determined that the goodwill was fully impaired as of June 30, 2008.

Derivative Financial Instruments

We recognize all of our derivative financial instruments as either assets or liabilities on our consolidated balance sheets at fair value. The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified.

Interest Rate Swap Agreements

We utilize interest rate swap agreements to convert floating rate exposures on securities issued in securitization transactions and our medium term note facility to fixed rates, thereby hedging the variability in interest expense paid. Portions of these interest rate swap agreements are designated as cash flow hedges and are highly effective in hedging our exposure to interest rate risk from both an accounting and economic perspective.

For interest rate swap agreements designated as hedges, we formally document all relationships between the interest rate swap agreement and the underlying asset, liability or cash flows being hedged, as well as our risk management objective and strategy for undertaking the hedge transactions. At hedge inception and at least quarterly, we also formally assess whether the interest rate swap agreements that are used in hedging transactions have been highly effective in offsetting changes in the cash flows or fair value of the hedged items and whether those interest rate swap agreements may be expected to remain highly effective in future periods. In addition, we also assess the continued probability that the hedged cash flows will be realized.

We use regression analysis to assess hedge effectiveness of our cash flow hedges on a prospective and retrospective basis. A derivative financial instrument is deemed to be effective if the X-coefficient from the regression analysis is between a range of 0.80 and 1.25. At June 30, 2008, all of our interest rate swap agreements designated as cash flow hedges fall within this range and are deemed to be effective hedges for accounting purposes. We use the hypothetical derivative method to measure the amount of ineffectiveness of our cash flow hedges to be recorded in earnings.

The effective portion of the changes in the fair value of the interest rate swaps qualifying as cash flow hedges are included in shareholders' equity as a component of accumulated other comprehensive income as an unrealized gain or loss on cash flow hedges. These unrealized gains or losses are recognized as adjustments to income over the same period in which cash flows from the related hedged item affect earnings. However, if we

expect the continued reporting of a loss in accumulated other comprehensive income would lead to recognizing a net loss on the combination of the interest rate swap agreements and the hedged item, the loss is reclassified to earnings for the amount that is not expected to be recovered. Additionally, to the extent that any of these contracts are not considered to be perfectly effective in offsetting the change in the value of the cash flows being hedged, any changes in fair value relating to the ineffective portion of these contracts are recognized in interest expense on our consolidated statements of operations and comprehensive operations. We discontinue hedge accounting prospectively when it is determined that an interest rate swap agreement has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

Interest Rate Cap Agreements

Our special purpose finance subsidiaries are contractually required to purchase interest rate cap agreements as credit enhancement in connection with securitization transactions and credit facilities. As part of our interest rate risk management strategy and when economically feasible, we may simultaneously sell a corresponding interest rate cap agreement in order to offset the premium paid to purchase the interest rate cap agreement and thus retain the interest rate risk. The fair value of our interest rate cap agreements purchased by our special purpose finance subsidiaries are included in other assets on the consolidated balance sheets. The fair value of our interest rate cap agreements sold by us is included in other liabilities on the consolidated balance sheets. Because the interest rate cap agreements entered into by us or our special purpose finance subsidiaries do not qualify for hedge accounting, changes in the fair value of interest rate cap agreements purchased by the special purpose finance subsidiaries and interest rate cap agreements sold by us are recorded in interest expense on our consolidated statements of operations and comprehensive operations.

We do not hold any interest rate cap or swap agreements for trading purposes.

Interest rate risk management contracts are generally expressed in notional principal or contract amounts that are much larger than the amounts potentially at risk for nonpayment by counterparties. Therefore, in the event of nonperformance by the counterparties, our credit exposure is limited to the uncollected interest and the market value related to the contracts that have become favorable to us. We manage the credit risk of such contracts by using highly rated counterparties, establishing risk limits and monitoring the credit ratings of the counterparties.

We maintain a policy of requiring that all derivative contracts be governed by an International Swaps and Derivatives Association Master Agreement. When we are engaged in more than one outstanding derivative transaction with the same counterparty and also have a legally enforceable master netting agreement with that counterparty, the net mark-to-market exposure represents the netting of the positive and negative exposures with that counterparty. When there is a net negative exposure, we regard our credit exposure to the counterparty as being zero. The net mark-to-market position with a particular counterparty represents a reasonable measure of credit risk when there is a legally enforceable master netting agreement (i.e. a legal right of a setoff of receivable and payable derivative contracts) between us and the counterparty.

Income Taxes

Deferred income taxes are provided in accordance with the asset and liability method of accounting for income taxes to recognize the tax effects of tax credits and temporary differences between financial statement and income tax accounting. A valuation allowance is recognized if it is more likely than not that some portion or the entire deferred tax asset will not be realized.

Since July 1, 2007, we have accounted for uncertainty in income taxes recognized in the financial statements in accordance with Financial Accounting Standards Board (“FASB”) issued FASB Interpretation No. 48 (“FIN 48”), *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement 109*. See Note 16 “Income Taxes” for a discussion of the impact of implementing FIN 48.

Revenue Recognition

Finance Charge Income

Finance charge income related to finance receivables is recognized using the interest method. Accrual of finance charge income is suspended on accounts that are more than 60 days delinquent. Fees and commissions received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full.

Operating Leases—deferred origination fees or costs

Net deferred origination fees or costs are amortized on a straight-line basis over the life of the lease to other income.

Stock Based Compensation

Effective July 1, 2005, we adopted Statement of Financial Accounting Standards No. 123(R), “Share-Based Payment, revised 2004” (“SFAS 123R”), prospectively for all awards granted, modified or settled after June 30, 2005. We adopted the standard by using the modified prospective method that is one of the adoption methods provided for under SFAS 123R. SFAS 123R, which revised FASB Statement No. 123, “Accounting for Stock-Based Compensation” (“SFAS 123”), requires that the cost resulting from all share-based payment transactions be measured at fair value and recognized in the financial statements. Additionally, on July 1, 2005, we adopted Staff Accounting Bulletin No. 107 (“SAB 107”), which the Securities and Exchange Commission issued in March 2005 to provide its view on the valuation of share-based payment arrangements for public companies. For the years ended June 30, 2008, 2007, and 2006, we have recorded total stock based compensation expense of \$17.9 million (\$13.5 million net of tax), \$20.2 million (\$13.7 million net of tax) and \$16.6 million (\$10.5 million net of tax) respectively. Included in total stock based compensation expense for the years ended June 30, 2007 and 2006, is an additional \$0.1 million and \$4.5 million, respectively, as a result of adoption of SFAS 123R and SAB 107 for amortization of outstanding options that vest subsequent to June 30, 2005, and were granted prior to our implementation of SFAS 123 on July 1, 2003. There was no remaining amortization on these outstanding options at June 30, 2007.

The tax benefit of the stock option expense of \$1.3 million and \$19.8 million for the years ended June 30, 2008 and 2007, which was calculated using the short-cut method, has been included in other net changes as a cash inflow from financing activities on the consolidated statements of cash flows.

The fair value of each option granted or modified was estimated using an option-pricing model with the following weighted average assumptions:

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Expected dividends	0	0	0
Expected volatility	60.8%	32.6%	33.7%
Risk-free interest rate	3.3%	4.8%	4.7%
Expected life	1.2 years	1.5 years	2.6 years

We have not paid out dividends historically, thus the dividend yields are estimated at zero percent.

Expected volatility reflects an average of the implied and historical volatility rates. Management believes that a combination of market-based measures is currently the best available indicator of expected volatility.

The risk-free interest rate is the implied yield available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options.

The expected lives of options are determined based on our historical option exercise experience and the term of the option.

Assumptions are reviewed each time there is a new grant or modification of a previous grant and may be impacted by actual fluctuation in our stock price, movements in market interest rates and option terms. The use of different assumptions produces a different fair value for the options granted or modified and impacts the amount of compensation expense recognized on the consolidated statements of operations and comprehensive operations.

Recent Market Developments

We anticipate that a number of factors will adversely impact our liquidity in fiscal 2009: higher credit enhancement levels in our securitization transactions caused by a reduction in excess spread due to higher cost of funds, and to a lesser extent, the credit deterioration we are experiencing in our portfolio; disruptions in the capital markets, making the execution of securitization transactions more challenging and expensive and decreased cash distributions from our securitization Trusts due to weaker credit performance.

Since January 2008, we have revised our operating plan in an effort to preserve and strengthen our capital and liquidity position, and to maintain sufficient capacity on our credit facilities to fund new loan originations until capital market conditions improve for securitization transactions. Under this revised plan, we increased the minimum credit score requirements for new loan originations, decreased our originations infrastructure by closing and consolidating credit center locations, selectively decreased the number of dealers from whom we purchase loans and reduced originations and support function headcounts. We have discontinued new originations in our direct lending, leasing and specialty prime platforms, certain partner relationships, and in Canada. Our fiscal 2009 target for annualized loan origination levels has been reduced to approximately \$3.0 billion. We recognized restructuring charges of \$20.1 million for fiscal 2008, related to the closing and consolidating of credit center locations and headcount reductions.

We believe that we have sufficient liquidity and warehouse capacity to operate under this plan through fiscal 2009. However, if the asset-backed securities market or the credit markets, in general, continue to deteriorate, or if economic factors further deteriorate resulting in weaker credit performance, we may need to reduce our targeted origination volume below the \$3.0 billion level to sustain adequate liquidity.

Recently Issued Accounting Pronouncements

Statement of Financial Accounting Standards No. 157

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (“SFAS 157”), which defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. SFAS 157 requires companies to disclose the fair value of its financial instruments according to a fair value hierarchy. Additionally, companies are required to provide certain disclosures regarding instruments within the hierarchy, including a reconciliation of the beginning and ending balances for each major category of assets and liabilities. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements. SFAS 157 is effective for our fiscal year ending June 30, 2009. Management does not expect this to have a material impact on our consolidated financial position, results of operations or cash flows.

Statement of Financial Accounting Standards No. 159

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (“SFAS 159”), which provides the option to report certain financial assets and liabilities at fair value, with the intent to mitigate volatility in financial reporting that can occur when related assets and liabilities are recorded on different bases. SFAS 159 also amends SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, by providing the option to record unrealized gains and losses on

securities currently classified as held-for-sale and held-to-maturity. SFAS 159 is effective for our fiscal year ending June 30, 2009. Management does not expect this to have a material impact on our consolidated financial position, results of operations or cash flows.

Statement of Financial Accounting Standards No. 141R

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, *Business Combinations* (“SFAS 141R”), which replaces Statement of Financial Accounting Standards No. 141, *Business Combinations*. SFAS 141R establishes principles and requirements for determining how an enterprise recognizes and measures the fair value of certain assets and liabilities acquired in a business combination, including noncontrolling interests, contingent consideration and certain acquired contingencies. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations beginning in our 2010 fiscal year. We are currently evaluating the impact that SFAS 141R will have on our consolidated financial position, results of operations or cash flows.

Statement of Financial Accounting Standards No. 161

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, (“SFAS No. 161”). SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2008. The adoption of SFAS No. 161 will not affect our consolidated financial condition, results of operations or cash flows, but may require additional disclosures for our derivative and hedging activities.

Financial Accounting Standards Board Staff Position APB 14-1

In May 2008, the FASB issued FSP Accounting Principles Board (“APB”) 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (“FSP APB 14-1”). FSP APB 14-1 requires the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer’s non-convertible debt borrowing rate. FSP APB 14-1 is effective for fiscal years beginning after December 15, 2008 on a retroactive basis and will be adopted by us in the first quarter of fiscal 2010. We are currently evaluating the impact that FSP APB 14-1 will have on our consolidated financial position, results of operations or cash flows.

2. Acquisitions

On January 1, 2007, we acquired the stock of Long Beach Acceptance Corporation (“LBAC”). The total consideration in the all-cash transaction, including transaction costs, was approximately \$287.7 million. The fair value of the net assets acquired was approximately \$90.9 million, which resulted in goodwill of approximately \$196.8 million, all of which is deductible for federal income tax purposes. LBAC served auto dealers in 34 states offering auto finance products primarily to consumers with near prime credit bureau scores. Subsequent to the acquisition, we adjusted our preliminary allocation of the LBAC purchase price by \$7.7 million. See Note 1 “Summary of Significant Accounting Policies—Goodwill”.

On May 1, 2006, we acquired the stock of Bay View Acceptance Corporation (“BVAC”). The total consideration in the all-cash transaction was approximately \$64.6 million. The fair value of the net assets acquired was \$50.2 million which resulted in goodwill of \$14.4 million, which is not deductible for federal income tax purposes. BVAC served auto dealers in 32 states offering specialized auto finance products, including

extended term financing and higher loan-to-value advances to consumers with prime credit bureau scores. Subsequent to the acquisition, we adjusted our preliminary allocation of the BVAC purchase price by \$6.3 million. See Note 1 “Summary of Significant Accounting Policies—Goodwill”.

The results of operations of LBAC and BVAC subsequent to the respective dates of acquisition are included in our statements of operations and comprehensive operations. As of June 30, 2008, the operations of LBAC and BVAC have been integrated into our originations, servicing, and administrative activities and we provide auto finance products solely under the AmeriCredit Financial Services, Inc. name.

3. Finance Receivables

Finance receivables consist of the following (in thousands):

<u>June 30,</u>	<u>2008</u>	<u>2007</u>
Finance receivables unsecured, net of fees	\$ 3,572,214	\$ 3,054,183
Finance receivables securitized, net of fees	11,409,198	12,868,275
Less nonaccretable acquisition fees	(42,802)	(120,425)
Less allowance for loan losses	(908,311)	(699,663)
	<u>\$14,030,299</u>	<u>\$15,102,370</u>

Finance receivables securitized represent receivables transferred to our special purpose finance subsidiaries in securitization transactions accounted for as secured financings. Finance receivables unsecured include \$3,327.3 million and \$2,797.4 million pledged under our credit facilities as of June 30, 2008 and 2007, respectively.

Finance receivables are collateralized by vehicle titles and we have the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

The accrual of finance charge income has been suspended on \$728.8 million and \$632.9 million of delinquent finance receivables as of June 30, 2008 and 2007, respectively.

Finance contracts are purchased by us from auto dealers without recourse, and accordingly, the dealer has no liability to us if the consumer defaults on the contract. Depending upon the contract structure and consumer credit attributes, we may pay dealers a participation fee or we may charge dealers a non-refundable acquisition fee when purchasing individual finance contracts. We record the amortization of participation fees to finance charge income using the effective interest rate method. We record the accretion of acquisition fees on loans purchased subsequent to June 30, 2004, to finance charge income using the effective interest method. We recorded acquisition fees on loans purchased prior to July 1, 2004, as nonaccretable fees available to cover losses inherent in the loan portfolio. Additionally, we recorded a discount on finance receivables repurchased upon the exercise of a clean-up call option from our gain on sale securitization transactions and account for such discounts as nonaccretable discounts.

A summary of nonaccretable acquisition fees is as follows (in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Balance at beginning of year	\$120,425	\$203,128	\$199,810
Repurchase of receivables	109	9,195	29,423
Net charge-offs	(77,732)	(91,898)	(26,105)
Balance at end of year	<u>\$ 42,802</u>	<u>\$120,425</u>	<u>\$203,128</u>

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

<u>Years ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Balance at beginning of year	\$ 699,663	\$ 475,529	\$ 341,408
Acquisition of Bay View			7,857
Acquisition of Long Beach		42,677	
Provision for loan losses	1,130,962	727,653	567,545
Net charge-offs	(922,314)	(546,196)	(441,281)
Balance at end of year	<u>\$ 908,311</u>	<u>\$ 699,663</u>	<u>\$ 475,529</u>

4. Securitizations

A summary of our securitization activity and cash flows from special purpose entities used for securitizations is as follows (in thousands):

<u>Years ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Receivables securitized	\$4,634,083	\$7,659,927	\$5,000,007
Net proceeds from securitization	4,250,000	6,748,304	4,645,000
Servicing fees:			
Sold	168	2,726	35,513
Secured financing ^(a)	306,949	276,942	218,986
Distributions from Trusts:			
Sold	7,466	93,271	454,531
Secured financing	668,510	854,220	653,803

(a) *Servicing fees earned on securitizations accounted for as secured financings are included in finance charge income on the consolidated statements of operations and comprehensive operations.*

We retain servicing responsibilities for receivables transferred to the Trusts. We earn a monthly base servicing fee on the outstanding principal balance of our domestic securitized receivables and supplemental fees (such as late charges) for servicing the receivables. We believe that servicing fees received on our domestic securitization pools represent adequate compensation based on the amount currently demanded by the marketplace. Additionally, these fees are the same as would fairly compensate a substitute servicer should one be required and, thus, we record neither a servicing asset nor a servicing liability.

As of June 30, 2008 and 2007, we were servicing \$11.4 billion and \$12.9 billion, respectively, of finance receivables that have been sold or transferred to securitization Trusts.

In April 2008, we entered into a one year, \$2 billion forward purchase commitment agreement with Deutsche Bank AG, Cayman Islands Branch (“Deutsche”). Under this agreement and subject to certain terms, Deutsche will purchase triple-A rated asset-backed securities issued by our sub-prime AMCAR securitization platform in registered public offerings. We paid \$20 million of upfront commitment fees which are being amortized to interest expense over the term of the facility. Unamortized costs of \$15.8 million, as of June 30, 2008, are included in other assets on the consolidated balance sheets.

5. Equity Investment

We held an equity investment in DealerTrack Holdings, Inc. (“DealerTrack”), a leading provider of on-demand software and data solutions that utilizes the Internet to link automotive dealers with banks, finance companies, credit unions and other financing sources. On December 16, 2005, DealerTrack completed an initial public offering (“IPO”) of its common stock. At the time of the IPO we owned 3,402,768 shares of DealerTrack

with an average cost of \$4.15 per share. As part of the IPO, we sold 758,526 shares for net proceeds of \$15.81 per share resulting in an \$8.8 million gain. We owned 2,644,242 shares of DealerTrack with a market value of \$22.11 per share at June 30, 2006. This equity investment was classified as available for sale, and changes in its market value were reflected in other comprehensive income. At June 30, 2006, the investment was included in other assets on the consolidated balance sheets and was valued at \$58.5 million. Included in accumulated other comprehensive income on the consolidated balance sheets was \$47.5 million in unrealized gains related to our investment in DealerTrack at June 30, 2006. During the year ended June 30, 2007, we sold our remaining investment in DealerTrack for net proceeds of \$23.81 per share, resulting in a \$52.0 million gain.

6. Goodwill Impairment

We performed goodwill impairment testing as of June 30, 2008, in accordance with the policy described in Note 1. As of June 30, 2008, there was an indication of impairment and accordingly, the second step was performed. Based on the results of the second step, we fully impaired our goodwill balance and took a \$212.6 million goodwill impairment charge for the year ended June 30, 2008.

The primary cause of the goodwill impairment is the decline in our market capitalization, which declined 13.6 percent from March 31, 2008, to \$1,002.6 million at June 30, 2008. The decline, which is consistent with market capitalization declines experienced by other financial services companies over the same time period, was caused primarily by investor concerns over external factors, including capital market dislocations and the impact of weakening economic conditions on consumer loan portfolios.

In determining fair value of our assets and liabilities for the impairment testing, we used the book value as fair value except for the following items. The fair value of finance receivables was estimated by discounting future cash flows expected to be collected using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. The allowance for loan losses associated with the finance receivables was considered a reduction of fair value. Lastly, on the senior notes, convertible senior notes and securitization notes payable, we obtained current market quotes to determine fair value.

A summary of changes to goodwill is as follows (in thousands):

<u>Year ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Balance at beginning of year	\$ 208,435	14,435	
Acquisitions		196,770	\$14,435
Adjustments to goodwill	4,160	(2,770)	
Impairment	<u>(212,595)</u>		
Balance at end of year	<u>\$</u>	<u>\$208,435</u>	<u>\$14,435</u>

7. Credit Facilities

Amounts outstanding under our credit facilities are as follows (in thousands):

<u>June 30,</u>	<u>2008</u>	<u>2007</u>
Master warehouse facility	\$1,470,335	\$ 822,955
Medium term note facility	750,000	750,000
Call facility	156,945	440,561
Prime/Near prime facility	424,669	
BVAC credit facility		106,949
LBAC credit facility		371,902
Canadian credit facility	126,212	49,335
	<u>\$2,928,161</u>	<u>\$2,541,702</u>

Further detail regarding terms and availability of the credit facilities as of June 30, 2008, follows (in thousands):

<u>Maturity^(a)</u>	<u>Facility Amount</u>	<u>Advances Outstanding</u>	<u>Finance Receivables Pledged</u>	<u>Restricted Cash Pledged^(c)</u>
Master warehouse facility:				
October 2009	\$2,500,000	\$1,470,335	\$1,659,341	\$ 38,057
Medium term note facility:				
October 2009 ^(b)	750,000	750,000	782,953	77,984
Call facility:				
August 2008	500,000	156,945	255,075	24,996
Prime/Near Prime facility:				
September 2008	1,120,000	424,669	473,302	7,050
Canadian credit facility:				
May 2008		126,212	156,667	3,041
Lease warehouse facility				
June 2009	100,000			
	<u>\$4,970,000</u>	<u>\$2,928,161</u>	<u>\$3,327,338</u>	<u>\$151,128</u>

- (a) *Because the facilities are non-recourse to us, the outstanding debt balance can either be repaid in full or over time based on the amortization of receivables pledged.*
- (b) *This facility is a revolving facility through the date stated above. During the revolving period, we have the ability to substitute receivables for cash, or vice versa.*
- (c) *These amounts do not include cash collected on finance receivables pledged of \$108.6 million which is also included in restricted cash—credit facilities on the consolidated balance sheets.*

Generally, our credit facilities are administered by agents on behalf of institutionally managed commercial paper or medium term note conduits. Under these funding agreements, we transfer finance receivables to our special purpose finance subsidiaries. These subsidiaries, in turn, issue notes to the agents, collateralized by such finance receivables and cash. The agents provide funding under the notes to the subsidiaries pursuant to an advance formula, and the subsidiaries forward the funds to us in consideration for the transfer of finance receivables. While these subsidiaries are included in our consolidated financial statements, these subsidiaries are separate legal entities and the finance receivables and other assets held by these subsidiaries are legally owned by these subsidiaries and are not available to our creditors or our other subsidiaries. Advances under the funding agreements bear interest at commercial paper, LIBOR or prime rates plus specified fees depending upon the source of funds provided by the agents.

We are required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain of the facilities. Additionally, certain funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings under these agreements. As of June 30, 2008, we were in compliance with all financial and portfolio performance covenants in our credit facilities.

The call facility matured in August 2008 and was not renewed. Under the terms of the facility, receivables pledged will amortize down until the facility pays off.

In April 2008, we amended our prime/near prime facility to address a potential portfolio performance ratio violation in the facility related to credit losses in our Bay View and Long Beach portfolios. The amendment reduced the size of the facility to \$1,120.0 million from \$1,500.0 million. The facility matures in September 2008, and we expect to renew this facility at an amount of \$400.0 to \$500.0 million.

In connection with the closure of our Canadian lending activities, we did not renew the Canadian credit facility in May 2008. Under the terms of the facility, the outstanding balance will amortize down and is due in full in May 2009.

Debt issuance costs are being amortized to interest expense over the expected term of the credit facilities. Unamortized costs of \$6.0 million and \$6.5 million, as of June 30, 2008 and 2007, respectively, are included in other assets on the consolidated balance sheets.

8. Securitization Notes Payable

Securitization notes payable represents debt issued by us in securitization transactions. Debt issuance costs are being amortized over the expected term of the securitizations on an effective yield basis. Unamortized costs of \$19.3 million and \$23.6 million as of June 30, 2008 and 2007, respectively, are included in other assets on the consolidated balance sheets.

Securitization notes payable consists of the following (dollars in thousands):

<u>Transaction</u>	<u>Maturity Date^(b)</u>	<u>Original Note Amount</u>	<u>Original Weighted Average Interest Rate</u>	<u>Receivables Pledged at June 30, 2008</u>	<u>Note Balance at June 30, 2008</u>	<u>Note Balance at June 30, 2007</u>
2003-D-M	August 2010	\$ 1,200,000	2.3%			\$ 141,922
2004-A-F	February 2011	750,000	2.3%			101,016
2004-B-M	March 2011	900,000	2.2%			144,853
2004-1	July 2010	575,000	3.7%	\$ 69,027	\$ 50,021	105,136
2004-C-A	May 2011	800,000	3.2%	110,858	99,661	193,157
2004-D-F	July 2011	750,000	3.1%	119,566	109,454	204,843
2005-A-X	October 2011	900,000	3.7%	167,891	151,411	273,423
2005-1	May 2011	750,000	4.5%	156,553	113,814	204,676
2005-B-M	May 2012	1,350,000	4.1%	335,733	296,382	512,558
2005-C-F	June 2012	1,100,000	4.5%	318,117	285,458	485,962
2005-D-A	November 2012	1,400,000	4.9%	464,824	421,117	702,147
2006-1	May 2013	945,000	5.3%	348,202	270,935	493,001
2006-R-M	January 2014	1,200,000	5.4%	793,460	715,365	1,147,175
2006-A-F	September 2013	1,350,000	5.6%	648,219	588,536	939,933
2006-B-G	September 2013	1,200,000	5.2%	653,164	595,651	928,195
2007-A-X	October 2013	1,200,000	5.2%	730,841	672,867	1,032,388
2007-B-F	December 2013	1,500,000	5.2%	1,035,655	951,863	1,432,013
2007-1	March 2016	1,000,000	5.4%	648,505	645,013	999,963
2007-C-M	April 2014	1,500,000	5.5%	1,167,652	1,071,037	
2007-D-F	June 2014	1,000,000	5.5%	828,070	759,468	
2007-2-M	March 2016	1,000,000	5.3%	809,597	765,260	
2008-A-F	October 2014	750,000	6.0%	897,885	742,073	
BV2005-LJ-1 ^(a)	May 2012	232,100	5.1%	47,916	49,736	85,113
BV2005-LJ-2 ^(a)	February 2014	185,596	4.6%	45,403	46,981	79,394
BV2005-3 ^(a)	June 2014	220,107	5.1%	69,483	71,883	116,950
LB2003-C ^(a)	April 2010	250,000	2.6%			31,364
LB2004-A ^(a)	July 2010	300,000	2.3%			49,671
LB2004-B ^(a)	April 2011	250,000	3.5%	25,046	26,417	54,318
LB2004-C ^(a)	July 2011	350,000	3.5%	54,580	53,905	99,960
LB2005-A ^(a)	April 2012	350,000	4.1%	74,611	77,108	126,095
LB2005-B ^(a)	June 2012	350,000	4.4%	97,912	94,243	156,776
LB2006-A ^(a)	May 2013	450,000	5.4%	171,187	161,445	281,610
LB2006-B ^(a)	September 2013	500,000	5.2%	229,293	237,033	364,485
LB2007-A	January 2014	486,000	5.0%	289,948	296,190	451,350
		<u>\$27,043,803</u>		<u>\$11,409,198</u>	<u>\$10,420,327</u>	<u>\$11,939,447</u>

(a) Transactions relate to securitization Trusts acquired by us.

(b) Maturity date represents final legal maturity of securitization notes payable. Securitization notes payable are expected to be paid based on amortization of the finance receivables pledged to the Trusts. Expected principal payments are \$4,374.9 million in fiscal 2009, \$3,039.2 million in fiscal 2010, \$1,853.5 million in fiscal 2011, \$1,071.0 million in fiscal 2012 and \$82.8 million in fiscal 2013.

At the time of securitization of finance receivables, we are required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. Typically, the assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the Trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the

transaction to increase until a specified level is attained. Excess cash flows generated by the Trusts are added to the restricted cash account or used to pay down outstanding debt in the Trusts, creating overcollateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the Trusts are released to us as distributions from Trusts. Additionally, as the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to us as distributions from Trusts.

With respect to our securitization transactions covered by a financial guaranty insurance policy, agreements with the insurers provide that if portfolio performance ratios (delinquency, cumulative default or cumulative net loss) in a Trust's pool of receivables exceed certain targets, the specified credit enhancement levels would be increased.

The securitization transactions insured by some of our financial guaranty insurance providers are cross-collateralized to a limited extent. In the event of a shortfall in the original target credit enhancement requirement for any of these securitization Trusts after a certain period of time, excess cash flows from other transactions insured by the same insurance provider would be used to satisfy the shortfall amount.

During fiscal 2008 and as of June 30, 2008, three LBAC securitizations (LB2006-A, LB2006-B and LB2007-A) had delinquency ratios in excess of the targeted levels. As part of an arrangement with the insurer of these transactions, the excess cash flows from our other securitizations insured by this insurer were used to fund higher credit enhancement requirements in the LBAC Trusts which exceeded the portfolio performance ratios. As of June 30, 2008, we have reached the higher required credit enhancement levels in these three LBAC Trusts.

During fiscal 2008, we entered into an agreement with an insurer to increase the portfolio performance ratios in the 2007-2-M securitization. In return for higher portfolio performance ratios, we agreed to use excess cash flow from other securitizations insured by this insurer to fund the higher credit enhancement requirement for the 2007-2-M Trust. As of June 30, 2008, we have reached the higher required credit enhancement in this Trust.

Agreements with our financial guaranty insurance providers contain additional specified targeted portfolio performance ratios that are higher than those described in the preceding paragraph. If, at any measurement date, the targeted portfolio performance ratios with respect to any insured Trust were to exceed these higher levels, provisions of the agreements permit our financial guaranty insurance providers to terminate our servicing rights to the receivables sold to that Trust.

9. Senior Notes

In June 2007, we issued \$200.0 million of senior notes that are due in June 2015. Interest on the senior notes is payable semiannually at a rate of 8.5%. The notes will be redeemable, at our option, in whole or in part, at any time on or after July 1, 2011, at specific redemption prices.

Debt issuance costs related to the senior notes are being amortized to interest expense over the expected term of the notes; unamortized costs of \$3.6 and \$3.5 million are included in other assets on the consolidated balance sheets as of June 30, 2008 and 2007, respectively.

On May 10, 2006, we redeemed all of our outstanding 9.25% senior notes due May 2009 for a redemption price of 104.625% plus accrued interest through the redemption date. The principal amount of the outstanding notes was \$154.6 million. Upon the payment of the redemption price plus accrued interest, we recognized a \$9.2 million extinguishment loss, which is included in other income on the consolidated statements of operations and comprehensive operations for the year ended June 30, 2006.

10. Convertible Senior Notes

In September 2006, we issued \$550.0 million of convertible senior notes, of which \$275.0 million are due in 2011, bearing interest at a rate of 0.75% per annum, and \$275.0 million are due in 2013, bearing interest at a rate of 2.125% per annum. Interest on the notes is payable semiannually. Subject to certain conditions, the notes, which are uncollateralized, may be converted prior to maturity into shares of our common stock at an initial conversion price of \$28.07 per share and \$30.51 per share for the notes due in 2011 and 2013, respectively. Upon conversion, the conversion value will be paid in: 1) cash equal to the principal amount of the notes and 2) to the extent the conversion value exceeds the principal amount of the notes, shares of our common stock. The notes are convertible only in the following circumstances: 1) if the closing sale price of our common stock exceeds 130% of the conversion price during specified periods set forth in the indentures under which the notes were issued, 2) if the average trading price per \$1,000 principal amount of the notes is less than or equal to 98% of the average conversion value of the notes during specified periods set forth in the indentures under which the notes were issued or 3) upon the occurrence of specific corporate transactions set forth in the indentures under which the notes were issued.

In connection with the issuance of these convertible senior notes, we used net proceeds of \$246.8 million to purchase 10,109,500 shares of our common stock.

In conjunction with the issuance of the convertible senior notes, we purchased call options that entitle us to purchase shares of our common stock in an amount equal to the number of shares issued upon conversion of the notes at \$28.07 per share and \$30.51 per share for the notes due in 2011 and 2013, respectively. These call options are expected to allow us to offset the dilution of our shares if the conversion feature of the convertible senior notes is exercised.

We also sold warrants to purchase 9,796,408 shares of our common stock at \$35.0 per share and 9,012,713 shares of our common stock at \$40 per share for the notes due in 2011 and 2013, respectively. In no event are we required to deliver a number of shares in connection with the exercise of these warrants in excess of twice the aggregate number of shares initially issuable upon the exercise of the warrants.

We have analyzed the conversion feature, call option and warrant transactions under Emerging Issues Task Force Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to and Potentially Settled In a Company's Own Stock," and determined they meet the criteria for classification as equity transactions. As a result, both the cost of the call options and the proceeds of the warrants are reflected in additional paid-in capital on our consolidated balance sheets, and we will not recognize subsequent changes in their fair value.

In November 2003, we issued \$200.0 million of contingently convertible senior notes that are due in November 2023. Interest on the notes is payable semiannually at a rate of 1.75% per annum. The notes, which are uncollateralized, are convertible prior to maturity into shares of our common stock at \$18.68 per share. Additionally, we may exercise our option to repurchase the notes, or holders of the convertible senior notes may require us to repurchase the notes, on November 15, 2008, at a price equal to 100.25% of the principal amount of the notes redeemed, or after November 15, 2008 at par. Subsequent to June 30, 2008, we repurchased \$114.7 million of these convertible notes at a small discount. Holders of the remaining balance of \$85.3 million of these convertible notes may require us to repurchase the notes on November 15, 2008, at a price equal to 100.25% of the principal amount of the notes redeemed.

In conjunction with the issuance of the convertible senior notes, we purchased a call option that entitles us to purchase shares of our common stock in an amount equal to the number of shares convertible at \$18.68 per share. This call option allows us to offset the dilution of our shares if the conversion feature of the convertible senior notes is exercised. We also issued warrants to purchase 10,705,205 shares of our common stock. Each warrant entitles the holder, at our option, and subject to certain provisions within the warrant agreement, to purchase shares of common stock from us at \$28.20 per share, at any time prior to its expiration on

October 15, 2008. The warrants may be settled in net shares or net cash, at our discretion if certain criteria are met. Both the cost of the call option and the proceeds of the warrants are reflected in additional paid in capital on our consolidated balance sheets. During the year ended June 30, 2008, we sold the call option and repurchased these warrants.

Debt issuance costs relating to convertible senior notes are being amortized to interest expense over the expected term of five to seven years of the notes; unamortized costs of \$9.6 million and \$12.9 million are included in other assets on the consolidated balance sheets as of June 30, 2008 and 2007, respectively.

11. Derivative Financial Instruments and Hedging Activities

As of June 30, 2008 and 2007, we had interest rate swap agreements with underlying notional amounts of \$3.2 billion and \$2.4 billion, respectively. The fair value of our interest rate swap agreements of \$72.7 million, as of June 30, 2008, is included in other liabilities, on the consolidated balance sheets. The fair value of our interest rate swap agreements of \$14.9 million, as of June 30, 2007, is included in other assets on the consolidated balance sheets. Interest rate swap agreements designated as hedges had unrealized losses of approximately \$70.2 million and unrealized gains of approximately \$14.2 million included in accumulated other comprehensive (loss) income of as of June 30, 2008 and 2007, respectively. The ineffectiveness related to the interest rate swap agreements designated as hedges was not material for the years ended June 30, 2008, 2007 and 2006. We estimate approximately \$44.9 million of unrealized losses included in other comprehensive (loss) income related to interest rate swap agreements will be reclassified into earnings within the next twelve months.

As of June 30, 2008 we had interest rate cap agreements with underlying notional amounts of \$3.2 billion for caps we purchased and \$3.0 billion for caps we sold. At June 30, 2007, we had interest rate cap agreements with underlying notional amounts of \$4.3 billion. The fair value of the interest rate cap agreements purchased by our special purpose finance subsidiaries of \$36.5 million and \$13.4 million as of June 30, 2008 and 2007, respectively, are included in other assets on the consolidated balance sheets. The fair value of the interest rate cap agreements sold by us of \$36.4 million and \$13.4 million as of June 30, 2008 and 2007, respectively, are included in other liabilities on the consolidated balance sheets.

Under the terms of our derivative financial instruments, we are required to pledge certain funds to be held in restricted cash accounts as collateral for the outstanding derivative transactions. As of June 30, 2008 and 2007, these restricted cash accounts totaled \$52.8 million and \$10.2 million, respectively, and are included in other assets on the consolidated balance sheets.

12. Commitments and Contingencies

Leases

Our credit centers are generally leased for terms of up to five years with certain rights to extend for additional periods. We also lease space for our administrative offices and loan servicing activities under leases with terms up to twelve years with renewal options. Certain leases contain lease escalation clauses for real estate taxes and other operating expenses and renewal option clauses calling for increased rents. Lease expense was \$18.5 million, \$16.6 million and \$17.5 million for the years ended June 30, 2008, 2007 and 2006, respectively.

Operating lease commitments for years ending June 30 are as follows (in thousands):

2009	\$18,973
2010	12,259
2011	8,642
2012	7,035
2013	6,698
Thereafter	15,036
	<u>\$68,643</u>

Concentrations of Credit Risk

Financial instruments which potentially subject us to concentrations of credit risk are primarily cash equivalents, restricted cash, derivative financial instruments and finance receivables. Our cash equivalents and restricted cash represent investments in highly rated securities placed through various major financial institutions and highly rated investments in guaranteed investment contracts. The counterparties to our derivative financial instruments are various major financial institutions. Finance receivables represent contracts with consumers residing throughout the United States and, to a limited extent, in Canada, with borrowers located in Texas, California and Florida each accounting for 12%, 10% and 10%, respectively, of the managed finance receivables portfolio as of June 30, 2008. No other state accounted for more than 10% of managed finance receivables.

Guarantees of Indebtedness

The payments of principal and interest on our senior notes and convertible senior notes are guaranteed by certain of our subsidiaries. As of June 30, 2008 and 2007, the carrying value of the senior notes and convertible senior notes was \$950.0 million. See guarantor consolidating financial statements in Note 23.

Legal Proceedings

As a consumer finance company, we are subject to various consumer claims and litigation seeking damages and statutory penalties, based upon, among other things, usury, disclosure inaccuracies, wrongful repossession, violations of bankruptcy stay provisions, certificate of title disputes, fraud, breach of contract and discriminatory treatment of credit applicants. Some litigation against us could take the form of class action complaints by consumers and/or shareholders. As the assignee of finance contracts originated by dealers, we may also be named as a co-defendant in lawsuits filed by consumers principally against dealers. The damages and penalties claimed by consumers in these types of matters can be substantial. The relief requested by the plaintiffs varies but can include requests for compensatory, statutory and punitive damages. We believe that we have taken prudent steps to address and mitigate the litigation risks associated with our business activities. In the opinion of management, the ultimate aggregate liability, if any, arising out of any such pending or threatened litigation will not be material to our consolidated financial position or our results of operations and cash flows.

Income Taxes

We adopted the provisions of FIN 48 on July 1, 2007. As of June 30, 2008, we had liabilities, included in accrued taxes and expenses on the consolidated balance sheets, associated with uncertain tax positions of \$73.6 million. Due to uncertainty regarding the timing of future cash flows associated with FIN 48 liabilities, a reasonable estimate of the period of cash settlement is not determinable. See Note 16 "Income Taxes" for a discussion of the impact of implementing FIN 48.

13. Common Stock and Warrants

The following summarizes share repurchase activity:

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of shares	5,734,850	13,466,030	21,025,074
Average price per share	\$ 22.30	\$ 24.06	\$ 25.12

We have repurchased \$1,374.8 million of our common stock since April 2004 and we have remaining authorization to repurchase \$172.0 million of our common stock. A covenant in our senior note indenture entered into in June 2007 limits our ability to repurchase stock. Currently, we are not eligible to repurchase shares under the indenture limits and do not plan to pursue repurchase activity for the foreseeable future.

In October 2007 and January 2007, 5.0 million and 53.6 million, respectively, of treasury shares were cancelled and were restored to the status of authorized but unissued shares. Our outstanding common stock was not impacted by this action.

In connection with the closing of the forward purchase agreement (See Note 4), we issued a warrant to an affiliate of Deutsche under which they may purchase up to 7.5 million shares of common stock. The warrant may be exercised on or before April 15, 2015 at an exercise price of \$12.01 per share. The total value of the warrant is \$48.9 million and is being amortized to interest expense and additional paid in capital over the term of the forward purchase agreement. As of June 30, 2008, there was \$38.7 million of unamortized cost.

In September 2002, we issued five-year warrants to purchase 1,287,691 shares of our common stock at \$9.00 per share. In April 2005, 36,695 warrants were exercised, which resulted in a net settlement of 24,431 shares of our common stock. In July 2006, we repurchased 17,687 shares of these warrants for approximately \$334,000. In September 2007, 1,185,225 warrants were exercised, which resulted in a net settlement of 1,065,047 shares of our common stock for approximately \$8.6 million. The remaining outstanding warrants have expired.

14. Stock Based Compensation

General

We have certain stock based compensation plans for employees, non-employee directors and key executive officers.

A total of 15,000,000 shares have been authorized for grants of options and other stock based awards under the employee plans, of which 9,000,000 shares were available for grants to non-employee directors as well as employees. As of June 30, 2008, 3,708,423 shares remain available for future grants. The exercise price of each equity grant must equal the market price of our stock on the date of grant, and the maximum term of each equity grant is ten years. The vesting period is typically three to four years, although grants with other vesting periods or grants that vest upon the achievement of specified performance criteria may be authorized under certain employee plans. A committee of our Board of Directors establishes policies and procedures for equity grants, vesting periods and the term of each grant.

Total unamortized stock based compensation was \$11.9 million as of June 30, 2008, and will be recognized over a weighted average life of 1.3 years.

Stock Options

Compensation expense recognized for stock options was \$1.0 million, \$0.9 million and \$6.7 million for the years ended June 30, 2008, 2007 and 2006, respectively. As of June 30, 2008 and 2007, unamortized compensation expense related to stock options was \$1.0 million and \$1.6 million, respectively.

Employee Plans

A summary of stock option activity under our employee plans is as follows (shares in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>		<u>2007</u>		<u>2006</u>	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at beginning of year	3,499	\$18.83	5,724	\$16.51	7,569	\$15.39
Granted			76	24.80	160	25.00
Exercised	(1,119)	9.01	(2,186)	11.98	(1,858)	12.37
Canceled/forfeited	(253)	23.21	(115)	38.69	(147)	20.26
Outstanding at end of year	<u>2,127</u>	<u>\$23.48</u>	<u>3,499</u>	<u>\$18.83</u>	<u>5,724</u>	<u>\$16.51</u>
Options exercisable at end of year	<u>2,055</u>	<u>\$23.34</u>	<u>3,378</u>	<u>\$18.53</u>	<u>5,634</u>	<u>\$16.36</u>
Weighted average fair value of options granted during year				<u>\$ 6.92</u>		<u>\$ 9.33</u>

Cash received from exercise of options for the years ended June 30, 2008, 2007 and 2006 was \$10.1 million, \$26.2 million and \$23.0 million, respectively. The total intrinsic value of options exercised during the years ended June 30, 2008, 2007 and 2006 was \$6.4 million, \$30.0 million and \$28.8 million, respectively.

A summary of options outstanding under our employee plans as of June 30, 2008, is as follows (shares in thousands):

<u>Range of Exercise Prices</u>	<u>Options Outstanding</u>			<u>Options Exercisable</u>	
	<u>Number Outstanding</u>	<u>Weighted Average Years of Remaining Contractual Life</u>	<u>Weighted Average Exercise Price</u>	<u>Number Outstanding</u>	<u>Weighted Average Exercise Price</u>
\$6.80 to 10.00	70	4.25	\$ 7.18	70	\$ 7.18
\$10.01 to 15.00	125	3.82	13.79	125	13.79
\$15.01 to 17.00	517	2.52	16.18	517	16.18
\$17.01 to 19.00	408	1.24	17.87	408	17.87
\$19.01 to 21.00	192	4.23	20.26	192	20.26
\$21.01 to 30.00	390	4.12	25.66	324	25.60
\$30.01 to 50.00	406	2.32	42.21	400	42.21
\$50.01 to 55.00	19	3.02	54.14	19	54.14
	<u>2,127</u>			<u>2,055</u>	

Non-Employee Director Plans

A summary of stock option activity under our non-employee director plans is as follows (shares in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>		<u>2007</u>		<u>2006</u>	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at beginning of year	220	\$15.88	260	\$14.88	270	\$14.57
Exercised	(20)	14.63	(40)	9.38	(10)	6.50
Canceled/forfeited	(40)	14.63	—	—	—	—
Outstanding and exercisable at end of year	<u>160</u>	<u>\$16.35</u>	<u>220</u>	<u>\$15.88</u>	<u>260</u>	<u>\$14.88</u>

Cash received from exercise of options for the years ended June 30, 2008, 2007 and 2006, was \$0.3 million, \$0.4 million and \$0.1 million, respectively. The total intrinsic value of options exercised during the years ended June 30, 2008, 2007 and 2006 was \$0.1 million, \$0.7 million and \$0.2 million, respectively.

A summary of options outstanding under our non-employee director plans as of June 30, 2008, is as follows (shares in thousands):

<u>Range of Exercise Prices</u>	<u>Options Outstanding and Exercisable</u>		
	<u>Number Outstanding</u>	<u>Weighted Average Years of Remaining Contractual Life</u>	<u>Weighted Average Exercise Price</u>
\$10.01 to \$15.00	80	.35	\$14.88
\$15.01 to 20.00	80	1.35	17.81
	<u>160</u>		

Key Executive Officer Plans

A summary of stock option activity under our key executive officer plans is as follows (shares in thousands):

<u>Years Ended June 30,</u>	<u>2007</u>		<u>2006</u>	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at beginning of year	2,172	\$12.00	2,672	\$11.40
Exercised	(2,172)	12.00	(500)	8.80
Outstanding and exercisable at end of year	<u> </u>	<u> </u>	<u>2,172</u>	<u>\$12.00</u>

Cash received from exercise of options for the years ended June 30, 2007 and 2006, was \$26.1 million and \$4.4 million, respectively. The total intrinsic value of options exercised during the years ended June 30, 2007 and 2006, was \$27.8 million and \$9.8 million, respectively.

Restricted Stock Based Grants

Restricted stock grants totaling 3,038,400 shares with an approximate aggregate market value of \$78.8 million at the time of grant have been issued under the employee plans. The market value of these restricted shares at the date of grant is being amortized into expense over a period that approximates the service period of three years.

A total of 1,753,400 shares of restricted stock granted to employees vest in annual increments through March 2010.

A total of 1,191,000 shares of restricted stock granted to key executive officers may vest depending on achievement of specific financial results on the date when the Compensation Committee of our Board of Directors certifies these results for years ending through June 30, 2010.

A total of 94,000 shares of restricted stock granted to non-employee directors vested 50% at the date of grant and 50% after a six-month service period.

Compensation expense recognized for restricted stock grants was \$11.9 million, \$14.0 million and \$4.5 million for the years ended June 30, 2008, 2007 and 2006, respectively. As of June 30, 2008 and 2007, unamortized compensation expense related to the restricted stock awards was \$9.3 million and \$55.1 million, respectively. A summary of the status of non-vested restricted stock for the years ended June 30, 2008, 2007 and 2006, is presented below (shares in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Nonvested at beginning of year	2,421	1,440	577
Granted	61	1,354	1,037
Vested	(847)	(263)	(139)
Forfeited	(334)	(110)	(35)
Nonvested at end of year	<u>1,301</u>	<u>2,421</u>	<u>1,440</u>

Stock Appreciation Rights

Stock appreciation rights with respect to 680,600 shares with an approximate aggregate market value of \$9.7 million at the time of grant have been issued under the employee plans. The market value of these rights at the date of grant is being amortized into expense over a period that approximates the service period of three years. Compensation expense recognized for stock appreciation rights was \$2.5 million, \$3.4 million and \$3.3 million for the years ended June 30, 2008, 2007 and 2006, respectively. As of June 30, 2008, there was no unamortized compensation expense remaining and as of June 30, 2007, unamortized compensation expense related to the rights was \$2.5 million. A summary of the status of non-vested stock appreciation rights for the years ended June 30, 2008, 2007 and 2006, is presented below (shares in thousands):

<u>Years ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Nonvested at beginning of year	337	508	520
Vested	(337)	(169)	(9)
Forfeited	—	(2)	(3)
Nonvested at end of year	<u>—</u>	<u>337</u>	<u>508</u>

A summary of stock appreciation rights outstanding as of June 30, 2008, is as follows:

<u>Range of Exercise Prices</u>	<u>SARs Outstanding</u>			<u>SARs Exercisable</u>	
	<u>Number Outstanding</u>	<u>Weighted Average Years of Remaining Contractual Life</u>	<u>Weighted Average Exercise Price</u>	<u>Number Outstanding</u>	<u>Weighted Average Exercise Price</u>
\$24.00 to 26.00	674,800	1.7	\$24.09	674,800	\$24.09

15. Employee Benefit Plans

We have a defined contribution retirement plan covering substantially all employees. We recognized \$5.6 million, \$6.3 million and \$4.1 million in compensation expense for the years ended June 30, 2008, 2007 and 2006, respectively for contributions of stock to the plan.

We also have an employee stock purchase plan that allows participating employees to purchase, through payroll deductions, shares of our common stock at 85% of the market value at specified dates. A total of 5,000,000 shares have been reserved for issuance under the plan. As of June 30, 2008, 346,642 shares remain available for issuance under the plan. Shares issued under the plan were 570,813, 287,191 and 283,240 for the years ended June 30, 2008, 2007 and 2006, respectively. We recognized \$2.6 million, \$1.9 million and

\$2.1 million in compensation expense for the years ended June 30, 2008, 2007 and 2006, respectively, related to this plan. As of June 30, 2008 and 2007, unamortized compensation expense related to the employee stock purchase plan was \$1.6 million and \$1.3 million, respectively.

16. Income Taxes

The income tax provision consists of the following (in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current	\$ 115,089	\$216,382	\$220,973
Deferred	(137,949)	(44,564)	(41,921)
	<u>\$ (22,860)</u>	<u>\$171,818</u>	<u>\$179,052</u>

Our effective income tax rate on income before income taxes differs from the U.S. statutory tax rate as follows:

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
U.S. statutory tax rate	35.0%	35.0%	35.0%
State income taxes and other	1.1	1.7	1.9
Tax contingency resolutions		(4.4)	
Investment in Canadian subsidiaries	(15.3)		
Deferred tax rate change	14.1		
FIN 48 uncertain tax positions	(7.4)		
Non-deductible impairment of goodwill	(3.2)		
Tax exempt interest	2.0		
Other	(1.5)		
	<u>24.8%</u>	<u>32.3%</u>	<u>36.9%</u>

The tax effects of temporary differences that give rise to deferred tax liabilities and assets are as follows (in thousands):

<u>June 30,</u>	<u>2008</u>	<u>2007</u>
Deferred tax liabilities:		
Capitalized direct loan origination costs	\$ (18,393)	\$ (18,177)
Other, including contingencies	(4,608)	(46,017)
	<u>(23,001)</u>	<u>(64,194)</u>
Deferred tax assets:		
Allowance for loan losses	212,923	149,735
Net operating loss carryforward—Canada	6,065	8,887
Impairment of goodwill and other intangible amortization	71,494	
Unrecognized income tax benefits from uncertain tax positions	37,557	
Other	12,281	57,276
	<u>340,320</u>	<u>215,898</u>
Net deferred tax asset	<u>\$317,319</u>	<u>\$151,704</u>

We have Canadian net operating loss carryforwards for income tax reporting purposes of approximately \$19.1 million. We have recorded a deferred tax asset of \$6.1 million reflecting this benefit. Such net operating loss carryforwards expire between June 30, 2009 and June 30, 2017, and realization is dependent on generating

sufficient taxable income prior to expiration. Although realization is not assured, management believes it is more likely than not that all of the deferred tax asset will be realized. The amount of the deferred tax asset considered realizable, however, could be reduced if estimates of future taxable income during the carryforward period are changed.

At June 30, 2008, our reinvestment of earnings from our Canadian subsidiaries is no longer considered permanent as a result of closure of our Canadian lending activities and return of certain assets to the United States. As a result, we recorded net deferred tax liabilities of \$16.1 million related to our investment in the Canadian subsidiaries.

We adopted the provisions of FIN 48 on July 1, 2007. The adoption of FIN 48 resulted in a decrease to retained earnings of \$0.5 million, an increase in deferred income tax assets of \$53.1 million and an increase to accrued taxes of \$53.6 million.

Upon implementation of FIN 48 on July 1, 2007, unrecognized tax benefits were \$42.3 million. The amount, if recognized, that would affect the effective tax rate was \$17.7 million and includes the federal benefit of state taxes. As of June 30, 2008, the amount of gross unrecognized tax benefits and the amount that would affect the effective income tax rate in future periods is \$57.7 million and \$21.7 million, respectively.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows (in thousands):

<u>Years ended June 30,</u>	<u>2008</u>
Gross unrecognized tax benefits at beginning of year	\$ 42,312
Increases in tax positions for prior years	4,621
Decrease in tax positions for prior years	(14,536)
Increase in tax positions for current year	25,938
Lapse of statute of limitations	(420)
Settlements	(187)
Gross unrecognized tax benefits at end of year	<u>\$ 57,728</u>

At June 30, 2008, we believe that it is reasonably possible that the balance of the gross unrecognized tax benefits could decrease by \$0.4 million to \$11.3 million in the next twelve months due to ongoing activities with various taxing jurisdictions that we expect may give rise to settlements or the expiration of statute of limitations. We continually evaluate expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

We recognize accrued interest and penalties associated with uncertain tax positions as part of the income tax provision. As of July 1, 2007, accrued interest and penalties associated with uncertain tax positions were \$5.6 million and \$6.9 million, respectively. For the year ended June 30, 2008, accrued interest and accrued penalties associated with uncertain tax positions increased by \$3.9 million and \$0.6 million, respectively.

We file income tax returns in the U.S. federal jurisdiction, and various state, local, and foreign jurisdictions. The Internal Revenue Service (“IRS”) completed its examination of our fiscal years 2004 and 2005 consolidated federal income tax returns in the second quarter of fiscal year 2008. The returns for those years are subject to an appeals proceeding, which we anticipate will be concluded by the end of fiscal year 2009. We expect the outcome of the appeals proceeding will not result in a material change to our financial position or results of operations. Our U.S. federal income tax returns prior to fiscal year 2004 are closed. Foreign and U.S. state jurisdictions have statutes of limitations that generally range from three to five years. Our tax returns are currently under examination in various U.S. state jurisdictions.

17. Restructuring Charges

We recognized restructuring charges of \$20.1 million during fiscal year 2008 related to the implementation of our revised operating plan. See Note 1 “Summary of Significant Accounting Policies—Recent Market Developments”.

Since 2003, total costs incurred to date related to our restructuring activities include \$40.2 million in personnel-related costs and \$71.9 million of contract termination and other associated costs.

A summary of the liabilities, which are included in accrued taxes and expenses on the consolidated balance sheets, for restructuring charges for the years ended June 30, 2008, 2007 and 2006, is as follows (in thousands):

	<u>Personnel- Related Costs</u>	<u>Contract Termination Costs</u>	<u>Other Associated Costs</u>	<u>Total</u>
Balance at July 1, 2005		\$13,498	\$2,959	\$ 16,457
Additions	\$ 1,250	712		1,962
Cash settlements	(184)	(2,926)		(3,110)
Non-cash settlements		(718)	(358)	(1,076)
Adjustments		1,107	(24)	1,083
Balance at June 30, 2006	1,066	11,673	2,577	15,316
Cash settlements	(944)	(6,700)		(7,644)
Non-cash settlements		(343)	(720)	(1,063)
Adjustments		(455)	116	(339)
Balance at June 30, 2007	122	4,175	1,973	6,270
Additions	18,099	2,243	434	20,776
Cash settlements	(14,860)	(2,278)	(457)	(17,595)
Non-cash settlements		(65)	(336)	(401)
Adjustments	(154)	(334)	(172)	(660)
Balance at June 30, 2008	<u>\$ 3,207</u>	<u>\$ 3,741</u>	<u>\$1,442</u>	<u>\$ 8,390</u>

18. Earnings Per Share

A reconciliation of weighted average shares used to compute basic and diluted earnings per share is as follows (dollars in thousands, except per share data):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net (loss) income	\$ (69,319)	\$ 360,249	\$ 306,183
Interest expense related to the 2003 convertible senior notes, net of related tax effects		3,090	2,878
Adjusted net (loss) income	<u>\$ (69,319)</u>	<u>\$ 363,339</u>	<u>\$ 309,061</u>
Basic weighted average shares	114,962,241	119,155,716	133,837,116
Incremental shares resulting from assumed conversions:			
Stock based compensation and warrants		3,364,024	4,282,595
2003 convertible senior notes		10,705,205	10,705,205
		<u>14,069,229</u>	<u>14,987,800</u>
Diluted weighted average shares	<u>114,962,241</u>	<u>133,224,945</u>	<u>148,824,916</u>
(Loss) earnings per share:			
Basic	<u>\$ (0.60)</u>	<u>\$ 3.02</u>	<u>\$ 2.29</u>
Diluted	<u>\$ (0.60)</u>	<u>\$ 2.73</u>	<u>\$ 2.08</u>

Basic (loss) earnings per share have been computed by dividing net (loss) income by weighted average shares outstanding.

Diluted loss per share has been computed by dividing net loss by the diluted weighted average shares, assuming no incremental shares. Diluted earnings per share has been computed by dividing net income, adjusted for interest expense (net of related tax effects) related to our convertible senior notes issued in November 2003 by the diluted weighted average shares, including incremental shares. The treasury stock method was used to compute the assumed incremental shares related to our outstanding stock-based compensation and warrants and will be used to compute the shares related to our convertible senior notes issued in September 2006 upon our stock price increasing above the relevant initial conversion price. The average common stock market prices for the periods were used to determine the number of incremental shares. Options to purchase approximately 0.6 million and 0.7 million shares of common stock at June 30, 2007 and 2006, respectively, were not included in the computation of diluted earnings per share because the option exercise price was greater than the average market price of the common shares. Warrants to purchase approximately 30.0 million and 10.9 million shares of common stock for the years ended June 30, 2007 and 2006, respectively, were not included in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares. The if-converted method was used to calculate the impact of our convertible senior notes issued in November 2003 on assumed incremental shares.

19. Supplemental Cash Flow Information

Cash payments for interest costs and income taxes consist of the following (in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Interest costs (none capitalized)	\$835,698	\$678,359	\$402,492
Income taxes	79,926	186,068	195,749

Non-cash investing and financing activities during the years ended June 30, 2008, 2007 and 2006, included \$5.8 million, \$3.0 million and \$2.2 million, respectively, of common stock issued for employee benefit plans.

During the year ended June 30, 2006, we entered into capital lease agreements for property and equipment of \$1.7 million. We did not enter into any significant capital lease agreements for property and equipment during the years ended June 30, 2008 and 2007.

20. Supplemental Disclosure for Accumulated Other Comprehensive Income

A summary of changes in accumulated other comprehensive income is as follows (in thousands):

<u>Years Ended June 30,</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net unrealized gains on credit enhancement assets:			
Balance at beginning of year	\$ 235	\$ 2,233	\$ 6,122
Unrealized (losses) gains, net of taxes of \$54, \$175, and \$865, respectively	(114)	174	1,479
Reclassification into earnings, net of taxes of \$(51), \$(1,220), and \$(3,141), respectively	(121)	(2,172)	(5,368)
Balance at end of year		235	2,233
Unrealized gain on equity investment:			
Balance at beginning of year		29,968	
Change in fair market value, net of taxes of \$1,839 and \$20,798		2,658	35,549
Reclassification of gain on sale into earnings, net of taxes of \$(19,371) and \$(3,266)		(32,626)	(5,581)
Balance at end of year			29,968
Unrealized gains on cash flow hedges:			
Balance at beginning of year	8,345	9,488	3,878
Change in fair value associated with current period hedging activities, net of taxes of \$(40,595), \$4,393, and \$7,328, respectively	(68,444)	7,143	12,527
Reclassification into earnings, net of taxes of \$9,212, \$(4,286), and \$(4,046), respectively	15,423	(8,286)	(6,917)
Balance at end of year	(44,676)	8,345	9,488
Accumulated foreign currency translation adjustment:			
Balance at beginning of year	37,114	32,593	23,565
Translation gain (net of taxes of \$4,697 for fiscal year ended June 30, 2008)	1,158	4,521	9,028
Balance at end of year	38,272	37,114	32,593
Total accumulated other comprehensive (loss) income	\$ (6,404)	\$ 45,694	\$74,282

21. Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, *Disclosures about Fair Value of Financial Instruments* ("SFAS 107"), requires disclosure of fair value information about financial instruments, whether recognized or not in our consolidated balance sheets. Fair values are based on estimates using present value or other valuation techniques in cases where quoted market prices are not available. Those techniques are significantly affected by the assumptions used, including the discount rate and the estimated timing and amount of future cash flows. Therefore, the estimates of fair value may differ substantially from amounts that ultimately may be realized or paid at settlement or maturity of the financial instruments and those differences may be material. SFAS 107 excludes certain financial instruments and all non-financial instruments from our disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of our Company.

Estimated fair values, carrying values and various methods and assumptions used in valuing our financial instruments are set forth below (in thousands):

<u>June 30,</u>	2008		2007	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets:				
Cash and cash equivalents ^(a)	\$ 433,493	\$ 433,493	\$ 910,304	\$ 910,304
Finance receivables, net ^(b)	14,030,299	13,826,318	15,102,370	14,878,986
Restricted cash—securitization notes payable ^(a)	982,670	982,670	1,014,353	1,014,353
Restricted cash—credit facilities ^(a)	259,699	259,699	166,884	166,884
Restricted cash—other ^(a)	54,173	54,173	12,434	12,434
Interest rate swap agreements ^(d)			14,926	14,926
Interest rate cap agreements purchased ^(d)	36,471	36,471	13,410	13,410
Financial liabilities:				
Credit facilities ^(c)	2,928,161	2,928,161	2,541,702	2,541,702
Securitization notes payable ^(d)	10,420,327	10,006,738	11,939,447	11,708,795
Senior notes ^(d)	200,000	160,500	200,000	200,000
Convertible senior notes ^(d)	750,000	519,813	750,000	886,442
Other notes payable ^(e)	1,203	1,203	752	752
Interest rate swap agreements ^(d)	72,697	72,697		
Interest rate cap agreements sold ^(d)	36,381	36,381	13,410	13,410

- (a) The carrying value of cash and cash equivalents, restricted cash—securitization notes payable, restricted cash—credit facilities and restricted cash - other is considered to be a reasonable estimate of fair value since these investments bear interest at market rates and have maturities of less than 90 days.
- (b) The fair value of finance receivables is estimated by discounting future cash flows expected to be collected using current rates at which similar loans would be made to borrowers with similar credit ratings and the same remaining maturities.
- (c) Credit facilities have variable rates of interest and maturities of three years or less. Therefore, carrying value is considered to be a reasonable estimate of fair value.
- (d) The fair values of the interest rate cap and swap agreements, securitization notes payable, senior notes and convertible senior notes are based on quoted market prices, when available. If quoted market prices are not available, the market value is estimated by discounting future net cash flows expected to be settled using a current risk-adjusted rate.
- (e) The fair value of other notes payable is estimated based on rates currently available for debt with similar terms and remaining maturities.

22. Quarterly Financial Data (unaudited)

The following is a summary of quarterly financial results (dollars in thousands, except per share data):

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
Fiscal year ended June 30, 2008				
Total revenue	\$ 652,674	\$ 653,254	\$ 638,742	\$ 598,412
Income (loss) before income taxes	86,348	(29,061)	61,154	(210,620)
Net income (loss)	61,819	(19,090)	38,165	(150,213)
Basic earnings (loss) per share	0.53	(0.17)	0.33	(1.30)
Diluted earnings (loss) per share	0.49	(0.17)	0.31	(1.30)
Diluted weighted average shares	128,111,826	114,253,706	126,728,797	115,299,234
Fiscal year ended June 30, 2007				
Total revenue	\$ 523,621	\$ 575,636	\$ 615,273	\$ 625,393
Income before income taxes	117,648	150,804	129,432	134,183
Net income	74,236	95,426	103,732	86,855
Basic earnings per share	0.59	0.82	0.88	0.74
Diluted earnings per share	0.54	0.74	0.80	0.66
Diluted weighted average shares	139,718,283	130,153,556	131,166,057	131,816,572

23. Guarantor Consolidating Financial Statements

The payment of principal and interest on our senior notes and convertible senior notes are guaranteed by certain of our subsidiaries (the “Subsidiary Guarantors”). The separate financial statements of the Subsidiary Guarantors are not included herein because the Subsidiary Guarantors are our wholly-owned consolidated subsidiaries and are jointly, severally, fully and unconditionally liable for the obligations represented by the convertible senior notes. We believe that the consolidating financial information for AmeriCredit Corp., the combined Subsidiary Guarantors and the combined Non-Guarantor Subsidiaries provide information that is more meaningful in understanding the financial position of the Subsidiary Guarantors than separate financial statements of the Subsidiary Guarantors.

The consolidating financial statements present consolidating financial data for (i) AmeriCredit Corp. (on a parent only basis), (ii) the combined Subsidiary Guarantors, (iii) the combined Non-Guarantor Subsidiaries, (iv) an elimination column for adjustments to arrive at the information for the parent company and our subsidiaries on a consolidated basis and (v) the parent company and our subsidiaries on a consolidated basis as of June 30, 2008 and 2007 and for each of the three years in the period ended June 30, 2008.

Investments in subsidiaries are accounted for by the parent company using the equity method for purposes of this presentation. Results of operations of subsidiaries are therefore reflected in the parent company’s investment accounts and earnings. The principal elimination entries set forth below eliminate investments in subsidiaries and intercompany balances and transactions.

AMERICREDIT CORP.
FINANCIAL STATEMENT SCHEDULE
CONSOLIDATING BALANCE SHEET
June 30, 2008
(in thousands)

	<u>AmeriCredit Corp.</u>	<u>Guarantors</u>	<u>Non-Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS					
Cash and cash equivalents		\$ 361,352	\$ 72,141		\$ 433,493
Finance receivables, net		173,077	13,857,222		14,030,299
Restricted cash—securitization notes payable			982,670		982,670
Restricted cash—credit facilities			259,699		259,699
Property and equipment, net	\$ 5,860	49,611			55,471
Leased vehicles, net		106,689	104,168		210,857
Deferred income taxes	19,244	311,761	(13,686)		317,319
Other assets	1,372	193,972	62,058		257,402
Due from affiliates	941,157		3,911,745	\$ (4,852,902)	
Investment in affiliates	1,967,775	5,908,573	544,169	(8,420,517)	
Total assets	<u>\$2,935,408</u>	<u>\$7,105,035</u>	<u>\$19,780,186</u>	<u>\$(13,273,419)</u>	<u>\$16,547,210</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Credit facilities			\$ 2,928,161		\$ 2,928,161
Securitization notes payable			10,420,327		10,420,327
Senior notes	\$ 200,000				200,000
Convertible senior notes	750,000				750,000
Funding payable		\$ 21,561	(42)		21,519
Accrued taxes and expenses	87,335	55,661	73,391		216,387
Other liabilities	1,203	112,743			113,946
Due to affiliates		4,852,902		\$ (4,852,902)	
Total liabilities	<u>1,038,538</u>	<u>5,042,867</u>	<u>13,421,837</u>	<u>(4,852,902)</u>	<u>14,650,340</u>
Shareholders' equity:					
Common stock	1,188	50,775	30,627	(81,402)	1,188
Additional paid-in capital	42,336	75,878	3,659,102	(3,734,980)	42,336
Accumulated other comprehensive (loss) income	(6,404)	(21,801)	40,602	(18,801)	(6,404)
Retained earnings	1,912,684	1,957,316	2,628,018	(4,585,334)	1,912,684
Treasury stock	1,949,804	2,062,168	6,358,349	(8,420,517)	1,949,804
	(52,934)				(52,934)
Total shareholders' equity	<u>1,896,870</u>	<u>2,062,168</u>	<u>6,358,349</u>	<u>(8,420,517)</u>	<u>1,896,870</u>
Total liabilities and shareholders' equity	<u>\$2,935,408</u>	<u>\$7,105,035</u>	<u>\$19,780,186</u>	<u>\$(13,273,419)</u>	<u>\$16,547,210</u>

AMERICREDIT CORP.
CONSOLIDATING BALANCE SHEET
June 30, 2007
(in thousands)

	<u>AmeriCredit Corp.</u>	<u>Guarantors</u>	<u>Non-Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS					
Cash and cash equivalents		\$ 899,386	\$ 10,918		\$ 910,304
Finance receivables, net		201,036	14,901,334		15,102,370
Restricted cash—securitization notes payable			1,014,353		1,014,353
Restricted cash—credit facilities			166,884		166,884
Property and equipment, net	\$ 6,194	52,378			58,572
Leased vehicles, net		33,968			33,968
Deferred income taxes	(32,624)	119,827	64,501		151,704
Goodwill		208,435			208,435
Other assets	16,454	75,468	72,508		164,430
Due from affiliates	1,029,444		2,273,498	\$(3,302,942)	
Investment in affiliates	2,070,684	4,070,618	529,740	(6,671,042)	
Total assets	<u>\$3,090,152</u>	<u>\$5,661,116</u>	<u>\$19,033,736</u>	<u>\$(9,973,984)</u>	<u>\$17,811,020</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Credit facilities			\$ 2,541,702		\$ 2,541,702
Securitization notes payable			11,939,447		11,939,447
Senior notes	\$ 200,000				200,000
Convertible senior notes	750,000				750,000
Funding payable		\$ 86,917	557		87,474
Accrued taxes and expenses	64,251	60,656	74,152		199,059
Other liabilities	751	17,437			18,188
Due to affiliates		3,302,942		\$(3,302,942)	
Total liabilities	<u>1,015,002</u>	<u>3,467,952</u>	<u>14,555,858</u>	<u>(3,302,942)</u>	<u>15,735,870</u>
Shareholders' equity:					
Common stock	1,206	75,355	30,627	(105,982)	1,206
Additional paid-in capital	71,323	75,791	2,048,960	(2,124,751)	71,323
Accumulated other comprehensive income	45,694	27,592	37,414	(65,006)	45,694
Retained earnings	2,000,066	2,014,426	2,360,877	(4,375,303)	2,000,066
Treasury stock	2,118,289	2,193,164	4,477,878	(6,671,042)	2,118,289
	(43,139)				(43,139)
Total shareholders' equity	<u>2,075,150</u>	<u>2,193,164</u>	<u>4,477,878</u>	<u>(6,671,042)</u>	<u>2,075,150</u>
Total liabilities and shareholders' equity	<u>\$3,090,152</u>	<u>\$5,661,116</u>	<u>\$19,033,736</u>	<u>\$(9,973,984)</u>	<u>\$17,811,020</u>

AMERICREDIT CORP.
FINANCIAL STATEMENT SCHEDULE
CONSOLIDATING STATEMENT OF OPERATIONS
Year Ended June 30, 2008
(in thousands)

	<u>AmeriCredit Corp.</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue					
Finance charge income		\$ 83,321	\$2,299,163		\$2,382,484
Other income	\$ 39,232	1,290,471	2,974,478	\$(4,144,402)	159,779
Servicing income (loss)		57,059	(56,240)		819
Equity in income of affiliates	(57,110)	267,141		(210,031)	
	<u>(17,878)</u>	<u>1,697,992</u>	<u>5,217,401</u>	<u>(4,354,433)</u>	<u>2,543,082</u>
Costs and expenses					
Operating expenses	23,167	92,888	318,121		434,176
Provision for loan losses		103,852	1,027,110		1,130,962
Impairment of goodwill		212,595			212,595
Interest expense	32,300	1,434,144	3,515,370	(4,144,402)	837,412
Restructuring charges		20,116			20,116
	<u>55,467</u>	<u>1,863,595</u>	<u>4,860,601</u>	<u>(4,144,402)</u>	<u>2,635,261</u>
(Loss) income before income taxes	(73,345)	(165,603)	356,800	(210,031)	(92,179)
Income tax (benefit) provision	(4,026)	(108,493)	89,659		(22,860)
Net (loss) income	<u>\$(69,319)</u>	<u>\$ (57,110)</u>	<u>\$ 267,141</u>	<u>\$ (210,031)</u>	<u>\$ (69,319)</u>

AMERICREDIT CORP.
FINANCIAL STATEMENT SCHEDULE
CONSOLIDATING STATEMENT OF INCOME
Year Ended June 30, 2007
(in thousands)

	<u>AmeriCredit Corp.</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue					
Finance charge income		\$ 119,678	\$2,022,792		\$2,142,470
Other income	\$ 53,688	2,244,409	4,765,829	\$(6,927,833)	136,093
Servicing income (loss)		36,972	(27,609)		9,363
Gain on sale of equity investment		51,997			51,997
Equity in income of affiliates	376,744	264,110		(640,854)	
	<u>430,432</u>	<u>2,717,166</u>	<u>6,761,012</u>	<u>(7,568,687)</u>	<u>2,339,923</u>
Costs and expenses					
Operating expenses	65,267	45,037	289,413		399,717
Provision for loan losses		(102,922)	830,575		727,653
Interest expense	12,784	2,359,892	5,235,982	(6,927,833)	680,825
Restructuring charges		(339)			(339)
	<u>78,051</u>	<u>2,301,668</u>	<u>6,355,970</u>	<u>(6,927,833)</u>	<u>1,807,856</u>
Income before income taxes	352,381	415,498	405,042	(640,854)	532,067
Income tax (benefit) provision	(7,868)	38,754	140,932		171,818
Net income	<u>\$360,249</u>	<u>\$ 376,744</u>	<u>\$ 264,110</u>	<u>\$ (640,854)</u>	<u>\$ 360,249</u>

AMERICREDIT CORP.
FINANCIAL STATEMENT SCHEDULE
CONSOLIDATING STATEMENT OF INCOME
Year Ended June 30, 2006
(in thousands)

	<u>AmeriCredit Corp.</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue					
Finance charge income		\$ 100,631	\$1,540,494		\$1,641,125
Other income	\$ 51,755	1,776,140	3,985,997	\$(5,727,735)	86,157
Servicing income		31,094	44,115		75,209
Gain on sale of equity investment		8,847			8,847
Equity in income of affiliates	307,636	340,962		(648,598)	
	<u>359,391</u>	<u>2,257,674</u>	<u>5,570,606</u>	<u>(6,376,333)</u>	<u>1,811,338</u>
Costs and expenses					
Operating expenses	35,558	51,915	248,680		336,153
Provision for loan losses		65,187	502,358		567,545
Interest expense	18,500	1,849,379	4,279,216	(5,727,735)	419,360
Restructuring charges		3,045			3,045
	<u>54,058</u>	<u>1,969,526</u>	<u>5,030,254</u>	<u>(5,727,735)</u>	<u>1,326,103</u>
Income before income taxes	305,333	288,148	540,352	(648,598)	485,235
Income tax (benefit) provision	(850)	(19,488)	199,390		179,052
Net income	<u>\$306,183</u>	<u>\$ 307,636</u>	<u>\$ 340,962</u>	<u>\$ (648,598)</u>	<u>\$ 306,183</u>

AMERICREDIT CORP.
FINANCIAL STATEMENT SCHEDULE
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended June 30, 2008
(in thousands)

	<u>AmeriCredit Corp.</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash flows from operating activities:					
Net (loss) income	\$ (69,319)	\$ (57,110)	\$ 267,141	\$ (210,031)	\$ (69,319)
Adjustments to reconcile net (loss) income to net cash provided (used) by operating activities:					
Depreciation and amortization	334	50,086	37,059		87,479
Accretion and amortization of loan fees		8,529	20,906		29,435
Provision for loan losses		103,852	1,027,110		1,130,962
Deferred income taxes	(56,149)	(160,193)	78,393		(137,949)
Accretion of present value discount			(651)		(651)
Stock based compensation expense	17,945				17,945
Impairment of goodwill		212,595			212,595
Other	10,193	6,915	(138)		16,970
Equity in income of affiliates	57,110	(267,141)		210,031	
Changes in assets and liabilities, net of assets and liabilities acquired:					
Other assets	25,785	(74,004)	9,695		(38,524)
Accrued taxes and expenses	33,104	(12,244)	(9,842)		11,018
Net cash provided (used) by operating activities	<u>19,003</u>	<u>(188,715)</u>	<u>1,429,673</u>		<u>1,259,961</u>
Cash flows from investing activities:					
Purchases of receivables		(6,260,198)	(5,992,951)	5,992,951	(6,260,198)
Principal collections and recoveries on receivables		119,528	5,989,162		6,108,690
Net proceeds from sale of receivables		5,992,951		(5,992,951)	
Distributions from gain on sale Trusts			7,466		7,466
Purchases of property and equipment	1,412	(9,875)			(8,463)
Purchases of leased vehicles		(103,904)	(94,922)		(198,826)
Change in restricted cash—securitization notes payable		(10)	31,693		31,683
Change in restricted cash—credit facilities			(92,754)		(92,754)
Change in other assets		(42,912)	1,181		(41,731)
Net change in investment in affiliates	(7,457)	(1,589,195)	(14,822)	1,611,474	
Net cash used by investing activities	<u>(6,045)</u>	<u>(1,893,615)</u>	<u>(165,947)</u>	<u>1,611,474</u>	<u>(454,133)</u>
Cash flows from financing activities:					
Net change in credit facilities			385,611		385,611
Issuance of securitization notes payable			4,250,000		4,250,000
Payments on securitization notes payable			(5,774,035)		(5,774,035)
Debt issuance costs			(39,347)		(39,347)
Repurchase of common stock	(127,901)				(127,901)
Net proceeds from issuance of common stock	25,174		1,610,217	(1,610,229)	25,174
Other net changes	324	(1)			323
Net change in due (to) from affiliates	88,287	1,543,437	(1,634,952)	3,228	
Net cash (used) provided by financing activities	<u>(14,116)</u>	<u>1,543,448</u>	<u>(1,202,506)</u>	<u>(1,607,001)</u>	<u>(1,280,175)</u>
Net (decrease) increase in cash and cash equivalents	(1,158)	(538,882)	61,220	4,473	(474,347)
Effect of Canadian exchange rate changes on cash and cash equivalents	1,158	848	3	(4,473)	(2,464)
Cash and cash equivalents at beginning of year		899,386	10,918		910,304
Cash and cash equivalents at end of year	<u>\$</u>	<u>\$ 361,352</u>	<u>\$ 72,141</u>	<u>\$</u>	<u>\$ 433,493</u>

AMERICREDIT CORP.
FINANCIAL STATEMENT SCHEDULE
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended June 30, 2007
(in thousands)

	<u>AmeriCredit Corp.</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash flows from operating activities:					
Net income	\$ 360,249	\$ 376,744	\$ 264,110	\$ (640,854)	\$ 360,249
Adjustments to reconcile net income to net cash provided (used) by operating activities:					
Depreciation and amortization	333	11,501	24,903		36,737
Accretion and amortization of loan fees		2,867	(19,849)		(16,982)
Provision for loan losses		(102,922)	830,575		727,653
Deferred income taxes	8,422	(32,522)	(20,464)		(44,564)
Accretion of present value discount			(6,637)		(6,637)
Stock based compensation expense	20,230				20,230
Gain on sale of available for sale securities		(51,997)			(51,997)
Other		2,752	(356)		2,396
Equity in income of affiliates	(376,744)	(264,110)		640,854	
Changes in assets and liabilities, net of assets and liabilities acquired:					
Other assets	(16,252)	26,348	20,217		30,313
Accrued taxes and expenses	18,956	(15,771)	18,420		21,605
Net cash provided (used) by operating activities	<u>15,194</u>	<u>(47,110)</u>	<u>1,110,919</u>	<u>567,975</u>	<u>1,079,003</u>
Cash flows from investing activities:					
Purchases of receivables		(8,832,379)	(6,871,640)	6,871,640	(8,832,379)
Principal collections and recoveries on receivables		1,938,046	3,946,094		5,884,140
Net proceeds from sale of receivables		6,871,640		(6,871,640)	
Distributions from gain on sale Trusts			93,271		93,271
Purchases of property and equipment		(11,604)			(11,604)
Purchases of leased vehicles			(28,427)		(28,427)
Proceeds from sale of equity investment		62,961			62,961
Acquisition of Long Beach, net of cash acquired		(257,813)			(257,813)
Change in restricted cash—securitization notes payable		(8)	(32,945)		(32,953)
Change in restricted cash—credit facilities			(23,579)		(23,579)
Change in other assets		3,475	(1,161)		2,314
Net change in investment in affiliates	(723)	(491,007)	(76,245)	567,975	
Net cash used by investing activities	<u>(723)</u>	<u>(716,689)</u>	<u>(2,994,632)</u>	<u>567,975</u>	<u>(3,144,069)</u>
Cash flows from financing activities:					
Net change in credit facilities		(202,522)	435,417		232,895
Issuance of securitization notes payable			6,748,304		6,748,304
Payments on securitization notes payable		(2,074)	(4,921,551)		(4,923,625)
Issuance of senior notes	200,000				200,000
Issuance of convertible debt	550,000				550,000
Debt issuance costs			(40,247)		(40,247)
Proceeds from sale of warrants related to convertible debt	93,086				93,086
Purchase of call option related to convertible debt	(145,710)				(145,710)
Repurchase of common stock	(324,054)				(324,054)
Net proceeds from issuance of common stock	58,157		588,708	(588,708)	58,157
Other net changes	(3,232)	19,170			15,938
Net change in due (to) from affiliates	(447,240)	1,336,622	(915,997)	26,615	
Net cash (used) provided by financing activities	<u>(18,993)</u>	<u>1,151,196</u>	<u>1,894,634</u>	<u>(562,093)</u>	<u>2,464,744</u>
Net (decrease) increase in cash and cash equivalents	(4,522)	387,397	10,921	5,882	399,678
Effect of Canadian exchange rate changes on cash and cash equivalents	4,522	(1,251)	(3)	(5,882)	(2,614)
Cash and cash equivalents at beginning of year		513,240			513,240
Cash and cash equivalents at end of year	<u>\$</u>	<u>\$ 899,386</u>	<u>\$ 10,918</u>	<u>\$</u>	<u>\$ 910,304</u>

AMERICREDIT CORP.
FINANCIAL STATEMENT SCHEDULE
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended June 30, 2006
(in thousands)

	<u>AmeriCredit Corp.</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash flows from operating activities:					
Net income	\$ 306,183	\$ 307,636	\$ 340,962	\$ (648,598)	\$ 306,183
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	696	12,014	22,594		35,304
Accretion and amortization of loan fees		(2,895)	(17,167)		(20,062)
Provision for loan losses		65,187	502,358		567,545
Deferred income taxes	(1,693)	(86,140)	45,912		(41,921)
Accretion of present value discount		(393)	(39,760)		(40,153)
Stock based compensation expense	16,586				16,586
Gain on sale of available for sale securities		(8,847)			(8,847)
Other	2,276	1,384	(807)		2,853
Equity in income of affiliates	(307,636)	(340,962)		648,598	
Changes in assets and liabilities, net of assets and liabilities acquired:					
Other assets	570	77,964	39,116		117,650
Accrued taxes and expenses	13,398	9,577	3,218		26,193
Net cash provided by operating activities	<u>30,380</u>	<u>34,525</u>	<u>896,426</u>		<u>961,331</u>
Cash flows from investing activities:					
Purchases of receivables		(7,147,471)	(6,971,078)	6,971,078	(7,147,471)
Principal collections and recoveries on receivables		157,324	4,215,720		4,373,044
Net proceeds from sale of receivables		6,971,078		(6,971,078)	
Distributions from gain on sale Trusts		6,923	447,608		454,531
Purchases of property and equipment	1,690	(7,263)			(5,573)
Sale of property		34,807			34,807
Proceeds from sale of equity investment		11,992			11,992
Acquisition of Bay View, net of cash acquired		(62,614)	850		(61,764)
Change in restricted cash—securitization notes payable			(195,456)		(195,456)
Change in restricted cash—credit facilities			325,724		325,724
Change in other assets		(6,568)	95		(6,473)
Net change in investment in affiliates	(1,606)	(68,117)	(128,543)	198,266	
Net cash provided (used) by investing activities	<u>84</u>	<u>(109,909)</u>	<u>(2,305,080)</u>	<u>198,266</u>	<u>(2,216,639)</u>
Cash flows from financing activities:					
Net change in credit facilities			887,430		887,430
Issuance of securitization notes payable			4,645,000		4,645,000
Payments on securitization notes payable			(3,760,931)		(3,760,931)
Retirement of senior notes	(167,750)				(167,750)
Debt issuance costs	1,535		(16,055)		(14,520)
Repurchase of common stock	(528,070)				(528,070)
Net proceeds from issuance of common stock	32,467	121	196,539	(196,660)	32,467
Other net changes	8,476	(779)			7,697
Net change in due (to) from affiliates	613,850	(77,262)	(543,338)	6,750	
Net cash (used) provided by financing activities	<u>(39,492)</u>	<u>(77,920)</u>	<u>1,408,645</u>	<u>(189,910)</u>	<u>1,101,323</u>
Net decrease in cash and cash equivalents	(9,028)	(153,304)	(9)	8,356	(153,985)
Effect of Canadian exchange rate changes on cash and cash equivalents	9,028	3,043	9	(8,356)	3,724
Cash and cash equivalents at beginning of year		663,501			663,501
Cash and cash equivalents at end of year	<u>\$</u>	<u>\$ 513,240</u>	<u>\$</u>	<u>\$</u>	<u>\$ 513,240</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
AmeriCredit Corp.:

We have audited the accompanying consolidated balance sheets of AmeriCredit Corp. and subsidiaries (the “Company”) as of June 30, 2008 and 2007, and the related consolidated statements of operations and comprehensive operations, shareholders’ equity, and cash flows for each of the two years in the period ended June 30, 2008. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of AmeriCredit Corp. and subsidiaries at June 30, 2008 and 2007, and the results of their operations and their cash flows for each of the two years in the period ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, effective July 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*, which established new accounting and reporting standards for uncertainty in income taxes recognized in financial statements.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of June 30, 2008, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 28, 2008, expressed an unqualified opinion on the Company’s internal control over financial reporting.

DELOITTE & TOUCHE LLP
Dallas, Texas
August 28, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
AmeriCredit Corp.:

In our opinion, the consolidated statements of operations and comprehensive operations, of shareholders' equity and of cash flows for the year ended June 30, 2006, present fairly, in all material respects, the results of operations and cash flows of AmeriCredit Corp. and its subsidiaries for the year ended June 30, 2006, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Dallas, Texas
September 8, 2006

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

We had no disagreements on accounting or financial disclosure matters with our independent accountants to report under this Item 9.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Such controls include those designed to ensure that information for disclosure is accumulated and communicated to management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure.

The CEO and CFO, with the participation of management, have evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2008. Based on their evaluation, they have concluded, to the best of their knowledge and belief, that the disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

There were no changes made in our internal control over financial reporting during the quarter ended June 30, 2008, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Limitations Inherent in all Controls

Our management, including the CEO and CFO, recognize that the disclosure controls and procedures and internal controls over financial reporting (discussed above) cannot prevent all errors or all attempts at fraud. Any controls system, no matter how well crafted and operated, can only provide reasonable, and not absolute, assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in any control system, no evaluation or implementation of a control system can provide complete assurance that all control issues and all possible instances of fraud have been or will be detected.

MANAGEMENT'S REPORTS

NEW YORK STOCK EXCHANGE REQUIRED DISCLOSURES

On October 31, 2007, our Chief Executive Officer certified that he was not aware of any violation by us of the New York Stock Exchange's Corporate Governance listing standards.

We have filed with the Securities and Exchange Commission, as exhibits to our Annual Report on Form 10-K for the year ended June 30, 2008, our Chief Executive Officer's and Chief Financial Officer's certifications required by Section 302 of the Sarbanes-Oxley Act of 2002.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the "Internal Control-Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the "Internal Control-Integrated Framework," management concluded that our internal control over financial reporting was effective as of June 30, 2008. Our internal control over financial reporting as of June 30, 2008, has been audited by Deloitte and Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
AmeriCredit Corp.:

We have audited the internal control over financial reporting of AmeriCredit Corp. and subsidiaries (the “Company”) as of June 30, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2008, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended June 30, 2008, of the Company and our report dated August 28, 2008, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the adoption of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*.

DELOITTE & TOUCHE LLP
Dallas, Texas
August 28, 2008

PART III

ITEM 10. *DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT*

Information contained under the caption “Election of Directors” in the Proxy Statement is incorporated herein by reference in response to this Item 10. See Item 1. “Business—Executive Officers” for information concerning executive officers.

We have adopted the AmeriCredit Code of Ethical Conduct for Senior Financial Officers (“code of ethics”), a code of ethics that applies to the Chief Executive Officer, Chief Financial Officer and Corporate Controller. The code of ethics is publicly available on our Website at www.americredit.com (and a copy will be provided to any shareholder upon written request to our Secretary). Corporate governance guidelines applicable to the Board of Directors and charters for all Board committees are also available on our Website. If any substantive amendments are made to the code of ethics or any waivers granted, including any implicit waiver, from a provision of the code to the Chief Executive Officer, Chief Financial Officer or Corporate Controller, we will disclose the nature of such amendment or waiver on that Website or in a report on Form 8-K.

The information with respect to our audit committee financial expert contained under the caption “Board Committees and Meetings” in our proxy statement for the 2008 annual meeting of shareholders is incorporated herein by reference to such proxy statement.

ITEM 11. *EXECUTIVE COMPENSATION*

Information with respect to this is incorporated by reference from the Proxy Statement.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT*

Information contained under the caption “Principal Shareholders and Stock Ownership of Management” in the Proxy Statement is incorporated herein by reference in response to this Item 12.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS*

Information contained under the caption “Certain Relationships and Related Transactions” in the Proxy Statement is incorporated herein by reference in response to this Item 13.

ITEM 14. *PRINCIPAL ACCOUNTING FEES AND SERVICES*

Information contained under the caption “Report of the Audit Committee” in the Proxy Statement is incorporated herein by reference in response to this Item 14.

PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

- (1) The following Consolidated Financial Statements as set forth in Item 8 of this report are filed herein.

Consolidated Financial Statements:

Consolidated Balance Sheets as of June 30, 2008 and 2007.

Consolidated Statements of Operations and Comprehensive Operations for the years ended June 30, 2008, 2007 and 2006.

Consolidated Statements of Shareholders' Equity for the years ended June 30, 2008, 2007 and 2006.

Consolidated Statements of Cash Flows for the years ended June 30, 2008, 2007 and 2006.

Notes to Consolidated Financial Statements

- (2) All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are either not required under the related instructions, are inapplicable, or the required information is included elsewhere in the Consolidated Financial Statements and incorporated herein by reference.
- (3) The exhibits filed in response to Item 601 of Regulation S-K are listed in the Index to Exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on August 28, 2008.

AmeriCredit Corp.

BY: /s/ DANIEL E. BERCE
Daniel E. Berce
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u> /s/ CLIFTON H. MORRIS, JR. </u> Clifton H. Morris, Jr.	Director and Chairman of the Board	August 28, 2008
<u> /s/ DANIEL E. BERCE </u> Daniel E. Berce	Director, President and Chief Executive Officer	August 28, 2008
<u> /s/ CHRIS A. CHOATE </u> Chris A. Choate	Executive Vice President, Chief Financial Officer and Treasurer (Chief Accounting Officer)	August 28, 2008
<u> /s/ JOHN R. CLAY </u> John R. Clay	Director	August 28, 2008
<u> /s/ IAN M. CUMMING </u> Ian M. Cumming	Director	August 28, 2008
<u> /s/ A.R. DIKE </u> A.R. Dike	Director	August 28, 2008
<u> /s/ JAMES H. GREER </u> James H. Greer	Director	August 28, 2008
<u> /s/ DOUGLAS K. HIGGINS </u> Douglas K. Higgins	Director	August 28, 2008
<u> /s/ KENNETH H. JONES, JR. </u> Kenneth H. Jones, Jr.	Director	August 28, 2008
<u> /s/ JUSTIN R. WHEELER </u> Justin R. Wheeler	Director	August 28, 2008

INDEX TO EXHIBITS

The following documents are filed as a part of this report. Those exhibits previously filed and incorporated herein by reference are identified by the numbers in parenthesis under the Exhibit Number column. Documents filed with this report are identified by the symbol “@” under the Exhibit Number column.

<u>Exhibit No.</u>	<u>Description</u>
3.1(1)	Articles of Incorporation of the Company, filed May 18, 1988, and Articles of Amendment to Articles of Incorporation, filed August 24, 1988 (Exhibit 3.1)
3.2(1)	Amendment to Articles of Incorporation, filed October 18, 1989 (Exhibit 3.2)
3.3(4)	Articles of Amendment to Articles of Incorporation of the Company, filed November 12, 1992 (Exhibit 3.3)
3.4(@)	Bylaws of the Company, as amended through March 4, 2008
4.1(3)	Specimen stock certificate evidencing the Common Stock (Exhibit 4.1)
10.1(2)	1990 Stock Option Plan for Non-Employee Directors of the Company (Exhibit 10.14)
10.2(7)	2000 Limited Omnibus and Incentive Plan for AmeriCredit Corp.
10.2.1(14)	Amended and Restated 2000 Limited Omnibus and Incentive Plan for AmeriCredit Corp. (Exhibit 4.4)
10.2.2(19)	Amendment No. 1 to the Amended and Restated 2000 Limited Omnibus and Incentive Plan for AmeriCredit Corp. (Appendix C to Proxy Statement)
10.2.3(22)	Form of Restricted Stock Unit Grant Agreement (Exhibit 99.1)
10.3(23)	Amended and Restated Executive Employment Agreement, dated November 2, 2005, between the Company and Clifton H. Morris, Jr. (Exhibit 10.4.3)
10.4(23)	Amended and Restated Executive Employment Agreement, dated November 2, 2005, between the Company and Daniel E. Berce (Exhibit 10.5.2)
10.5(23)	Amended and Restated Employment Agreement, dated November 2, 2005, between the Company and Chris A. Choate (Exhibit 10.6.1)
10.6(23)	Amended and Restated Employment Agreement, dated November 2, 2005, between the Company and Mark Floyd (Exhibit 10.7.1)
10.7(23)	Amended and Restated Employment Agreement, dated November 2, 2005, between the Company and Preston A. Miller (Exhibit 10.8.2)
10.8(5)	1995 Omnibus Stock and Incentive Plan for AmeriCredit Corp.
10.8.1(6)	Amendment No. 1 to 1995 Omnibus Stock and Incentive Plan for AmeriCredit Corp.
10.8.2(24)	Amendment No. 2 to the 1995 Omnibus Stock and Incentive Plan for AmeriCredit Corp. (Exhibit 99.2)
10.9(15)	1999 Employee Stock Option Plan of AmeriCredit Corp. (Exhibit 4.4)
10.10(8)	FY 2000 Stock Option Plan of AmeriCredit Corp.
10.11(9)	i4 Gold Stock Option Program
10.12.1(14)	Amended and Restated i4 Gold Stock Option Program
10.13(10)	Management Stock Option Plan of AmeriCredit Corp.

INDEX TO EXHIBITS

(Continued)

- 10.14(11) AmeriCredit Corp. Employee Stock Purchase Plan
- 10.14.1(12) Amendment No. 1 to AmeriCredit Corp. Employee Stock Purchase Plan
- 10.14.2(13) Amendment No. 2 to AmeriCredit Corp. Employee Stock Purchase Plan
- 10.14.3(17) Amendment No. 3 to AmeriCredit Corp. Employee Stock Purchase Plan
- 10.15(30) Third Amended and Restated Sale and Servicing Agreement, dated as of October 30, 2006, among AmeriCredit Master Trust, AmeriCredit Funding Corp. VII, AmeriCredit Financial Services, Inc., and The Bank one of New York (Exhibit 99.1)
- 10.15.1(30) Third Amended and Restated Indenture, dated October 30, 2006, among AmeriCredit Master Trust, The Bank of New York and Deutsche Bank Trust Company Americas (Exhibit 99.2)
- 10.15.2(30) Third Amended and Restated Class A Note Purchase Agreement, dated October 30, 2006, among AmeriCredit Master Trust, AmeriCredit Funding Corp. VII, AmeriCredit Financial Services, Inc., Deutsche Bank Trust Company Americas, the Class A Purchasers and Deutsche Bank, AG (Exhibit 99.3)
- 10.15.3(30) Third Amended and Restated Class B Note Purchase Agreement, dated October 30, 2006, among AmeriCredit Master Trust, AmeriCredit Funding Corp. VII, AmeriCredit Financial Services, Inc., Deutsche Bank Trust Company Americas, the Class B Purchasers and Deutsche Bank, AG (Exhibit 99.4)
- 10.15.4(30) Third Amended and Restated Class C Note Purchase Agreement, dated October 30, 2006, among AmeriCredit Master Trust, AmeriCredit Funding Corp. VII, AmeriCredit Financial Services, Inc., Deutsche Bank Trust Company Americas, the Class C Purchasers and Deutsche Bank, AG (Exhibit 99.5)
- 10.15.5(30) Third Amended and Restated Class S Note Purchase Agreement, dated October 30, 2006, among AmeriCredit Master Trust, AmeriCredit Funding Corp. VII, AmeriCredit Financial Services, Inc., Deutsche Bank Trust Company Americas, the Class S Purchasers and Deutsche Bank, AG (Exhibit 99.6)
- 10.16(18) Note Purchase Agreement, dated August 19, 2004, among AmeriCredit Repurchase Trust, AmeriCredit Financial Services, Inc., Sheffield Receivables Corporation, and Barclays Bank, PLC, as agent (Exhibit 10.3)
- 10.16.1(18) Servicing and Custodian Agreement, dated August 19, 2004, among AmeriCredit Financial Services, Inc., AmeriCredit Repurchase Trust, Wells Fargo Bank, National Association, as collateral agent and backup servicer, and Barclays Bank, PLC, as agent (Exhibit 10.4)
- 10.16.2(18) Security Agreement, dated August 19, 2004, among Sheffield Receivables Corporation, AmeriCredit Repurchase Trust, AmeriCredit Financial Services, Inc., AFS Warehouse Corp., and Wells Fargo Bank, National Association, as collateral agent and securities intermediary (Exhibit 10.2)
- 10.16.3(25) Amendment No. 8, dated August 17, 2006, to the Security Agreement, dated August 19, 2004, among Sheffield Receivables Corporation, AmeriCredit Repurchase Trust, AmeriCredit Financial Services, Inc., AFS Warehouse Corp. and Wells Fargo Bank, National Association (Exhibit 99.1)
- 10.16.4(32) Amendment No. 11, dated August 16, 2007, to the Security Agreement, dated August 19, 2004, among Sheffield Receivables Corporation, AmeriCredit Repurchase Trust, AFS Warehouse Corp. and Wells Fargo Bank, National Association (Exhibit 99.2)

INDEX TO EXHIBITS

(Continued)

- 10.17(26) Security Agreement dated as of October 3, 2006, among AmeriCredit MTN Receivables Trust V, AmeriCredit Financial Services, Inc., AmeriCredit MTN Corp. V and Wells Fargo Bank (Exhibit 99.2)
- 10.17.1(26) Servicing and Custodian Agreement dated as of October 3, 2006, among AmeriCredit Financial Services, Inc., AmeriCredit MTN Receivables Trust V and Wells Fargo Bank (Exhibit 99.3)
- 10.17.2(26) Master Receivables Purchase Agreement dated as of October 3, 2006, among AmeriCredit MTN Receivables Trust V, AmeriCredit Financial Services, Inc., AmeriCredit MTN Corp. V and Wells Fargo Bank (Exhibit 99.5)
- 10.17.3(26) Insurance Agreement dated as of October 3, 2006, among MBIA Insurance Corporation, AmeriCredit MTN Receivables Trust V, AmeriCredit Financial Services, Inc., AmeriCredit MTN Corp. V and Wells Fargo Bank (Exhibit 99.6)
- 10.17.4(26) Note Purchase Agreement dated as of October 3, 2006, among AmeriCredit MTN Receivables Trust V, AmeriCredit Financial Services, Inc., Meridian Funding Company, LLC and MBIA Insurance Corporation (Exhibit 99.4)
- 10.18(19) AmeriCredit Corp. Senior Executive Bonus Plan (Appendix D to Proxy Statement)
- 10.19(16) Indenture, dated as of November 18, 2003, among AmeriCredit Corp the Guarantors and HSBC Bank USA (Exhibit 10.12)
- 10.20(20) AmeriCredit Corp. Deferred Compensation Plan II (Exhibit 99.1)
- 10.21(21) Revised Form of Stock Appreciation Rights Agreement (Exhibit 10.1)
- 10.22(27) Indenture, dated as of September 18, 2006, among AmeriCredit Corp., the Guarantors party thereto, and HSBC Bank USA, National Association, entered into in connection with AmeriCredit's \$275,000,000 0.75% Convertible Senior Notes due 2011 (Exhibit 10.2)
- 10.23(27) Indenture, dated as of September 18, 2006, among AmeriCredit Corp., the Guarantors party thereto, and HSBC Bank USA, National Association, entered into in connection with AmeriCredit's \$275,000,000 2.125% Convertible Senior Notes due 2013 (Exhibit 10.3)
- 10.24(28) Stock Purchase Agreement, dated as of December 4, 2006, among AmeriCredit Financial Services, Inc., ACC Capital Holdings Corporation and Long Beach Acceptance Corporation (Exhibit 2.1)
- 10.25(29) Restricted Stock Unit Agreement (Exhibit 99.1)
- 10.26(31) Indenture, dated as of June 28, 2007, among AmeriCredit Corp., the Guarantors party thereto and HSBC Bank USA, National Association, entered into in connection with AmeriCredit's \$200,000,000 8.50% Senior Notes due 2015 (Exhibit 4.1)
- 10.26.1(31) Registration Rights Agreement, dated as of June 28, 2007, among AmeriCredit Corp., as issuer, and Deutsche Bank Securities Inc. and Lehman Brothers Inc, as representatives of the initial purchasers, entered into in connection with AmeriCredit's \$200,000,000 8.50% Senior Notes due 2015 (Exhibit 10.1)
- 10.27(33) Indenture, dated September 5, 2007, between Wells Fargo Bank, National Association, as Trustee and Trust Collateral Agent, and JPMorgan Chase Bank, NA, as Administrative Agent (Exhibit 99.1)
- 10.27.1(33) Sale and Servicing Agreement, dated September 5, 2007, among AmeriCredit PNP Warehouse Trust, AmeriCredit Funding Corp. IX, AmeriCredit Financial Services, Inc. and Wells Fargo Bank, National Association (Exhibit 99.2)

INDEX TO EXHIBITS
(Continued)

10.27.2(33)	Class A Note Purchase Agreement, dated September 5, 2007, among AmeriCredit PNP Warehouse Trust, AmeriCredit Funding Corp. IX, AmeriCredit Financial Services, Inc., The Class A Purchasers and JPMorgan Chase Bank, NA (Exhibit 99.3)
10.27.4(33)	Class B Note Purchase Agreement, dated September 5, 2007, among AmeriCredit PNP Warehouse Trust, AmeriCredit Funding Corp. IX, AmeriCredit Financial Services, Inc., The Class B Purchasers and JPMorgan Chase Bank, NA (Exhibit 99.4)
10.28(34)	Letter Agreement, dated March 4, 2008, between AmeriCredit Corp. and Leucadia National Corporation (Exhibit 99.1)
10.29(35)	Forward Purchase Agreement, dated April 15, 2008, between AmeriCredit Corp. and Deutsche Bank AG, Cayman Islands Branch (Exhibit 10.1)
10.29.1(35)	Warrant Agreement, dated April 15, 2008, between AmeriCredit Corp. and Deutsche Bank Securities Inc. (Exhibit 10.2)
10.30(36)	Registration Rights Agreement, dated April 21, 2008, between AmeriCredit Corp. and Leucadia National Corporation (Exhibit 99.1)
12.1(@)	Statement Re Computation of Ratios
21.1(@)	Subsidiaries of the Registrant
23.1(@)	Consent of Independent Registered Public Accounting Firm
23.2(@)	Consent of Independent Registered Public Accounting Firm
31.1(@)	Officers' Certifications of Periodic Report pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1(@)	Officers' Certifications of Periodic Report pursuant to Section 906 of Sarbanes-Oxley Act of 2002

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- (1) Incorporated by reference to the exhibit shown in parenthesis included in Registration Statement No. 33-31220 on Form S-1 filed by the Company with the Securities and Exchange Commission.
 - (2) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Annual Report on Form 10-K for the year ended June 30, 1990, filed by the Company with the Securities and Exchange Commission.
 - (3) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Annual Report on Form 10-K for the year ended June 30, 1991, filed by the Company with the Securities and Exchange Commission.
 - (4) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Annual Report on Form 10-K for the year ended June 30, 1993, filed by the Company with the Securities and Exchange Commission.
 - (5) Incorporated by reference from the Company's Proxy Statement for the year ended June 30, 1995, filed by the Company with the Securities and Exchange Commission.
 - (6) Incorporated by reference from the Company's Proxy Statement for the year ended June 30, 1997, filed by the Company with the Securities and Exchange Commission.
 - (7) Incorporated by reference from the Company's Proxy Statement for the year ended June 30, 2000, filed by the Company with the Securities and Exchange Commission.
 - (8) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Registration Statement on Form S-8, filed on October 29, 1999, by the Company with the Securities and Exchange Commission (Exhibit 4.4)
 - (9) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Registration Statement on Form S-8, filed on July 31, 2001, by the Company with the Securities and Exchange Commission (Exhibit 4.4)

INDEX TO EXHIBITS
(Continued)

- (10) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Registration Statement on Form S-8, filed on February 23, 2000, by the Company with the Securities and Exchange Commission (Exhibit 4.4)
- (11) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Registration Statement on Form S-8, filed on November 16, 1994, by the Company with the Securities and Exchange Commission (Exhibit 4.3)
- (12) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Registration Statement on Form S-8, filed on March 1, 1999, by the Company with the Securities and Exchange Commission (Exhibit 4.4.1)
- (13) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Registration Statement on Form S-8, filed on November 7, 2001, by the Company with the Securities and Exchange Commission (Exhibit 4.4.2)
- (14) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Registration Statement on Form S-8, filed on December 12, 2002, by the Company with the Securities and Exchange Commission
- (15) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Registration Statement on Form S-8, filed on March 1, 1999, by the Company with the Securities and Exchange Commission (Exhibit 4.4)
- (16) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2003, filed by the Company with the Securities and Exchange Commission.
- (17) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Registration Statement on Form S-8, filed on December 18, 2003, by the Company with the Securities and Exchange Commission (Exhibit 4.4.3)
- (18) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004, filed by the Company with the Securities and Exchange Commission.
- (19) Filed as an exhibit to the Proxy Statement, filed on Form DEF 14A with the Securities and Exchange Commission on September 28, 2004.
- (20) Filed as an exhibit to the report on Form 8-K, filed with the Securities and Exchange Commission on December 15, 2004.
- (21) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005, filed by the Company with the Securities and Exchange Commission.
- (22) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 6, 2006.
- (23) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2005, filed by the Company with the Securities and Exchange Commission.
- (24) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 16, 2005.
- (25) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 21, 2006.
- (26) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on October 6, 2006.
- (27) Incorporated by reference to the exhibit shown in parenthesis included in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006, filed by the Company with the Securities and Exchange Commission.

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(Continued)

- (28) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 6, 2006.
- (29) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on October 26, 2006.
- (30) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 1, 2006.
- (31) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on July 5, 2007.
- (32) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 17, 2007.
- (33) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 7, 2007.
- (34) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 4, 2008.
- (35) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on April 17, 2008.
- (36) Filed as an exhibit to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on April 24, 2008.
- (@) Filed herewith.

Shareholder Information

EXECUTIVE MANAGEMENT TEAM

CLIFTON H. MORRIS, JR.
Chairman of the Board

DANIEL E. BERCE
President and Chief Executive Officer

KYLE R. BIRCH
*Executive Vice President,
Dealer Services*

STEVEN P. BOWMAN
*Executive Vice President,
Chief Credit and Risk Officer*

CHRIS A. CHOATE
*Executive Vice President,
Chief Financial Officer and Treasurer*

JAMES M. FEHLEISON
*Executive Vice President,
Corporate Controller*

MARK FLOYD
*Executive Vice President,
Co-Chief Operating Officer*

J. MICHAEL MAY
*Executive Vice President,
Chief Legal Officer and Secretary*

PRESTON A. MILLER
*Executive Vice President,
Co-Chief Operating Officer*

BRIAN S. MOCK
Executive Vice President, Collections

SUSAN B. SHEFFIELD
*Executive Vice President,
Structured Finance*

DIRECTORS

CLIFTON H. MORRIS, JR.
*Chairman of the Board,
AmeriCredit Corp.*

DANIEL E. BERCE
*President and Chief Executive Officer,
AmeriCredit Corp.*

JOHN R. CLAY
Private Investor

IAN M. CUMMING
*Chairman of the Board and Director,
Leucadia National Corporation*

A.R. DIKE
*President and Chief Executive Officer,
The Dike Company, Inc.*

JAMES H. GREER
*Chairman of the Board,
Greer Capital Corporation*

DOUGLAS K. HIGGINS
Owner, Higgins & Associates

KENNETH H. JONES, JR.
Private Investor

JUSTIN R. WHEELER
*President, Asset Management Group,
Leucadia National Corporation*

CORPORATE HEADQUARTERS

801 Cherry Street, Suite 3900
Fort Worth, Texas 76102
817-302-7000

ANNUAL MEETING

The annual meeting of the Company will be held on October 28, 2008, at 10:00 a.m. at The Fort Worth Club, 306 West Seventh Street, Fort Worth, Texas. All shareholders are cordially invited to attend.

INVESTOR RELATIONS INFORMATION

For financial/investment data and general information about AmeriCredit Corp., write the Investor Relations Department at the above address or telephone 817-302-7394. Information about the Company may also be found at www.americredit.com.

TRANSFER AGENT AND REGISTRAR

MELLON INVESTOR SERVICES LLC
480 Washington Boulevard
Jersey City, New Jersey 07310
800-635-9270
www.bnymellon.com/shareowner/isd

INDEPENDENT ACCOUNTANTS

DELOITTE & TOUCHE LLP
2200 Ross Ave. Suite 1600
Dallas, Texas 75201



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FORT WORTH, TEXAS 76102
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