*__Select Inquiries Received through October 17, 2006__*

**1. I have been a shareholder in Credit Acceptance for over ten years, and one of the things I have admired about the Company - especially in recent years - is the clarity and focus exhibited by the current management team surrounding everything they do. It appears that the Company is focused precisely on the things it needs to be, and is able to communicate its objectives in a simple and clear fashion. It is with this in mind that I reflect on the recently completed tender offer, and the communications that preceded it. The release announcing the tender for 3.5 million shares was surprisingly unclear. In fact, not to be overly dramatic, it almost seemed to be deliberately confusing.**

**The release stated that the Company planned another Dutch Auction tender, at a price between $28 and $31.50 per share. It also addressed the availability of the funding, as well as the other various mechanics of the tender, all of which were standard fare. Here is what was NOT standard, and caused confusion (note that I am using confusion instead of consternation - as a long term holder, I can hardly object to the Company's purchase of another 10% of the Company at a price that Management obviously believes is attractive). The release stated that Don Foss, the Company's Chairman, Founder and majority shareholder, MAY tender up to 20 million shares in the offer (although this was non binding, and he was under no obligation to sell any shares). It also stated that "Mr. Foss does not wish to increase his ownership position in the Company."**

**This was confusing (and is still confusing even now after the tender has been completed), because it remains unclear what the Company intended to communicate about Mr. Foss' intentions. Specifically, the following questions come to mind:**

1) **Why were Mr. Foss' intentions disclosed at all?**
2) **Assuming that disclosing Mr. Foss' intentions was the correct decision, why was the amount of shares disclosed?**
3) **The release stated that he MAY tender shares. What was intended by this? If the goal was to help shareholders make a decision by giving them more information, was this actually helpful, seeing as how it was non-binding?**
4) **What, if anything, was the Company trying to tell us by making such a disclosure about Mr. Foss' long-term intentions?**
5) **The release stated that Mr. Foss "does not wish to increase his stake in the Company". Does this mean that he wishes to reduce his stake, or simply maintain it?**
6) **Was a dividend considered?**
7) **Would Management have considered purchasing/tendering for the stock at this price, time and amount independent of Mr. Foss? Said another way, was Management communicating to us that a prudent allocation of capital is a purchase of stock, or was a need (albeit an understandable one) being met for the majority shareholder, or was there a combination of factors at work?**

**It seems clear that Management has thought through these issues, and if there is going to be disclosure, it might as well be clear and complete.**

Disclosing the intentions of Mr. Foss, including the number of shares he intended to tender and the non-binding nature of his intentions, is legally required. The statement that "Mr. Foss does not wish to increase his stake in the Company" was not required. In retrospect, the language in the release did not adequately communicate what was intended. Mr. Foss's intention, which was made clear to the Board, was to keep his ownership percentage roughly constant and, in effect, receive the equivalent of a cash dividend. We should have stated this more clearly.

The Board considered both a dividend and a share repurchase. The decision to distribute capital to shareholders through a share repurchase was based on the following considerations:

- First, share repurchases are treated favorably from a tax perspective, as compared to dividends. Shareholders who sell a portion of their holdings in effect achieve the same result as a dividend, and are only taxed on the difference between the cash proceeds from the sale and the cost basis in their shares while, with a dividend, the entire cash amount received is taxed. In addition, our decision to distribute capital to shareholders through a share repurchase provides shareholders with the option to defer taxes by electing not to sell any of their holdings. A dividend does not allow shareholders to defer taxes in this manner.
- Second, a share repurchase provides shareholders with the discretion to increase their ownership, receive cash, or a combination of the two based on their individual circumstances and view on the value of a Credit Acceptance share. A dividend does not provide similar flexibility.
- Finally, the Board believes it likely that an investment in the Company's shares at a price of $31.50 will produce a reasonable return on investment and will therefore increase the value of those shares not tendered.

To summarize, if shareholders agree with the Board and believe the Company is worth more than $31.50 a share, (and do not have other investment opportunities or uses of cash they prefer) a repurchase allows shareholders to increase their ownership in the Company without incurring a current period tax liability. If, on the other hand, shareholders believe the Company is worth less than $31.50 a share, (or have other investments or uses of cash they prefer), shareholders are free to participate in the tender by offering up to 100% of their shares. The Company believes repurchases are therefore generally a superior alternative to dividends, as long as the share price is at or below estimated intrinsic value.

The answer to part 7 of your question above is that management would have made the same decision as the Board. The Board understands it has a responsibility to distribute excess capital to shareholders and is committed to doing this in the most efficient manner possible for all shareholders. Management understands this as well and, in the absence of a Board (if we understand your hypothetical question accurately), would pursue the same strategy.

The Company believes it's most recent decision to distribute excess capital to shareholders through a share repurchase was beneficial to all shareholders and was preferable to either retaining excess capital or distributing excess capital through a dividend.

Please feel free to ask a follow-up question if we did not address your concerns.

***Select Inquiries Received through July 28, 2006***

**1. The company has been waiving the initial fees for dealers in lieu of a 50% reduction in the first holdback payment. The measure has been less successful than hoped, according to the annual report. It would be helpful to know what percentage of the dealer partners added this year are taking the no fee options, and what percent of new purchase volumes those dealers are driving vs. dealers who have signed on and paid the fees.**

57% of our new dealer-partners were enrolled using the deferred enrollment fee option during the first six months of 2006. Consumer Loan unit volume from dealer-partners enrolling during the first six months of 2006 and electing the deferred enrollment fee option accounted for 2.5% of year to date unit volume compared to 4.7% from dealer-partners enrolling during the first six months of 2006 and paying the initial $9,850 enrollment fee.

***Select Inquiries Received through June 1, 2006***

**1. Your salaries and wages, general and administrative, and sales and marketing expenses were 41.2% of revenue in the 1st quarter of 06 compared to 38% in the 1st quarter of 05 and 35.7% for all of calendar 05. In your opinion, which period is representative of your annual run rate for those costs as a percentage of revenue? What do you believe is the long-term outlook for these costs as a % of revenue? Are there leverage opportunities here or is the current annual run rate a good reflection of these costs as a % of revenue over the long haul?**

Expenses were unusually low in 2005, and unusually high in the first quarter of 2006. As we said in our SEC filings, 2005 expenses were favorably impacted by the resolution of a dispute over previously paid audit fees and expenses in the first quarter of 2006 were unfavorably impacted by costs related to information systems development and professional fees. If you conclude from this that our annual run rate is something less than 41.2% and something more than 35.7% we would not be inclined to disagree. However, there are too many variables to provide a more precise answer. We are confident that we will improve productivity as we increase in size, however it is not clear how much of this improvement will accrue to shareholders as an improvement in per unit expenses, and how much will be invested in an effort to increase unit volumes.

**2. How are volumes so far this quarter?**

Results for the two months ended May 31, 2006 compared to the same two months in 2005 include the following:

- Consumer Loan unit volume increased 9.0%.
- Consumer Loan dollar volume increased 7.8%.
- The number of active dealer-partners increased 24.6%.
- Consumer Loan unit volume per active dealer-partner decreased 12.5%.

***Select Inquiries Received through May 24, 2006***

**1. Loans per active dealer partner were 28.3 in the 1st quarter of 04, 23.2 in the 1st quarter of 05 and 19.4 in the 1st quarter of 06. With your unlevered after-tax return on capital approaching the mid teens combined with better than expected collection rates in this year's first quarter, have you considered increasing the advance rate again to increase the loans per active dealer partner? I completely understand and agree with not chasing unprofitable business as you discuss in the annual report. But your profitability and collection rates appear to have improved over the last couple of years.**

We spend a lot of time thinking about the optimal mix of price (of which advance rate is the primary component), credit policy and volume. We are very clear that our objective is to produce as much economic profit as possible. In theory, we could increase economic profit through an advance rate increase if unit volume were to increase enough to offset the decrease in per unit profitability.

However, an across the board advance rate change, similar to the one we implemented in March of 2005 is not currently in our plans. Rather, we are implementing a process for adjusting the advance rate on a more targeted and more frequent basis. We believe this new process, once implemented, will take better advantage of data we have accumulated over time and allow us to better calibrate our advance rate to current market conditions.

**2. You mention in the annual report that you intend to continue to make improvements to your program, so that you can write as much profitable business per dealer-partner as the market allows. Could you elaborate on what type of improvements? Where do you feel you are today in terms of writing as much business as the market allows? Are you doing everything you can today, are you 1/2 way there, etc.?**

We currently think about “improvements” as falling into one of three general categories: (1) better execution of current core processes (sales, loan servicing and originations), (2) changes to our program (the combination of pricing and policy), and (3) changes that will make our program easier to use for our dealer-partner (including changes to our internet

based origination system). We think about improvement as a continuous process and one that is not anywhere close to being fully developed.

***Select Inquiries Received through May 6, 2006***

**1. Glad to see things going well at CACC. Just a suggestion - add a bit of color in the form of commentary to the press release. I know all the numbers are there and that's good but, most people would appreciate some commentary from management that helps illuminate what's happening in the field, competitively etc. What is behind the numbers or driving the numbers (loans per dealer etc)?**

**Why not have an investor call. It would help communicate managements priorities to the rest of the owners and would help more people understand what is a unique (not easy to understand) business model. The investor call (or transcript) could even be a highlight call w/o questions that is downloadable from the website. This is what we do, this is how we account for it, these are our priorities, this is our recent progress and current challenges etc.**

**I know CACC has been "alone in a corner for years" and in many ways that has served shareholders well, but with our accounting back on track and as a $1bn market cap listed company we shouldn't be afraid to tell our story.**

Although we have considered this and understand the practice you describe is a common one, we have no current plans to host a regular conference call. Our current approach for communicating with shareholders is a combination of (1) publishing a comprehensive Annual Report, (2) answering questions in writing via our website.

We believe this strategy is preferable to other approaches for several reasons. First, we believe we can provide more thoughtful and substantive answers in writing. Second, every shareholder receives the same information at the same time. Third, it is more efficient since questions only need to be answered once. Fourth, over time as the library of previous communications builds, an investor who is unfamiliar with our Company can efficiently get up to speed.

Although we value efficiency in this area, we take our responsibility to provide information to shareholders seriously. If, after reading our most recent Annual Report, you still have questions regarding the topics you mention, please feel free to submit a question through the website and we will be happy to provide an answer.

**2. It doesn't appear the shares repurchased in the auction in March were factored into this earnings report. Is that accurate and I assume they will be in the 2nd Q?**

The stock repurchased during the 1st quarter was factored into our EPS calculation. The number of shares used in the EPS calculation is the weighted average shares outstanding during the quarter. As the majority of the repurchases occurred on March 15th as a result

of the Dutch Tender, repurchases only reduced our weighted average share calculation by about 825,000 shares for the 1st quarter.