Select Inquiries Received through November 16, 2007

1. Now that 'purchase program loans' are becoming a larger part of your quarterly originations, can you share with us the unit economics of those loans, including the average purchase price as a percent of the individual consumer loan and the expected average collection rate. Also, are these purchase loans acquired from dealers that also utilize your traditional advance model, or is a dealer typically doing one or the other? Why does a dealer chose the purchase method rather than the advance method?

For the nine months ended September 30, 2007, key statistics for our purchase loan originations were as follows:

Average consumer loan (principal + interest)	$15,016
Average purchase price	$ 7,374
Purchase price %	49.1%
Forecasted collection rate	70.9%

We have priced the purchase program to yield roughly the same economic profit per unit as compared to the traditional 80-20 program.

During the first nine months of 2007, approximately 50% of the loans received under the purchase program were received from dealer-partners that also originated traditional 80-20 business during the same calendar month. From the dealer-partner's perspective, the traditional 80-20 program provides higher profitability over the entire life of the loan, as compared to the purchase program, but reduced cash flow at the time of origination. Dealer-partners who value current period cash flow tend to use the purchase program. Dealer-partners using the traditional 80-20 program are willing to sacrifice some amount of current period cash flow to generate higher profitability over time. Dealer-partners using both programs make the decision of which program to use considering these same factors on a deal by deal basis.

2. Last year the Company stated that it was experimenting with lower prices, with the hope that the additional volume would create more Economic Profit. Looking at the volume over the past several quarters, it appears this strategy resulted in materially higher volumes. It also appears as if the Company's anticipated collections were in line with expectations. That said, the incremental volumes did not produce additional Economic Profit - volumes increased, but Economic Profit was flat. The Company then recently stated that it was going to adjust pricing, presumably shifting away from higher volume/lower pricing approach. On this topic I have several questions:

Is the characterization above accurate?

We would characterize our position with respect to Economic Profit as follows:

The financial results so far this year show that Economic Profit is up 13% year to date as compared to the same period in 2006. It is too early to make precise comparisons regarding the amount of Economic Profit generated on new loans written in 2007 as compared to the prior year, although the best information we have indicates that 2007 originations will produce marginally higher Economic Profit as compared to 2006.

We agree that the third quarter pricing changes resulted in increased loan volume and collection rates that are generally in line with expectations.

Finally, you say above that we recently indicated we were <u>going</u> to adjust pricing. Actually we indicated that we had adjusted pricing already (during the first six months of 2007). We have not disclosed any future intentions with respect to pricing.

3. If the higher volume at lower prices approach did not produce the results you expected, why did that happen? What was different from what you expected? If the approach was working as you planned, why did it change?

As we stated in our answer to question # 3 in September, we became concerned about the narrowing spread between the advance rate and the collection rate. As a result, we implemented additional pricing changes to increase the spread. (For a more complete explanation see our answer to question # 3 posted in September.)

4. I noticed the impressive volume growth for October. For the first time in quite a while, the Company indicated that there might be favorable developments on the competition front, given the tough overall credit environment. Is it fair to assume that the Company believes it can generate more Economic Profit at higher spreads today than it did last year, when the pricing changes were discussed?

It is difficult to forecast what impact the external environment will have on the level of Economic Profit we generate.

It is clear that there are two external factors that will very likely impact our financial results over the next year: (1) the ability for companies in our industry to attract capital (2) the impact of the external environment on loan performance. It is likely that these factors will impact individual companies differently. So far, our loan performance has been consistent with expectations, while other companies in our industry have reported higher than expected loss rates. To the extent this continues, our competitive position will be enhanced.

The debt markets are also likely to impact individual companies differently. There are both strengths and weaknesses in our current position relative to attracting the capital we need to grow our business. Our requirements for additional debt capital next year are modest compared to many of our competitors. In addition, compared to most companies in our industry we maintain a very conservative capital structure and produce higher returns on capital. However, our business model is unique and we have seen that work to our disadvantage at times in our history. Given this, it is difficult to assess how the current state of the debt markets will impact our results next year.

5. As a long term holder, it is comforting to know the Company can experiment within its business, and make the required adjustments. Any color you can provide in that regard as it relates to the recent pricing adjustments would be helpful.

Because the information we disclose in this forum is public, we prefer to keep the information disclosed at a high level so competitors do not learn from our experiences. Having said this, we continue to learn more about how to price our product optimally and we believe there is room for improvement in this area.

Select Inquiries Received through November 2, 2007

How was volume in October?

Unit volume increased 14.7% in October compared to the prior year same period. Dollar volume increased 21.5%. The increase in loan volume is attributed to: (1) a new credit scorecard, (2) October 2007 having 23 business days compared to 22 in October 2006, (3) an improving competitive environment.

<u>Select Inquiries Received through September 19, 2007</u>

1. Could you say anything about how credit conditions are affecting funding, credit quality, volume, pricing, etc?

We primarily fund our operations through two revolving credit facilities and through securitizations with institutional investors. Current plans have us completing another securitization sometime between now and the end of the first quarter of 2008. Recent securitizations by other auto loan companies have been successful. Although these deals have been priced at wider spreads over benchmark rates, because benchmark rates have declined, interest rates on these deals have not increased materially. Given what we know today, we are confident our current plans can proceed without disruption.

We have made no changes to pricing during the third quarter and collection results have been consistent with expectations.

Through the first two months of the third quarter, loan origination unit volumes are 0.3% lower than the same period of 2006.

Select Inquiries Received through September 12, 2007

1. Why did the dealer holdback payment % drop so much?

As a general rule, dealer holdback payments should increase in proportion to the increase in dollars collected. However, during the second quarter of 2007, dealer holdback payments increased by 1.9% while collections increased 10.7%.

Dealer holdback payments grew more slowly than collections largely due to an increasing proportion of loans originated under our new purchase program. Loans originated under our purchase program do not obligate us to pay dealer holdback.

2. Is the recent change in the collection stream for the license fee considered successful in terms of dealer attrition? The attrition #'s don't appear much better, but without the change would they have been even worse?

In January of 2007, the Company began to collect monthly license fees from future dealer holdback. Previously, license fees were collected in the current period as charged. The change was made based on feedback from dealer-partners and field sales personnel. Because attrition is impacted by many variables, we cannot quantify the impact of the license fee change on attrition.

The Company considers the license fee change to fall under a broad category of business initiatives called "pricing changes". As a general rule, the Company attempts to implement pricing changes in a less than uniform manner so that the impact of the pricing change can be quantified. This process, called a Champion/Challenger approach, means that a particular pricing change is applied to one segment of our business ("challenger segment") and the performance of this group is compared to another segment ("champion segment") that was not impacted by the change. In this case, the Company concluded that implementing the change using this preferred approach was not practical. As a result of this decision, the impact to attrition is not clear. Feedback from dealer-partners and field sales personnel continues to support the change.

3. Is the pricing change (and resulting lower spreads) implemented last year considered successful?

The Company regularly adjusts pricing in an attempt to maximize the amount of economic profit generated. In July and August of 2006 the Company implemented several pricing changes that were intended to increase unit volumes and average loan sizes in exchange for a reduction in profitability per contract as measured by the return on capital. At the time of the change, we believed the trade of more volume and larger loans for reduced returns would have a positive impact on Economic Profit. We expected the impact to be positive initially and expected this impact would grow over time as the new pricing positively impacted dealer-partner attrition. At the same time, we recognized that the changes would reduce the spread between the collection rate and the advance rate, which would increase our risk.

The pricing changes did initially result in an improvement in the Economic Profit of new loan originations. Based on our best estimates, the pricing change also had a small positive impact on dealer-partner attrition. However, the impact to both Economic Profit and dealer-partner attrition was smaller than expected. After considering the impact, and considering the additional risk caused by reduced spreads, we concluded that additional changes designed to increase the spread between the advance rate and the collection rate were appropriate. We began implementing changes to increase the spread starting in February of 2007.

On balance, the combined impact of all the changes was less successful than we hoped. However, during this period, we have collected data that will allow us to more precisely measure the impact of different pricing levels on unit volumes, attrition, and profit per unit which we will use to implement future pricing changes.

4. The economic profit decline in Q2 is not encouraging, what specific changes are planned to reverse this unintended result?

The main drivers of our current performance are the increasing loan balance (a favorable trend), declining yields (unfavorable) and stable expense levels as a percentage of capital. Based on everything we know now, we expect the loan balance to continue to increase, yields to stabilize and expense levels to decline as a percentage of capital. If we are correct, we should see Economic Profit continue to increase. While Economic Profit was down in Q2 compared to the prior year same period, Economic Profit increased 18.4% for the six month period.

As you suggest in your question, the degree of improvement and longer-term results will be impacted by the quality of our current initiatives. We have several initiatives that are near completion that we are excited about. We expect to implement a significantly enhanced version of our CAPS application in the fourth quarter of this year. The CAPS application is used by our dealer-partners to originate new loans. The improvements are designed to make CAPS easier to use, which we hope will have a positive impact on loan volumes and dealer-partner attrition.

In addition, we expect to implement a new credit scorecard in September of this year. The credit scorecard is used to predict the collection rate of new loans. An improvement in the precision of our scorecard would have a meaningful positive impact on Economic Profit.

Finally, we are making significant investments to improve service levels in our loan origination department, to expand the size and quality of our field sales force, and in improving our information technology and analytical capability, which we expect will positively impact our performance in future periods.

5. Assuming realized spreads stay at current levels, what level of loan dollar volume growth can be supported through self-funding over the next two-three years in the event credit is not available on economic terms?

Because of our conservative capital structure and strong returns on capital, we are confident we will be able to continue to obtain funding at a reasonable cost.

As of the end of the second quarter, the Company had total capital invested of $725 million consisting of $240 million of shareholders' equity and $485 million of debt. If debt capital became completely unavailable, the Company's origination levels would need to be reduced significantly. Everything else equal, the amount of equity as of June 30, 2007 would support loan originations of approximately $150 million per year (compared to $558 million in 2006). With no debt, our return on equity would eventually allow us to grow originations by 11%-12% per year.

The biggest challenge would clearly be the transition from our current capital structure to one consisting of 100% equity. The impact of this transition is difficult to predict, and would depend on how much time our lenders allowed us to make the transition. It is also likely that, if debt were unavailable for our Company, that our competitors would be impacted as well. Because many of our competitors use significantly more debt than we do, it is likely the impact to these competitors would be even more severe. Should such a situation arise, it is likely our ability to originate loans at high returns on capital would be enhanced.

6. Has the competitive landscape and pricing environment changed at all in the last three months?

We have no reason to believe the environment is materially different than three months ago.

7. In consideration of last year's tender offer, a lower stock price and negative investor sentiment of sub prime lenders, it is surprising to see so much stock selling on the part of senior management in the last few months. Any comment?

For many years, a significant portion of compensation earned by senior management has been in the form of stock options. Although the Company stopped granting stock options in 2004, there are currently options on 1,478,842 shares outstanding that were granted under the discontinued program. Through August 31, 2007, options on 274,049 shares were exercised so far this year and the shares were sold and converted into cash. The decision to convert equity compensation to cash is based on a variety of factors including individual cash needs, desire for diversification, consideration of the option expiration date, and tax considerations. By definition, the decisions are personal and include such life events as paying for children's education or the purchase of a home.

The decision by the Company's Board of Directors to repurchase outstanding shares is made using different criteria than that described above. The Company's maintains a policy of using excess cash to repurchase shares as long as the current share price does not exceed the current estimate of the intrinsic value.

Select Inquiries Received through March 16, 2007

1. Why is it when I divide interest expense on your fourth quarter and 2006 earnings press release dated 2/12/07 by average debt, the pre-tax rate is approximately 9% (8.98% for the year and 9.03% for the quarter)? This varies from your most recently filed 10-Q where under the debt section it mentions that your annualized cost of your various debt instruments range from as low as 5.35% on your mortgage note to as high as 7.6% on one of the secured financings?

The variance between your calculation and what we disclosed in the third quarter 10-Q is the impact of fixed fees. Your calculation, interest expense divided by average debt, looks at the total annualized cost of debt, which includes the actual interest rates on the debt obligations as well as fixed fees such as underwriter's fees, insurance premiums and commitment fees. The interest rates disclosed in our SEC filings for our line of credit and warehouse line of credit exclude the impact of fixed fees.

For the three months and year ended December 31, 2006 the annualized cost of debt was as follows:

	Three Months Ended 12/31/06	Year Ended 12/31/06
Actual Expenses		
Interest Expense ($)	$5,647	$15,033
Fixed Fees ($)	2,612	8,297
Total	$8,259	$23,330
Average Debt	$365,708	$259,802
Annualized All-In Cost of Debt		
Interest Expense (%)	6.18%	5.79%
Fixed Fees (%)	2.86%	3.19%
Total	9.03%	8.98%

As you can see the impact of fixed fees adds approximately 3% to our annualized cost of debt for both the three months and year ended December 31, 2006.

2. How much of the pricing changes you implemented during the 3rd quarter of 2006 effect the adjusted return on capital of 14.1% that you reported? You mention that 90 of the 100 basis decline in the adjusted return on capital from the 4th quarter of 05 to the 4th quarter of 06 was due to items other than the price changes. Does this mean the price changes only impacted the 4th quarter adjusted return on capital by 10 basis points? In other words, of the 150 basis points reduction you expect in adjusted return on capital due to the price changes and license fee change, only 10 basis points of it has been reflected in the 4th quarter of 2006. Therefore, assuming

all else equal, is the going forward adjusted return on capital expected to be 14.1% less 1.4% or 12.7%?

It is fair to say the impact of our pricing changes on the fourth quarter reported financial results was very small and that most of the 150 basis point reduction will be reflected in future periods. Saying the impact was 10 basis points so far, and that it will be 140 basis points going forward would imply a greater degree of precision than we feel comfortable with. In fact, this would be a good time to remind shareholders that, although we have put a priority on clearly understanding the profitability of every loan we originate, our profitability models involve substantial estimates, including estimates of the amount and timing of collection rates, the amount and timing of dealer holdbacks and estimates of how expense levels will change in the future based on the size, term and volume of business we originate. Because we understand that our returns cannot be predicted with exacting precision, we maintain a conservative capital structure and target returns on capital that are appropriate given the risk of our business model.

With all that said, using 12.7% as your future return on capital assumption is not unreasonable based on what we know today.

3. You stated that collections in 2006 generally exceeded the Company's expectations at 12/31/05. Given that your forecasted collection % has fallen by .5% and 1.2% for 2005 and 2006, respectively when comparing what you expected at 9/30/06 to 12/31/06, have your 4th quarter collections fallen short of your expectations? If so, is that what is causing you to estimate that the pricing changes you made in Q3 will reduce the adjusted return on capital by an additional 25 basis points?

It is accurate to say that our full year collection results generally exceeded our expectations at the start of the year and that fourth quarter collection results were less than our expectations at the start of the fourth quarter. The amounts are quantified in the table so we won't elaborate further on the magnitude of the variance.

With respect to pricing changes, we offer the following clarification: The 125 basis point reduction in our estimated return on capital is related to the Q3 2006 pricing change only and does not include the impact of the collection variance.

4. Why has restricted cash on the balance sheet more than tripled in 2006 to $45.6m? What is the interest rate earned on the restricted cash and what is the outlook for the amount of restricted cash needed in the future? And should restricted cash be netted against debt to calculate the debt to equity ratio?

The increase in restricted cash throughout 2006 is primarily due to an increase in the amount of secured financing debt outstanding and therefore an increase in the amount of assets pledged as collateral for these financings. Daily collections on these pledged assets are held as restricted cash. On a monthly basis, the restricted cash is utilized to pay interest and fees and then either to pay down principal or remitted back to the Company. To a lesser extent, the increase in restricted cash is due to an increase in the amount of funds required to be placed in trusts to cover potential claims to be paid by our third party vehicle service contract administrators ("TPAs"). Of the $45.6 million in restricted cash at year end 2006, $30.9 million related to our secured financings and $14.7 million related to the funds in trust for our TPAs compared to $6.3 million and $7.2 million at year end 2005.

In addition, we are required to maintain a reserve account for each secured financing. At this time the required reserve amounts for each secured financing are minimal.

In 2006, the average interest rate earned on restricted cash was approximately 5.0%.

If we increase our debt levels over the next several years, we will likely continue to increase our utilization of secured financings, which for the reasons described above will result in an increase in the amount of restricted cash on our balance sheet. Restricted cash related to secured financing debt has on average been about 10% to 11% of the amount of secured financing debt outstanding.

While most of the restricted cash on our balance sheet relating to secured financings is intended to repay debt, excluding restricted cash from our debt to equity ratio is consistent with the way the debt to equity ratio is computed in our loan agreements.

5. What is the current thinking on capital structure with debt to equity now running at 1.8:1 (excluding restricted cash) as of the end of the 4th quarter?

5a. With the stock price now well below the price of $31.50 where you tendered for stock at the end of the 3rd quarter combined with the impressive and accelerating growth in originations in the 3rd and 4th quarter and the still modest (for a finance company) debt to equity ratio, what is the current thinking on future stock buybacks?

Although we have increased our use of debt, our capital structure is very conservative by industry standards. However, given our increase in debt, we are most comfortable taking more time to evaluate our current position before increasing our leverage further.

6. With the pricing changes, license fee changes and the departure of your president, what is happening from a qualitative standpoint among your sales force, dealer partners and operations personnel? Have there been changes to the way in which the business is being conducted? How would you describe the culture at the company at this time?

We are very proud of our culture and the people on our team. Our success as a company, which we believe to be somewhat unique in our industry, is a direct result of both. We believe we have good communications with all of the parties you reference in your question, and we use this to continually assess our strategy and our approach.

Having said this, we believe the best way for you got get insight into our current "qualitative" position is to talk to automobile dealers, particularly those that focus on the sub-prime market. Over the long-term this will provide you with much better insight than anything we could say here.

7. With 45 days now completed of the 1st quarter, how has the new license fee change implemented on 1/1/07 impacted dealer-partner attrition? Is this something that you expect to be a gradual improvement or something more immediate? Also, wouldn't this be less of an impediment to signing new dealer-partners as well?

It is too early to say what impact the change will have. So far, the reaction from our sales force and dealer-partners has been positive.

8. Regarding the changes in pricing and license fees, you mention that due to higher unit volumes you expect to have higher economic profit than without these changes. What is the breakeven increase in unit volumes needed to offset the decline in adjusted return on capital? And did you factor in the increased risk of these changes when looking at your cost of capital?

Although the pricing changes reduced our expected return on capital, the changes have also increased the average capital invested per unit. As a result, in order to achieve the same economic profit as before, a very small increase in unit volume (2-3%) is required to breakeven.

We agree that the changes in our pricing have resulted in more risk primarily because the spread between the collection rate and the advance rate has decreased. The impact of this was quantified and included in our pricing model, although not as an adjustment to our cost of capital.

9. I believe the stock has pulled back because of all the concern and media coverage of sub-prime mortgages, increased defaults, etc. Some are linking the issues w/ CAC and auto loans, which, seems fairly absurd (I doubt many of your customers have mortgages). But the one real concern is what the hysteria could do to the funding market – i.e. your access to capital. Is that something that you are weary about or do you think CAC has established enough credibility w/ its lenders that it shouldn't become an issue?

We believe that we have good relationships with our lenders, that they understand our business and that they are comfortable with their position as a lender to Credit Acceptance. In addition, we think that our lenders believe that the factors that have contributed to recent negative developments in the sub-prime mortgage market have not existed to any meaningful extent in the sub-prime auto finance industry in recent years. As a result, we are comfortable with our current access to capital. Since conditions in the debt markets can change rapidly, we intend to monitor the situation closely and manage our lending relationships carefully.

Select Inquiries Received through March 6, 2007

1. How are volumes so far this quarter?

Results for the two months ended February 28, 2007 compared to the same two months in 2006 include the following:

• Consumer Loan unit volume increased 28.8%.
• Consumer Loan dollar volume increased 44.9%.
• The number of active dealer-partners increased 27.9%.
• Consumer Loan unit volume per active dealer-partner increased 0.7%.

Select Inquiries Received through February 20, 2007

1. Subject to approval, you will pay approximately $12 million to settle a class action suit that traces its origins back to 1996. Your recent 8K makes it clear that you are not admitting wrongdoing as part of the settlement. Three questions come to mind:

a. Who must approve the settlement, and what is the estimated timing?

The Settlement is subject to approval of the Circuit Court of Jackson County, Missouri after notice is sent to all class members. A hearing for preliminary approval of the settlement and approval of the content and manner of service of the class notice has not been scheduled. At the hearing on preliminary approval, the Court will set a date for a hearing on final approval and the entry of an order of dismissal. The Company estimates that the hearing on final approval will not occur for three to six months.

b. What were the damages that the other side was seeking?

The plaintiff's were seeking unspecified damages for alleged violations of several state specific statutes, including the Motor Vehicle Time Sales Act; the Merchandising Practices Act; the Legal Tender and Interest Act; Article Nine of the Uniform Commercial Code; and Holder Liability.

c. Are you concerned that this settlement will enhance the probability that other, similar classes will emerge, without regard to whether or not they

have any merit?
Copycat litigation is a risk inherent in all settlements and we certainly cannot predict whether any such suits will be filed. However, given the age of the accounts involved in this case, the fact that many of the allegations' involve facts unique to Missouri, and the fact that the Company's processes are significantly different today than in the early to mid 1990's, the Company believes that any such copycat cases would be difficult for other plaintiff attorneys to successfully prosecute.

Select Inquiries Received through February 6, 2007

1. What are current range of interest rates that you offer in the US, ie what rate would a person get if they had horrible or no credit and what rate if they had perfect credit?
Generally, consumers that get financed under our program have either bad credit or no credit at all. For consumers with perfect credit, dealers would likely seek financing through a lender or finance company that focuses on providing financing to low risk consumers because it would generally result in better economics for both themselves and the consumer purchasing the vehicle.
On our program the dealer-partner sets the interest rate on the retail installment contract (referred to as "consumer loans") and we maintain controls within our systems to ensure consumers are not charged an interest rate that exceeds their states maximum allowable interest rate. In states where there isn't a maximum limitation, we have an internal maximum interest rate allowable of 29.0%. The average interest rate for 2006 originations was 22.4%.
Because we retain 20% of every dollar collected as a servicing fee and remit the remaining 80% to our dealer-partners, the amount we actually collect is far more important than the underlying interest rate on the contract. In fact, one could think of the 20% servicing fee as the interest rate on the consumer loan from our perspective.

2. How are the rates you offer affected by federal interest rates?
Historically the rates offered under our program have not been materially affected by federal interest rates. As discussed above, on our program the interest rate is set by the dealer-partner not Credit Acceptance. The average interest rates on consumer loans originated in the last five years are as follows:

Year	Average APR
2002	23.1%
2003	23.6%
2004	23.8%
2005	23.3%
2006	22.4%

As you can see in the table above, over the last five years, which included periods of both rising and declining federal rates, the average interest rate has remained fairly consistent.

3. As specifically as possible what third parties do you use to secure funding?
Currently, we utilize three primary sources of funding. We have a $135 million secured line of credit with a commercial bank syndicate. Those banks include Comerica Bank, National City Bank, Fifth Third Bank, Harris Bank, Bank of America, and LaSalle Bank. We have a $325 million warehouse facility with Wachovia Bank and JPMorgan Chase Bank. Finally, we have access to the 144A Term ABS market. To date we have completed four 144A transactions all of which were underwritten by Wachovia Bank. Radian Asset Assurance, Inc. provided the primary financial insurance policy on all four transactions while XL Capital Assurance, Inc. provided a backup insurance policy on the last 3 transactions.

4. What percent of income comes from just the warranties and non-financing and financing fee operations?
As disclosed in our public filings, we report revenue in three primary buckets, (i) finance charge revenue, (ii) license fees, and (iii) other income. The commission received on third party service contracts is included as part of finance charge revenue and is recognized on a level yield basis based upon forecasted cash flows. For the nine months ended September 30, 2006 approximately 86% of revenue was made up of finance charges, while licenses fees accounted for 6% and other income made up the remaining 8%.

5. Why did you leave Canada and the United Kingdom?
Our decision to exit the United Kingdom and Canada was a capital allocation decision. We determined that the capital invested in both countries could be redeployed at higher returns in the United States. This not only benefited shareholders, it also allowed us to focus 100% on the U.S. operations. Since June 30, 2006, 100% of our capital has been invested in the U.S. business segment.