

ASSET ACCEPTANCE CAPITAL CORP.

28405 Van Dyke Avenue
Warren, Michigan 48093
(586) 939-9600

Dear Stockholder:

It is my pleasure to invite you to attend the Asset Acceptance Capital Corp. 2005 Annual Meeting of Stockholders. The meeting will be held on Tuesday, May 17, 2005, at 9:00 a.m. at the Best Western Sterling Inn, 34911 Van Dyke Avenue, Sterling Heights, Michigan. The attached Notice of Annual Meeting and Proxy Statement provide information concerning the business to be conducted at the meeting and the nominees for election as Directors.

Your vote is important. Whether or not you plan to attend the meeting, please vote your shares by mail. Your shares will then be represented at the meeting if you are unable to attend. You may, of course, revoke your proxy and vote in person at the meeting if you desire.

Thank you for your support of Asset Acceptance Capital Corp.

Sincerely,

ASSET ACCEPTANCE CAPITAL CORP.

Nathaniel F. Bradley IV
President and Chief Executive Officer
April 15, 2005

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On May 17, 2005

- Time:** 9:00 a.m., Tuesday, May 17, 2005.
- Place:** Best Western Sterling Inn, 34911 Van Dyke Road, Sterling Heights, Michigan 48312.
- Items of Business:**
1. Elect three Directors each to serve for a term of three years.
 2. Ratification of the appointment of the Company's independent registered public accounting firm for fiscal 2005.
 3. Transact any other business properly brought before the meeting.
- Annual Reports:** The 2005 Annual Report to Stockholders, which includes the Annual Report on Form 10-K, is enclosed.
- Who Can Vote:** You can vote if you were a stockholder on April 5, 2005.
- Date of Mailing:** This Notice and Proxy Statement are first being mailed to stockholders on or about April 15, 2005.

By Order of the Board of Directors,

Nathaniel F. Bradley IV
President and Chief Executive Officer
April 15, 2005

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www.assetacceptance.com

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

About The Meeting

What am I voting on?

You will be voting to elect three directors, each to hold office until the 2008 Annual Meeting of Stockholders or until a successor is appointed and qualified. You are also voting on the ratification of the Company's appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2005.

Who is soliciting my proxy?

The Company's Board of Directors is soliciting your proxy to be used at the 2005 Annual Meeting of Stockholders. The Company will pay the entire cost of soliciting proxies and will arrange with brokerage houses, nominees, custodians and other fiduciaries to send proxy soliciting materials to beneficial owners of the Company's Common Stock at the Company's expense. In addition to solicitation by mail, officers and other employees of the Company may solicit proxies personally, by telephone or by fax.

Who is entitled to vote?

You may vote if you owned Common Stock of the Company as of the close of business on April 5, 2005. Each share of Common Stock is entitled to one vote on any matter voted on at the Annual Meeting. As of April 5, 2005 we had 37,225,275 shares of Common Stock outstanding.

How do I vote?

You can vote in one of two ways:

- By completing and mailing your proxy card.
 - By ballot at the Annual Meeting.
-

May I change my mind after I vote?

You may change your vote at any time before the polls close at the meeting by:

- Delivering a written notice of revocation, with a later date than the proxy card, to Asset Acceptance Capital Corp.'s Secretary, Mark A. Redman, at the Company's address, at or before the meeting.
 - Signing another proxy card with a later date and returning it to the address on the proxy card before the meeting.
 - Voting in person at the meeting.
-

What if I return my proxy card but do not provide voting instructions?

Proxies that are signed and returned but do not contain voting instructions will be voted by the persons named in the enclosed proxy card "FOR" the election of the nominee Directors and "FOR" the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2005.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, it means that you have multiple accounts with brokers and/or our transfer agent. Please vote all of these shares. We recommend that you contact your broker and/or our transfer agent to consolidate as many accounts as possible under the same name and address. Our transfer agent is LaSalle Bank National Association and you may reach them by phone at (800) 246-5761.

Who may attend the meeting?

The Annual Meeting is open to all holders of our Common Stock. For directions to the meeting, please call Investor Relations at (586) 939-9600 — option 5. We look forward to having you at the meeting.

May stockholders ask questions at the meeting?

Yes, representatives of the Company will answer stockholder questions of general interest at the meeting.

How many votes must be present to hold the meeting?

In order for us to hold the meeting, a majority of our outstanding shares of Common Stock as of April 5, 2005 (or 18,612,638 shares) must be present in person or by proxy. This majority is referred to as a quorum. Your shares are counted as present at the meeting if you attend the meeting and vote in person or if you properly return a proxy by mail. Abstentions and votes withheld by brokers on non-routine proposals in the absence of instructions from beneficial owners ("broker non-votes") will be counted as present at the Annual Meeting to determine whether a quorum exists.

How many votes are needed to elect Directors and to ratify the appointment of the independent registered public accounting firm?

The three Director nominees receiving the highest number of “FOR” votes will be elected as Directors. If a nominee is unable or declines to serve, proxies will be voted for the balance of the nominees and for such additional persons as designated by the Board to replace such nominee. However, the Board does not anticipate that this will occur.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote will be required for the ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the fiscal year ending December 31, 2005.

Generally, shares not voted, whether by marking “WITHHOLD AUTHORITY” on your proxy card, by broker non-votes (which are described above) or otherwise, will not be considered in the election of Directors or the ratification of the appointment of the independent registered public accounting firm. Unless a properly executed proxy card is marked “WITHHOLD AUTHORITY,” the proxy given will be voted “FOR” each of the three Director nominees and “FOR” the ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm.

The Company’s Board recommends that you vote “FOR” each of the nominees of the Board of Directors and that you vote “FOR” the ratification of the appointment of Ernst & Young LLP as the Company’s independent registered public accounting firm for the fiscal year ended December 31, 2005.

Can my shares be voted on matters other than those described in this Proxy Statement?

Yes, if any other item or proposal properly comes before the meeting, the proxies received will be voted in accordance with the discretion of the proxy holders. The Company, however, has not received proper notice of, and is unaware of, any business to be transacted at the meeting other than as indicated in this Proxy Statement.

When are stockholder proposals due for the 2006 Annual Meeting?

To be included in the Company’s Proxy Statement for the 2006 Annual Meeting of Stockholders, proposals must be received by the Company not later than December 16, 2005. Such proposals should be addressed to the Company’s Secretary at 28405 Van Dyke Avenue, Warren, Michigan 48093. Stockholder proposals to be presented at the 2006 Annual Meeting or any Special Meeting which are not to be included in the Company’s Proxy Statement must be received by the Company not later than February 16, 2006 in accordance with procedures in the Company’s Bylaws.

How do I obtain more information about Asset Acceptance Capital Corp.?

More information on Asset Acceptance Capital Corp. can be obtained by:

- Contacting Investor Relations at (586) 939-9600 — option 5.
- Going to our website at www.assetacceptance.com.
- Writing to:

Asset Acceptance Capital Corp.
Attn: Investor Relations
28405 Van Dyke Avenue
Warren, Michigan 48093

- Going to the Security and Exchange Commission's website at www.sec.gov.

Upon request, Asset Acceptance Capital Corp. will provide additional copies of the Company's 2004 Annual Report to Stockholders, which includes the Annual Report on Form 10-K, and the Proxy Statement.

PLEASE VOTE. YOUR VOTE IS VERY IMPORTANT.

Election of Directors

Nominees for Term Ending Upon the 2008 Annual Meeting of Stockholders (Class II Directors)

Terrence D. Daniels Director since 2003
Age 62

Mr. Daniels has been a Partner with Quad-C Management, Inc., a private equity firm based in Charlottesville, Virginia, since its formation in November 1989. Prior to November 1989, Mr. Daniels served as Vice Chairman and director of W.R. Grace & Co., as Chairman, President and Chief Executive Officer of Western Publishing Company, Inc. and as Senior Vice President for corporate development of Mattel, Inc. In October 2001, Nationwide Warehouse & Storage, LLC, et. al., an affiliate of Quad-C Management, Inc., filed a petition in bankruptcy. For the two years prior to the filing, Mr. Daniels served as a director and officer of Nationwide, but did not have any day-to-day management duties.

William F. Pickard Director since 2004
Age 64

Since 1997, Dr. Pickard has served as the Chief Executive Officer of Global Auto Alliance. Dr. Pickard also serves as the Chief Executive Officer of VITEC, LLC, Global Automotive Alliance LLC and Grupo Antolin-Wayne. Dr. Pickard also serves as a part time instructor for the University of Michigan School of Education. Since 1991, Dr. Pickard has served as a member of the advisory board for Standard Federal Bank, Troy, Michigan, and its predecessor institutions.

Rufus H. Reitzel, Jr. Director since 2003
Age 70

Mr. Reitzel founded Lee Acceptance Company in 1962, a predecessor of the Company. He and Mr. Bradley co-founded Asset Acceptance Corp. in 1994 to continue the business of the successors to Lee Acceptance Company. Mr. Reitzel served as Chief Executive Officer of our company and its predecessor companies from 1962 to June 2003 when he became Chairman.

*Continuing Directors for Term Ending Upon the 2006 Annual Meeting of Stockholders
(Class I Directors)*

H. Eugene Lockhart Director since 2004
Age 55

Since February 2003, Mr. Lockhart has been a Venture Partner for Oak Investment Partners, a private equity investment firm based in Westport, Connecticut. From February 2000 until February 2003, Mr. Lockhart served as the President and Chief Executive Officer of NewPower Holdings, Inc., a provider of energy and related services. In June 2002, NewPower Holdings, Inc. and its subsidiaries filed voluntary petitions with the U.S. Bankruptcy Court for the Northern District of Georgia seeking reorganization under Chapter 11 of the U.S. Bankruptcy Code, with the confirmation of the related plan of reorganization occurring in October 2003. Prior to joining NewPower Holdings, Inc. in February 2000, Mr. Lockhart served at AT&T Corporation as President of Consumer Services from July 1999 until February 2000 and as President and Chief Marketing Officer from February 1999 until June 1999. From April 1997 until October 1998, Mr. Lockhart served as President, Global Retail, of Bank of America Corporation, a financial services firm, and from March 1994 until April 1997, he served as President and Chief Executive Officer of MasterCard International, Inc., a credit card company. Mr. Lockhart is a member of the American Institute of Certified Public Accountants. Mr. Lockhart also serves as a director of IMS Health, Inc. (NYSE: RX) and RadioShack Corporation (NYSE: RSH).

Jennifer L. Adams Director since 2004
Age 45

In 1991, Ms. Adams joined World Color Press, Inc. as Vice President and General Counsel and remained with World Color Press, Inc. in a number of capacities until 1999, when she left World Color Press as Vice Chairman, Chief Legal and Administrative Officer and Secretary. Prior to joining World Color Press, Inc., Ms. Adams was an associate with the law firm of Latham & Watkins.

Donald Haider Director since 2004
Age 63

Since 1973, Dr. Haider has been a Professor of Management at Northwestern University's Kellogg School of Management as an Assistant, Associate and then Professor of Management. Dr. Haider began his academic career in 1971 as a lecturer and assistant professor at New York University and City College of New York and an Assistant Professor at Columbia University. Dr. Haider serves on the board of directors of La Salle National Bank, N.A., Chicago, Illinois, and Fender Musical Instruments.

*Continuing Directors for Term Ending Upon the 2007 Annual Meeting of Stockholders
(Class III Directors):*

Nathaniel F. Bradley IV Director since 2003
Age 48

Mr. Bradley is the President and Chief Executive Officer of Asset Acceptance Capital Corp. He joined our predecessor, Lee Acceptance Company, in 1979 and co-founded Asset Acceptance Corp. in 1994 with Mr. Reitzel. Mr. Bradley served as Vice President of our predecessor from 1982 until 1994 and was promoted to President of Asset Acceptance Corp. in 1994. He was named our Chief Executive Officer in June 2003.

Anthony R. Ignaczak Director since 2003
Age 41

Mr. Ignaczak joined Quad-C Management, Inc. in 1992 and has, since May 1993, been a Partner with Quad-C Management, Inc. in Charlottesville, Virginia. Prior to 1992, Mr. Ignaczak was an Associate with the Merchant Banking Group at Merrill Lynch and a member of the Mergers and Acquisitions department of Drexel, Burnham, Lambert Inc. Mr. Ignaczak is a director of Quality Distribution, Inc. (Nasdaq: QLTY), Tampa, Florida, which operates a bulk tank truck network.

William I. Jacobs Director since 2004
Age 63

Mr. Jacobs formed WIJ & Associates in 2002 as President. From May 2000 until 2002, Mr. Jacobs served as the Chief Financial Officer and Director of NewPower Holdings, Inc., a provider of energy and related services. In June 2002 NewPower Holdings, Inc. and its subsidiaries filed a voluntary petition with the U.S. Bankruptcy Court for the Northern District of Georgia seeking reorganization under Chapter 11 of the U.S. Bankruptcy Code, with the confirmation of reorganization occurring in October 2003. Prior to May 2000, Mr. Jacobs served as Senior Executive Vice President of MasterCard International. Mr. Jacobs is a director of ITG, Inc. (NYSE: ITG), Global Payments, Inc. (NYSE: GPN), and AlphaPharma, Inc. (NYSE: ALO).

Information Regarding the Board of Directors

Makeup of the Board:

Currently, the Board is comprised of nine directors. If a nominee is unable to serve, the person designated as proxy holder for the Company will vote for the remaining nominees and for such other person as the Board may nominate.

The Board has determined that each of Ms. Adams, Dr. Haider, Mr. Jacobs, Mr. Lockhart and Dr. Pickard are independent as defined under Rule 4200 of the listing standards of the National Association of Securities Dealers (“NASD”) and Rule 10A-3 of the Securities Exchange Act of 1934 (the “Exchange Act”).

Length of Board Term:

Directors who are elected at this Annual Meeting will hold office until the 2008 Annual Meeting of Stockholders or until a successor has been duly appointed and qualified. All nominees are currently Directors and have agreed to serve if elected.

Number of Meetings in 2004:

The Board met four times in 2004. All of the Directors attended at least 75% of the board and committee meetings which were held during the time of their service on the Board. Ms. Adams and Dr. Haider were appointed to the board effective on March 1, 2004 and, during their term of service, there were only three board meetings, all of which they attended. Mr. Jacobs and Dr. Pickard were appointed to the Board effective as of November 1, 2004 and there were no meetings held during the time of their service on the Board.

Independent Directors:

The independent directors met twice during the year without the attendance of executive management.

Board Committees:

The Board has three standing committees: the Audit Committee; the Compensation Committee; and the Nominating and Corporate Governance Committee. The Board has adopted a written charter for the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Under their charters, each of these Committees is authorized and assured of appropriate funding to retain and consult with external advisors, consultants and counsel.

Audit Committee:

The Audit Committee was formed in February 2004. The Committee met eight times during 2004.

Members:

- H. Eugene Lockhart (chairperson)
- Jennifer L. Adams
- Donald Haider
- William I. Jacobs (joined November 1, 2004)
- William F. Pickard (joined November 1, 2004)

Responsibilities:

- Primary function is to assist the Board in fulfilling its financial oversight responsibilities.
- Reviews the financial information provided to stockholders and the Securities and Exchange Commission (“SEC”).
- Reviews the corporate accounting and financial reporting practices.
- Appoints the Company’s independent registered public accounting firm, subject to ratification by our stockholders.
- Approves the scope of the audit and related audit fees.
- Monitors systems of internal financial controls and financial reporting processes, including compliance with Section 404 of Sarbanes-Oxley.
- Reviews capital investments.
- Approves purchases of portfolios of charged-off consumer receivables above a certain corporate threshold.

The Board has determined that (1) Mr. Lockhart is an “audit committee financial expert,” as defined in Item 401(h) of Regulation S-K; (2) each member of the Audit Committee is independent under Rule 4200 of the listing standards of the NASD and Rule 10A-3 of the Exchange Act; and (3) each member of the Audit Committee is qualified to serve on the Committee under Rule 4350 of the listing standards of the NASD.

The Board has adopted a written charter, for the Audit Committee which is available on our website at www.assetacceptance.com.

Compensation Committee:

The Compensation Committee was formed in February 2004. The Committee met four times during 2004.

Members:

- Donald Haider (chairperson)
- Jennifer L. Adams
- William F. Pickard (joined November 1, 2004)

The Board has determined that each member of the Compensation Committee is independent under Rule 4200 of the listing standards of the NASD and Rule 10A-3 of the Exchange Act.

Responsibilities:

- Primary function is to review, consider and recommend to the Board the compensation programs, plans, benefits and awards for executive officers, including the administration of our 2004 stock incentive plan and the granting of stock options.
- Considers and recommends to the Board proposals for Director compensation.
- Prepares annual report on compensation of management.

The Board has adopted a written charter for the Compensation Committee which is available on our website at www.assetacceptance.com.

Nominating and Corporate Governance Committee:

The Nominating and Corporate Governance Committee was formed in February 2004. The Committee met three times during 2004.

Members:

- Jennifer L. Adams (chairperson)
- Donald Haider
- William I. Jacobs (Joined November 1, 2004)

The Board has determined that each member of the Nominating and Corporate Governance Committee is independent under Rule 4200 of the listing standards of the NASD and Rule 10A-3 of the Exchange Act.

Responsibilities:

- Assists the Board in identifying, screening and recommending qualified candidates to serve as Directors and oversees searches to identify potential candidates.
- Assists the Board in identifying, screening and recommending qualified candidates to serve as Directors and reviews director candidates submitted by stockholders.
- Recommends to the Board the nominees to fill new positions or vacancies as they occur among the Directors.
- Reviews independence requirements required under applicable law or rules of The Nasdaq National Market.
- Develops and recommends to the Board a Code of Business Conduct and a set of corporate governance principles applicable to the Company.
- Reviews corporate governance documents periodically and recommends appropriate changes.

The Board has adopted a written charter for the Nominating and Corporate Governance Committee which is available on our website at www.assetacceptance.com.

Corporate Governance

General:

The Board believes that good corporate governance is important to ensure that the Company is managed for the long-term benefit of its stockholders. The Board at least annually reviews its corporate governance practices and policies as set forth its Code of Business Conduct and its Audit Committee Charter, both of which were are consistent with listing standards of The Nasdaq National Market and rules of the SEC.

Nomination of Directors:

The Nominating and Corporate Governance Committee, in accordance with its charter and the Board's governance principles, seeks to select a Board that is, as a whole, strong in its collective knowledge of and diversity of skills and experience concerning accounting and finance, management and leadership, vision and strategy, business operations, business judgment, risk assessment, industry knowledge, and corporate governance. When reviewing a potential candidate, the Committee looks specifically at the candidate's qualifications in light of the needs of the Board and the Company at that time given the then-current mix of director attributes.

In considering whether to recommend any candidate for inclusion as a Director nominee, the Committee will apply the criteria set forth in the Corporate Governance Guidelines and in applicable committee charters. These criteria include the candidate's character and integrity, business acumen, experience inside and outside of the business community, personal commitment, diligence, conflicts of interest and the ability to act in the balanced, best interests of the stockholders as a whole rather than special interest groups or constituencies.

The Committee will consider nominations submitted by stockholders. To recommend a nominee, a stockholder should write to the Company's Secretary, Mark A. Redman, at 28405 Van Dyke Avenue, Warren, Michigan 48093. To be considered by the Committee for nomination and inclusion in the Company's Proxy Statement for its 2006 Annual Meeting of Stockholders, a stockholder recommendation for a Director must be received by the Company's Secretary no later than December 16, 2005. Any recommendation must include (i) the name and address of the candidate, (ii) a brief biographical description, including his or her occupation for at least the last five years, and a statement of the qualifications of the candidate, taking into account the qualification requirements summarized above, and (iii) the candidate's signed consent to be named in the Proxy Statement and to serve as a Director if elected. The Committee may seek additional biographical and background information from any candidate that must be received on a timely basis to be considered by the Committee.

The process followed by the Committee to identify and evaluate candidates includes requests to Board members and others for recommendations, including a search firm or outside consultant, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Committee and the Board. Assuming the appropriate biographical and background material is provided for candidates submitted by stockholders, the Committee will evaluate those candidates by following substantially the same process, and applying substantially the same criteria, as for candidates submitted by Board members. All Director nominees recommended for election by the stockholders at the 2005 Annual Meeting are current members of the Board. Each of Ms. Adams and Messrs. Lockhart, Haider, Pickard and Jacobs were selected based on recommendations of other directors and significant shareholders of the Company.

The Committee did not receive any nominations from stockholders for the 2005 Annual Meeting.

**Stockholder
Communications with
Directors:**

The Board has established a process for stockholders to communicate with members of the Board. The chairperson of the Nominating and Corporate Governance Committee is responsible for monitoring communications from stockholders and providing copies or summaries of such communications to the other Directors, as he or she considers appropriate. The chairperson of the Nominating and Corporate Governance Committee will forward all communications to all Directors if they relate to appropriate matters and may include suggestions or comments from the chairperson of the Nominating and Corporate Governance Committee. In general, communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than communications relating to personal grievances and matters as to which the Company tends to receive repetitive or duplicative communications. Stockholders who wish to send communications to the Board may do so by writing to:

Ms. Jennifer L. Adams
Chairperson of the Nominating and Corporate
Governance Committee
Asset Acceptance Capital Corp.
28405 Van Dyke Avenue
Warren, MI 48093

**Board Attendance
Policy:**

The Board's policy is that all Directors should attend the Annual Meeting of Stockholders if reasonably possible. All members of the Board attended the 2004 Annual Meeting of Stockholders, except for Mr. Lockhart, whose absence was excused.

**Board and Director
Evaluation:**

The Board conducts annual performance evaluations of the Board as a whole.

Compensation of Directors

General:	Non-employee Directors receive cash compensation as well as options granted pursuant to the 2004 Stock Incentive Plan (the “Stock Incentive Plan”), which the stockholders approved in 2004. A Director who is also an employee of the Company receives no compensation for serving as a Director other than compensation for services as an employee. All Directors are reimbursed for expenses to attend Board and Committee meetings.
Cash Component:	The cash component of non-employee Director compensation consists of an annual cash retainer of \$20,000, which is paid in equal quarterly installments. In addition, non-employee Directors receive \$1,000 for attendance at each regularly scheduled board meeting, \$2,000 for attendance at each regularly scheduled Audit Committee meeting, \$1,000 for attendance at each regularly scheduled Compensation Committee meeting and \$1,000 for attendance at each regularly scheduled Nominating and Corporate Governance Committee meeting. The Chairperson of the Audit Committee is paid \$3,000 for each regularly scheduled meeting of the Audit Committee. If a non-employee Director attends a Board or Committee meeting via telephone, the compensation received is 50% of the foregoing, provided that members of the Audit Committee are not compensated for unscheduled telephonic meetings. A non-employee Director appointed to fill a vacancy on the Board prior to an Annual Meeting will receive a pro-rated cash retainer for the interim term. Non-employee Directors will be entitled to receive their annual retainer (or portions of such retainer) in fully vested options to purchase our common stock in lieu of cash payments.
Stock Component:	Non-employee Directors receive an option to purchase 15,000 shares of the Company’s common stock upon election to the Board and will receive an option to purchase 7,500 shares annually thereafter. A non-employee Director appointed to fill a vacancy on the Board or who becomes a Committee Chairperson prior to an Annual Meeting will receive an option grant for such interim term. Fifty percent of each option grant will vest on each of the first two anniversary dates of such grant.
Stock Ownership Requirement:	There is no minimum stock ownership requirement for directors.

Compensation Committee Report on Executive Compensation

The Committee:	The Compensation Committee's primary function is to review, consider and recommend to the independent members of the Board the compensation programs, benefits and awards for executive officers and Directors.
Compensation Policies:	<p>Our executive compensation policies are designed to encourage and reward efforts that create stockholder value through achievement of corporate performance goals, through aligning the individual performance of the executives with the larger short term and long term corporate goals of the organization and through encouraging behaviors consistent with the ethical principles underlying the Code of Business Conduct.</p> <p>To assist in its development of compensation policies, the Committee considers the executive compensation levels for generally comparable companies, the person's experience and a subjective assessment of the nature of each executive's performance and contribution to the Company. In addition, the Committee compares the compensation of each executive against other executives on the management team to establish an appropriate compensation structure.</p>
Annual Base Salaries:	Salaries are based on the overall company salary structure, the level of job responsibility, individual performance, work experience, and skill level, and compensation data for generally comparable companies.
Annual Performance Incentives:	<p>Annual performance incentives are provided primarily through cash bonuses. Bonuses for executive officers, other than the Company's Chairman, Mr. Reitzel, are based on the achievement of performance goals, which are established by the Committee, together with the attainment of corporate EBITDA goals following approval of the annual budget and forecast. Mr. Reitzel's bonus is computed solely through the attainment of corporate EBITDA goals following approval of the annual budget and forecast. Although EBITDA generally is defined as being earnings before interest, taxes, depreciation and amortization, for purposes of executive bonuses, EBITDA has the meaning provided to it from time to time by the Compensation Committee.</p>
Long-Term Performance Incentives:	Long-term performance incentives include annual stock option awards granted at exercise prices equal to the fair market value of our Common Stock on the grant date. Options may be granted at an exercise price below fair market value, particularly as employment incentives. Options may be granted by the Compensation Committee based upon the Committee's assessment of the overall performance and compensation of the recipient of the options.

On March 8, 2005, the Compensation Committee approved the granting of the following nonqualified stock options to two of our named executive officers and to our General Counsel. Mr. Reitzel and Mr. Bradley are to receive options to purchase 15,000 shares of our Common Stock which will vest on January 1, 2006, and Thomas Good, our General Counsel, is to receive an option to purchase 25,000 shares of our Common Stock, which will vest 25% on each of January 1, 2006, January 1, 2007, January 1, 2008 and January 1, 2009. Although the granting of these options has been approved, they have not been granted as of the date of this Proxy Statement.

**Policy on
Deductibility Of
Compensation:**

Section 162(m) of the Internal Revenue Code limits to \$1 million the corporate tax deduction for compensation paid to certain executive officers unless the compensation is based on nondiscretionary, pre-established performance goals. The Committee believes that it has taken appropriate actions to preserve the deductibility of the majority of annual incentive bonuses and stock-based compensation awarded as long-term performance incentives. However, from time to time the Committee may recommend incentive awards that may not be deductible when it believes that such awards are in the best interest of the Company and its stockholders. The Company does not currently have any payment obligations which would be subject to Section 162(m).

**Deferred
Compensation:**

The Company does not have a non-qualified deferred compensation plan.

**Executive Officer
Stock Ownership
Requirement:**

The Company does not have an executive officer stock ownership requirement.

**Chief Executive
Officer Compensation:**

Nathaniel F. Bradley IV, the Company's President and Chief Executive Officer and a member of the Board, is serving pursuant to the terms of an Employment Agreement between the Company and Mr. Bradley. This Employment Agreement expires on December 31, 2006 unless Mr. Bradley continues to be employed on such date, in which case the Employment Agreement will automatically renew for additional one-year periods. Mr. Bradley earns an annual salary of \$340,000, which may be increased by the Board, and such bonuses as may be awarded at the end of each fiscal year. In 2004, Mr. Bradley was eligible to receive a bonus of up to 80% of salary based upon achievement of certain performance targets.

The Compensation Committee met in executive session with its retained compensation consultant to discuss Mr. Bradley's compensation. Based on the overall attainment of his performance objective, and the strong business performance of the Company, together with the successful launch of the Company as a publicly traded enterprise in 2004, the Committee felt that this compensation was appropriate.

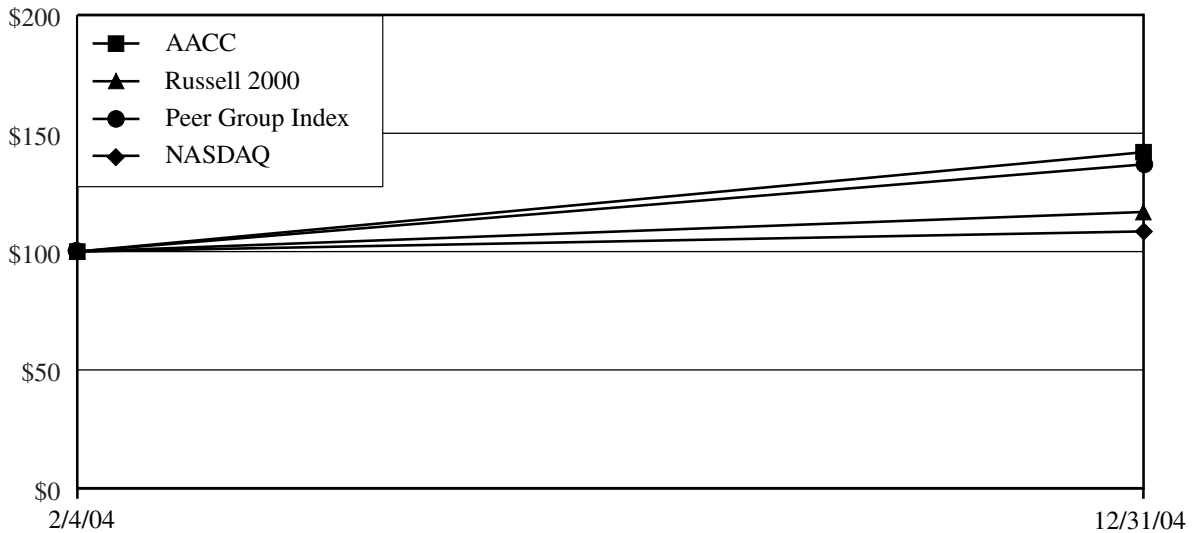
Donald Haider, (Chairperson)
Jennifer L. Adams
William R. Pickard

Members, Compensation Committee
March 8, 2005

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total stockholder return of our common stock from February 4, 2004 (the date our stock began trading or connection with, our initial public offering) through December 31, 2004, against (i) the stocks comprising The Nasdaq Stock Market (U.S.) Index, (ii) the stock comprising the Russell 2000 Index, and (iii) the stocks comprising a peer group index selected by the Company. The graph assumes that \$100 was invested on February 4, 2004 in our common stock, as well as in each of the indices described above, if any, were reinvested. The companies selected by the Company for the peer index are First City Financial Corp., NCO Group, Inc., Encore Capital Group, Inc., Portfolio Recovery Associates, Inc. and Asta Funding, Inc.

This graph will not be deemed to be incorporated by reference by any general statement incorporating this proxy statement into any of our filings under the Securities Act of 1933 or under the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not be deemed “soliciting material” or be deemed “filed” under either such Acts.



Total Return Date	AACC	NASDAQ	Russell 2000	Peer Group Index
2/4/04	100.00	100.00	100.00	100.00
12/31/2004	142.00	108.54	116.75	136.85

Executive Compensation

Summary Compensation Table

The following table sets forth information concerning the compensation earned in the years ended December 31, 2002, 2003 and 2004 by our Chief Executive Officer and by each of our other four most highly compensated executive officers, including the former Chief Executive Officer, whose total salary plus bonus exceeded \$100,000 for services rendered in all capacities during 2002, 2003 and 2004. We refer to these individuals as the named executive officers in this Proxy Statement.

		Summary Compensation Table				
		<u>Annual Compensation</u>		<u>Long-Term Compensation</u>		
<u>Name and Principal Position</u>	<u>Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Securities Underlying Options/SARs (4) (#)</u>	<u>LTIP Payouts (5) (\$)</u>	<u>All Other Compensation (6) (\$)</u>
Rufus H.						
Reitzel, Jr.,	2004	575,000	347,070	—	—	6,150
Chairman(1)	2003	577,211	148,925	—	—	6,000
	2002	618,488	711,488	—	—	6,000
Nathaniel F.						
Bradley IV,	2004	340,000	194,963	—	—	6,150
President and Chief Executive Officer(2)	2003	341,307	88,060	—	—	6,000
	2002	340,442	394,978	—	—	6,000
Mark A. Redman, . .						
Vice President — Finance and Chief Financial Officer	2004	175,000	102,989	—	8,392,356	6,150
	2003	160,453	82,880	—	—	6,000
	2002	164,446	283,724	220,386	—	6,000
Phillip L. Allen, . . .						
Vice President — Operations	2004	120,800	52,635	—	3,147,143	4,970
	2003	115,732	44,872	—	—	4,790
	2002	110,571	48,222	82,645	—	3,531
Donald O'Neill, . . .						
Vice President — Collections(3)	2004	107,200	46,103	—	1,573,552	4,382
	2003	101,750	38,850	—	—	4,250
	2002	94,218	42,020	41,322	—	3,403

- (1) Mr. Reitzel served as Chief Executive Officer from January 1, 2002 through June 10, 2003 and as Chairman since June 11, 2003.
- (2) Mr. Bradley served as President from January 1, 2002 through June 10, 2003 and as President and Chief Executive Officer since June 11, 2003.
- (3) Mr. O'Neill, the Vice President — Collections of the Company, left the employment of the Company effective as of April 1, 2005.
- (4) The amounts in the column entitled "Securities Underlying Options/SARs" consists of the number of share appreciation rights granted by Asset Acceptance Holdings LLC

pursuant to the Asset Acceptance Holdings LLC Year 2002 Share Appreciation Rights Plan during the year ended December 31, 2002 to the named executive officers.

- (5) The amounts contained in the column entitled "LTIP Payouts" consist of amounts received by each of the named executive officers due to the vesting of the share appreciation rights in connection with our February 2004 initial public offering and the related payment to such officers in the form of applicable withholding taxes and the value of the unregistered shares of our common stock issued to each of them in February 2004.
- (6) The amounts in the column entitled "All Other Compensation" consist of contributions made or to be made by us to the named executive officer's 401(k) plan account.

On March 8, 2005, our Compensation Committee of the Board approved the following salaries for the following named executive officers effective January 1, 2005; Rufus H. Reitzel, Jr., \$575,000; Nathaniel F. Bradley IV, \$340,000; Mark A. Redman, \$200,000; and Phillip L. Allen, \$139,000.

Stock Option Grants/Share Appreciation Rights Grants in Last Fiscal Year

We did not grant stock options or share appreciation rights to any of the named executive officers in 2004.

On March 8, 2005, our Compensation Committee of the Board approved the granting of the following nonqualified stock option to two of our named executive officers and to our General Counsel: Mr. Reitzel and Mr. Bradley are to receive an option to purchase 15,000 shares of our common stock which will vest on January 1, 2006, assuming continued satisfactory performance for us; and Thomas Good, our General Counsel, who joined the company on February 9, 2004, is to receive an option to purchase 25,000 shares of our common stock which will vest 25% on each of January 1, 2006, January 1, 2007, January 1, 2008 and January 1, 2009, assuming continued satisfactory performance for us. Although the granting of these options has been approved, they have not been granted as of the date of this Proxy Statement.

Aggregate Stock Option/Share Appreciation Rights Exercised and Fiscal Year-end Values

None of the named executive officers have any outstanding stock options.

The following table contains information for each of the named executive officers the number of shares of our common stock received upon the exercise of share appreciation rights granted by Asset Acceptance Holdings LLC pursuant to the Asset Acceptance Holdings LLC Year 2002 Share Appreciation Rights Plan, the aggregate dollar value realized upon exercise, the total number exercisable (vested) and unexercisable (non vested) share appreciation rights, as well as the value of unexercised (non vested) in-the-money share appreciation rights, as of December 31, 2004.

Aggregated Fiscal Year End SAR Values

Name	Shares Acquired On Exercise (1) (#)	Value Realized (2) (\$)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options/SARs at Fiscal Year End (\$) Exercisable/ Unexercisable (1)
Rufus H. Reitzel, Jr.	—	—	—	—
Nathaniel F. Bradley IV . .	—	—	—	—
Mark A. Redman	332,811	8,392,356	—	—
Phillip L. Allen	124,578	3,147,143	—	—
Donald O'Neill	62,107	1,573,552	—	—

- (1) The amounts in the column entitled “Shares Acquired on Exercise” consist of the number of shares of our common stock issued to each of the named executive officers in February 2004 due to the vesting, in connection with our February 2004 initial public offering, of the share appreciation rights granted by Asset Acceptance Holdings LLC pursuant to the Asset Acceptance Holdings LLC Year 2002 Share Appreciation Rights Plan.
- (2) The amounts in the column entitled “Value Realized” consists of amounts received by each of the named executive officers due to the vesting of the share appreciation rights in connection with our February 2004 initial public offering and the related payment to such officers in the form applicable withholding taxes and the value of the of unregistered shares of our common stock issued to each of them (with each share valued at \$15.00).

Employment Agreements

On September 30, 2002, we entered into an employment agreement with Rufus H. Reitzel Jr., our Chairman. The agreement will expire on September 30, 2005 unless Mr. Reitzel continues to be employed by us after September 30, 2005, in which case the agreement will automatically renew for additional one-year periods. The agreement provides for an annual salary of \$575,000, which may be increased by the Board of Directors, and such bonuses as may be awarded at the end of each fiscal year. If Mr. Reitzel is terminated by us without cause or resigns following a substantial breach, as defined in the agreement, Mr. Reitzel is entitled to receive his salary for a period of two (2) years and a pro rata portion of the bonus, if any, due in accordance with the agreement as if his employment had continued until the second anniversary date of such termination date. The agreement also contains provisions which restrict Mr. Reitzel from competing with us through the later of (i) one year after the termination of Mr. Reitzel's employment and (ii) the date we cease to make severance payments, if any, required to be made if Mr. Reitzel's employment is terminated without cause or Mr. Reitzel resigns following a substantial breach. This agreement was amended upon the closing of our February 2004 initial public offering to provide Mr. Reitzel with life-time healthcare coverage. In addition, on September 30, 2002, we entered into a non-disclosure and non-competition agreement with Mr. Reitzel. The agreement as amended, prohibits Mr. Reitzel from competing with us for a period of seven years from the date of the agreement, provided that if, before September 30, 2005, Mr. Reitzel's employment is terminated by us, other than for cause for, or if Mr. Reitzel resigns following a substantial breach, as defined in the agreement, the restrictions will expire on the fourth anniversary of the termination of employment. The agreement does not prohibit Mr. Reitzel from, among other things, continuing his investment in Arco Iris and FMC Brasil, two Brazilian entities engaged in the debt collection business in Brazil, in a manner consistent with his current involvement and so long as the entities do not compete with us or operating the business of Consumer Credit, LLC after purchasing the business pursuant to his option agreement. For additional information on this option agreement, see "Certain Relationship and Related Party Transactions." The agreement also prohibits Mr. Reitzel from disclosing our confidential information and from interfering with our relationship with our employees.

On September 30, 2002, we entered into an agreement with Nathaniel F. Bradley IV, our President and Chief Executive Officer, which as amended, expires on December 31, 2006 unless Mr. Bradley continues to be employed by us after such date, in which case the agreement will automatically renew for additional one-year periods. The agreement provides for an annual salary of \$340,000, which may be increased by the Board of Director, and such bonuses as may be awarded at the end of each fiscal year. If Mr. Bradley is terminated by us without cause or resigns following a substantial breach, as defined in the agreement, Mr. Bradley is entitled to receive his salary for a period of two (2) years and a pro rata portion of the bonus, if any, due in accordance with the agreement as if his employment had continued until the second anniversary date of such termination date. The agreement also contains provisions which restrict Mr. Bradley from competing with us through the later of (i) one year after the termination of Mr. Bradley's employment and (ii) the date we cease to make severance payments, if any, required to be made if Mr. Bradley's employment is terminated without cause or Mr. Bradley resigns following a substantial breach. In addition, on September 30, 2002, we entered into a non-disclosure and non-competition agreement with Mr. Bradley. The agreement prohibits Mr. Bradley from competing with us for a period of seven years from the date of the agreement, provided that if, before September 30, 2006, Mr. Bradley's employment is terminated by us, other than for cause, or if Mr. Bradley resigns

following a substantial breach, as defined in the agreement, the restrictions will expire on the fourth anniversary of the termination of employment. The agreement does not prohibit Mr. Bradley from, among other things, continuing his investment in Arco Iris and FMC Brasil, two Brazilian entities engaged in the debt collection business in Brazil, in a manner consistent with his current involvement and so long as the entities do not compete with us. The agreement also prohibits Mr. Bradley from disclosing our confidential information and from interfering with our relationships with our employees.

On September 30, 2002, we entered into an employment agreement with Mark A. Redman, our Chief Financial Officer, which as amended, expires on December 31, 2006 unless Mr. Redman continues to be employed by us after such date, in which case the agreement will automatically renew for additional one-year periods. The agreement provides for an annual salary of \$160,000, which has been increased by the Board of Directors, and such bonuses as may be awarded at the end of each fiscal year. If Mr. Redman is terminated by us without cause or resigns following a substantial breach, as defined in the agreement, Mr. Redman is entitled to receive his salary for a period two (2) years and a pro rata portion of the bonus, if any, due in accordance with the agreement as if his employment had continued until the second anniversary date of such termination date. The agreement also contains provisions which restrict Mr. Redman from competing with us through the later of (i) one year after the termination of Mr. Redman's employment and (ii) the date we cease to make severance payments, if any, required to be made if Mr. Redman's employment is terminated without cause or Mr. Redman resigns following a substantial breach. In addition, on September 30, 2002, we entered into a non-disclosure and non-competition agreement with Mr. Redman. The agreement prohibits Mr. Redman from competing with us for a period of seven years from the date of the agreement, provided that if, before September 30, 2006, Mr. Redman's employment is terminated by us, other than for cause or, or if Mr. Redman resigns following a substantial breach, as defined in the agreement, the restrictions will expire on the fourth anniversary of the termination of employment. The agreement does not prohibit Mr. Redman from, among other things, continuing his investment in Arco Iris and FMC Brasil, two Brazilian entities engaged in the debt collection business in Brazil, in a manner consistent with Mr. Reitzel's and Mr. Bradley's current involvement and so long as the entities do not compete with us. The agreement also prohibits Mr. Redman from disclosing our confidential information and from interfering with our relationship with our employees.

Share Ownership and Certain Relationships

Management and Directors

The following table sets forth information regarding the beneficial ownership of our common stock as of April 5, 2005 by:

- each person, entity or group known to us to be the beneficial owner of more than 5% of the outstanding shares of our common stock;
- each of our named executive officers;
- each of our directors; and
- all of our directors and executive officers as a group.

The percentage of beneficial ownership is based on 37,225,275 shares of common stock outstanding as of April 5, 2005.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities and include shares of common stock issued upon the exercise of options or warrants that are presently exercisable or exercisable within 60 days. As of April 5, 2005, we had granted options to purchase 118,888 shares of our common stock. Unless otherwise indicated, to our knowledge the persons identified in this table have sole voting and investment power with respect to all shares beneficially owned by them, subject to applicable community property laws.

Unless otherwise indicated below, each person or entity named below has an address in care of our principal executive offices at Asset Acceptance Capital Corp., 28405 Van Dyke Avenue, Warren, Michigan 48093.

Name Beneficial Owner	Amount of Beneficial Ownership	Percent of Class
<i>Directors and Executive Officers</i>		
Terrence D. Daniels(1)(2)	16,013,961	43.0%
Anthony R. Ignaczak(1)(2)	16,013,961	43.0
Nathaniel F. Bradley IV(3)	4,728,884	12.7
Rufus H. Reitzel, Jr.(4)	3,347,862	9.0
Mark A. Redman(5)	955,033	2.6
Phillip L. Allen	124,578	*
Donald O'Neill(6)	55,897	*
H. Eugene Lockhart(7)(8)	12,444	*
Donald Haider(8)(9)	11,444	*
Jennifer L. Adams(8)	10,944	*
William I. Jacobs(10)	2,834	*
William F. Pickard(10)	834	*
All Directors and Executive Officers as a Group (17 persons)(11)	25,593,424	68.8
<i>Other Principal Stockholders</i>		
AAC Quad-C Investors LLC(1)	16,004,017	43.0
Heather Reitzel(4)	3,688,529	9.9
FMC Corp.(12)	4,293,884	5.4

* Represents ownership of less than one (1%) of the issued and outstanding shares of the Company's common stock.

- (1) Address is 230 East High Street, Charlottesville, Virginia 22902.
- (2) The shares of common stock beneficially owned by Messrs. Daniels and Ignaczak consist of 16,004,017 shares held by AAC Quad-C Investors LLC, as well as 9,944 shares issuable under option presently exercisable or exercisable within 60 days and held by each of Messrs. Daniels and Ignaczak. Messrs. Daniels and Ignaczak serve as managers of AAC Quad-C Investors LLC and each of them has shared power to vote and dispose of the shares held by AAC Quad-C Investors LLC.
- (3) Includes 1,267,340 shares held by trusts of which Mr. Bradley is co-trustee with his spouse, and 191,520 shares held by a trust of which Mr. Bradley's spouse is sole trustee (as to which Mr. Bradley disclaims beneficial ownership).
- (4) Includes 993,065 shares held by trusts of which Mr. Reitzel and his spouse, Ms. Reitzel serve as co-trustees with shared power to vote and dispose of the underlying shares (as to which Mr. Reitzel and Ms. Reitzel disclaim beneficial ownership).
- (5) Includes 2,000 shares over which Mr. Redman is the sole custodian and 1,000 shares held for the benefit of Mr. Redman's adult child.
- (6) Mr. O'Neill, the Vice President — Collections of the Company, left the employment of the Company effective as of April 1, 2005.

- (7) Address is One Gorham Island, Westport, Connecticut 06880.
- (8) Includes 9,944 shares issuable under options presently exercisable or exercisable within 60 days and held by each of Ms. Adams and Messrs. Haider and Lockhart.
- (9) Address is 2001 Sheridan Road, Evanston, Illinois 60208-2001.
- (10) Includes shares issuable under option presently exercisable or exercisable within 60 days and held by each of Messrs. Jacobs and Pickard.
- (11) Does not include shares beneficially owned by Mr. O'Neill, but does include shares held by Patrick J. Dangel, who replaces Mr. O'Neill as Vice President — Collections effective April 1, 2005. The 16,013,961 shares of common stock held beneficially by Messrs. Daniels and Ignaczak by virtue of their respective positions as managers of AAC Quad-C Investors LLC are counted once for purposes of calculating the shares beneficially owned by all directors and executive officers as a group.
- (12) FMR Corp.'s address or principal place of business is 82 Devonshire Street, Boston, Massachusetts 02109. Based upon its statement on Schedule 13G filed with the SEC on February 14, 2005, FMR Corp. has sole voting power over 1,499,200 shares of common stock and has sole investment power over 2,026,513 shares of common stock.

On March 7, 2005, the Company filed with the SEC a Registration Statement on Form S-1 regarding the proposed secondary public offering of 5,000,000 shares (or 5,750,000 shares if the underwriter's over-allotment option is exercised in full) of the Company's Common Stock by certain selling stockholders, including the 4,951,251 shares (or 5,701,251 shares if the underwriter's over-allotment option is exercised in full) being offered collectively by Nathaniel F. Bradley IV, Rufus H. Reitzel, Jr., Mark A. Redman, Phillip L. Allen, Donald O'Neill, AAC Quad-C Investors LLC and Ms. Reitzel. Consequently, the amount of beneficial ownership and the percent of class held by each of such selling stockholders would differ from that shown in the above table if such offering is consummated. In particular, all Directors and Executive Officers as a group would beneficially own 21,298,457 shares, or 57.2% of the class (excluding the underwriter's over-allotment option) if such offering is consummated in accordance with the Registration Statement on Form S-1, as amended. As of the time of the printing of this Proxy Statement (which preceded the date of this Proxy Statement by several business days), the Company did not know whether the secondary public offering would occur and, if so, the final number of shares sold in such offering.

Compensation Committee Interlock and Insider Participation

No interlocking relationship exists between the Board or the Compensation Committee and the Board or the Compensation Committee of any other company, nor has any interlocking relationship existed in the past. Mr. Bradley is the son-in-law of Mr. Reitzel.

Certain Relationships and Related Party Transactions

On September 30, 2002, a predecessor entity, Asset Acceptance Holdings, LLC entered into an employment agreement with Heather K. Reitzel, the Executive Vice President and the wife of Rufus H. Reitzel, Jr., that will expire on September 30, 2005. As amended, the agreement provides for an annual salary of \$60,000, which have been increased by the Board of Directors, and such bonuses as may be awarded at the end of each fiscal year. If the Company terminates Ms. Reitzel without cause or if Ms. Reitzel resigns following a substantial breach, as defined in the agreement, Ms. Reitzel is entitled to receive her salary for a period of two years and a pro rata portion of the bonus, if any, due in accordance with the agreement as if her employment had continued until the second anniversary date of such termination date.

The agreement also contains provisions which restrict Ms. Reitzel from competing with us. Pursuant to the agreement, Ms. Reitzel will receive life-time health care coverage.

On September 30, 2002, Asset Acceptance Holdings LLC entered into a consulting services agreement with Quad-C Management, Inc., an affiliate of AAC Quad-C Investors LLC, the Company's largest stockholder. The agreement was terminated on February 4, 2004. Under the agreement, Quad-C Management, Inc. received a consulting services fee of \$300,000 per year for consulting with and advising the Company on matters relating to financing, taxation and operations and development of the business, among other matters. While Quad-C Management, Inc. does not have a contractual right to appoint any members of the Board, two of our board members are affiliates of Quad-C Management, Inc. In 2004, a predecessor company paid Quad-C Management, Inc. \$28,767 for consulting services rendered through February 4. Terrence D. Daniels and Anthony R. Ignaczak both serve on our Board and are partners of Quad-C Management, Inc.

The Company used \$40.0 million of the net proceeds from our initial public offering to pay in full our note payable owed to AAC Quad-C Investors LLC which was scheduled to mature on September 30, 2007 and bore interest at 10%. As of December 31, 2004, the principal and accrued interest under this indebtedness totaled \$39.6 million.

On September 30, 2002, Asset Acceptance Holdings LLC entered into a registration rights agreement with AAC Investors, Inc., AAC Holding Corp. (the predecessor to RBR Holding, Corp.), Consumer Credit Corp., Rufus H. Reitzel, Jr., Heather K. Reitzel, Nathaniel F. Bradley IV, and Mark A. Redman. In February 2004, this agreement was amended to, among other things; include the Company and AAC Quad-C Investors LLC as parties. As amended, this agreement will terminate three years after the closing of our initial public offering, except for those stockholders who own in excess of 1% of the then-outstanding shares of our common stock, for whom termination will occur upon the earlier of either (i) three years from when the stockholder ceases to own more than 1% or (ii) seven years after the closing of our initial public offering. The agreement, among other things, provides that AAC Quad-C Investors LLC, on one hand, and Mr. Reitzel, Ms. Reitzel, Mr. Bradley and Mr. Redman, on the other hand can each make two requests that we effect the registration of a specified number of shares of common stock held by each of them using a registration statement on Form S-1 (or similar long-form registration statement), provided that the requester holds in excess of 5% of our outstanding common stock. After one group gives notice of its request for registration, the agreement provides that the other group may also request that we effect the registration of a specified number of shares of common stock held by them or their affiliates. AAC Quad-C Investors LLC has used one of its two long-form requests and each of Ms. Reitzel and Messrs. Reitzel, Bradley and Redman exercised their right to join in the registration of their shares. In connection with their requests, the Company joined with each of those parties in allowing certain other stockholders to join in registering their shares pursuant to such registration statement. In addition to the long-form request, the Company are generally obligated to use its reasonable best efforts to include the shares held by these groups to the extent the Company registers shares in an offering initiated by us.

Pursuant to the terms of the registration rights agreement, we were required to bear substantially all the costs, other than underwriting discounts and commissions, of the selling stockholders in connection with our secondary offering that has previously been announced. We have paid or expect to pay \$575,000 in legal, accounting and other expenses associated with the secondary offering.

Pursuant to the terms of its operating agreement, Asset Acceptance Holdings LLC made tax distributions to RBR Holding Corp., of which, at the time, Messrs. Reitzel, Bradley and

Redman and their affiliates were the sole shareholders, totaling \$5.0 million for the year ended December 31, 2003 and, in February 2004, made a tax distribution of \$1.0 million to RBR Holding Corp. for estimated taxes due for the period through February 4, 2004. RBR Holding Corp., in turn, made a distribution of these amounts to an escrow established for the benefit of its shareholders, under the terms of an agreement, pursuant to which the Company was reimbursed an aggregate of \$58,367 for amounts from the tax distribution not needed for the shareholders' applicable taxes.

Nathaniel F. Bradley III, the father of Nathaniel F. Bradley IV, the Company's President and Chief Executive Officer, was allocated the opportunity to purchase up to 7,000 shares of our common stock in our initial public offering, at an aggregate purchase price of \$105,000 (at an initial public offering price of \$15.00 per share), pursuant to the directed share program we adopted in connection with that offering.

In October 2004, Mr. and Ms. Reitzel became 50% owners of RNJ Holdings, LLC, which is the owner of an aircraft that is held for charter by Jet Management, Inc. Mr. and Ms. Reitzel use the aircraft periodically for travel. To the extent the aircraft is used for business travel on the Company's behalf, we will reimburse Jet Management, Inc. for the use of the aircraft without any profit to RNJ Holdings, LLC. In 2004, we incurred \$31,243 in travel expenses related to aircraft services provided by this related party.

Nathaniel F. Bradley IV is the son-in-law of Rufus H. Reitzel, Jr. and James Reitzel, the Company's Vice President-Corporate Relations, is the son of Mr. Reitzel. Heather K. Reitzel is the wife of Mr. Reitzel.

Certain of the independent directors have indicated an interest to purchase shares pursuant to the secondary stock offering.

Audit Committee Report

The Committee:

The Committee consists of five Directors, each of whom is independent as defined by the NASD listing standards and Rule 10A-3 of the Exchange Act and who are neither officers nor employees of the Company. The Committee acts under a written charter adopted and approved by the Board in February 2004. A copy of this charter is available on our website at www.assetacceptance.com.

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial information provided to stockholders, the corporate accounting and financial reporting practices, and the systems of internal financial controls that management and the Board have established. The Committee is also responsible for the appointment, compensation and oversight of the Company's independent registered public accounting firm.

In this context, the Committee has met and held discussions with management and the internal and independent auditors (including private sessions with the internal and independent registered public auditors at each Audit Committee meeting if deemed necessary). Management represented to the Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed the consolidated financial statements with management and independent auditors.

While the Committee has the responsibilities and powers set forth in the Committee's charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with generally accepted accounting principles. This is the responsibility of management and the independent registered public accounting firm. It is also not the duty of the Committee to assure compliance with laws and regulations and with the Company's Code of Business Conduct.

**2004 Audited
Consolidated
Financial
Statements:**

The Committee has reviewed and discussed with management and our independent registered public accounting firm, Ernst & Young LLP, the Company's audited consolidated financial statements for the fiscal year ended December 31, 2004.

**Independence
Discussion with
Audit Committee:**

The Committee has also discussed with Ernst & Young LLP the matters required to be discussed by the Auditing Standards Board Statement on Auditing Standards ("SAS") No. 61, as amended by SAS 89 and SAS 90. As required by Independence Standards Board Standard No. 1, as amended, "Independence Discussions with Audit Committees," the Committee has received and reviewed the required written disclosures and a confirming letter

from Ernst & Young LLP regarding their independence, and has discussed the matter with the auditors.

The Committee has considered the provision of all non-audit services performed by Ernst & Young LLP with respect to maintaining auditor independence.

Based upon its review and discussions with management and with Ernst & Young LLP, the Committee has recommended to the Board that these financial statements be included in the Annual Report on Form 10-K as filed with the SEC for the fiscal year ended December 31, 2004.

H. Eugene Lockhart, Chairperson
Jennifer L. Adams
Donald Haider
William I Jacobs
William F. Pickard

Members, Audit Committee
February 16, 2005

Independent Accountants:

The Company is asking the stockholders to ratify the Audit Committee's appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2005. If the stockholders fail to ratify the appointment, the Audit Committee will reconsider this appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different firm to serve as the Company's independent registered public accounting firm, if the Audit Committee determines that such a change would be in the best interests of the Company and its stockholders.

Ernst & Young LLP has served as our registered public accountants since 2002 and was selected by the Board to serve as our independent accountants for the current fiscal year ending December 31, 2005. It is anticipated that a representative of Ernst & Young LLP will be present at the Annual Meeting, have an opportunity to make a statement and respond to appropriate questions.

Fees:

The Company was billed the following fees by to Ernst & Young during the last two fiscal years:

	<u>2004</u>	<u>2003</u>
Audit Fees	\$134,000	\$516,840
Audit-Related Fees	0	0
Tax Fees	0	0
All Other Fees	0	0

Audit Fees. Audit fees were billed by Ernst & Young LLP for professional services rendered in connection with the audit of the Company's financial statements and reviews and assistance with

SEC filings. The fees for 2003 and 2004 include substantial amounts of fees relating to the Company's initial public offering, which occurred in February 2004.

Pre-approval Policy:

The Audit Committee has adopted a pre-approval policy for audit and non-audit services pursuant to which it pre-approves all audit and non-audit services provided by the independent registered public accounting firm prior to the engagement with respect to such services. The Audit Committee annually reviews and pre-approves the services that may be provided by the independent auditor. The Audit Committee has delegated authority to its chairperson to pre-approve any proposed services not covered by the general pre-approval of the Audit Committee or exceeding the pre-approved levels or amounts. The chairperson must report all such pre-approvals to the Audit Committee at its next meeting.

Other Information

**Section 16(a)
Beneficial
Ownership
Reporting
Compliance:**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and Directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, Directors and greater than ten percent stockholders are required by regulations of the SEC to furnish the Company copies of all Section 16(a) forms they file. The following filings of certain executive officers, directors or ten percent beneficial owners were filed subsequent to the time required by the regulations of the SEC: Lisa Bradley, one Form 3 filing; Nathaniel F. Bradley IV, one Form 3 filing; Jennifer L. Adams, one Form 4 filing; Terrence D. Daniels, one Form 4 filings; Donald Haider, one Form 4 filing; Anthony R. Ignaczak, one Form 4 filing; William Jacobs, one Form 4 filing; William Pickard, one Form 4 filing; and H. Eugene Lockhart, one Form 4 filing.

Other Matters:

At the date of this Proxy Statement, management is not aware of any matters to be presented for action at the Annual Meeting other than those described in this Proxy Statement. However, if any other matters should come before the meeting; the persons named in the proxy card intend to vote the proxy in accordance with their judgment on such matters.

By Order of the Board of Directors

Mark A. Redman,
Secretary
April 15, 2005

