CASH AMERICA INTERNATIONAL INC
Form 10-Q
July 25, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2008

OR

o **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 1-9733

(Exact name of registrant as specified in its charter)

Texas	**75-2018239**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1600 West 7th Street	
Fort Worth, Texas	**76102**
(Address of principal executive offices)	(Zip Code)

(817) 335-1100
(Registrant s telephone number, including area code)

NONE
(Former name, former address and former fiscal year, if changed since last report)

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 þ No o

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

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller Reporting Company o
(Do not check if a smaller reporting company)

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

29,068,226 common shares, $.10 par value, were outstanding as of July 14, 2008

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	June 30, 2008 (Unaudited)	June 30, 2007 (Unaudited)	December 31, 2007
Assets			
Current assets:			
Cash and cash equivalents	$ 29,963	$ 26,207	$ 22,725
Pawn loans	142,211	131,528	137,319
Cash advances, net	85,492	77,948	88,148
Merchandise held for disposition, net	96,807	83,522	98,134
Finance and service charges receivable	27,009	24,362	26,963
Other receivables and prepaid expenses	14,297	15,740	16,292
Deferred tax assets	22,271	21,722	20,204
Total current assets	418,050	381,029	409,785
Property and equipment, net	172,785	135,256	161,676
Goodwill	403,886	253,477	306,221
Intangible assets, net	21,423	25,538	23,484
Other assets	7,545	13,024	3,478
Total assets	$ 1,023,689	$ 808,324	$ 904,644
Liabilities and Stockholders Equity			
Current liabilities:			
Accounts payable and accrued expenses	$ 62,908	$ 53,808	$ 65,399
Accrued supplemental acquisition payment	56,000	14,250	22,000
Customer deposits	8,673	8,388	7,856
Income taxes currently payable	2,284	994	3,755
Current portion of long-term debt	8,500	16,786	8,500
Total current liabilities	138,365	94,226	107,510
Deferred tax liabilities	23,421	13,368	18,584
Other liabilities	2,025	1,589	1,671
Long-term debt	323,146	232,896	280,277
Total liabilities	486,957	342,079	408,042

Stockholders equity:			
Common stock, $.10 par value per share, 80,000,000 shares authorized, 30,235,164 shares issued	3,024	3,024	3,024
Additional paid-in capital	162,977	162,620	163,581
Retained earnings	407,086	318,328	363,180
Accumulated other comprehensive (loss) income	(1)	8	16
Notes receivable secured by common stock		(18)	
Treasury shares, at cost (1,222,742 shares, 683,754 shares and 1,136,203 shares at June 30, 2008 and 2007, and December 31, 2007, respectively)	(36,354)	(17,717)	(33,199)
Total stockholders equity	536,732	466,245	496,602
Total liabilities and stockholders equity	$ 1,023,689	$ 808,324	$ 904,644

See notes to consolidated financial statements.

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
	(Unaudited)			
Revenue				
Finance and service charges	$ 43,390	$ 37,194	$ 86,811	$ 75,625
Proceeds from disposition of merchandise	108,089	85,808	224,672	185,976
Cash advance fees	92,849	86,947	178,309	165,463
Check cashing fees, royalties and other	3,651	3,932	9,121	9,689
Total Revenue	247,979	213,881	498,913	436,753
Cost of Revenue				
Disposed merchandise	66,741	52,784	138,257	114,709
Net Revenue	181,238	161,097	360,656	322,044
Expenses				
Operations	79,946	75,588	160,077	148,754
Cash advance loss provision	34,733	42,328	61,867	75,076
Administration	21,138	12,248	39,688	25,749
Depreciation and amortization	9,527	7,899	18,658	15,433
Total Expenses	145,344	138,063	280,290	265,012
Income from Operations	35,894	23,034	80,366	57,032
Interest expense	(3,204)	(3,996)	(6,713)	(7,744)
Interest income	76	439	107	857
Foreign currency transaction (loss) gain	(68)	14	(72)	58
Income before Income Taxes	32,698	19,491	73,688	50,203
Provision for income taxes	12,561	6,282	27,740	17,760
Net Income	$ 20,137	$ 13,209	$ 45,948	$ 32,443

Earnings Per Share:

Basic	$ 0.69	$ 0.44	$ 1.57	$ 1.09
Diluted	$ 0.67	$ 0.43	$ 1.53	$ 1.06
Weighted average common shares outstanding:				
Basic	29,326	29,833	29,348	29,852
Diluted	30,094	30,557	30,103	30,579
Dividends declared per common share	$ 0.035	$ 0.035	$ 0.070	$ 0.070

See notes to consolidated financial statements.

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
(in thousands, except share data)

	June 30, 2008 Shares	2008 Amounts	2007 Shares	2007 Amounts
		(Unaudited)		
Common stock				
Balance at end of period	30,235,164	$ 3,024	30,235,164	$ 3,024
Additional paid-in capital				
Balance at beginning of year		163,581		161,683
Shares issued under stock based plans		(3,261)		(822)
Stock-based compensation expense		2,020		1,493
Income tax benefit from stock based compensation		637		266
Balance at end of period		162,977		162,620
Retained earnings				
Balance at beginning of year		363,180		287,962
Net income		45,948		32,443
Dividends declared		(2,042)		(2,077)
Balance at end of period		407,086		318,328
Accumulated other comprehensive income (loss)				
Balance at beginning of year		16		20
Unrealized derivatives loss		(4)		(12)
Foreign currency translation loss, net of taxes		(13)		
Balance at end of period		(1)		8
Notes receivable secured by common stock				
Balance at beginning of year				(18)
Payments on notes receivable				
Balance at end of period				(18)
Treasury shares, at cost				
Balance at beginning of year	(1,136,203)	(33,199)	(565,840)	(11,943)
Purchases of treasury shares	(215,821)	(7,011)	(157,412)	(6,645)

Shares issued under stock based plans	129,282	3,856	39,498	871
Balance at end of period	(1,222,742)	(36,354)	(683,754)	(17,717)
Total Stockholders Equity		$ 536,732		$ 466,245

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	(Unaudited)			
Net income	$ 20,137	$ 13,209	$ 45,948	$ 32,443
Other comprehensive income (loss):				
Unrealized derivatives gain (loss) (1)	10	(1)	(4)	(12)
Foreign currency translation loss (2)	(10)		(13)	
Total Comprehensive Income	$ 20,137	$ 13,208	$ 45,931	$ 32,431

(1) Net of tax (provision) benefit of $(5) and $7 for the three months and $2 and $7 for the six months ended June 30, 2008 and 2007, respectively.

(2) Net of tax benefit of $10 and $12 for the three and six months ended June 30, 2008, respectively.

See notes to consolidated financial statements.

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six months ended June 30, 2008	2007
	(Unaudited)	
Cash Flows from Operating Activities		
Net income	$ 45,948	$ 32,443
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,656	15,433
Cash advance loss provision	61,867	75,076
Stock-based compensation	2,020	1,493
Foreign currency transaction loss (gain)	52	(57)
Changes in operating assets and liabilities -		
Merchandise held for disposition	(5,667)	3,063
Finance and service charges receivable	(721)	621
Prepaid expenses and other assets	(2,715)	435
Accounts payable and accrued expenses	(2,632)	(3,364)
Customer deposits, net	814	924
Current income taxes	(836)	(1,431)
Excess income tax benefit from stock-based compensation	(637)	(266)
Deferred income taxes, net	2,785	(4,792)
Net cash provided by operating activities	118,934	119,578
Cash Flows from Investing Activities		
Pawn loans made	(235,653)	(204,386)
Pawn loans repaid	126,897	112,319
Principal recovered through dispositions of forfeited loans	111,061	89,236
Cash advances made, assigned or purchased	(552,682)	(549,336)
Cash advances repaid	494,645	477,412
Acquisitions, net of cash acquired	(63,919)	(36,922)
Purchases of property and equipment	(27,620)	(29,188)
Proceeds from property insurance	744	527
Net cash used by investing activities	(146,527)	(140,338)
Cash Flows from Financing Activities		
Net borrowings under bank lines of credit	42,869	34,219
Payments on notes payable		(4,286)
Loan costs paid	(194)	(282)
Proceeds from exercise of stock options	597	49
Excess income tax benefit from stock-based compensation	637	266
Treasury shares purchased	(7,011)	(6,645)
Dividends paid	(2,042)	(2,077)
Net cash provided by financing activities	34,856	21,244

Effect of exchange rates on cash	(25)	
Net increase in cash and cash equivalents	7,238	484
Cash and cash equivalents at beginning of year	22,725	25,723
Cash and cash equivalents at end of period	$ 29,963	$ 26,207
Supplemental Disclosures		
Non-cash investing and financing activities		
Pawn loans forfeited and transferred to merchandise held for disposition	$ 104,024	$ 88,564
Pawn loans renewed	$ 45,674	$ 34,986
Cash advances renewed	$ 171,901	$ 142,461

See notes to consolidated financial statements.

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Cash America International, Inc. and its majority-owned subsidiaries (the Company). All significant intercompany accounts and transactions have been eliminated in consolidation.

The financial statements as of June 30, 2008 and 2007 and for the three and six month periods then ended are unaudited but, in management s opinion, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for such interim periods. Operating results for the three and six month periods are not necessarily indicative of the results that may be expected for the full fiscal year.

Certain amounts in the consolidated financial statements for the three and six months ended June 30, 2007 have been reclassified to conform to the presentation format adopted in 2008. These reclassifications have no effect on the net income previously reported.

These financial statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company s 2007 Annual Report to Shareholders.

Revenue Recognition

Pawn Lending Pawn loans are made on the pledge of tangible personal property. The Company accrues finance and service charges revenue only on those pawn loans that it deems collectible based on historical loan redemption statistics. Pawn loans written during each calendar month are aggregated and tracked for performance. The gathering of this empirical data allows the Company to analyze the characteristics of its outstanding pawn loan portfolio and estimate the probability of collection of finance and service charges. For loans not repaid, the carrying value of the forfeited collateral (merchandise held for disposition) is stated at the lower of cost (cash amount loaned) or market. Revenue is recognized at the time that merchandise is sold. Interim customer payments for layaway sales are recorded as customer deposits and subsequently recognized as revenue during the period in which the final payment is received.

Cash Advances Cash advances provide customers with cash in exchange for a promissory note or other repayment agreement supported, in most cases, by that customer s personal check or authorization to debit that customer s account via an Automated Clearing House (ACH) transaction for the aggregate amount of the payment due. The customer may repay the cash advance either in cash, or, as applicable, by allowing the check to be presented for collection, or by allowing the customer s checking account to be debited through an ACH for the amount due. The Company accrues fees and interest on cash advances on a constant yield basis ratably over the period of the cash advance, pursuant to its terms. (Although cash advance transactions may take the form of loans or deferred check deposit transactions, the transactions are referred to throughout this discussion as cash advances for convenience.)

The Company provides a cash advance product in some markets under a credit services organization program, in which the Company assists in arranging loans for customers from independent third-party lenders. The Company also guarantees the customer s payment obligations in the event of default if the customer is approved for and accepts the loan. The borrower pays fees to the Company under the credit services organization program (CSO fees) for performing services on the borrower s behalf, including credit services, and for agreeing to guaranty the borrower s payment obligations to the lender. As a result of providing the guaranty, the CSO fees are deferred and amortized over the term of the loan and recorded as cash advance fees in the accompanying consolidated statements of income. The contingent loss on the

CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

guaranteed loans is accrued and recorded as a liability. See Note 3.

Check Cashing Fees, Royalties and Other The Company records check cashing fees derived from both check cashing locations it owns and many of its lending locations in the period in which the check cashing service is provided. It records royalties derived from franchise locations on an accrual basis. Revenues derived from other financial services such as money order commissions, prepaid debit card fees, etc. is recognized when earned.

Allowance for Losses on Cash Advances

In order to manage the portfolio of cash advances effectively, the Company utilizes a variety of underwriting criteria, monitors the performance of the portfolio, and maintains either an allowance or accrual for losses.

The Company maintains either an allowance or accrual for losses on cash advances (including fees and interest) at a level estimated to be adequate to absorb credit losses inherent in the outstanding combined Company and third-party lender portfolio (the portion owned by independent third-party lenders). The allowance for losses on Company-owned cash advances offsets the outstanding cash advance amounts in the consolidated balance sheets. Active third-party lender-originated cash advances are not included in the consolidated balance sheets. An accrual for contingent losses on third-party lender-owned cash advances that are guaranteed by the Company is maintained and included in Accounts payable and accrued expenses in the consolidated balance sheets.

The Company aggregates and tracks cash advances written during each calendar month to develop a performance history. The Company stratifies the outstanding combined portfolio by age, delinquency, and stage of collection when assessing the adequacy of the allowance for losses. It uses historical collection performance adjusted for recent portfolio performance trends to develop the expected loss rates used to establish either the allowance or accrual. Increases in either the allowance or accrual are created by recording a cash advance loss provision in the consolidated statements of income. The Company charges off all cash advances once they have been in default for 60 days or sooner if deemed uncollectible. Recoveries on losses previously charged to the allowance are credited to the allowance when collected.

The Company s online distribution channel periodically sells selected cash advances that have been previously written off. Proceeds from these sales are recorded as recoveries on losses previously charged to the allowance for losses.

Recent Accounting Pronouncements

In September 2006, FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and emphasizes that fair value is a market-based measurement, not an entity-specific measurement. It establishes a fair value hierarchy and expands disclosures about fair value measurements in both interim and annual periods. SFAS 157 was effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. In February 2008, FASB issued FASB Staff Position (FSP) FAS 157-2, *Effective Date of FASB Statement No. 157* , which delays the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed in the financial statements on a nonrecurring basis. The FSP partially defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP. The adoption of SFAS 157 and FSP FAS 157-2 did not have a material effect on the Company s financial position or results of operations. The Company has not applied the provisions of

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

SFAS 157 to its nonfinancial assets and nonfinancial liabilities in accordance with FSP FAS 157-2. The Company will apply the provisions of SFAS 157 to these assets and liabilities beginning January 1, 2009 as required by FSP FAS 157-2. See Note 9.

In February 2007, FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). SFAS 159 permits entities to choose, at specified election dates, to measure eligible items at fair value (the fair value option) and requires an entity to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. SFAS 159 was effective for fiscal years beginning after November 15, 2007. The adoption of SFAS 159 did not have a material effect on the Company s financial position or results of operations.

In December 2007, FASB issued SFAS No. 141, *Business Combinations Revised* (SFAS 141(R)). SFAS 141(R) establishes principles and requirements for how an acquirer in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase price; and, determines what information to disclose to enable users of the consolidated financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. In the past, the Company has completed significant acquisitions. The application of SFAS 141(R) will cause management to evaluate future transaction returns under different conditions, particularly related to the near term and long term economic impact of expensing transaction costs up front.

In March 2008, FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* (SFAS No. 161). SFAS No. 161 requires enhanced disclosures concerning (1) the manner in which an entity uses derivatives (and the reasons it uses them), (2) the manner in which derivatives and related hedged items are accounted for under SFAS No. 133 and interpretations thereof, and (3) the effects that derivatives and related hedged items have on an entity s financial position, financial performance, and cash flows. The standard is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The Company does not expect SFAS 161 to have a material effect on the Company s financial position or results of operations.

2. Acquisitions

Pursuant to its business strategy of expanding its reach into new markets with new customers and new financial services, on September 15, 2006, the Company, through its wholly-owned subsidiary Cash America Net Holdings, LLC, purchased substantially all of the assets of The Check Giant LLC (TCG). TCG offered short-term cash advances exclusively over the internet under the name CashNetUSA. The Company paid an initial purchase price of approximately $35.9 million in cash and transaction costs of approximately $2.9 million, and has continued to use the CashNetUSA trade name in connection with its online operations.

The Company also agreed to pay up to five supplemental earn-out payments during the two-year period after the closing. The amount of each supplemental payment will be based on a multiple of earnings attributable to CashNetUSA s business as defined in the purchase agreement, for the twelve months preceding the date of determining each scheduled supplemental payment. Each supplemental payment will be reduced by amounts previously paid. The supplemental payments are to be paid in cash within 45 days of the payment measurement date. The Company may, at its option, pay up to 25% of each supplemental

CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

payment in shares of its common stock based on an average share price as of the measurement date thereby reducing the amount of the cash payment. Substantially all of these supplemental payments will be accounted for as goodwill.

The Company made supplemental payments in cash of approximately $33.8 million, $43.4 million, and $63.2 million in February 2007, November 2007, and May 2008, respectively. These payments were based on the trailing twelve months earnings of CashNetUSA through December 31, 2006, September 30, 2007, and March 31, 2008, respectively, and reflected adjustments for amounts previously paid. Another supplemental payment is scheduled in November 2008 and will be based on the trailing twelve months earnings of CashNetUSA as of September 30, 2008. As of June 30, 2008, the Company has accrued approximately $56.0 million for the payment as an addition to goodwill and to accrued supplemental acquisition payment based on the defined multiple of 5.0 times of trailing twelve months earnings through June 30, 2008. Pursuant to the terms of the purchase agreement with CashNetUSA, payments determined at the March 31 and September 30, 2007 measurement dates were calculated at 5.5 times trailing twelve month earnings. The March 31, 2008 measurement date was, and the September 30, 2008 measurement date will be, calculated at 5.0 times trailing twelve month earnings.

During the six months ended June 30, 2008, the Company acquired one pawnshop for $701,000.

3. Cash Advances, Allowance for Losses and Accruals for Losses on Third-Party Lender-Owned Cash Advances

The Company offers cash advance products through its cash advance locations, most of its pawnshops and over the internet. The cash advance products are generally offered as single payment cash advance loans. These cash advance loans typically have terms of 7 to 45 days and are generally payable on the customer s next payday. The Company originates cash advances in some of its locations and online. It arranges for customers to obtain cash advances from independent third-party lenders in other locations and online. In a cash advance transaction, a customer executes a promissory note or other repayment agreement typically supported by that customer s personal check or authorization to debit the customer s checking account via an ACH transaction. Customers may repay the amount due with cash, by allowing their check to be presented for collection, or by allowing their checking account to be debited via an ACH transaction.

The Company provides services in connection with single payment cash advances originated by independent third-party lenders, whereby the Company acts as a credit services organization on behalf of consumers in accordance with applicable state laws (the CSO program). The CSO program includes arranging loans with independent third-party lenders, assisting in the preparation of loan applications and loan documents, and accepting loan payments. To assist the customer in obtaining a loan through the CSO program, the Company also, as part of the credit services it provides to the customer, guarantees, on behalf of the customer, the customer s payment obligations to the third-party lender under the loan. A customer who obtains a loan through the CSO program pays the Company a fee for the credit services, including the guaranty, and enters into a contract with the Company governing the credit services arrangement. Losses on cash advances acquired by the Company as a result of its guaranty obligations are the responsibility of the Company. As of June 30, 2008, the CSO program was offered in Texas, Florida and Maryland, although the Company has since discontinued offering the CSO program in its Florida storefronts and is underwriting its own loans in these locations pursuant to the Florida deferred presentment statute. The Company has also applied for a license to enable it to offer deferred presentment loans underwritten by the Company to Florida online customers and plans to begin doing so upon receipt of the license. The Company discontinued the CSO program in Michigan in February 2007, and now offers only cash advances underwritten by the Company to customers in that state. In January 2008, the Company began offering a CSO program in the state of Maryland through the CashNetUSA online platform.

During the second quarter, the Company announced the potential closure of 139 cash advance locations in Ohio due to a change in Ohio s governing laws for the product. The changes relate to the revenue on

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the loans and the economics of offering the product profitably. The Company is currently evaluating alternatives, including offering alternative products and services at certain locations.

If the Company collects a customer s delinquent payment in an amount that is less than the amount the Company paid to the third-party lender pursuant to the guaranty, the Company must absorb the shortfall. If the amount collected exceeds the amount paid under the guaranty, the Company is entitled to the excess and recognizes the excess amount in income. Since the Company may not be successful in collecting delinquent amounts, the Company s cash advance loss provision includes amounts estimated to be adequate to absorb credit losses from cash advances in the aggregate cash advance portfolio, including those expected to be acquired by the Company as a result of its guaranty obligations. The estimated amounts of losses on portfolios owned by the third-party lenders are included in Accounts payable and accrued expenses in the consolidated balance sheets.

Cash advances outstanding at June 30, 2008 and 2007, were as follows (in thousands):

	June 30, 2008	June 30, 2007
Funded by the Company		
Active cash advances and fees receivable	$ 71,590	$ 68,438
Cash advances and fees in collection	29,184	27,167
Total Funded by the Company	100,774	95,605
Purchased by the Company from third-party lenders	12,119	14,516
Company-owned cash advances and fees receivable, gross	112,893	110,121
Less: Allowance for losses	27,401	32,173
Cash advances and fees receivable, net	$ 85,492	$ 77,948

Changes in the allowance for losses for the Company-owned portfolio and the accrued loss for the third-party lender-owned portfolio during the three and six months ended June 30, 2008 and 2007 were as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Company-owned cash advances				
Balance at beginning of period	$ 20,815	$ 23,141	$ 25,676	$ 19,513
Cash advance loss provision	34,412	41,758	61,386	74,406
Charge-offs	(34,859)	(36,338)	(75,681)	(68,850)
Recoveries	7,033	3,612	16,020	7,104
Balance at end of period	$ 27,401	$ 32,173	$ 27,401	$ 32,173
Accrual for third-party lender-owned cash advances				
Balance at beginning of period	$ 1,988	$ 1,253	$ 1,828	$ 1,153
Increase in loss provision	321	570	481	670
Balance at end of period	$ 2,309	$ 1,823	$ 2,309	$ 1,823

Cash advances assigned to the Company for collection were $22.6 million and $28.3 million for the three months and $44.9 million and $46.4 million, for the six months ended June 30, 2008 and 2007, respectively.

The Company sells selected cash advances originated from its online distribution channel which had been previously written off. These sales generated proceeds of $1.0 million and $1.2 million for the three

CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

months ended and $2.1 million and $1.2 million for the six months ended June 30, 2008 and 2007, respectively, which were recorded as recoveries on losses previously charged to the allowance for losses.

4. Earnings Per Share Computation

The following table sets forth the reconciliation of numerators and denominators for the basic and diluted earnings per share computation for the three and six months ended June 30, 2008 and 2007 (in thousands, except per share amounts):

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Numerator:				
Net income available to common shareholders	$ 20,137	$ 13,209	$ 45,948	$ 32,443
Denominator:				
Total weighted average basic shares[(1)]	29,326	29,833	29,348	29,852
Effect of shares applicable to stock option plans	344	368	340	370
Effect of restricted stock unit compensation plans	424	356	415	357
Total weighted average diluted shares	30,094	30,557	30,103	30,579
Net income basic	$ 0.69	$ 0.44	$ 1.57	$ 1.09
Net income diluted	$ 0.67	$ 0.43	$ 1.53	$ 1.06

(1) Included in Total weighted average basic shares are vested restricted stock units of 210 and 163 as well as shares in a non-qualified savings plan of 55 and 56 for the three months ended June 30, 2008 and 2007, respectively, and vested restricted stock units of 206 and 156 as well as shares in a non-qualified savings plan of

56 and 57 for the six months ended June 30, 2008 and 2007, respectively.

5. Long-Term Debt

The Company s long-term debt instruments and balances outstanding at June 30, 2008 and 2007, were as follows (in thousands):

	June 30,	
	2008	2007
USD line of credit up to $300,000 due 2012	$ 204,195	$ 115,896
GBP line of credit up to £7,500 due 2009	10,451	
6.21% senior unsecured notes due 2021	25,000	25,000
6.09% senior unsecured notes due 2016	35,000	35,000
6.12% senior unsecured notes due 2015	40,000	40,000
7.20% senior unsecured notes due 2009	17,000	25,500
7.10% senior unsecured notes due 2008		4,286
8.14% senior unsecured notes due 2007		4,000
Total debt	331,646	249,682
Less current portion	8,500	16,786
Total long-term debt	$ 323,146	$ 232,896

On February 29, 2008, the Company exercised the $50 million accordion feature contained in its line of credit, increasing the committed amount under the line of credit from $250 million to $300 million. Interest on the amended line of credit is charged, at the Company s option, at either LIBOR plus a margin or

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

at the agent s base rate. The margin on the line of credit varies from 0.875% to 1.875% (1.125% at June 30, 2008), depending on the Company s cash flow leverage ratios as defined in the amended agreement. The Company also pays a fee on the unused portion ranging from 0.25% to 0.30% (0.25% at June 30, 2008) based on the Company s cash flow leverage ratios. The weighted average interest rate (including margin) on the line of credit at June 30, 2008 was 3.86%. On December 27, 2007, the Company entered into an interest rate cap agreement with a notional amount of $10.0 million of the Company s outstanding floating rate line of credit for a term of 24 months at a fixed rate of 4.75%.

On June 30, 2008, the Company established a line of credit facility with a group of banks to permit the issuance of up to $12.8 million in letters of credit. Fees payable for letters of credit are tied to the LIBOR margin consistent with the Company s line of credit agreement. The Company pays a fee on the unused portion of the facility ranging from 0.25% to 0.30% (0.25 at June 30, 2008). As of June 30, 2008, there were $0 in letters of credit issued under the facility.

On May 7, 2008, the Company established a line of credit facility of £7.5 million (approximately $14.9 million at June 30, 2008) with a foreign commercial bank. Interest on the line of credit is charged, at the Company s option, at either LIBOR plus a margin or at the agent s base rate. The margin on the line of credit varies from 1.10% to 1.575% (1.10% at June 30, 2008) based on the Company s cash flow leverage ratios. The weighted average interest rate (including margin) on the line of credit at June 30, 2008 was 6.70%.

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
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6. Operating Segment Information

The Company has three reportable operating segments: pawn lending, cash advance and check cashing. The cash advance and check cashing segments are managed separately due to the different operational strategies required and, therefore, are reported as separate segments. The Company realigned its administrative activities during the fourth quarter of 2007 to create more direct oversight of operations. For comparison purposes, all prior periods in the tables below have been revised to reflect this reclassification of expenses out of administrative expenses and into operations expenses. These revisions have not changed the consolidated performance of the Company for any period.

Information concerning the operating segments is set forth below (in thousands):

	Pawn Lending	Cash Advance[1]	Check Cashing	Consolidated
Three Months Ended June 30, 2008:				
Revenue				
Finance and service charges	$ 43,390	$	$	$ 43,390
Proceeds from disposition of merchandise	108,089			108,089
Cash advance fees	8,645	84,204		92,849
Check cashing fees, royalties and other	985	1,828	838	3,651
Total revenue	161,109	86,032	838	247,979
Cost of revenue disposed merchandise	66,741			66,741
Net revenue	94,368	86,032	838	181,238
Expenses				
Operations	51,910	27,727	309	79,946
Cash advance loss provision	2,677	32,056		34,733
Administration	11,465	9,338	335	21,138
Depreciation and amortization	5,939	3,527	61	9,527
Total expenses	71,991	72,648	705	145,344
Income from operations	$ 22,377	$ 13,384	$ 133	$ 35,894
As of June 30, 2008:				
Total assets	$ 610,568	$ 406,255	$ 6,866	$ 1,023,689
Goodwill	$ 144,003	$ 254,573	$ 5,310	$ 403,886

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Pawn Lending	Cash Advance(1)	Check Cashing	Consolidated
Three Months Ended June 30, 2007:				
Revenue				
Finance and service charges	$ 37,194	$	$	$ 37,194
Proceeds from disposition of merchandise	85,808			85,808
Cash advance fees	9,990	76,957		86,947
Check cashing fees, royalties and other	810	2,264	858	3,932
Total revenue	133,802	79,221	858	213,881
Cost of revenue disposed merchandise	52,784			52,784
Net revenue	81,018	79,221	858	161,097
Expenses				
Operations	47,560	27,670	358	75,588
Cash advance loss provision	3,725	38,603		42,328
Administration	6,008	5,992	248	12,248
Depreciation and amortization	5,127	2,671	101	7,899
Total expenses	62,420	74,936	707	138,063
Income from operations	$ 18,598	$ 4,285	$ 151	$ 23,034
As of June 30, 2007:				
Total assets	$ 557,180	$ 244,149	$ 6,995	$ 808,324
Goodwill	$ 142,590	$ 105,577	$ 5,310	$ 253,477

	Pawn Lending	Cash Advance(1)	Check Cashing	Consolidated
Six Months Ended June 30, 2008:				
Revenue				
Finance and service charges	$ 86,811	$	$	$ 86,811
Proceeds from disposition of merchandise	224,672			224,672
Cash advance fees	17,930	160,379		178,309
Check cashing fees, royalties and other	1,998	5,265	1,858	9,121
Total revenue	331,411	165,644	1,858	498,913
Cost of revenue disposed merchandise	138,257			138,257
Net revenue	193,154	165,644	1,858	360,656
Expenses				

Operations	105,227	54,158	692	160,077
Cash advance loss provision	4,942	56,925		61,867
Administration	22,731	16,409	548	39,688
Depreciation and amortization	11,530	7,003	125	18,658
Total expenses	144,430	134,495	1,365	280,290
Income from operations	$ 48,724	$ 31,149	$ 493	$ 80,366

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Pawn Lending	Cash Advance[1]	Check Cashing	Consolidated
Six Months Ended June 30, 2007:				
Revenue				
Finance and service charges	$ 75,625	$	$	$ 75,625
Proceeds from disposition of merchandise	185,976			185,976
Cash advance fees	20,110	145,353		165,463
Check cashing fees, royalties and other	1,740	5,951	1,998	9,689
Total revenue	283,451	151,304	1,998	436,753
Cost of revenue disposed merchandise	114,709			114,709
Net revenue	168,742	151,304	1,998	322,044
Expenses				
Operations	95,476	52,613	665	148,754
Cash advance loss provision	6,569	68,507		75,076
Administration	14,530	10,694	525	25,749
Depreciation and amortization	10,134	5,097	202	15,433
Total expenses	126,709	136,911	1,392	265,012
Income from operations	$ 42,033	$ 14,393	$ 606	$ 57,032

(1) The Cash Advance segment is comprised of two distribution channels for the same product, a multi-unit storefront platform and an online, internet based lending platform. The following table summarizes the results from each channel s contributions to the Cash Advance segment for the

three months
ended June 30,
2008 and 2007:

	Storefront	Internet Lending	Total Cash Advance
Three Months Ended June 30, 2008:			
Revenue			
Cash advance fees	$ 27,427	$ 56,777	$ 84,204
Check cashing fees, royalties and other	1,824	4	1,828
Total revenue	29,251	56,781	86,032
Expenses			
Operations	16,993	10,734	27,727
Cash advance loss provision	6,664	25,392	32,056
Administration	2,939	6,399	9,338
Depreciation and amortization	2,380	1,147	3,527
Total expenses	28,976	43,672	72,648
Income from operations	$ 275	$ 13,109	$ 13,384

CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Storefront	Internet Lending	Total Cash Advance
Three Months Ended June 30, 2007:			
Revenue			
Cash advance fees	$ 31,250	$ 45,707	$ 76,957
Check cashing fees, royalties and other	2,261	3	2,264
Total revenue	33,511	45,710	79,221
Expenses			
Operations	17,435	10,235	27,670
Cash advance loss provision	9,899	28,704	38,603
Administration	2,850	3,142	5,992
Depreciation and amortization	1,969	702	2,671
Total expenses	32,153	42,783	74,936
Income from operations	$ 1,358	$ 2,927	$ 4,285

	Storefront	Internet Lending	Total Cash Advance
Six Months Ended June 30, 2008:			
Revenue			
Cash advance fees	$ 56,120	$ 104,259	$ 160,379
Check cashing fees, royalties and other	5,261	4	5,265
Total revenue	61,381	104,263	165,644
Expenses			
Operations	33,874	20,284	54,158
Cash advance loss provision	11,010	45,915	56,925
Administration	5,341	11,068	16,409
Depreciation and amortization	4,805	2,198	7,003
Total expenses	55,030	79,465	134,495
Income from operations	$ 6,351	$ 24,798	$ 31,149

	Storefront	Internet Lending	Total Cash Advance
Six Months Ended June 30, 2007:			

Revenue			
Cash advance fees	$ 60,991	$ 84,362	$ 145,353
Check cashing fees, royalties and other	5,946	5	5,951
Total revenue	66,937	84,367	151,304
Expenses			
Operations	33,345	19,268	52,613
Cash advance loss provision	17,131	51,376	68,507
Administration	5,155	5,539	10,694
Depreciation and amortization	3,852	1,245	5,097
Total expenses	59,483	77,428	136,911
Income from operations	$ 7,454	$ 6,939	$ 14,393

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Litigation

On August 6, 2004, James E. Strong filed a purported class action lawsuit in the State Court of Cobb County, Georgia against Georgia Cash America, Inc., Cash America International, Inc. (together with Georgia Cash America, Inc., Cash America), Daniel R. Feehan, and several unnamed officers, directors, owners and stakeholders of Cash America. The lawsuit alleges many different causes of action, among the most significant of which is that Cash America made illegal payday loans in Georgia in violation of Georgia s usury law, the Georgia Industrial Loan Act and Georgia s Racketeer Influenced and Corrupt Organizations Act. Community State Bank (CSB) for some time made loans to Georgia residents through Cash America s Georgia operating locations. The complaint in this lawsuit claims that Cash America was the true lender with respect to the loans made to Georgia borrowers and that CSB s involvement in the process is a mere subterfuge. Based on this claim, the suit alleges that Cash America is the de facto lender and is illegally operating in Georgia. The complaint seeks unspecified compensatory damages, attorney s fees, punitive damages and the trebling of any compensatory damages. A previous decision by the trial judge to strike Cash America s affirmative defenses based on arbitration (without ruling on Cash America s previously filed motion to compel arbitration) was upheld by the Georgia Court of Appeals, and on September 24, 2007, the Georgia Supreme Court declined to review the decision. The case has been returned to the State Court of Cobb County, Georgia, where Cash America filed a motion requesting that the trial court rule on Cash America s pending motion to compel arbitration and stay the State Court proceedings. The Court denied the motion to stay and ruled that the motion to compel arbitration was rendered moot after the discovery sanction was handed down by the Court. Cash America is currently in the process of appealing these latest orders from the Court. If Cash America s further attempts to enforce the arbitration agreement are unsuccessful, discovery relating to the propriety of continuing this suit as a class action would proceed. Cash America believes that the plaintiffs claims in this suit are without merit and is vigorously defending this lawsuit.

Cash America and CSB also commenced a federal lawsuit in the U.S. District Court for the Northern District of Georgia seeking to compel Plaintiffs to arbitrate their claims against Cash America and CSB. The U.S. District Court dismissed the federal action for lack of subject matter jurisdiction, and Cash America and CSB appealed the dismissal of their complaint to the U.S. Court of Appeals for the 11th Circuit. The 11th Circuit issued a panel decision on April 27, 2007 reversing the district court s dismissal of the action and remanding the action to the district court for a determination of the issue of the enforceability of the parties arbitration agreements. Plaintiff requested the 11th Circuit to review this decision en banc and this request was granted. The en banc rehearing took place on February 26, 2008. The 11th Circuit has stayed consideration of this matter pending the resolution of the United States Supreme Court Case, *Vaden v. Discover Bank*, which is scheduled to be argued in the 2008 fall term. The Strong litigation is still at an early stage, and neither the likelihood of an unfavorable outcome nor the ultimate liability, if any, with respect to this litigation can be determined at this time.

The Company is a defendant in certain lawsuits encountered in the ordinary course of its business. Certain of these matters are covered to an extent by insurance. In the opinion of management, the resolution of these matters will not have a material adverse effect on the Company s financial position, results of operations or liquidity.

8. Notes Receivable

During the six months ended June 30, 2008, Cash America Holding, Inc., a wholly owned subsidiary of the Company, increased a loan to Primary Business Services, Inc. and affiliates (PBSI) from $2.3 million as of March 31, 2008 to $4.6 million at June 30, 2008. The increased loan (the Loan) is a revolving loan and was made to PBSI and its affiliates, Primary Processing, Inc., Primary Finance, Inc. and

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Primary Members Insurance Services, Inc. (collectively, the Borrowers). The Loan is secured by all the current and future assets of the Borrowers, by the personal guaranty of the Borrowers principal stockholder and by a pledge of all outstanding shares of each of the Borrowers. The Loan matures on February 28, 2009, and bears interest at 12% per annum. The Borrowers are using the proceeds of the Loan to fund their business operations.

On July 23, 2008, the Company, through its wholly-owned subsidiary, Primary Cash Holdings, LLC, purchased substantially all the assets of the Borrowers. A large portion of the proceeds were used to repay the note. See Note 10.

9. Fair Value Measurements

The Company adopted the provisions of SFAS 157 and FSP FAS 157-2 on January 1, 2008. The adoption of these pronouncements did not have a material effect on the Company s financial position or results of operations. SFAS 157 defines fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and emphasizes that fair value is a market-based measurement, not an entity-specific measurement. It establishes a fair value hierarchy and expands disclosures about fair value measurements in both interim and annual periods. SFAS 157 enables the reader of the financial statements to assess the inputs used to develop fair value measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. FSP FAS 157-2 defers the effective date of SFAS 157 until January 2009 for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed in the financial statements on a nonrecurring basis. SFAS 157 requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Company s financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2008 are as follows:

	June 30,	Fair Value Measurements Using		
	2008	Level 1	Level 2	Level 3
Financial assets:				
Interest rate cap	$ 17	$	$ 17	$
Nonqualified savings plan assets	7,657	7,657		
Total	$ 7,674	$ 7,657	$ 17	$

The Company measures the value of its interest rate cap under Level 2 inputs as defined by SFAS 157. The Company relies on a mark to market valuation based on yield curves using observable market interest rates for the interest rate. The fair value of the nonqualified savings plan assets are measured under a Level 1 input. These assets are publicly traded equity securities for which market prices are readily observable.

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Subsequent Events

On July 23, 2008, the Company, through its wholly-owned subsidiary, Primary Cash Holdings, LLC, purchased substantially all the assets of Primary Business Services, Inc., Primary Finance, Inc., Primary Processing, Inc. and Primary Members Insurance Services, Inc. (collectively, PBSI), a group of companies in the business of designing, marketing and selling pre-paid stored value cards, which are currently marketed to the general public and employers and their employees as multi-purpose payroll debit cards, and related activities that complement and support this business, including providing certain processing services and participating in receivables associated with a bank issued line of credit available on certain cards. The Company paid an initial purchase price of approximately $5.6 million in cash at closing, which included the repayment of the approximately $4.9 million note receivable owed to the Company as of the closing date ($4.6 million at June 30, 2008). The Company also agreed to pay up to eight supplemental earn-out payments during the four-year period after the closing. The amount of each supplemental payment is to be based on a multiple of 3.5 times the consolidated earnings attributable to PBSI for the specified period (generally 12 months) preceding each scheduled supplemental payment, reduced by amounts previously paid. The first supplemental payment is due April 2009 and it is stipulated that this payment would not be less than $2.7 million; however, the Company may cancel its obligation to make any supplemental payments by transferring ownership of PBSI s assets to PBSI s sole shareholder.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations
GENERAL

The Company provides specialty financial services to individuals. These services include secured non-recourse loans, commonly referred to as pawn loans, to individuals through its pawn lending operations, unsecured cash advances in selected lending locations and on behalf of independent third-party lenders in other locations, and check cashing and related financial services through many of its lending locations and through franchised and Company-owned check cashing centers. The pawn loan portfolio generates finance and service charges revenue. A related activity of the pawn lending operations is the disposition of collateral from unredeemed pawn loans. In September 2006, the Company began offering online cash advances over the internet and began arranging loans online on behalf of independent third-party lenders in November 2006 through its internet distribution platform. In July 2007, the Company began offering short-term unsecured loans to customers who reside throughout the United Kingdom through its internet distribution platform.

As of June 30, 2008, the Company had 928 total locations offering products and services to its customers. The Company operates in three segments: pawn lending, cash advance and check cashing.

As of June 30, 2008, the Company s pawn lending operations consisted of 501 pawnshops, including 487 Company-owned units and 14 unconsolidated franchised units located in 22 states in the United States. During the 18 months ended June 30, 2008, the Company acquired six operating units, established seven locations, and combined or closed one location for a net increase of 12 owned pawn lending units. In addition, it opened two franchise locations.

At June 30, 2008, the Company s cash advance operations consisted of 292 cash advance locations in seven states and its internet distribution channel. For the 18 months ended June 30, 2008, the Company established 14 locations and combined or closed 17 locations for a net decrease of three locations. CashNetUSA serves multiple markets through its internet distribution channel and had cash advances outstanding in 33 states and in the United Kingdom as of June 30, 2008.

As of June 30, 2008, the Company s check cashing operations consisted of 130 franchised and five company-owned check cashing centers in 16 states. For the 18 months ended June 30, 2008, the Company established 11 locations and combined or closed 12 locations.

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RESULTS OF CONTINUING OPERATIONS

The following table sets forth the components of the consolidated statements of income as a percentage of total revenue for the periods indicated.

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Revenue				
Finance and service charges	17.5%	17.4%	17.4%	17.3%
Proceeds from disposition of merchandise	43.6	40.1	45.1	42.6
Cash advance fees	37.4	40.7	35.7	37.9
Check cashing fees, royalties and other	1.5	1.8	1.8	2.2
Total Revenue	100.0	100.0	100.0	100.0
Cost of Revenue				
Disposed merchandise	26.9	24.7	27.7	26.3
Net Revenue	73.1	75.3	72.3	73.7
Expenses				
Operations	32.2	35.4	32.1	34.1
Cash advance loss provision	14.1	19.8	12.4	17.2
Administration	8.5	5.7	8.0	5.8
Depreciation and amortization	3.8	3.6	3.7	3.5
Total Expenses	58.6	64.5	56.2	60.6
Income from Operations	14.5	10.8	16.1	13.1
Interest expense	(1.3)	(1.9)	(1.3)	(1.8)
Interest income		0.2		0.2
Foreign currency transaction gain				
Income before Income Taxes	13.2	9.1	14.8	11.5
Provision for income taxes	5.1	2.9	5.6	4.1
Net Income	8.1%	6.2%	9.2%	7.4%

The following table sets forth certain selected consolidated financial and non-financial data as of June 30, 2008 and 2007, and for each of the three and six months then ended ($ in thousands unless noted otherwise).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
PAWN LENDING OPERATIONS:				
Pawn loans				
Annualized yield on pawn loans	129.3%	121.7%	131.0%	125.4%
Total amount of pawn loans written and renewed	$ 149,347	$ 129,334	$ 281,328	$ 239,956
Average pawn loan balance outstanding	$ 135,014	$ 122,546	$ 133,239	$ 121,591
Average pawn loan balance per average location in operation	$ 278	$ 256	$ 275	$ 254
Ending pawn loan balance per location in operation	$ 292	$ 274	$ 292	$ 274
Average pawn loan amount at end of period (not in thousands)	$ 119	$ 105	$ 119	$ 105
Profit margin on disposition of merchandise as a percentage of proceeds from disposition of merchandise	38.3%	38.5%	38.5%	38.3%
Average annualized merchandise turnover	2.8x	2.6x	2.9x	2.8x
Average balance of merchandise held for disposition per average location in operation	$ 194	$ 170	$ 198	$ 175
Ending balance of merchandise held for disposition per location in operation	$ 199	$ 174	$ 199	$ 174
Pawnshop locations in operation				
Beginning of period, owned	485	477	485	475
Acquired	1	2	1	3
Start-ups	1	2	1	3
Combined or closed		(1)		(1)
End of period, owned	487	480	487	480
Franchise locations at end of period	14	12	14	12
Total pawnshop locations at end of period	501	492	501	492
Average number of owned pawnshop locations	486	479	485	478
Cash advances [(a)]				
Pawn locations offering cash advances at end of period	432	429	432	429
Average number of pawn locations offering cash advances	431	427	431	426
Amount of cash advances written at pawn locations:				
Funded by the Company	$ 14,182	$ 16,761	$ 28,129	$ 32,247

Funded by third-party lenders [b] [d]	37,779	46,891	75,775	91,876
Aggregate amount of cash advances written at pawn locations[b] [f]	$ 51,961	$ 63,652	$ 103,904	$ 124,123
Number of cash advances written at pawn locations (not in thousands):				
By the Company	45,595	55,164	90,741	105,432
By third-party lenders [b] [d]	81,309	104,730	161,698	202,856
Aggregate number of cash advances written at pawn locations[b] [f]	126,904	159,894	252,439	308,288
Cash advance customer balances due at pawn locations (gross):				
Owned by the Company [c]	$ 7,216	$ 8,137	$ 7,216	$ 8,137
Owned by third-party lenders [b] [d]	7,205	9,183	7,205	9,183
Aggregate cash advance customer balances due at pawn locations (gross) [b] [f]	$ 14,421	$ 17,320	$ 14,421	$ 17,320

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	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
CASH ADVANCE OPERATIONS [e]				
Storefront operations:				
Amount of cash advances written:				
Funded by the Company	$ 150,004	$ 177,661	$ 303,066	$ 335,417
Funded by third-party lenders [b] [d]	25,113	27,593	50,677	54,672
Aggregate amount of cash advances written [b] [f]	$ 175,117	$ 205,254	$ 353,743	$ 390,089
Number of cash advances written (not in thousands):				
By the Company	426,605	496,404	845,202	925,355
By third-party lenders [b] [d]	45,347	53,974	91,056	104,337
Aggregate number of cash advances written [b] [f]	471,952	550,378	936,258	1,029,692
Cash advance customer balances due (gross):				
Owned by the Company [c]	$ 41,470	$ 51,274	$ 41,470	$ 51,274
Owned by third-party lenders [b] [d]	4,368	5,115	4,368	5,115
Aggregate cash advance customer balances due (gross) [b] [f]	$ 45,838	$ 56,389	$ 45,838	$ 56,389
Cash advance locations in operation (excluding online lending)				
Beginning of period	304	296	304	295
Start-ups		1		3
Combined or closed	(12)	(1)	(12)	(2)
End of period	292	296	292	296
Average number of cash advance locations	300	296	301	295
Internet lending operations:				
Amount of cash advances written:				
Funded by the Company	$ 188,595	$ 149,284	$ 348,516	$ 277,778
Funded by third-party lenders [b] [d]	115,185	85,761	213,728	155,785
Aggregate amount of cash advances written [b] [f]	$ 303,780	$ 235,045	$ 562,244	$ 433,563

Number of cash advances written (not in thousands):				
By the Company	441,466	387,209	830,882	716,524
By third-party lenders [(b)] [(d)]	175,634	153,954	324,581	281,691
Aggregate number of cash advances written [(b)] [(f)]	617,100	541,163	1,155,463	998,215
Cash advance customer balances due (gross):				
Owned by the Company [(c)]	$ 64,207	$ 50,710	$ 64,207	$ 50,710
Owned by third-party lenders [(b)] [(d)]	21,187	15,157	21,187	15,157
Aggregate cash advance customer balances due (gross) [(b)] [(f)]	$ 85,394	$ 65,867	$ 85,394	$ 65,867
Number of states with online lending at end of period	33	30	33	30
Number of foreign countries with online lending at end of period	1		1	

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	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Combined Storefront and Internet lending operations:				
Amount of cash advances written:				
Funded by the Company	$ 338,599	$ 326,945	$ 651,582	$ 613,195
Funded by third-party lenders [b] [d]	140,298	113,354	264,405	