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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2006

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission File Number 000-20202

CREDIT ACCEPTANCE CORPORATION
(Exact name of registrant as specified in its charter)

MICHIGAN	38-1999511
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification)

25505 WEST TWELVE MILE ROAD, SUITE 3000 SOUTHFIELD, MICHIGAN	48034-8339
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: 248-353-2700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

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

Large accelerated filer [ ]   Accelerated filer [X]   Non-accelerated filer [ ]

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

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date.

The number of shares of Common Stock, par value $0.01, outstanding on July 31, 2006 was 33,365,312.

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PART I. - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(Dollars in thousands, except per share data)	2006	2005	2006	2005
REVENUE:				
Finance charges	$ 47,919	$ 44,295	$ 93,926	$ 86,333
License fees	3,204	2,252	6,101	4,212
Other income	3,958	3,789	8,080	7,527
Total revenue	55,081	50,336	108,107	98,072
COSTS AND EXPENSES:				
Salaries and wages	9,861	8,939	20,613	18,006
General and administrative	6,297	5,885	13,062	11,415
Sales and marketing	3,406	3,269	7,765	6,796
Provision for credit losses	2,641	1,816	3,165	2,670
Interest	5,660	3,613	9,234	7,356
Stock-based compensation expense	104	510	(54)	1,265
Other expense	55	266	137	401
Total costs and expenses	28,024	24,298	53,922	47,909
Operating income	27,057	26,038	54,185	50,163
Foreign currency gain	6	382	11	1,027
Income from continuing operations before provision for income taxes	27,063	26,420	54,196	51,190
Provision for income taxes	9,364	9,817	19,292	19,057
Income from continuing operations	17,699	16,603	34,904	32,133
Discontinued operations				
(Loss) gain from discontinued United Kingdom operations	(132)	630	(145)	885
(Credit) provision for income taxes	(39)	180	(44)	251
(Loss) gain on discontinued operations	(93)	450	(101)	634
Net income	$ 17,606	$ 17,053	$ 34,803	$ 32,767
Other comprehensive (loss) gain, net of tax	(9)	94	(28)	(637)
Comprehensive income	$ 17,597	$ 17,147	$ 34,775	$ 32,130
Net income per common share:				
Basic	$ 0.53	$ 0.46	$ 1.01	$ 0.89
Diluted	$ 0.50	$ 0.44	$ 0.94	$ 0.83
Income from continuing operations per common share:				
Basic	$ 0.54	$ 0.45	$ 1.01	$ 0.87
Diluted	$ 0.50	$ 0.43	$ 0.94	$ 0.82
Weighted average shares outstanding:				
Basic	32,979,572	37,016,038	34,554,605	36,933,601
Diluted	35,433,944	39,064,886	37,029,956	39,273,824

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)	AS OF JUNE 30, 2006 (UNAUDITED)	AS OF DECEMBER 31, 2005
ASSETS:		
Cash and cash equivalents	$ 436	$ 7,090
Restricted cash and cash equivalents	30,417	13,473
Restricted securities available for sale	3,844	3,345
Loans receivable (including $22,857 and $22,622 from affiliates in 2006 and 2005, respectively)	715,960	694,939
Allowance for credit losses	(129,052)	(131,411)
Loans receivable, net	586,908	563,528
Property and equipment, net	16,408	17,992
Income taxes receivable	--	4,022
Other assets	12,580	9,944
Total Assets	$ 650,593	$ 619,394
LIABILITIES AND SHAREHOLDERS' EQUITY:		
LIABILITIES:		
Accounts payable and accrued liabilities	$ 58,655	$ 55,705
Line of credit	34,400	36,300
Secured financing	202,000	101,500
Mortgage note and capital lease obligations	8,585	9,105
Income taxes payable	1,451	--
Deferred income taxes, net	43,673	43,758
Total Liabilities	348,764	246,368
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value, 1,000,000 shares authorized, none issued	--	--
Common stock, $.01 par value, 80,000,000 shares authorized, 33,365,162 and 37,027,286 shares issued and outstanding as of June 30, 2006 and December 31, 2005, respectively	334	370
Paid-in capital	1,287	29,746
Unearned stock-based compensation	(4,044)	(1,566)
Retained earnings	304,317	344,513
Accumulated other comprehensive loss, net of tax of $38 and $22 at June 30, 2006 and December 31, 2005, respectively	(65)	(37)
Total Shareholders' Equity	301,829	373,026
Total Liabilities and Shareholders' Equity	$ 650,593	$ 619,394

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Dollars in thousands)	SIX MONTHS ENDED JUNE 30, 2006	SIX MONTHS ENDED JUNE 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 34,803	$ 32,767
Adjustments to reconcile cash provided by operating activities:		
Provision for credit losses	3,165	1,896
Depreciation	2,473	2,705
Loss on retirement of property and equipment	38	5
Foreign currency gain on forward contracts	--	(1,032)
Credit for deferred income taxes	(69)	(249)
Stock-based compensation	(54)	1,306
Excess tax benefits from stock-based compensation plans	(3,529)	--
Change in operating assets and liabilities:		
Accounts payable and accrued liabilities	2,950	5,265
Income taxes receivable/payable	9,002	1,544
Other assets	(2,271)	465
Net cash provided by operating activities	46,508	44,672
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in restricted cash and cash equivalents	(16,944)	(9,170)
Purchases of restricted securities available for sale	(794)	(1,510)
Proceeds from sale of restricted securities available for sale	251	247
Principal collected on loans receivable	284,244	232,979
Advances to dealers and accelerated payments of dealer holdback	(271,273)	(246,349)
Originations and purchases of new consumer loans	(5,779)	(6,676)
Payments of dealer holdbacks	(35,635)	(24,767)
Net change in floorplan receivables, notes receivable and lines of credit	1,611	544
Purchases of property and equipment	(689)	(2,120)
Net cash used in investing activities	(45,008)	(56,822)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under line of credit	166,930	135,000
Repayments under line of credit	(168,830)	(98,000)
Proceeds from secured financing	320,500	48,500
Repayments of secured financing	(220,000)	(73,410)
Principal payments under mortgage note and capital lease obligations	(758)	(593)
Repurchase of common stock	(114,311)	--
Proceeds from stock options exercised	4,864	141
Excess tax benefits from stock-based compensation plans	3,529	--
Net cash (used in) provided by financing activities	(8,076)	11,638
Effect of exchange rate changes on cash	(78)	886
Net (decrease) increase in cash and cash equivalents	(6,654)	374
Cash and cash equivalents, beginning of period	7,090	614
Cash and cash equivalents, end of period	$ 436	$ 988
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Property and equipment acquired through capital lease obligations	$ 238	$ 217
Issuance of restricted stock	2,808	1,964

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of actual results achieved for full fiscal years. The consolidated balance sheet at December 31, 2005 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2005 for Credit Acceptance Corporation (the "Company" or "Credit Acceptance"). Certain prior period amounts have been reclassified to conform to the current presentation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

Principal Business. Since 1972, Credit Acceptance has provided auto loans to consumers, regardless of their credit history. The Company's product is offered through a nationwide network of automobile dealers who benefit from sales of vehicles to consumers who otherwise could not obtain financing; from repeat and referral sales generated by these same customers; and from sales to customers responding to advertisements for the Company's product, but who actually end up qualifying for traditional financing.

Credit Acceptance was founded to service and collect retail installment contracts (referred to as "Consumer Loans") originated and funded by automobile dealerships owned by the Company's founder, majority shareholder, and current Chairman, Donald Foss. During the 1980s, the Company began to market this service to non-affiliated dealers and, at the same time, began to offer dealers a non-recourse cash payment (referred to as an "advance") against anticipated future collections on Consumer Loans serviced for that dealer. Today, the Company's program is offered to dealers throughout the United States. The Company refers to dealers who participate in its program and who share its commitment to changing consumers' lives as "dealer-partners".

A consumer who does not qualify for conventional automobile financing can purchase a used vehicle from a Credit Acceptance dealer-partner and finance the purchase through the Company. As payment for the vehicle, the dealer-partner receives the following:

(i) a down payment from the consumer;

(ii) a cash advance from the Company; and

(iii) after the advance has been recovered by the Company, the cash from payments made on the Consumer Loan, net of certain collection costs and the Company's servicing fee ("dealer holdback").

The Company's servicing fee is equal to a fixed percentage (typically 20%) of each payment collected. In addition, the Company receives fees for other products and services.

If the Company discovers a misrepresentation by the dealer-partner relating to a Consumer Loan assigned to the Company, the Company can demand that the Consumer Loan be repurchased for the current balance of the Consumer Loan less the amount of any unearned finance charge plus the applicable termination fee, which is generally $500. Upon receipt of such amount in full, the Company will reassign the Consumer Loan receivable and its security interest in the financed vehicle to the dealer-partner. The dealer-partner can also opt to repurchase Consumer Loans at their own discretion. To date, no dealer-partner has repurchased receivables under these options.

The Company is an indirect lender from a legal perspective, meaning the Consumer Loan is originated by the dealer-partner and immediately assigned to the Company. The compensation paid to the dealer-partner in exchange for the

Consumer Loan is paid in two parts. A portion of the compensation is paid at the time of origination, and a portion is paid based on the performance of the loan. The amount paid at the time of origination is called an advance; the portion paid over time is called dealer holdback.

2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

For accounting purposes, a majority of the transactions described above are not considered to be loans to consumers. Instead, the Company's accounting reflects that of a lender to the dealer-partner. This classification for accounting purposes is primarily a result of (i) the dealer-partner's financial interest in the Consumer Loan and (ii) certain elements of the Company's legal relationship with the dealer-partner. A small percentage of transactions in the United States are considered to be Consumer Loans for accounting purposes. The cash amount advanced to the dealer-partner is recorded as an asset on the Company's balance sheet. The aggregate amount of all advances to an individual dealer-partner, plus accrued income, less repayments comprises the amount recorded in Loans receivable.

As of June 30, 2006, the Company had approximately 100% of its capital invested in the United States business segment. In early 2002, the Company stopped originating automobile leases and effective June 30, 2003 stopped accepting Consumer Loans originated in the United Kingdom and Canada. The Company sold the remaining Consumer Loan portfolio of its United Kingdom subsidiary on December 30, 2005.

The Company's business is seasonal with peak loan originations occurring during February and March. Seasonality does not have a material impact on the Company's interim financial results.

ACCOUNTING POLICIES

Finance Charges. The Company recognizes finance charge income in a manner consistent with the provisions of the American Institute of Certified Public Accountant's Statement of Position ("SOP") 03-3 "Accounting for Certain Loans or Debt Securities Acquired in a Transfer." Consistent with SOP 03-3, the Company recognizes finance charges under the interest method such that revenue is recognized on a level yield basis based upon forecasted cash flows. As forecasted cash flows change, the Company adjusts the yield upwards for positive changes and recognizes impairment for negative changes in the current period.

The Company has relationships with third party vehicle service contract administrators ("TPAs") whereby the TPAs process claims on vehicle service contracts underwritten by third party insurers. The Company recognizes the commission received from the TPAs for contracts financed by the Company as part of finance charges on a level yield basis based upon forecasted cash flows. Commissions on contracts not financed by the Company are recognized at the time the commission is received.

License Fees. The Company recognizes a monthly dealer-partner access fee for the Company's patented Internet-based proprietary Credit Approval Processing System ("CAPS") in the month the access is provided.

Loans Receivable and Allowance for Credit Losses. The Company records the amount advanced to the dealer-partner as a Dealer Loan ("Dealer Loan"), which is classified within Loans receivable in the Company's consolidated balance sheets. The Dealer Loan is increased as revenue is recognized and decreased as collections are received. The Company follows an approach similar to the provisions of SOP 03-3 in determining its allowance for credit losses. Consistent with SOP 03-3, an allowance for credit losses is maintained at an amount that reduces the net asset value (Dealer Loan balance less the allowance) to the discounted value of forecasted future cash flows at the yield established at the inception of the Dealer Loan. This allowance is calculated on a dealer-partner by dealer-partner basis. The discounted value of future cash flows is comprised of estimated future collections on the Consumer Loans, less any estimated dealer holdback payments.

In estimating future collections and dealer holdback payments for each dealer-partner, the Company considers: (i) a dealer-partner's actual collection and loss data on a static pool basis and (ii) the Company's historical loss and collection experience. The Company's collection forecast for each dealer-partner is updated monthly, and considers the most recent static pool data available for each dealer-partner and the Company's entire portfolio of Consumer Loans.

Cash flows from any individual Dealer Loan are often different than estimated cash flows at Dealer Loan inception. If such difference is favorable, the difference is recognized into income over the life of the Dealer Loan through a yield adjustment. If such difference is unfavorable, a provision for credit losses is recorded as a current period expense and a corresponding allowance for credit losses is established. Because differences between estimated cash flows at inception and actual cash flows occur often, an allowance is required for a significant portion of the Company's Dealer Loan portfolio. An allowance for credit losses does not necessarily indicate that a Dealer Loan is unprofitable, and in recent years, very seldom are cash flows from a Dealer Loan portfolio insufficient to repay the initial amounts advanced to the dealer-partners. If a positive revision occurs to the estimated cash flows for a Dealer Loan that has an allowance for credit losses, the allowance is reversed up to the lesser of the amount of the positive revision or the amount of the allowance previously recorded.

2. SIGNIFICANT ACCOUNTING POLICIES - (CONCLUDED)

Stock-based Compensation. On January 1, 2006, the Company adopted revised Statement of Financial Accounting Standards ("SFAS") No. 123 ("SFAS No. 123R"), "Share-Based Payment". The Company had previously adopted the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", under the retroactive restatement transition method in 2003. Adoption of SFAS No. 123R primarily resulted in a change in the Company's estimated forfeitures for unvested stock based compensation awards, which resulted in a cumulative reversal of stock-based compensation expense of $0.4 million for the quarter ended March 31, 2006.

Accounting for Uncertainty in Income Taxes. On July 13, 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes" and prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Additionally, FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company has not yet determined the impact, if any, of adopting the provisions of FIN 48 on the Company's financial position, results of operations or cash flows.

3. LOANS RECEIVABLE

A summary of changes in Loans receivable is as follows (in thousands):

	THREE MONTHS ENDED JUNE 30, 2006			
	DEALER LOANS	CONSUMER LOANS	OTHER LOANS	TOTAL
Balance, beginning of period	$ 703,223	$16,093	$ 2,065	$ 721,381
New Loans	114,627	2,443	--	117,070
Dealer holdback payments	17,991	--	--	17,991
Net cash collections on loans	(134,223)	(2,575)	--	(136,798)
Write-offs	(3,969)	(163)	--	(4,132)
Recoveries	--	10	--	10
Net change in floorplan receivables, notes receivable, and lines of credit	--	--	186	186
Other	--	171	--	171
Currency translation	81	--	--	81
Balance, end of period	$ 697,730	$15,979	$ 2,251	$ 715,960

	THREE MONTHS ENDED JUNE 30, 2005			
	DEALER LOANS	CONSUMER LOANS	OTHER LOANS	TOTAL
Balance, beginning of period	$ 657,849	$31,881	$ 3,815	$ 693,545
New Loans	108,358	3,739	--	112,097
Dealer holdback payments	12,771	--	--	12,771
Net cash collections on loans	(110,311)	(4,437)	--	(114,748)
Write-offs	(3,311)	(3,727)	--	(7,038)
Recoveries	--	694	--	694
Net change in floorplan receivables, notes receivable, and lines of credit	--	--	(49)	(49)
Other	--	167	--	167
Currency translation	(77)	(921)	--	(998)
Balance, end of period	$ 665,279	$27,396	$ 3,766	$ 696,441

	SIX MONTHS ENDED JUNE 30, 2006			
	DEALER LOANS	CONSUMER LOANS	OTHER LOANS	TOTAL
Balance, beginning of period	$ 675,692	$15,470	$ 3,777	$ 694,939
New Loans	271,273	5,779	--	277,052
Dealer holdback payments	35,635	--	--	35,635
Net cash collections on loans	(279,724)	(5,424)	--	(285,148)
Write-offs	(5,224)	(225)	--	(5,449)
Recoveries	--	46	--	46
Net change in floorplan receivables, notes receivable, and lines of credit	--	--	(1,526)	(1,526)
Other	--	333	--	333
Currency translation	78	--	--	78
Balance, end of period	$ 697,730	$15,979	$ 2,251	$ 715,960

	SIX MONTHS ENDED JUNE 30, 2005			
	DEALER LOANS	CONSUMER LOANS	OTHER LOANS	TOTAL

Balance, beginning of period	$ 626,284	$36,760	$ 4,350	$ 667,394
New Loans	246,349	6,676	--	253,025
Dealer holdback payments	24,513	--	--	24,513
Net cash collections on loans	(225,361)	(9,218)	--	(234,579)
Write-offs	(6,314)	(7,034)	--	(13,348)
Recoveries	--	1,172	--	1,172
Net change in floorplan receivables, notes receivable, and lines of credit	--	--	(584)	(584)
Other	--	370	--	370
Currency translation	(192)	(1,330)	--	(1,522)
Balance, end of period	$ 665,279	$27,396	$ 3,766	$ 696,441

3. LOANS RECEIVABLE - (CONCLUDED)

A summary of changes in the Allowance for credit losses is as follows (in thousands):

	THREE MONTHS ENDED JUNE 30, 2006			
	DEALER LOANS	CONSUMER LOANS	OTHER LOANS	TOTAL
Balance, beginning of period	$129,543	$1,071	$--	$130,614
Provision for credit losses (1)	2,475	23	--	2,498
Write-offs	(3,969)	(163)	--	(4,132)
Recoveries	--	10	--	10
Currency translation	62	--	--	62
Balance, end of period	$128,111	$ 941	$--	$129,052

	THREE MONTHS ENDED JUNE 30, 2005			
	DEALER LOANS	CONSUMER LOANS	OTHER LOANS	TOTAL
Balance, beginning of period	$132,256	$6,732	$--	$138,988
Provision for credit losses (2)	1,813	(647)	--	1,166
Write-offs	(3,312)	(875)	--	(4,187)
Recoveries	--	785	--	785
Other changes in floorplan receivables, notes receivable, and lines of credit	--	--	--	--
Currency translation	(13)	(302)	--	(315)
Balance, end of period	$130,744	$5,693	$--	$136,437

	SIX MONTHS ENDED JUNE 30, 2006			
	DEALER LOANS	CONSUMER LOANS	OTHER LOANS	TOTAL
Balance, beginning of period	$130,722	$ 689	$--	$131,411
Provision for credit losses (3)	2,553	431	--	2,984
Write-offs	(5,224)	(225)	--	(5,449)
Recoveries	--	46	--	46
Currency translation	60	--	--	60
Balance, end of period	$128,111	$ 941	$--	$129,052

	SIX MONTHS ENDED JUNE 30, 2005			
	DEALER LOANS	CONSUMER LOANS	OTHER LOANS	TOTAL
Balance, beginning of period	$134,599	$ 6,774	$ 10	$141,383
Provision for credit losses (4)	2,487	(823)	--	1,664
Write-offs	(6,315)	(1,209)	--	(7,524)
Recoveries	--	1,416	--	1,416
Other changes in floorplan receivables, notes receivable, and lines of credit	--	--	(10)	(10)
Currency translation	(27)	(465)	--	(492)
Balance, end of period	$130,744	$ 5,693	$ --	$136,437

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(1) Does not include a provision for credit losses of $143 on license fees receivable and other items.

(2) Does not include a provision for credit losses of $27 on license fees receivable and other items. Includes a negative provision for credit losses related to discontinued operations of $623.

(3) Does not include a provision for credit losses of $181 on license fees receivable and other items.

(4) Does not include a provision for credit losses of $232 on license fees receivable and other items. Includes a negative provision for credit losses related to discontinued operations of $774.

4. RELATED PARTY TRANSACTIONS

In the normal course of its business, the Company has Dealer Loans with affiliated dealer-partners owned or controlled by: (i) the Company's majority shareholder and Chairman; (ii) the Company's President; and (iii) a member of the Chairman's immediate family. The Company's Dealer Loans from affiliated dealer-partners and nonaffiliated dealer-partners are on the same terms. A summary of related party Dealer Loan activity is as follows (in thousands):

	As of June 30, 2006		As of December 31, 2005	
	Affiliated dealer-partner balance	% of consolidated	Affiliated dealer-partner balance	% of consolidated
Affiliated Dealer Loan balance	$21,100	3.0%	$20,900	3.1%

	For the Three Months ended June 30, 2006		For the Three Months ended June 30, 2005	
	Affiliated dealer-partner activity	% of consolidated	Affiliated dealer-partner activity	% of consolidated
Advances	$ 3,800	3.3%	$ 4,600	4.3%
Affiliated dealer-partner revenue	$ 1,400	3.2%	$ 1,500	3.4%

	For the Six Months ended June 30, 2006		For the Six Months ended June 30, 2005	
	Affiliated dealer-partner activity	% of consolidated	Affiliated dealer-partner activity	% of consolidated
Advances	$ 9,900	3.7%	$11,800	4.8%
Affiliated dealer-partner revenue	$ 2,900	3.2%	$ 2,800	3.3%

Pursuant to an employment agreement with the Company's President dated April 19, 2001, the Company loaned the President's dealerships $0.9 million. The note, including all principal and interest, is due on April 19, 2011, bears interest at 5.22%, is unsecured, and is personally guaranteed by the Company's President. The balance of the note including accrued but unpaid interest was approximately $1.2 million and $1.1 million as of June 30, 2006 and December 31, 2005, respectively. In addition, pursuant to the employment agreement, the Company loaned the President approximately $0.5 million. The note, including all principal and interest, is due on April 19, 2011, bears interest at 5.22% and is unsecured. The balance of the note including accrued but unpaid interest was approximately $0.6 million as of June 30, 2006 and December 31, 2005, respectively.

Total CAPS and dealer enrollment fees earned from affiliated dealer-partners were $22,000 and $45,000 for the three and six months ended June 30, 2006, respectively, and $22,000 and $51,000 for the same periods in 2005.

The Company paid for air transportation services provided by a company owned by the Company's majority shareholder and Chairman totaling $14,000 and $24,000 for the three and six months ended June 30, 2006, respectively, and $35,000 for the same periods in 2005.

Beginning in 2000, the Company offered a line of credit arrangement to certain dealerships who were not participating in the Company's core program. The Company ceased offering this program to new dealerships in the third quarter of 2001 and has been reducing the amount of capital invested in this program since that time. Beginning in 2002, entities owned by the Company's majority shareholder and Chairman began offering secured lines of credit to third parties in a manner similar to the Company's prior program. In December of 2004, the Company's majority shareholder and Chairman sold his ownership interest in these entities but he continues to have indirect control over these entities and has the right or obligation to reacquire the entities under certain circumstances until December 31, 2014 or the repayment of the related purchase money note.

5. INCOME TAXES

A reconciliation of the U.S. federal statutory rate to the Company's effective tax rate, excluding the results of the discontinued United Kingdom operations, is as follows:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2006	2005	2006	2005
U.S. federal statutory rate	35.0%	35.0%	35.0%	35.0%
State income taxes	(0.7)	2.4	0.3	2.2
U.S. tax impact of foreign earnings	(0.1)	0.1	(0.1)	--
Other	0.4	(0.3)	0.4	--
Effective tax rate	34.6%	37.2%	35.6%	37.2%

The differences between the U.S. federal statutory rate and the Company's consolidated effective tax rate are primarily related to state income taxes that are included in the provision for income taxes. A decrease in the effective tax rate to 34.6% and 35.6% for the three and six months ended June 30, 2006, respectively, from 37.2% for the same periods in 2005 is primarily due to a reduction of state tax liability as a result of a settlement.

6. CAPITAL TRANSACTIONS

Pursuant to the Company's Incentive Compensation Plan (the "Incentive Plan"), which was approved by shareholders on May 13, 2004, the Company has reserved 1.0 million shares of its common stock for the future granting of restricted stock, restricted stock units, stock options, and performance awards to employees, officers, and directors at any time prior to April 1, 2014.

During the six months ended June 30, 2006, the Company granted 115,757 shares of restricted stock to employees and officers under the Incentive Plan, of which 103,867 shares vest in full or in part based on the Company's satisfaction of certain performance-related criteria and 11,890 shares vest over a five year period. The Company recorded $2.8 million of unearned stock-based compensation for the six months ended June 30, 2006 representing the grant date fair value of the restricted stock granted during the period. Unearned stock-based compensation is recognized as stock-based compensation expense over the expected vesting period of the restricted stock.

The Company recognized stock-based compensation expense of $0.2 million and $0.3 million for the three and six months ended June 30, 2006, respectively, and $0.1 million for the three and six months ended June 30, 2005 for outstanding restricted stock.

At June 30, 2006 and December 31, 2005, the Company had 214,636 and 98,879 shares of restricted stock outstanding, respectively. Shares available for future grants under the Incentive Plan totaled 785,364 at June 30, 2006.

7. DUTCH TENDER OFFER

On February 10, 2006, the Company announced that it had commenced a modified Dutch auction tender offer to purchase up to 5.0 million shares of its outstanding common stock at a price per share of $21.00 to $25.00. Upon the expiration of the tender offer on March 13, 2006, the Company had repurchased 4.1 million tendered shares of its common stock at $25.00 per share, at a total cost of approximately $103.2 million.

8. BUSINESS SEGMENT INFORMATION

During the first quarter of 2006, the Company combined the United Kingdom business segment into its Other business segment as the Company sold the remaining Consumer Loan portfolio of its United Kingdom subsidiary on December 30, 2005 and the United Kingdom segment no longer met the quantitative thresholds of a reportable segment. As a result, the Company now has two reportable business segments: United States and Other. Prior year's disclosures have been reclassified to conform to the current year presentation. The United States segment primarily consists of the Company's United States automobile financing business. The Other segment consists of the Company's discontinued United Kingdom automobile financing business, automobile leasing business, Canadian automobile financing business and secured lines of credit and floorplan financing products. The Company is currently liquidating its operations in the Other segment.

Selected segment information is set forth below (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2006	2005	2006	2005
Revenue:				
United States	$54,867	$49,969	$107,909	$97,219
Other	214	367	198	853
Total revenue	$55,081	$50,336	$108,107	$98,072
Income from continuing operations before provision for income taxes:				
United States	$26,851	$26,327	$ 54,063	$51,157
Other	212	93	133	33
Total income from continuing operations before provision for income taxes	$27,063	$26,420	$ 54,196	$51,190

	JUNE 30, 2006	DECEMBER 31, 2005
Segment Assets		
United States	$649,253	$614,149
Other	1,340	5,245
Total Assets	$650,593	$619,394

9. NET INCOME PER SHARE

Basic net income per share has been computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per share has been computed by dividing net income by the total weighted average number of common shares and common stock equivalents outstanding. Common stock equivalents included in the computation represent shares issuable upon assumed exercise of stock options that would have a dilutive effect using the treasury stock method. The share effect is as follows:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2006	2005	2006	2005
Weighted average common shares outstanding	32,979,572	37,016,038	34,554,605	36,933,601
Common stock equivalents	2,454,372	2,048,848	2,475,351	2,340,223
Weighted average common shares and common stock equivalents	35,433,944	39,064,886	37,029,956	39,273,824

The diluted net income per share calculation excludes stock options to purchase 110,000 shares for the three months ended June 30, 2005 as inclusion of these options would be anti-dilutive to the net income per share due to the relationship between the exercise prices and the average market price of common stock during this period. There were no stock options that would be anti-dilutive for the three months ended June 30, 2006 or the six months ended June 30, 2006 and 2005.

10. OTHER ASSETS

As of June 30, 2006 and December 31, 2005, deferred debt issuance costs were $3.8 million (net of amortization expense of $1.5 million) and $1.6 million (net of amortization expense of $3.8 million), respectively. Expenses associated with the issuance of debt instruments are capitalized and amortized over the term of the debt instrument on a level-yield basis for term secured financings and on a straight-line basis for lines of credit and revolving secured financings.

11. SUBSEQUENT EVENT

On August 1, 2006, the Company's Board of Directors authorized the repurchase of up to $25.0 million of the Company's common stock in addition to the Board's prior authorizations. The additional shares may be repurchased through the open market or in privately negotiated transactions from time to time under terms defined by the Board. Unless terminated earlier by resolution of the Board, the share repurchase program will expire when the Company has repurchased all shares authorized for repurchase thereunder. Through August 1, 2006, the Company has repurchased approximately 6.8 million shares under this program at a cost of $62.8 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE SUMMARY

Since 1972, Credit Acceptance has provided auto loans to consumers, regardless of their credit history. The Company's product is offered through a nationwide network of automobile dealers who benefit by selling vehicles to consumers who otherwise could not obtain financing, by repeat and referral sales generated by these same customers, and from sales to customers responding to advertisements for the Company's product, but who actually end up qualifying for traditional financing.

The Company is an indirect lender from a legal perspective, meaning the Consumer Loan is originated by the dealer-partner and immediately assigned to the Company. The compensation paid to the dealer-partner in exchange for the Consumer Loan is paid in two parts. A portion of the compensation is paid at the time of origination, and a portion is paid based on the performance of the loan. The amount paid at the time of origination is called an advance; the portion paid over time is called dealer holdback. For accounting purposes, a majority of the transactions described above are not considered to be loans to consumers. Instead the Company's accounting reflects that of a lender to the dealer-partner. This classification for accounting purposes is primarily a result of (i) the dealer-partner's financial interest in the Consumer Loan and (ii) certain elements of the Company's legal relationship with the dealer-partner. A small percentage of transactions in the United States are considered to be Consumer Loans for accounting purposes. The cash amount advanced to the dealer-partner is recorded as an asset on the Company's balance sheet. The aggregate amount of all advances to an individual dealer-partner, plus accrued income, less repayments comprises the amount recorded in Loans receivable. For additional information regarding the Company's accounting for Loans receivable, see Note 2 to the consolidated financial statements, which is incorporated herein by reference.

The Company believes it has been successful in improving the profitability of its Dealer Loans in recent years primarily as a result of increasing the spread between the forecasted collection rate and the advance rate, and increasing revenue from ancillary products. For the three months ended June 30, 2006, Dealer Loan originations grew 5.8% compared to the same period in 2005 due to an increase in the number of active dealer-partners which resulted in an increase in the number of Consumer Loans accepted. Since the Company believes it is one of only a few financial services companies serving the Company's target market, the Company believes that it has an opportunity to grow its business profitably in the future.

Critical success factors for the Company include access to capital and the ability to accurately forecast Consumer Loan performance. The Company's strategy for accessing the capital required to grow its business is to: (i) maintain consistent financial performance, (ii) maintain modest financial leverage, and (iii) maintain multiple funding sources. The Company's funded debt to equity ratio is 0.8 to 1.0 at June 30, 2006. The Company currently funds its business through a bank line of credit facility, privately placed secured financings and commercial bank conduit-financed secured financings.

CONSUMER LOAN PERFORMANCE

Although the majority of loan originations are recorded in the Company's financial statements as Dealer Loans, each transaction starts with a loan from the dealer-partner to the individual purchasing the vehicle. Since the cash flows available to repay the Dealer Loans are generated, in most cases, from the underlying Consumer Loan, the performance of the Consumer Loans are critical to the Company's financial results. The following table presents forecasted Consumer Loan collection rates, advance rates, the spread (the forecasted collection rate less the advance rate), and the percentage of the forecasted collections that have been realized as of June 30, 2006 for the United States business segment. Payments of dealer holdback and accelerated payments of dealer holdback are not included in the analysis of the initial advance paid to the dealer-partner. All amounts are presented as a percentage of the initial balance of the Consumer Loan (principal + interest).

	As of June 30, 2006			
Year of Origination	Forecasted Collection %	Advance %	Spread %	% of Forecast Realized
1996	55.0%	46.9%	8.1%	100.0%
1997	58.4%	47.8%	10.6%	99.5%
1998	67.6%	46.0%	21.6%	98.8%
1999	72.5%	48.7%	23.8%	98.0%
2000	73.1%	47.9%	25.2%	97.1%
2001	67.6%	45.9%	21.7%	96.8%
2002	70.5%	42.2%	28.3%	96.5%
2003	74.4%	43.4%	31.0%	90.8%
2004	73.7%	44.0%	29.7%	74.0%
2005	74.8%	46.9%	27.9%	44.8%
2006	73.8%	46.7%	27.1%	11.3%

The following table compares the Company's forecast of Consumer Loan collection rates as of June 30, 2006 with the forecast as of December 31, 2005:

Loan Origination Year	June 30, 2006 Forecasted Collection %	December 31, 2005 Forecasted Collection %	Variance
1996	55.0%	55.0%	0.0%
1997	58.4%	58.3%	0.1%
1998	67.6%	67.7%	(0.1)%
1999	72.5%	72.7%	(0.2)%
2000	73.1%	73.2%	(0.1)%
2001	67.6%	67.2%	0.4%
2002	70.5%	70.3%	0.2%
2003	74.4%	74.0%	0.4%
2004	73.7%	72.9%	0.8%
2005	74.8%	73.6%	1.2%

Accurately forecasting future collection rates is critical to the Company's success. The risk of a forecasting error declines as Consumer Loans age. For example, the risk of a material forecasting error for business written in 1999 is very small since 98.0% of the total amount forecasted has already been realized. In contrast, the Company's forecast for recent Consumer Loans is less certain. If the Company produces disappointing operating results, it will likely be because the Company overestimated future Consumer Loan performance. Although the Company makes every effort to estimate collection rates as accurately as possible, there can be no assurance that the Company's estimates will be accurate or that Consumer Loan performance will be as expected.

A wider spread between the forecasted collection rate and the advance rate reduces the Company's risk of credit losses. Because collections are applied to advances on an individual dealer-partner basis, a wide spread does not eliminate the risk of losses, but it does reduce the risk significantly. While the spread has decreased from 2003 to 2005, the Company believes it is still at a sufficient level to minimize the Company's risk of being able to recover the cash advance.

There were no material changes in credit policy or pricing in the second quarter of 2006, other than routine changes designed to maintain current profitability levels.

RESULTS OF OPERATIONS

Three and Six Months Ended June 30, 2006 Compared to Three and Six Months Ended June 30, 2005

The following is a discussion of the results of operations and income statement data for the Company on a consolidated basis.

(Dollars in thousands)	THREE MONTHS ENDED JUNE 30, 2006	% OF REVENUE	THREE MONTHS ENDED JUNE 30, 2005	% OF REVENUE
REVENUE:				
Finance charges	$47,919	87.0%	$44,295	88.0%
License fees	3,204	5.8	2,252	4.5
Other income	3,958	7.2	3,789	7.5
Total revenue	55,081	100.0	50,336	100.0
COSTS AND EXPENSES:				
Salaries and wages	9,861	17.9	8,939	17.8
General and administrative	6,297	11.4	5,885	11.7
Sales and marketing	3,406	6.2	3,269	6.5
Provision for credit losses	2,641	4.8	1,816	3.6
Interest	5,660	10.3	3,613	7.2
Stock-based compensation expense	104	0.2	510	1.0
Other expense	55	0.1	266	0.5
Total costs and expenses	28,024	50.9	24,298	48.3
Operating income	27,057	49.1	26,038	51.7
Foreign exchange gain	6	--	382	0.8
Income from continuing operations before provision for income taxes	27,063	49.1	26,420	52.5
Provision for income taxes	9,364	17.0	9,817	19.5
Income from continuing operations	17,699	32.1	16,603	33.0
Discontinued operations				
(Loss) gain from operations of discontinued United Kingdom operations	(132)	(0.2)	630	1.3
(Credit) provision for income taxes	(39)	(0.1)	180	0.4
(Loss) gain from discontinued operations	(93)	(0.1)	450	0.9
Net income	$17,606	32.0%	$17,053	33.9%

(Dollars in thousands)	SIX MONTHS ENDED JUNE 30, 2006	% OF REVENUE	SIX MONTHS ENDED JUNE 30, 2005	% OF REVENUE
REVENUE:				
Finance charges	$ 93,926	86.9%	$86,333	88.0%
License fees	6,101	5.6	4,212	4.3
Other income	8,080	7.5	7,527	7.7
Total revenue	108,107	100.0	98,072	100.0
COSTS AND EXPENSES:				
Salaries and wages	20,613	19.1	18,006	18.4
General and administrative	13,062	12.1	11,415	11.6
Sales and marketing	7,765	7.2	6,796	6.9
Provision for credit losses	3,165	2.9	2,670	2.7
Interest	9,234	8.5	7,356	7.5
Stock-based compensation expense	(54)	--	1,265	1.3
Other expense	137	0.1	401	0.4
Total costs and expenses	53,922	49.9	47,909	48.8
Operating income	54,185	50.1	50,163	51.2
Foreign exchange gain	11	--	1,027	1.0

Income from continuing operations before provision for income taxes	54,196	50.1	51,190	52.2
Provision for income taxes	19,292	17.8	19,057	19.4
Income from continuing operations	34,904	32.3	32,133	32.8
Discontinued operations				
(Loss) gain from operations of discontinued United Kingdom operations	(145)	(0.1)	885	0.9
(Credit) provision for income taxes	(44)	--	251	0.3
(Loss) gain from discontinued operations	(101)	(0.1)	634	0.6
Net income	$ 34,803	32.2%	$32,767	33.4%

For the three months ended June 30, 2006, net income increased to $17.6 million, or $0.50 per diluted share, compared to $17.1 million, or $0.44 per diluted share, for the same period in 2005. The increase in net income primarily reflects the following:

- Finance charge revenue increased $3.6 million (8.2%) primarily due to a 5.7% increase in the average size of the loan portfolio.

- License fees increased $1.0 million primarily due to an increase in the number of dealer-partners.

- A decrease in the effective tax rate from 37.2% to 34.6% primarily due to a reduction of state tax liability as a result of a settlement.

Partially offsetting these improvements:

- Interest expense increased $2.0 million primarily due to an increase in interest rates and a 25.7% increase in the amount of average outstanding debt as a result of borrowings used to fund stock repurchases in the first and second quarters of 2006.

For the six months ended June 30, 2006, net income increased to $34.8 million, or $0.94 per diluted share, compared to $32.8 million, or $0.83 per diluted share, for the same period in 2005. The increase in net income primarily reflects the following:

- Finance charge revenue increased $7.6 million (8.8%) primarily due to a 5.9% increase in the average size of the loan portfolio.

- License fees increased $1.9 million primarily due to an increase in the number of dealer-partners.

- Stock-based compensation expense decreased $1.3 million primarily due to a decline in the number of unvested stock options and the Company's adoption of SFAS No. 123R.

Partially offsetting these improvements:

- Foreign exchange gain decreased $1.0 million. The foreign exchange gains for the six months ended June 30, 2005 were primarily the result of changes in the fair value of forward contracts entered into during the third quarter of 2003. There were no forward contracts outstanding during 2006.

Finance Charges. Finance charges increased to $47.9 million and $93.9 million for the three and six months ended June 30, 2006 from $44.3 million and $86.3 million for the same periods in 2005 primarily due to increases in the size of the Dealer Loan portfolio.

The following table summarizes the changes in active dealer-partners and corresponding Consumer Loan unit volume for the three months ended June 30, 2006 and 2005:

	THREE MONTHS ENDED JUNE 30,		
	2006	2005	% CHANGE
Consumer Loan unit volume	20,176	19,018	6.1
Active dealer-partners (1)	1,510	1,224	23.4
Average volume per dealer-partner	13.4	15.5	(13.5)
Consumer Loan unit volume from dealer-partners active both periods	13,160	15,227	(13.6)
Dealer-partners active both periods	814	814	--
Average volume per dealer-partner active both periods	16.2	18.7	(13.4)
Consumer Loan unit volume from new dealer-partners	1,085	1,558	(30.4)
New active dealer-partners (2)	188	222	(15.3)
Average volume per new active dealer-partner	5.8	7.0	(17.1)
Attrition (3)	-19.9%	-13.9%	

(1) Active dealer-partners are dealer-partners who submit at least one Consumer Loan during the period.

(2) New dealer-partners are dealer-partners that have enrolled in the Company's program and have submitted their first Consumer Loan to the Company during the period.

(3) Attrition is measured according to the following formula: decrease in Consumer Loan unit volume from dealer-partners who submitted at least one Consumer Loan during the comparable period of the prior year but who submitted no Consumer Loans during the current period divided by prior year comparable period Consumer Loan unit volume.

In March 2005, the Company implemented a change in policy that allows prospective dealer-partners to enroll in the Company's program without paying the $9,850 enrollment fee. Prospective dealer-partners choosing this option instead agree to allow the Company to keep 50% of the first accelerated dealer holdback payment. This payment, called Portfolio Profit Express, is paid to qualifying dealer-partners after 100 Consumer Loans have been originated and assigned to the Company. While the Company will lose enrollment fee revenue on those dealer-partners choosing this option and not reaching 100 Consumer Loans or otherwise qualifying for a Portfolio Profit Express payment, the Company estimates that it will realize higher per dealer-partner enrollment fee revenue from those dealer-partners choosing this option and qualifying for a Portfolio Profit Express payment. Based on the historical average of Portfolio Profit Express payments, the Company expects average enrollment fee revenue per dealer-partner for those dealer-partners electing the new option and reaching 100 Consumer Loans will be approximately $15,000 - $20,000. Approximately 72% of the dealer-partners that enrolled during the second quarter of 2006 took advantage of this new enrollment option.

License Fees. License fees increased to $3.2 million and $6.1 million for the three and six months ended June 30, 2006 from $2.3 million and $4.2 million for the same periods in 2005. License fees represent CAPS fees charged to dealer-partners on a monthly basis. The increases were primarily due to an increase in the number of dealer-partners. The average number of dealer-partners billed for CAPS fees for the six months ended June 30, 2006 was 1,806 compared to 1,179 for the same period in the prior year. In February 2005, the rate for CAPS fees increased from $499 per dealer-partner per month to $599 per month.

Salaries and Wages. Salaries and wages, as a percentage of revenue, remained comparable at 17.9% and 17.8% for the three months ended June 30, 2006 and 2005, respectively. Salaries and wages, as a percentage of revenue, increased to 19.1% for the six months ended June 30, 2006 compared to 18.4% for the same period in 2005. The increase, as a percentage of revenue, for the six months was primarily due to increased costs of information systems personnel.

General and Administrative. General and administrative expenses, as a percentage of revenue, remained consistent at 11.4% for the three months ended June 30, 2006 compared to 11.7% for the same period in 2005 while these expenses, as a percentage of revenue, increased to 12.1% for the six months ended June 30, 2006, compared to 11.6% for the same period in 2005. The increase, as a percentage of revenue, for the six months was primarily due to additional professional fees associated with the Company's restatement of its financial statements and an increase in corporate legal expenses.

Provision for Credit Losses. The provision for credit losses increased to $2.6 million and $3.2 million for the three and six months ended June 30, 2006 compared to $1.8 million and $2.7 million for the same periods in 2005. The provision for credit losses consists primarily of a provision to reduce the carrying value of Dealer Loans to maintain the initial yield established at the inception of the Dealer Loan. Additionally, the provision for credit losses includes a provision for losses on notes receivable and a provision for earned but unpaid revenue related to license fees. The increases in the provision for the three and six months ended June 30, 2006 were primarily due to an increase in the provision for credit losses required to maintain the initial yield established at the inception of the Dealer Loan.

Interest. Interest expense increased to $5.7 million and $9.2 million for the three and six months ended June 30, 2006 from $3.6 million and $7.4 million for the same periods in 2005. The increase in interest expense during the three months ended June 30, 2006 was primarily due to an increase in interest rates and an increase in the average amount of outstanding debt as a result of borrowings used to fund stock repurchases in the first and second quarters of 2006. The increase in interest expense during the six months ended June 30, 2006 was primarily due to an increase in interest rates.

Stock-based Compensation Expense. Stock-based compensation expense decreased to $0.1 million and $(0.1) million for the three and six months ended June 30, 2006 from $0.5 million and $1.3 million for the same periods in 2005. The decrease for the three months ended June 30, 2006 was primarily due to a decline in the number of unvested stock options outstanding and an adjustment recognized in the second quarter of 2006 as a result of an increase in the period over which certain performance based stock options and restricted stock are expected to vest. The decrease for the six months ended June 30, 2006 was primarily due to: (i) a decline in the number of unvested stock options outstanding, (ii) the Company's adoption of SFAS No. 123R, and (iii) an adjustment recognized in the second quarter of 2006 as a result of an increase in the period over which certain performance based stock options and restricted stock are expected to vest.

Foreign Currency Gain. Foreign currency gain decreased to $6,000 and $11,000 for the three and six months ended June 30, 2006 from $0.4 million and $1.0 million for the same periods in 2005. The foreign currency gains for the three and six months ended June 30, 2005 were primarily the result of changes in the fair value of forward contracts entered into during the third quarter of 2003. There were no forward contracts outstanding during 2006.

Provision for Income Taxes. The effective tax rate decreased to 34.6% from 37.2% for the three months ended June 30, 2006 and 2005, respectively, primarily due to a reduction of state tax liability as a result of a settlement. The effective tax rate remained consistent at 35.6% and 37.2% for the six months ended June 30, 2006 and 2005, respectively.

RETURN ON CAPITAL

The return on capital analysis provides an additional perspective on the financial performance of the Company. The Company believes this information provides a useful measurement of how effectively the Company is utilizing its capital. Return on capital is equal to net operating profit after-tax (net income plus interest expense after-tax) divided by average capital as follows:

	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
(Dollars in thousands)	2006	2005	2006	2005
Net income	$ 17,606	$ 17,053	$ 34,803	$ 32,767
Interest expense after-tax (1)	3,566	2,276	5,817	4,634
Net operating profit after-tax	$ 21,172	$ 19,329	$ 40,620	$ 37,401
Average debt	$256,162	$203,800	$205,900	$199,434
Average shareholders' equity	294,023	325,359	331,107	316,292
Average capital	$550,185	$529,159	$537,007	$515,726
Return on capital	15.4%	14.6%	15.1%	14.5%

(1) Interest expense after-tax calculated using a 37% tax rate which approximates the Company's long term effective tax rate.

ECONOMIC PROFIT

The Company defines economic profit as net income less an imputed cost of equity. Economic profit measures how efficiently the Company utilizes its capital. To consider the cost of both debt and equity, the Company's calculation of economic profit deducts from net income a cost of equity equal to 10% of average equity, which approximates the S&P 500's rate of return since 1965. Management uses economic profit to assess the Company's 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 earned by the Company with the return they could expect if the Company returned capital to shareholders and they invested in other securities.

	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
(Dollars in thousands, except per share data)	2006	2005	2006	2005
Net income	$ 17,606	$ 17,053	$ 34,803	$ 32,767
Imputed cost of equity at 10% (1)	(7,351)	(8,134)	(16,556)	(15,815)
Total economic profit	$ 10,255	$ 8,919	$ 18,247	$ 16,952
Diluted weighted average shares outstanding	35,433,944	39,064,886	37,029,956	39,273,824
Economic profit per diluted share (2)	$ 0.29	$ 0.23	$ 0.49	$ 0.43

(1) Cost of equity is equal to 10% (on an annual basis) of average shareholders' equity, as disclosed in the Return on Capital calculation.

(2) Economic profit per diluted share equals the economic profit divided by the diluted weighted average number of shares outstanding.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of capital are cash flows from operating activities, collections of Consumer Loans and borrowings under the Company's line of credit and secured financings. The Company's principal need for capital is to fund Dealer Loan originations and for the payment of dealer holdbacks.

The Company's cash and cash equivalents decreased to $0.4 million as of June 30, 2006 from $7.1 million at December 31, 2005. The Company's total balance sheet indebtedness increased to $245.0 million at June 30, 2006 from $146.9 million at December 31, 2005. This increase was primarily a result of borrowings used to fund stock repurchases in the first and second quarters of 2006.

Restricted Securities. The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available for sale, and stated at fair value with unrealized gains and losses, net of income taxes included in the determination of comprehensive income and reported as a component of shareholders' equity.

Restricted securities available for sale consisted of the following:

(in thousands)	AS OF JUNE 30, 2006 COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
US Government and agency securities	$1,628	$--	$ (32)	$1,596
Corporate bonds	2,319	--	(71)	2,248
Total restricted securities available for sale	$3,947	$--	$(103)	$3,844

	AS OF DECEMBER 31, 2005 COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
US Government and agency securities	$1,336	$--	$(14)	$1,322
Corporate bonds	2,068	--	(45)	2,023
Total restricted securities available for sale	$3,404	$--	$(59)	$3,345

The cost and estimated fair values of securities available for sale by contractual maturity as of the dates shown are set forth in the table below (securities with multiple maturity dates are classified in the period of final maturity). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	AS OF JUNE 30, 2006		AS OF DECEMBER 31, 2005	
(in thousands)	COST	ESTIMATED FAIR VALUE	COST	ESTIMATED FAIR VALUE
Contractual Maturity				
Within one year	$ 482	$ 472	$ --	$ --
Over one year to five years	3,465	3,372	3,028	2,971
Over five years to ten years	--	--	376	374
Over ten years	--	--	--	--
Total restricted securities available for sale	$3,947	$3,844	$3,404	$3,345

Stock Repurchases. In the first quarter of 2006, the Board of Directors authorized the repurchase of up to 5.0 million common shares through a modified Dutch auction tender offer. Upon expiration of the tender offer in March 2006, the Company repurchased 4.1 million shares at a cost of $103.2 million.

On August 1, 2006, the Company's Board of Directors authorized the repurchase of up to $25.0 million of the Company's common stock in addition to the Board's prior authorizations.

For additional information regarding the Company's stock repurchase program, see "Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds", which is incorporated herein by reference.

Line of Credit Facility. At June 30, 2006, the Company had a $135.0 million credit agreement with a commercial bank syndicate. The facility has a commitment period through June 20, 2008. At June 30, 2006, the agreement provided that, at the Company's option, interest is payable at either the Eurodollar rate plus 130 basis points (6.62% at June 30, 2006), or at the prime rate (8.25% at June 30, 2006). The Eurodollar borrowings may be fixed for periods of up to six months. Borrowings under the credit agreement are subject to a borrowing base limitation equal to 75% of the net book value of Dealer Loans plus 75% of the net book value of Consumer Loans purchased by the Company (not to exceed a maximum of 25% of the aggregate borrowing base limitation), less a hedging reserve (not exceeding $1.0 million), the amount of letters of credit issued under the line of credit, and the amount of other debt secured by the collateral which secures the line of credit. Currently, the borrowing base limitation does not inhibit the Company's borrowing ability under the line of credit. As of June 30, 2006, there was $99.1 million available under the line of credit.

Borrowings under the credit agreement are secured by a lien on most of the Company's assets. The Company must pay annual and quarterly fees on the amount of the commitment. As of June 30, 2006 and December 31, 2005, there was $34.4 million and $36.3 million outstanding under this facility. The maximum amount outstanding was approximately $103.9 million and $54.9 million during the three months ended June 30, 2006 and 2005, respectively. The weighted average balance outstanding was $66.9 million and $40.8 million during the three months ended June 30, 2006 and 2005, respectively. The weighted average interest rate on line of credit borrowings outstanding on June 30, 2006 was 6.60%.

Secured Financing. The Company's wholly-owned subsidiary, CAC Warehouse Funding Corp. II ("Warehouse Funding" or "2003-2"), has a revolving secured financing facility with institutional investors. In the first quarter of 2006, Warehouse Funding increased the facility limit and renewed the commitment. Under the renewed facility, which matures on February 14, 2007, Warehouse Funding may receive up to $325.0 million in financing when the Company conveys Dealer Loans to Warehouse Funding for cash and equity in Warehouse Funding. Warehouse Funding will in turn pledge the Dealer Loans as collateral to the institutional investors to secure loans that will fund the cash portion of the purchase price of the Dealer Loans. Warehouse Funding receives 75% of the net book value of the contributed Dealer Loans up to the $325.0 million facility limit. In addition to the maturity of the facility, there is a requirement that certain amounts outstanding under the facility be refinanced within 360 days of the most recent refinancing occurring after February 15, 2006. On April 18, 2006, $100.0 million of the amounts outstanding under the facility were refinanced. If the second refinancing does not occur within 360 days of April 18, 2006 or the requirement is not waived, or if the facility is not extended, the transaction will cease to revolve, will amortize as collections are received and, at the option of the institutional investor, may be subject to acceleration and foreclosure. Although Warehouse Funding will be liable for any secured financing under the facility, the financing is non-recourse to the Company, even though Warehouse Funding and the Company are consolidated for financial reporting purposes. As Warehouse Funding is organized as a separate special purpose legal entity from the Company, assets of Warehouse Funding (including the conveyed Dealer Loans) will not be available to satisfy the general obligations of the Company. All the assets of Warehouse Funding have been encumbered to secure Warehouse Funding's obligations to its creditors. Borrowings under the facility will bear interest at a floating rate equal to the commercial paper rate plus 65 basis points (5.86% at June 30, 2006), which has been limited to a maximum rate of 6.75% through interest rate cap agreements executed in the third quarter of 2005 and first quarter of 2006. The Company receives a monthly servicing fee paid out of collections equal to 6% of the collections received with respect to the conveyed Dealer Loans. Except for the servicing fee and payments due to dealer-partners, the Company does not have any rights in any portion of such collections. As of June 30, 2006 and December 31, 2005, there was $102.0 million and $101.5 million, respectively, outstanding under this facility.

As noted above, on April 18, 2006, the Company's wholly-owned subsidiary, Credit Acceptance Funding LLC 2006-1 ("Funding 2006-1"), completed a secured financing transaction in which Funding 2006-1 received $100.0 million in financing. In connection with this transaction, the Company conveyed, for cash and the sole membership interest in Funding 2006-1, Dealer Loans having a net book value of approximately $133.5 million to Funding 2006-1, which, in turn, conveyed the Dealer Loans to a trust that issued $100.0 million in notes to qualified institutional investors. Radian Asset Assurance Inc. issued the primary financial insurance policy in connection with the transaction, and XL Capital Assurance, Inc. issued a backup financial insurance policy. The policies guarantee the timely payment of interest and ultimate repayment of principal on the final scheduled distribution date. The notes were rated "Aaa" by Moody's Investor Services and "AAA" by Standard & Poor's Rating Services. The proceeds of the initial conveyance to Funding 2006-1 were used by the Company to purchase Dealer Loans, on an arm's-length basis, from Warehouse Funding. Through October 15, 2006, the Company may be required, and is likely, to convey additional Dealer Loans to Funding 2006-1, which will be conveyed by Funding 2006-1 to the trust. As of June 30, 2006, additional Dealer Loans having a net book value of approximately $29.7 million had been conveyed by the Company after the completion of the initial funding. After October 15, 2006, the debt outstanding under this facility will begin to amortize. The total expected term of the facility is 17 months. The secured financing creates loans for which the trust is liable and which are secured by all the assets of the trust. Such loans are non-recourse to the Company, even though the trust, Funding 2006-1 and the Company are consolidated for financial reporting purposes. As Funding 2006-1 is organized as a separate legal entity from the Company, assets of Funding 2006-1 (including the conveyed Dealer Loans) are not available to satisfy the general obligations of the Company. The notes bear interest at a fixed rate of 5.36%. The expected annualized cost of the secured financing, including underwriter's fees, the insurance premiums and other costs is approximately 7.6%. The Company receives a monthly servicing fee paid out of collections equal to 6% of the collections received with respect to the conveyed Dealer Loans. Except for the servicing fee and payments due to dealer-partners, the Company does not receive, or have any rights in, any portion of such collections, except for a limited right in its capacity as Servicer to exercise a "clean-up call" option to purchase Dealer Loans from Funding 2006-1 under certain specified circumstances.

In exercising its "clean-up call," the Servicer may repurchase the remaining Dealer Loans from the trust and direct the trust to redeem the indebtedness in whole, whereby the assets of the trust (including the right to remaining collections) would be paid over to Funding 2006-1, and distributed to the Company, resulting in the Company becoming the owner of such remaining collections. Alternatively, when the trust's underlying indebtedness is paid in full, either through collections or through a prepayment of the indebtedness, remaining collections would be paid over to Funding 2006-1 as the sole beneficiary of the trust where they would be available to be distributed to the Company as the sole member of Funding 2006-1. As of June 30, 2006 there was $100.0 million outstanding under this secured financing transaction.

The Company and its subsidiaries have completed a total of twelve secured financing transactions, ten of which have been repaid in full as of June 30, 2006. Information about the outstanding secured financing transactions as of June 30, 2006 are set forth in the following table (in thousands):

Issue Number	Close Date	Limit	Secured Financing Balance at June 30, 2006	Secured Dealer Loan Balance at June 30, 2006
2003-2	September 2003*	$325,000	$102,000	$182,709
2006-1	April 2006	$100,000	$100,000	$133,555

* In February 2006, the 2003-2 Loan and Security Agreement was amended to increase the facility limit to $325.0 million and extend the commitment period to February 14, 2007.

Mortgage Loan. The Company has a mortgage loan from a commercial bank that is secured by a first mortgage lien on the Company's headquarters building and an assignment of all leases, rents, revenues and profits under all present and future leases of the building. There was $7.2 million and $7.5 million outstanding on this loan as of June 30, 2006 and December 31, 2005, respectively. The loan matures on June 9, 2009, bears interest at a fixed rate of 5.35%, and requires monthly payments of $92,156 and a balloon payment at maturity for the balance of the loan.

Capital Lease Obligations. As of June 30, 2006, the Company has various capital lease obligations outstanding for computer equipment, with monthly payments totaling $79,000. The total amount of capital lease obligations outstanding as of June 30, 2006 and December 31, 2005 were $1.4 million and $1.6 million, respectively. These capital lease obligations bear interest at rates ranging from 7.87% to 9.31% and have maturity dates between January 2007 and April 2009.

Debt Covenants. As of June 30, 2006, the Company is in compliance with various restrictive debt covenants that require the maintenance of certain financial ratios and other financial conditions. The most restrictive covenants require a minimum ratio of the Company's assets to debt and its earnings before interest, taxes and non-cash expenses to fixed charges. The covenants also limit the maximum ratio of the Company's debt to tangible net worth and the Company must also maintain a specified minimum level of net worth, which may indirectly limit the payment of dividends on common stock.

Contractual Obligations. In addition to the balance sheet indebtedness as of June 30, 2006, the Company also has contractual obligations resulting in future minimum payments under operating leases. A summary of the total future contractual obligations requiring repayments is as follows (in thousands):

	PAYMENTS DUE BY PERIOD				
CONTRACTUAL OBLIGATIONS	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	GREATER THAN 5 YEARS
Long-term debt obligations	$243,586	$102,734	$140,852	$--	$--
Capital lease obligations	1,399	812	587	--	--
Operating lease obligations	1,710	715	995	--	--
Purchase obligations	--	--	--	--	--
Other long-term obligations	--	--	--	--	--
Total contractual obligations	$246,695	$104,261	$142,434	$--	$--

CRITICAL ACCOUNTING POLICIES

The Company's consolidated financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates, including those related to the recognition of finance charge revenue and the allowance for credit losses. Item 7 of the Company's Annual Report on Form 10-K discusses several critical accounting policies, which the Company believes involve a high degree of judgment and complexity. There have been no material changes to the estimates and assumptions associated with these accounting policies, other than related to stock-based compensation expense as discussed in Note 2 to the consolidated financial statements, incorporated herein by reference, from those discussed in the Company's annual report on Form 10-K for the year ended December 31, 2005.

FORWARD-LOOKING STATEMENTS

The Company makes forward-looking statements in this report and may make such statements in future filings with the Securities and Exchange Commission. It may also make forward-looking statements in its press releases or other public or shareholder communications. The Company's forward-looking statements are subject to risks and uncertainties and include information about its expectations and possible or assumed future results of operations. When the Company uses any of the words "may," "will," "should," "believes," "expects," "anticipates," "assumes," "forecasts," "estimates," "intends," "plans" or similar expressions, it is making forward-looking statements.

The Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all of its forward-looking statements. These forward-looking statements represent the Company's outlook only as of the date of this report. While the Company believes that its forward-looking statements are reasonable, actual results could differ materially since the statements are based on our current expectations, which are subject to risks and uncertainties. Factors that might cause such a difference include, but are not limited to, the factors set forth in Item 1A of the Company's Form 10-K for the year ended December 31, 2005, other risk factors discussed herein or listed from time to time in the Company's reports filed with the Securities and Exchange Commission and the following:

- The Company's inability to accurately forecast the amount and timing of future collections could have a material adverse effect on results of operations.

- Due to increased competition from traditional financing sources and non-traditional lenders, the Company may not be able to compete successfully.

- The Company's ability to maintain and grow the business is dependent on the ability to continue to access funding sources and obtain capital on favorable terms.

- The Company may not be able to generate sufficient cash flow to service its outstanding debt and fund operations.

- The substantial regulation to which the Company is subject limits the business, and such regulation or changes in such regulation could result in potential liability.

- Adverse changes in economic conditions, or in the automobile or finance industries or the non-prime consumer finance market, could adversely affect the Company's financial position, liquidity and results of operations and its ability to enter into future financing transactions.

- Litigation the Company is involved in from time to time may adversely affect its financial condition, results of operations and cash flows.

- The Company is dependent on its senior management and the loss of any of these individuals or an inability to hire additional personnel could adversely affect its ability to operate profitably.

- Natural disasters, acts of war, terrorist attacks and threats or the escalation of military activity in response to such attacks or otherwise may negatively affect the business, financial condition and results of operations.

Other factors not currently anticipated by management may also materially and adversely affect the Company's results of operations. The Company does not undertake, and expressly disclaims any obligation, to update or alter its statements whether as a result of new information, future events or otherwise, except as required by applicable law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 for a complete discussion of the Company's market risk. There have been no material changes to the market risk information included in the Company's 2005 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of disclosure controls and procedures.

The Company maintains disclosure controls and procedures that are designed to ensure material information required to be disclosed in the Company's reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with a company have been detected.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective, at the reasonable assurance level, as of the end of the period covered by this report to cause the material information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 to be recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

Changes in Internal Controls Over Financial Reporting. There have been no changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2006 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business and as a result of the customer-oriented nature of the industry in which the Company operates, industry participants are frequently subject to various customer claims and litigation seeking damages and statutory penalties. The claims allege, among other theories of liability, violations of state, federal and foreign truth-in-lending, credit availability, credit reporting, customer protection, warranty, debt collection, insurance and other customer-oriented laws and regulations, including claims seeking damages for physical and mental damages relating to the Company's repossession and sale of the customer's vehicle and other debt collection activities. The Company, as the assignee of Consumer Loans originated by dealer-partners, may also be named as a co-defendant in lawsuits filed by customers principally against dealer-partners. Many of these cases are filed as purported class actions and seek damages in large dollar amounts. An adverse ultimate disposition in any such action could have a material adverse impact on the Company's financial position, liquidity and results of operations.

The Company is currently a defendant in a class action proceeding commenced on October 15, 1996 in the Circuit Court of Jackson County, Missouri and removed to the United States District Court for the Western District of Missouri. The complaint seeks unspecified money damages for alleged violations of a number of state and federal consumer protection laws. On October 9, 1997, the District Court certified two classes on the claims brought against the Company, one relating to alleged overcharges of official fees, the other relating to alleged overcharges of post-maturity interest and a subclass relating to allegedly inadequate repossession notices. On August 4, 1998, the District Court granted partial summary judgment on liability in favor of the plaintiffs on the interest overcharge claims based upon the District Court's finding of certain violations but denied summary judgment on certain other claims. The District Court also entered a number of permanent injunctions, which among other things, restrained the Company from collecting on certain class accounts. The Court also ruled in favor of the Company on certain claims raised by class plaintiffs. Because the entry of an injunction is immediately appealable, the Company appealed the summary judgment order to the United States Court of Appeals for the Eighth Circuit. Oral argument on the appeals was heard on April 19, 1999. On September 1, 1999, the United States Court of Appeals for the Eighth Circuit overturned the August 4, 1998 partial summary judgment order and injunctions against the Company. The Court of Appeals held that the District Court lacked jurisdiction over the interest overcharge claims and directed the District Court to sever those claims and remand them to state court. On February 18, 2000, the District Court entered an order remanding the post-maturity interest class to the Circuit Court of Jackson County, Missouri while retaining jurisdiction on the official fee class. The Company then filed a motion requesting that the District Court reconsider that portion of its order of August 4, 1998, in which the District Court had denied the Company's motion for summary judgment on the federal Truth-In-Lending Act ("TILA") claim. On May 26, 2000, the District Court entered summary judgment in favor of the Company on the TILA claim and directed the Clerk of the Court to remand the remaining state law official fee claims to the appropriate state court.

On July 18, 2002, the Circuit Court of Jackson County, Missouri granted plaintiffs leave to file a fourth amended petition which was filed on October 28, 2002. Instead of a subclass of Class 2, that petition alleges a new, expanded Class 3 relating to allegedly inadequate repossession notices. The Company filed a motion to dismiss the plaintiff's fourth amended complaint on November 4, 2002. On November 18, 2002, the Company filed a memorandum urging the decertification of the classes. On February 21, 2003, the plaintiffs filed a brief opposing the Company's November 4, 2002 motion to dismiss the case. On May 19, 2004, the Circuit Court released an order, dated January 9, 2004, that denied the Company's motion to dismiss. On November 16, 2005 the Circuit Court issued an order that, among other things, adopted the District Court's order certifying classes. By adopting the District Court's order, the Circuit Court's order certified only the two original classes and did not certify the new, expanded Class 3. On January 13, 2006, plaintiffs filed a motion entitled Plaintiffs' Motion To Adjust Class 2 Definition To Correspond With Allegations Of Their Fourth Amended Complaint which requested that the "repossession subclass" be deleted from Class 2 and a new Class 3 be adopted. The Company filed a response arguing that the new, expanded Class 3 is inappropriate for a number of reasons including the expiration of the statute of limitations. On May 23, 2006, the Circuit Court issued several orders, including an order granting plaintiffs' motion and adding the new Class 3. On June 2, 2006 the Company filed for leave to appeal the Circuit Court's decision to allow the expanded repossession class as well as its November 16, 2005 certification order.

The Company will continue its vigorous defense of all remaining claims. However, an adverse ultimate disposition of this litigation could have a material negative impact on the Company's financial position, liquidity and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes the Company's stock repurchases for the three months ended June 30, 2006:

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS (a)(b)
April 2006	--	$ --	--	572,233
May 2006	197,043	$26.77	197,043	375,190
June 2006	151,176	$27.42	151,176	224,014
	348,219	$27.05	348,219	

(a) On August 5, 1999 the Company announced a stock repurchase program of up to 1.0 million shares of the Company's common stock. The program authorized the Company to purchase common shares in the open market or in privately negotiated transactions at price levels the Company deems attractive. Since August 1999, the board of directors has authorized several increases to the stock repurchase program, the most recent occurring on February 10, 2006, which increased the total number of shares authorized to be repurchased to 7.0 million shares. As of June 30, 2006, the Company has repurchased approximately 6.8 million shares under this program at a cost of $62.8 million.

(b) On August 1, 2006, the Company's Board of Directors authorized the repurchase of up to $25.0 million of the Company's common stock in addition to the Board's prior authorizations. The additional shares may be repurchased through the open market or in privately negotiated transactions from time to time under terms defined by the Board. Unless terminated earlier by resolution of the Board, the share repurchase program will expire when the Company has repurchased all shares authorized for repurchase thereunder. Through August 1, 2006, the Company has repurchased approximately 6.8 million shares under this program at a cost of $62.8 million.

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

The Company held its Annual Meeting of Shareholders on May 11, 2006 at which the shareholders considered the election of six directors. Each of the six nominees was reelected. The following table summarizes the votes for the election:

Nominee	Votes For	Votes Withheld
Donald A. Foss	25,055,033	1,159
Glenda J. Chamberlain	25,054,949	1,243
Harry E. Craig	25,053,228	2,964
Daniel P. Leff	25,055,224	968
Brett A. Roberts	25,054,750	1,442
Thomas N. Tryforos	25,055,324	868

On June 28, 2006, Daniel P. Leff resigned from the Credit Acceptance Corporation Board of Directors, effective immediately, to pursue other interests.

ITEM 6. EXHIBITS

See Index of Exhibits following the signature page, which is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CREDIT ACCEPTANCE CORPORATION
(Registrant)

By: /s/ Kenneth S. Booth

Kenneth S. Booth
Chief Financial Officer
August 2, 2006
(Principal Financial Officer, Principal Accounting Officer and Duly Authorized Officer)

INDEX OF EXHIBITS

EXHIBIT NO.	NOTE	DESCRIPTION
4(f)(71)	(1)	Indenture dated April 18, 2006 between Credit Acceptance Auto Dealer Loan Trust 2006-1 and JPMorgan Chase Bank, N.A.
4(f)(72)	(1)	Sale and Servicing Agreement dated April 18, 2006 among the Company, Credit Acceptance Auto Dealer Loan Trust 2006-1, Credit Acceptance Funding LLC 2006-1, JPMorgan Chase Bank, N.A., and Systems & Services Technologies, Inc.
4(f)(73)	(1)	Backup Servicing Agreement dated April 18, 2006 among the Company, Credit Acceptance Funding LLC 2006-1, Credit Acceptance Auto Dealer Loan Trust 2006-1, Systems & Services Technologies, Inc., Radian Asset Assurance Inc., XL Capital Assurance Inc. and JPMorgan Bank, N.A.
4(f)(74)	(1)	Amended and Restated Trust Agreement dated April 18, 2006 between Credit Acceptance Funding LLC 2006-1 and U.S. Bank Trust National Association
4(f)(75)	(1)	Contribution Agreement dated April 18, 2006 between the Company and Credit Acceptance Funding LLC 2006-1
4(f)(76)	(1)	Intercreditor Agreement dated April 18, 2006 among the Company, CAC Warehouse Funding Corporation II, Credit Acceptance Auto Dealer Loan Trust 2006-1, Credit Acceptance Funding LLC 2006-1, Wachovia Capital Markets, LLC, as agent, J.P.Morgan Chase Bank, N.A., as agent, and Comerica Bank, as agent
31(a)	(2)	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31(b)	(2)	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32(a)	(2)	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) of the Securities Exchange Act of 1934.
32(b)	(2)	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) of the Securities Exchange Act of 1934.

(1) Previously filed as an exhibit to the Company's Current Report on Form 8-K, as amended, dated April 18, 2006, and incorporated herein by reference.

(2) Filed herewith.

EXHIBIT 31(a)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT

I, Brett A. Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Credit Acceptance Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 2, 2006

/s/ Brett A. Roberts
- ------------------------------------
Chief Executive Officer

EXHIBIT 31(b)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
RULE 13A-14(A) OF THE SECURITIES EXCHANGE ACT

I, Kenneth S. Booth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Credit Acceptance Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 2, 2006

/s/ Kenneth S. Booth
- ------------------------------------
Chief Financial Officer

EXHIBIT 32(a)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Credit Acceptance Corporation (the "Company") on Form 10-Q for the period ending June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brett A. Roberts, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brett A. Roberts

Chief Executive Officer
August 2, 2006

EXHIBIT 32(b)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Credit Acceptance Corporation (the "Company") on Form 10-Q for the period ending June 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth S. Booth, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kenneth S. Booth

Chief Financial Officer
August 2, 2006