CREDIT ACCEPTANCE CORP
Form DEF 14A
April 08, 2010

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SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.   )

Filed by the registrant þ
Filed by a party other than the registrant o
Check the appropriate box:
o Preliminary proxy statement.
o **Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2)).**
þ Definitive proxy statement.
o Definitive additional materials.
o Soliciting material pursuant to Rule 14a-12

CREDIT ACCEPTANCE CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of filing fee (check the appropriate box):
þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Date Filed:

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Credit Acceptance Corporation
25505 West Twelve Mile Road
Southfield, Michigan 48034-8339

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

to be held May 18, 2010

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Credit Acceptance Corporation, a Michigan corporation, will be held at its principal executive offices, 25505 West Twelve Mile Road, Southfield, Michigan 48034, on Tuesday, May 18, 2010, at 8:00 a.m., local time, for the following purposes:

(a) to elect five directors to serve until the 2011 Annual Meeting of Shareholders;

(b) to ratify the selection of Grant Thornton LLP as Credit Acceptance Corporation s independent registered public accounting firm for 2010; and

(c) to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Shareholders of record on March 23, 2010 will be entitled to notice of and to vote at this meeting. You are invited to attend the meeting. Whether or not you plan to attend in person, please cast your vote. On April 8, 2010, Credit Acceptance Corporation mailed a Notice of Internet Availability of Proxy Materials containing instructions on how to access our 2010 proxy statement and 2009 annual report and vote online. You may also request a paper proxy statement and proxy card to submit your vote by mail, if you prefer. We encourage you to vote via the Internet. It is convenient and saves us significant postage and processing costs. The Proxy is revocable and will not affect your right to vote in person if you are a shareholder of record and attend the meeting.

By Order of the Board of Directors,
Charles A. Pearce
Chief Legal Officer and Corporate Secretary

Southfield, Michigan
April 8, 2010

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Credit Acceptance Corporation

PROXY STATEMENT

Annual Meeting of Shareholders to be held May 18, 2010

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Credit Acceptance Corporation, a Michigan corporation (the Company , Credit Acceptance , we , our , or us), to used at the Annual Meeting of Shareholders of Credit Acceptance to be held on Tuesday, May 18, 2010, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders and in this Proxy Statement. This Proxy Statement and the enclosed form of Proxy were first sent or given to security holders on or about April 8, 2010.

Only shareholders of record at the close of business on March 23, 2010 (the Record Date) will be entitled to vote at the meeting or any adjournment or postponement thereof. Each holder of the 31,012,513 issued and outstanding shares of our common stock (the Common Stock) on the Record Date is entitled to one vote per share. The presence, either in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Common Stock is necessary to constitute a quorum at the Annual Meeting.

Under rules adopted by the U.S. Securities and Exchange Commission (the SEC), we are now furnishing proxy materials to our shareholders on the Internet, rather than mailing printed copies of those materials to each shareholder. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the proxy materials on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials.

A proxy may be revoked at any time before it is exercised by giving a written notice to our Corporate Secretary bearing a later date than the proxy, by submitting a later-dated proxy or, if you are a shareholder of record or hold legal authority from a shareholder of record, by voting the shares represented by the proxy in person at the Annual Meeting. Unless revoked, the shares represented by each duly executed, timely delivered proxy will be voted in accordance with the specifications made. **If no specifications are made on a duly executed, timely delivered proxy, such shares will be voted FOR the election of directors named in this Proxy Statement and FOR ratifying the selection of Grant Thornton LLP (Grant Thornton) as our independent registered public accounting firm for 2010.** The Board does not intend to present any other matters at the Annual Meeting. However, should any other matters properly come before the Annual Meeting, it is the intention of such proxy holders to vote the proxy in accordance with their best judgment to the extent permitted by law.

Directors are elected by a plurality of the votes cast at the Annual Meeting. The ratification of the selection of Grant Thornton as our independent registered public accounting firm for 2010 requires the affirmative vote of a majority of the votes cast at the Annual Meeting by the holders of shares entitled to vote thereon.

If you withhold your vote with respect to the election of the directors or abstain with respect to the ratification of the selection of Grant Thornton as our independent registered public accounting firm for 2010, your shares will be counted for purposes of determining a quorum. Withheld votes and abstentions will be excluded entirely from the vote on the election of directors and the ratification of the selection of Grant Thornton as our independent registered

public accounting firm for 2010, respectively, and will therefore have no effect on the election and the ratification, as applicable.

If you own shares through a bank or broker in street name, you may instruct your bank or broker how to vote your shares. Broker non-votes occur when a bank, broker or other nominee holder has not received voting instructions with respect to a particular matter and the nominee holder does not have discretionary power to vote on that matter. The ratification of independent registered public accountants is considered a routine matter, and therefore your bank or broker will have discretionary authority to vote your shares held in street name on this proposal. The election of directors is not considered a routine matter, and therefore your bank or broker will not have discretionary authority to vote your shares held in street name on that proposal.

The expenses of soliciting proxies will be paid by Credit Acceptance. In addition to solicitation by mail, our officers and employees, who will receive no extra compensation therefore, may solicit proxies personally or by telephone. We will reimburse brokerage houses, custodians, nominees and fiduciaries for their expense in mailing proxy materials to shareholders.

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COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of March 23, 2010 concerning beneficial ownership by all directors and nominees, by each of the executive officers named in the Summary Compensation Table, by all directors and executive officers as a group, and by all other beneficial owners of more than 5% of the outstanding shares of Common Stock. The number of shares beneficially owned is determined under rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire on March 23, 2010 or within 60 days thereafter through the exercise of any stock option or other right. Unless otherwise indicated, each holder has sole investment and voting power with respect to the shares set forth in the following table.

	Number of Shares Beneficially Owned	Percent of Outstanding Shares
Donald A. Foss	19,523,269(a)	63.0%
Brett A. Roberts	686,542(b)	2.2%
Steven M. Jones	39,960(b)	*
Kenneth S. Booth	21,719(b)	*
Michael P. Miotto	9,310(b)	*
Glenda J. Chamberlain	104,000(b)	*
Thomas N. Tryforos	499,267(c)	1.6%
Scott J. Vassalluzzo	4,264,106(d)	13.7%
All Directors and Executive Officers as a Group (11 persons)	25,330,487(e)	80.0%
Thomas W. Smith	5,104,644(d)	16.5%
Steven M. Fischer	3,857,351(d)	12.4%
Allan V. Apple	2,006,840(a)	6.5%
Idoya Partners L.P.	1,943,403(d)	6.3%
Prescott Associates L.P.	1,830,101(d)	5.9%

* Less than 1%.

(a) Shares beneficially owned by Messrs. Foss and Apple consist of the following:

	Sole Voting and Dispositive Power	Shared Voting and Dispositive Power	Other	Total
Donald A. Foss	6,672,734	83,166(iv)	2,000,000(v)	8,755,900
	1,055,597(i)			1,055,597
	6,287,707(ii)			6,287,707

	3,424,065(iii)			3,424,065
	17,440,103	83,166	2,000,000	19,523,269
Allan V. Apple	6,840			6,840
	2,000,000(v)			2,000,000
	2,006,840			2,006,840

(i) Shares held as collateral in a loan facility at Comerica Bank.

(ii) Shares owned by Karol A. Foss, as the Trustee of the Karol A. Foss Revocable Trust Under Agreement dated January 16, 1981, as amended and restated on January 26, 1984, June 28, 1990, December 10, 1997 and April 1, 2005, is the record owner of these shares. Mr. Foss has sole voting power and dispositive power of such shares pursuant to an agreement dated December 6, 2001 which expires December 6, 2013.

(iii) Shares owned by Jill Foss Watson, as the Trustee of the Jill Foss Watson Trust Under Agreement dated March 28, 2007, is the record owner of these shares. Mr. Foss has sole voting power and dispositive power.

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(iv) Shares are owned by a limited liability company in which Mr. Foss has a 20% interest.

(v) Shares are held by The Donald A. Foss 2009 Annuity Trust dated September 3, 2009, Mr. Apple as the Trustee, for the benefit of Mr. Foss as annuitant and his minor child as remainderman. Mr. Foss does not have any voting power or dispositive power.

The business address of Messrs. Foss and Apple is 25505 West Twelve Mile Road, Southfield, Michigan 48034.

(b) Includes shares which the individual has the right to acquire upon exercise of employee or director stock options and the lapse of time-based restrictions on restricted stock as follows:

	Stock Options	**Time Based Restricted Stock**
Brett A. Roberts	452,469	
Steven M. Jones		18,662
Kenneth S. Booth	7,805	4,342
Michael P. Miotto		6,669
Glenda J. Chamberlain	100,000	
All Directors and Executive Officers as a Group (11 persons)	660,274	36,437

(c) Mr. Tryforos shares power to dispose of 28,467 shares owned by others but has no voting rights with regard to those shares.

(d) Messrs. Vassalluzzo, Smith, and Fischer are each a general partner in Idoya Partners L.P. and Prescott Associates L.P., both New York limited partnerships. Idoya Partners L.P. and Prescott Associates L.P. have the sole power to vote or direct the vote and dispose of or to direct the disposition of 1,943,403 shares and 1,830,101 shares, respectively. These amounts are included in the table below as shares beneficially owned by Messrs. Vassalluzzo, Smith, and Fischer, as they have shared voting and dispositive power. A reconciliation of the number of shares beneficially owned by Messrs. Vassalluzzo, Smith, and Fischer, based on information obtained directly from these individuals as of March 23, 2010, follows:

	Shared Voting and Dispositive Power	**Sole Voting and Dispositive Power**	**Shared Voting and Sole Dispositive Power**	**Total**
Scott J. Vassalluzzo	4,057,351	55,000	151,755	4,264,106
Thomas W. Smith	4,057,351	869,246	178,047	5,104,644
Steven M. Fischer	3,857,351			3,857,351

The business address of Idoya Partners L.P., Prescott Associates L.P., and Messrs. Vassalluzzo, Smith, and Fischer is 323 Railroad Avenue, Greenwich, Connecticut 06830.

(e) Includes shares referenced in (a), (b), and (c), above. Additionally, includes shares referenced in (d) related to Mr. Vassalluzzo, above.

MATTERS TO COME BEFORE THE MEETING

ELECTION OF DIRECTORS

Description of Nominees

Five directors, constituting the entire Board, are to be elected at the Annual Meeting. Each director holds office until the next annual meeting of shareholders and until his or her successor has been elected and qualified. The nominees named below have been selected by the Board. If, due to circumstances not now foreseen, any of the nominees named below will not be available for election, the proxies will be voted for such other person or persons as the Board may select. Each of the nominees is currently a director of Credit Acceptance.

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The following sets forth information as to each nominee for election at the Annual Meeting, including their age, present principal occupation, other business experience during the last five years, directorships in other publicly-held companies, membership on committees of the Board and period of service as a director of Credit Acceptance. The Board recommends a vote FOR each of the nominees for election. **Executed proxies will be voted FOR the election of director nominees unless shareholders specify otherwise in their proxies.** The election of directors requires a plurality of the votes cast, so that only votes cast for directors are counted in determining which directors are elected. The five directors receiving the most for votes will be elected. Withheld votes will be treated as shares present for purposes of determining the presence of a quorum but will have no effect on the vote for the election of directors.

Donald A. Foss; age 65; Chairman of the Board of Directors.

Mr. Foss is our founder and principal shareholder, in addition to owning and operating companies engaged in the sale of used vehicles. He was formally named Chairman of the Board of Directors and Chief Executive Officer of Credit Acceptance in March 1992 and vacated the Chief Executive Officer position effective January 1, 2002.

Glenda J. Chamberlain; age 56; Executive Vice President and Chief Financial Officer, Whole Foods Market, Inc.

Ms. Chamberlain is the Executive Vice President and Chief Financial Officer of Whole Foods Market, Inc., the largest natural and organic foods supermarket retailer in the United States. Ms. Chamberlain joined Whole Foods Market in 1988 as Chief Financial Officer, prior to which she held positions in public accounting, retail and business consulting. Ms. Chamberlain became a director of Credit Acceptance in March 2004. She is also a director of Golfsmith International Holdings, Inc.

Brett A. Roberts; age 43; Chief Executive Officer.

Mr. Roberts joined Credit Acceptance in 1991 as Corporate Controller and was named Assistant Treasurer in March 1992 and Vice President-Finance in April 1993. He was named Chief Financial Officer and Treasurer in August 1995. He was named Executive Vice President and Chief Financial Officer in January 1997, Co-President in January 2000, Executive Vice President of Finance and Operations in October 2000, Chief Operating Officer in January 2001, and Chief Executive Officer in January 2002. Mr. Roberts assumed the position of President from September 2006 until April 2007. Mr. Roberts became a director of Credit Acceptance in March 2002.

Thomas N. Tryforos; age 50; Private Investor.

Mr. Tryforos is presently a private investor. Between May 1991 and September 2004, Mr. Tryforos was employed as a General Partner at Prescott Investors, Inc., a private investment firm based in Connecticut. Mr. Tryforos became a director of Credit Acceptance in July 1999.

Scott J. Vassalluzzo; age 38; General Partner, Prescott Investors, Inc.

Mr. Vassalluzzo is a General Partner at Prescott Investors, Inc., a private investment firm. Mr. Vassalluzzo joined Prescott Investors in 1998 as an equity analyst and became a General Partner in 2000. Prior to 1998, Mr. Vassalluzzo worked in public accounting at Coopers & Lybrand (now PricewaterhouseCoopers LLP) and received a certified public accountant certification. Mr. Vassalluzzo became a director of Credit Acceptance in March 2007.

Other Executive Officers

Steven M. Jones; age 46; President.

Mr. Jones joined Credit Acceptance in October 1997 as Manager of the Debt Recovery Department for Credit Acceptance Corporation UK Limited, in which position he served until November 1999 when he was named Deputy Managing Director, Credit Acceptance Corporation UK Limited. In December 2001, he was named Managing Director Credit Acceptance Corporation UK Limited in which he was responsible for the operations of

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our United Kingdom business segment. Mr. Jones was named Chief Administrative Officer in November 2003, Chief Analytics Officer in December 2004, Chief Originations Officer in June 2006, and to his present position in April 2007. Mr. Jones also assumed the responsibilities of Chief Operating Officer in February 2008.

Kenneth S. Booth; age 42; Chief Financial Officer.

Mr. Booth joined Credit Acceptance in January 2004 as Director of Internal Audit. He was named Chief Accounting Officer in May 2004 and to his present position in December 2004. From August 1991 until joining us, Mr. Booth worked in public accounting, most recently as a senior manager at PricewaterhouseCoopers LLP.

Douglas W. Busk; age 49; Senior Vice President and Treasurer.

Mr. Busk joined Credit Acceptance in November 1996 and was named Vice President and Treasurer in January 1997. He was named Chief Financial Officer in January 2000. Mr. Busk served as Chief Financial Officer and Treasurer until August 2001, when he was named President of our Capital Services unit. He resumed his duties as Chief Financial Officer and Treasurer in December 2001 and has been in his present position since May 2004.

Michael W. Knoblauch; age 46; Senior Vice President Loan Servicing.

Mr. Knoblauch joined Credit Acceptance in 1992. He served as our collection manager from May 1994 to August 1995. He was named Vice President Collections in August 1995, Chief Operating Officer in July 1999, Co-President in January 2000, President in October 2000, Chief Operating Officer in January 2002, and to his present position in February 2008.

Michael P. Miotto; age 49; Chief Information Officer.

Mr. Miotto joined Credit Acceptance in November 2006 as Chief Information Officer. From May 2001 through November 2006, he was the Strategic Infrastructure and Marketing and Sales Systems Manager for Ford Motor Company.

Charles A. Pearce; age 45; Chief Legal Officer and Corporate Secretary.

Mr. Pearce joined Credit Acceptance in January 1996 as General Counsel. He was named Vice President General Counsel in January 1997; Vice President General Counsel and Corporate Secretary in June 1999 and to his present position in December 2004.

Leadership Structure of the Board

The Board is responsible for evaluating and determining our optimal leadership structure so as to provide independent oversight of management. The Board has the authority to combine or separate the positions of Chairman and Chief Executive Officer as well as determine whether, if the positions are separated, the Chairman is an affiliated director or an independent director. Since January 1, 2002, we have separated the positions of Chairman and Chief Executive Officer. Don Foss serves as Chairman of the Board due to his extensive knowledge relating to our line of business and experience with us, which continue to be invaluable to the Board. Brett Roberts serves as our Chief Executive Officer due to his in-depth knowledge of the Company and his ability to provide strategic guidance to our business operations. The Board periodically reviews our leadership structure to determine if it is still appropriate in light of current corporate governance standards, market practices, our specific circumstances and needs, and any other factors that may be relevant to the discussion. While the Board does not have a lead independent director, the three independent directors on the Board meet separately regularly and rotate responsibility for chairing these separate sessions of the independent directors. The Board believes that the current Board leadership structure is the most appropriate for us and our shareholders at this time.

Risk Oversight of the Board

It is management s responsibility to manage risk and bring to the Board s attention our most material risks. The Board has oversight responsibility of the processes established to report and monitor systems for material risks

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applicable to us. The Audit Committee regularly reviews our significant risks and exposures and assesses the steps management has taken to minimize such risk.

Meetings and Committees of the Board

The Board held five meetings during 2009. All directors attended all meetings of the Board and committees of the Board on which he or she served during 2009, with the exception of Ms. Chamberlain, who was absent for one audit committee meeting. Directors are expected to use their best efforts to be present at the annual meeting of shareholders. All of our directors who were serving at such time of the 2009 Annual Meeting of Shareholders attended the Annual Meeting.

Standing committees of the Board include the Executive Compensation Committee, the Audit Committee and the Nominating Committee. The members of each of the committees during 2009 were Messrs. Tryforos, Vassalluzzo and Ms. Chamberlain. Messrs. Tryforos, Vassalluzzo and Ms. Chamberlain were determined to be independent directors as defined in Marketplace Rule 4200(a)(15) of The Nasdaq Stock Market (Nasdaq).

The Board has adopted charters for each of the three standing committees. The charters are available on our website at *creditacceptance.com* through the Corporate Governance link on the Investor Relations page.

The Executive Compensation Committee held five meetings in 2009. The Executive Compensation Committee s principal responsibilities include: (a) reviewing and approving on an annual basis the compensation of all our executive officers, (b) making recommendations to the Board regarding compensation of non-employee directors, and (c) reviewing and administering all benefit plans pursuant to which our securities (including stock options, restricted share grants, and restricted share unit awards) are granted to our executive officers or directors.

The Nominating Committee held one meeting in 2009. The Nominating Committee s principal responsibilities include: (a) establishing criteria for the selection of new Board members and conducting searches and interviews for individuals qualified to become Board members; (b) making recommendations to the Board regarding director nominees for the next annual meeting of shareholders from the pool of identified qualified individuals; and (c) recommending to the Board which directors should serve on the various committees of the Board. The Nominating Committee may use various methods to identify director candidates, including recommendations from existing Board members, management, shareholders, search firms and other outside sources. The Nominating Committee does not have a formal policy of considering diversity in identifying potential director nominees, but believes that diversity, in skills, experience, perspective and background, is an important contributing factor to an effective decision-making process. Director candidates need not possess any specific minimum qualifications, rather, a candidate s suitability for nomination and election to the Board will be evaluated in light of the diversity of skills, experience, perspective and background required for the effective functioning of the Board, as well as our strategy and regulatory and market environments. All nominees are currently directors of Credit Acceptance. When considering whether the nominees have the experience, attributes and skills to serve as a director, the Board focused primarily on the biographical information set forth above. In particular with respect to Mr. Foss, the Board considered his extensive knowledge relating to our line of business and experience with us. With respect to Mr. Roberts, the Board considered his in-depth knowledge of the Company and his ability to provide strategic guidance to our business operations. With respect to Ms. Chamberlain, the Board considered her significant management experience, expertise, and background with regard to accounting and financial matters. With respect to Mr. Tryforos, the Board considered his experience on our Board and his background with regard to investing and financial matters. With respect to Mr. Vassalluzzo, the Board considered his expertise and background with regard to investing and financial matters. The Nominating Committee will consider candidates recommended by shareholders using the same procedures and standards utilized for evaluating candidates recommended by other sources. See Shareholder Proposals and Nominees for 2011 Annual Meeting for a description of the procedures for shareholders to submit recommendations of candidates for director.

The Audit Committee met ten times in 2009. The Audit Committee s principal responsibilities include: (a) overseeing the integrity of our financial statements and financial reporting process, and our systems of internal accounting and financial controls; (b) overseeing the annual independent audit of our financial statements, the engagement of the independent auditors and the evaluation of the independent auditors qualifications, independence and performance; (c) overseeing our disclosure controls and procedures; (d) approving in advance all audit

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services, to ensure that a written statement is received from the external auditors setting forth all relationships with us; (e) reviewing and approving any related party transactions; (f) periodically meeting with the Chief Legal Officer and Corporate Secretary and the appropriate legal staff to review our material legal affairs; and (g) acting as the Qualified Legal Compliance Committee. The Board has determined that each of the members of the Audit Committee is independent , as independence is defined in the applicable Nasdaq and SEC rules for Audit Committee members. The Board has also determined that Mr. Tryforos, Mr. Vassalluzzo and Ms. Chamberlain are audit committee financial experts as defined by applicable SEC rules and that each of the Audit Committee members satisfies all other qualifications for Audit Committee members set forth in the applicable Nasdaq and SEC rules.

Report of the Audit Committee

In accordance with its written charter, the Audit Committee provides assistance to the Board in fulfilling its responsibility to the shareholders, potential shareholders and investment community relating to oversight of the independent auditors, corporate accounting, reporting practices and the quality and integrity of our financial reports.

In discharging its oversight responsibility as to the audit process, the Audit Committee received from the independent auditors and reviewed a formal written statement describing all relationships between the auditors and us that might reasonably be thought to bear on the auditors independence consistent with the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor s communications with the audit committee concerning independence, and discussed with the auditors any relationships that may reasonably be thought to impact their objectivity and independence and satisfied itself as to the auditors independence.

The Audit Committee discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1 AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit Committee reviewed and discussed with management and the independent auditors our audited financial statements as of and for the fiscal year ended December 31, 2009 and the independent auditors evaluation of our internal control over financial reporting.

Based on the above-mentioned reviews and discussions with management and the independent auditors, the Audit Committee recommended to the Board that our audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2009 for filing with the SEC. The Audit Committee also reappointed Grant Thornton as the independent auditors for the fiscal year ended December 31, 2010.

AUDIT COMMITTEE:

GLENDA J. CHAMBERLAIN	**THOMAS N. TRYFOROS (CHAIR)**	**SCOTT J. VASSALLUZZO**

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Shareholder Communications with the Board

Shareholders desiring to communicate with the Board or any individual director may call 1-866-396-0556 or e-mail the Board by going to our website at *ir.creditacceptance.com/contactboard.cfm.* Telephone calls will be taped and summarized by the third party provider which monitors the hotline service. A summary of the calls received will be sent to the Chief Legal Officer and Corporate Secretary, the Vice President Internal Audit and Compliance, the Chairman of the Audit Committee, and to any director to whom communications are addressed. Communications submitted to the Board through our website will be received by our Chief Legal Officer and Corporate Secretary, the Vice President Internal Audit and Compliance, the Chairman of the Audit Committee, and any directors to whom the communication was addressed.

Codes of Ethics

We have adopted codes of ethics that apply to our directors, executive officers and other employees. The codes of ethics are available on our website at *creditacceptance.com* through the Corporate Governance link on the Investor Relations page. Shareholders may also obtain a written copy of the codes of ethics, without charge, by sending a written request to the Investor Relations Department, Credit Acceptance Corporation, P.O. Box 513, Southfield, Michigan 48037. We intend to disclose any amendments to, or waivers from, the provisions of the codes of ethics applicable to our directors or executive officers on our website.

COMPENSATION OF EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

Compensation of Executive Officers

The following Compensation Discussion and Analysis describes the elements of compensation for the following individuals, collectively referred to as the named executive officers :

- Donald A. Foss, Chairman of the Board;
- Brett A. Roberts, Chief Executive Officer;
- Steven M. Jones, President;
- Kenneth S. Booth, Chief Financial Officer; and
- Michael P. Miotto, Chief Information Officer.

General Philosophy

Our executive compensation programs are designed to achieve the following objectives:

- Attract and retain individuals that will drive business success; and
- Provide appropriate incentives that reward outstanding financial performance and align the interests of executives and shareholders.

We accomplish these objectives through compensation programs that:

Contain a significant component tied to individual and Company performance;

Provide competitive overall compensation if performance objectives are achieved; and

Encourage participants to act as owners.

Overall Process

The Executive Compensation Committee (the Compensation Committee) oversees and approves our overall compensation strategy and determines all aspects of compensation for our Chief Executive Officer and Chairman.

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The Compensation Committee determines compensation for other named executive officers after considering recommendations supplied by our Chief Executive Officer.

The Compensation Committee periodically reviews all aspects of executive compensation and determines if existing plans are effective in meeting the objectives described above. Such reviews are typically conducted at the first meeting of each fiscal year. From time to time, the Compensation Committee may make modifications to existing plans or adopt new plans.

Compensation Mr. Roberts, Chief Executive Officer

Compensation for Mr. Roberts, our Chief Executive Officer, includes a base salary and equity-based incentive compensation.

Base salaries at all levels in the organization are designed to provide a level of basic compensation and allow us to recruit and retain qualified team members. Mr. Roberts base salary was determined by the Compensation Committee after considering the following:

The performance of Credit Acceptance over Mr. Roberts tenure as Chief Executive Officer;

An assessment of Mr. Roberts individual performance;

Market data;

Internal benchmarks; and

Other components of Mr. Roberts total compensation plan.

In February 2010, the Compensation Committee determined that Mr. Roberts annual base salary of $800,000 for 2009 will remain unchanged for 2010 based on the determination that his overall compensation plan did not require any adjustment and is working as intended.

The principle component of Mr. Roberts incentive compensation plan is comprised of restricted stock unit (RSU) awards. On February 22, 2007, the Compensation Committee approved an award of 300,000 RSUs to Mr. Roberts. Each RSU represents and has a value equal to one share of our common stock. The RSUs will be earned over a five year period starting in 2007, based upon the compounded annual increase in our adjusted economic profit. Adjusted economic profit measures how efficiently we utilize our total capital, both debt and equity. Management uses adjusted economic profit to assess our performance as well as to make capital allocation decisions. Management believes this information is important to shareholders because it allows shareholders to compare the returns we earn by investing capital in our core business with the return they could expect if we returned capital to shareholders and they invested in other securities. Adjusted economic profit is defined, for the purposes of the RSU vesting calculation, as net income (adjusted for non-recurring items and certain non-US GAAP adjustments, as included in our earnings releases, and adjustments to reflect carrying costs of stock options) less a cost of capital. The cost of capital includes a cost of debt and a cost of equity. The cost of equity is determined based on a formula that considers the risk of the business (assessed at 5% + the average 30 year treasury rate) and the risk associated with our use of debt. The actual formula utilized for determining the cost of equity is as follows: (the average 30 year treasury rate + 5%) + [(1− tax rate) x (the average 30 year treasury rate + 5%−the pre-tax average cost of debt rate) x (average debt/(average equity + average debt x tax rate)]. Each year, 20% of the grant is eligible to vest. In 2009, under the formula described above, the compounded annual increase in adjusted economic profit was greater than 10%, so 100% of the RSUs eligible to vest were vested (180,000). In 2010 and 2011, if the compounded annual increase in adjusted economic profit measured from 2006 is 10% or greater, then 100% of the RSUs eligible to vest will vest, including the RSUs that did not vest in prior years. During this same period, if the compounded annual increase in adjusted economic profit is greater than 0% but less than 10%, then half of the eligible RSUs will vest, including RSUs that did not vest in prior years. Any earned RSUs will be distributed to Mr. Roberts on February 22, 2014. From 2007 through 2011, (the performance period), we will credit Mr. Roberts, on each date that we pay a cash dividend to holders of common stock generally, an additional number of RSUs equal to the total number of whole RSUs and additional share units previously credited multiplied by the dollar amount of the cash dividend paid per share of common stock by us on such date, divided by the closing price of a share of common stock on such date. The RSUs may not be sold, transferred, pledged, assigned or otherwise alienated or

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hypothecated, other than by will or by the laws of descent and