CASH AMERICA INTERNATIONAL INC
Form 10-Q
April 23, 2010

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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 March 31, 2010

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act:

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

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:

29,542,599 of the Registrants common shares, $.10 par value, were issued and outstanding as of April 15, 2010.

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CAUTIONARY NOTE CONCERNING FACTORS THAT MAY AFFECT FUTURE RESULTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You should not place undue reliance on these statements. These forward-looking statements give current expectations or forecasts of future events and reflect the views and assumptions of senior management of Cash America International, Inc. (the Company) with respect to the business, financial condition and prospects of the Company. When used in this report, terms such as believes, estimates, should, could, would, plans, expects, anticipates, may, forecast, project and similar expressions or variations as the Company or its management are intended to identify forward-looking statements. Forward-looking statements address matters that involve risks and uncertainties that are beyond the ability of the Company to control and, in some cases, predict. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. Key factors that could cause the Company s actual financial results, performance or condition to differ from the expectations expressed or implied in such forward-looking statements include, but are not limited to, the following:

changes in pawn, consumer credit, tax and other laws and government rules and regulations applicable to the Company s business,

changes in demand for the Company s services,

the continued acceptance of the internet channel by the Company s cash advance customers,

the actions of third-parties who offer products and services to or for the Company,

fluctuations in the price of gold,

changes in competition,

the ability of the Company to open new operating units in accordance with its plans,

changes in economic conditions,

real estate market fluctuations,

interest rate fluctuations,

changes in foreign currency exchange rates,

changes in the capital markets,

the ability to successfully integrate newly acquired businesses into the Company s operations,

the loss of services of any of the Company s executive officers,

the effect of any current or future litigation proceedings on the Company,

acts of God, war or terrorism, pandemics and other events,

the effect of any of such changes on the Company s business or the markets in which the Company operates, and other risks and uncertainties described in this report or from time to time in the Company s filings with the Securities and Exchange Commission (the SEC).

The foregoing list of factors is not exhaustive and new factors may emerge or changes to these factors may occur that would impact the Company s business. Additional information regarding these and other factors may be contained in the Company s filings with the SEC, especially on Forms 10-K, 10-Q and 8-K. If one or more events related to these or other risks or uncertainties materialize, or if management s underlying assumptions prove to be incorrect, actual results may differ materially from what the Company anticipates. The Company disclaims any intention or obligation to update or revise any forward-looking statements to reflect events or circumstances occurring after the date of this report. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	March 31, 2010	March 31, 2009	December 31, 2009
	(Unaudited)	(Unaudited)	
Assets			
Current assets:			
Cash and cash equivalents	$ 40,286	$ 25,676	$ 46,004
Pawn loans	158,347	148,147	188,312
Cash advances, net	99,021	75,880	108,789
Merchandise held for disposition, net	97,870	99,799	113,824
Pawn finance and service charges receivable	30,597	28,709	36,544
Prepaid expenses and other assets	39,592	18,745	32,129
Deferred tax assets	20,386	19,301	21,536
Total current assets	486,099	416,257	547,138
Property and equipment, net	192,592	186,622	193,737
Goodwill	509,004	489,779	493,492
Intangible assets, net	27,187	31,456	27,793
Other assets	7,442	5,498	7,495
Total assets	$ 1,222,324	$ 1,129,612	$ 1,269,655
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued expenses	$ 71,408	$ 69,288	$ 87,368
Accrued supplemental acquisition payment	11,365	7,700	2,291
Customer deposits	9,731	10,133	8,837
Income taxes currently payable	14,673	3,687	8,699
Current portion of long-term debt	25,493	18,714	25,493
Total current liabilities	132,670	109,522	132,688
Deferred tax liabilities	44,877	31,042	42,590
Noncurrent income tax payable	2,191	2,968	2,009
Other liabilities	7,148	3,942	5,479
Long-term debt	313,794	380,902	403,690
Total liabilities	$ 500,680	$ 528,376	$ 586,456
Equity:			
Cash America International, Inc. equity:			
	3,024	3,024	3,024

Common stock, $0.10 par value per share, 80,000,000 shares authorized, 30,235,164 shares issued			
Additional paid-in capital	163,796	158,216	166,761
Retained earnings	563,803	463,131	532,805
Accumulated other comprehensive income (loss)	5,807	(6,107)	1,181
Treasury shares, at cost (725,531 shares, 753,207 shares and 933,082 shares at March 31, 2010 and 2009, and at December 31, 2009, respectively	(21,429)	(21,919)	(26,836)
Total Cash America International, Inc. stockholders equity	715,001	596,345	676,935
Noncontrolling interest	6,643	4,891	6,264
Total equity	721,644	601,236	683,199
Total liabilities and equity	$ 1,222,324	$ 1,129,612	$ 1,269,655

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 March 31, 2010	Three Months Ended March 31, 2009
	(Unaudited)	
Revenue		
Finance and service charges	$ 58,281	$ 52,959
Proceeds from disposition of merchandise	141,883	129,760
Cash advance fees	108,442	80,308
Check cashing fees, royalties and other	4,456	5,072
Total Revenue	313,062	268,099
Cost of Revenue		
Disposed merchandise	89,945	82,502
Net Revenue	223,117	185,597
Expenses		
Operations	96,378	85,522
Cash advance loss provision	33,893	24,774
Administration	25,689	21,481
Depreciation and amortization	10,718	10,341
Total Expenses	166,678	142,118
Income from Operations	56,439	43,479
Interest expense	(5,457)	(5,069)
Interest income	8	15
Foreign currency transaction gain (loss)	(137)	(136)
Income before Income Taxes	50,853	38,289
Provision for income taxes	18,802	14,063
Net Income	32,051	24,226
Less: Net income attributable to the noncontrolling interest	(18)	(315)
Net Income Attributable to Cash America International, Inc.	$ 32,033	$ 23,911
Earnings Per Share:		
Net Income attributable to Cash America International, Inc. common stockholders:		
Basic	$ 1.08	$ 0.80
Diluted	$ 1.01	$ 0.79
Weighted average common shares outstanding:		
Basic	29,687	29,770
Diluted	31,735	30,419

Dividends declared per common share	$ 0.035	$ 0.035

See notes to consolidated financial statements.

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

	March 31,			
	2010		2009	
	Shares	Amounts	Shares	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		166,761		160,007
Shares issued under stock based plans		(5,969)		(2,288)
Stock-based compensation expense		911		748
Income tax benefit (provision) from stock based compensation		2,093		(251)
Balance at end of period		163,796		158,216
Retained earnings				
Balance at beginning of year		532,805		440,252
Net income attributable to Cash America International, Inc.		32,033		23,911
Dividends paid		(1,035)		(1,032)
Balance at end of period		563,803		463,131
Accumulated other comprehensive (loss) income				
Balance at beginning of year		1,181		(3,964)
Unrealized derivatives loss, net of tax		(107)		(15)
Foreign currency translation gain (loss), net of taxes		4,058		(2,128)
Marketable securities unrealized gain, net of tax		675		
Balance at end of period		5,807		(6,107)
Treasury shares, at cost				
Balance at beginning of year	(933,082)	(26,836)	(818,772)	(24,278)
Purchases of treasury shares	(62,597)	(2,450)	(14,110)	(43)
Shares issued under stock based plans	270,148	7,857	79,675	2,402
Balance at end of period	(725,531)	(21,429)	(753,207)	(21,919)
		715,001		596,345

Total Cash America International, Inc. stockholders equity		
Noncontrolling interests		
Balance at beginning of year	6,264	4,694
Income attributable to noncontrolling interests	18	315
Foreign currency translation gain (loss), net of taxes	361	(118)
Balance at end of period	6,643	4,891
Total equity	$ 721,644	$ 601,236

See notes to consolidated financial statements.

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

	Three Months Ended March 31, 2010	2009
	(Unaudited)	
Net income	$ 32,051	$ 24,226
Other comprehensive gain (loss), net of tax:		
Unrealized derivatives loss(1)	(107)	(15)
Foreign currency translation gain (loss) (2)	4,419	(2,246)
Marketable securities unrealized gain(3)	675	
Total other comprehensive gain (loss), net of tax	4,987	(2,261)
Comprehensive income	$ 37,038	$ 21,965
Less: Net income attributable to the noncontrolling interest	(18)	(315)
Foreign currency translation (gain) loss, net of tax, attributable to the noncontrolling interest	(361)	118
Comprehensive income attributable to the noncontrolling interest	(379)	(197)
Comprehensive Income attributable to Cash America International, Inc.	$ 36,659	$ 21,768

(1) Net of tax benefit of $58 and $8 for the three months ended March 31, 2010 and 2009, respectively.

(2) Net of tax benefit/(provision) of $627 and $(5) for the three months ended March 31, 2010 and 2009, respectively.

(3) Net of tax provision of $364 for the three months ended March 31, 2010.

See notes to consolidated financial statements.

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

	Three Months Ended March 31, 2010	2009
	(Unaudited)	
Cash Flows from Operating Activities		
Net Income	$ 32,051	$ 24,226
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,718	10,341
Amortization of discount on convertible debt	815	
Cash advance loss provision	33,893	24,774
Stock-based compensation	911	748
Deferred income taxes, net	3,907	6,141
Other	138	601
Changes in operating assets and liabilities		
Merchandise held for disposition	(796)	(794)
Pawn finance and service charges receivable	6,169	4,304
Finance and service charges on cash advances	(741)	(174)
Prepaid expenses and other assets	(508)	(3,768)
Accounts payable and accrued expenses	(14,178)	(7,636)
Excess income tax benefit from stock-based compensation	(2,093)	
Current income taxes	8,207	6,086
Other operating assets and liabilities	879	1,327
Net cash provided by operating activities	79,372	66,176
Cash Flows from Investing Activities		
Pawn loans made	(134,083)	(133,788)
Pawn loans repaid	110,081	98,036
Principal recovered through dispositions of forfeited pawn loans	72,757	66,414
Cash advances made or purchased	(357,499)	(294,848)
Cash advances repaid	333,465	277,605
Acquisitions, net of cash acquired	(3,913)	(34,777)
Purchases of property and equipment	(7,906)	(9,946)
Investments in marketable securities	(5,652)	
Proceeds from property insurance	142	150
Net cash provided by (used in) investing activities	7,392	(31,154)
Cash Flows from Financing Activities		
Net repayments under bank lines of credit	(112,498)	(38,537)
Issuance of long-term debt	25,000	
Net proceeds from re-issuance of treasury shares	1,889	114
Loan costs paid	(245)	(29)
Payments on notes payable and other obligations	(3,040)	(1)
Excess income tax benefit from stock-based compensation	2,093	

Treasury shares purchased	(2,450)	(43)
Dividends paid	(1,035)	(1,032)
Net cash used in financing activities	(90,286)	(39,528)
Effect of exchange rates on cash	(2,196)	177
Net decrease in cash and cash equivalents	(5,718)	(4,329)
Cash and cash equivalents at beginning of year	46,004	30,005
Cash and cash equivalents at end of period	$ 40,286	$ 25,676
Supplemental Disclosures		
Non-cash investing and financing activities		
Pawn loans forfeited and transferred to merchandise held for disposition	$ 55,736	$ 55,926
Pawn loans renewed	$ 27,698	$ 26,528
Cash advances renewed	$ 88,794	$ 75,720

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 all of 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 March 31, 2010 and 2009 and for the three-month periods then ended are unaudited but, in management s opinion, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for such interim periods. Operating results for the three-month period 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 months ended March 31, 2009 have been reclassified to conform to the presentation format adopted in 2010. These reclassifications have no effect on the net income previously reported.

The Company has a contractual relationship with a third-party entity, Huminal, S.A. de C.V., a Mexican *sociedad anónima de capital variable* (Huminal), to compensate and maintain the labor force of its Mexico pawn operations, of which the Company is a majority owner due to the December 16, 2008 acquisition (the Prenda Fácil acquisition) by the Company of 80% of the outstanding stock of Creazione Estilo, S.A. de C.V., SOFOM, E.N.R., a Mexican *sociedad anónima de capital variable, sociedad financiera de objeto múltiple, entidad no regulada* (Creazione), operating under the name Prenda Fácil (referred to as Prenda Fácil). The Company has no ownership interest in Huminal; however, Prenda Fácil qualifies as the primary beneficiary of Huminal in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification or ASC) 810-10-50, *Variable Interest Entities*. Therefore the results and balances are allocated to net income attributable to noncontrolling interests.

These financial statements and related notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

Foreign Currency Translations

The functional currencies for the Company s subsidiaries that serve residents of the United Kingdom, Australia, Canada and Mexico are the British pound, the Australian dollar, the Canadian dollar and the Mexican peso, respectively. The assets and liabilities of these subsidiaries are translated into U.S. dollars at the exchange rates in effect at each balance sheet date, and the resulting adjustments are accumulated in other comprehensive income (loss) as a separate component of equity. Revenue and expenses are translated at the monthly average exchange rates occurring during each year.

Revenue Recognition

Pawn Lending The Company offers pawn loans through its pawn lending locations, through most of its cash advance storefront locations and through its unconsolidated franchised pawn lending locations. Pawn loans are made on the pledge of tangible personal property. In the Company s U.S. pawn business, it 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

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

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 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.

In the Company s foreign pawn loan business, service charges are accrued ratably over the four week term of the loan for loans not redeemed prior to maturity. Following the expiration of the grace period, which is generally three weeks, the collateral underlying unredeemed loans is sold with the proceeds applied against the outstanding loan balance and accrued service charges and fees. Accrued interest on loans that have passed the maturity date and the expiration of the grace period is fully reserved to the extent that the underlying collateral has not been sold. If the proceeds from the sale are less than the outstanding loan balance, a loss is recorded for the difference at the time the collateral is sold. If the proceeds exceed the outstanding loan balance, the Company recognizes as revenue the accrued service charges and other fees and expenses incurred in relation to the non-payment and sale of the loan collateral on behalf of the customer. In the event there are proceeds greater than the accrued service charges and all fees and expenses, the excess amount is available to the customer if a claim is made within six months, after which any unclaimed excess amount is recognized as revenue. The collateral underlying unredeemed loans is not owned by the Company; therefore, the carrying value for loans past the maturity date is held in Other receivables and prepaid expenses on the Company s consolidated balance sheets until sold.

Cash Advances The Company offers cash advance products through its cash advance storefront locations, its internet channel, and many of its pawn lending locations. In addition, the Company arranges for customers to obtain cash advances from independent third-party lenders in other locations. Cash advance fees include revenue from the cash advance portfolio owned by the Company and fees paid to the Company for arranging or processing cash advance line of credit products from independent third-party lenders for customers through the CSO program (as described below) and the Company s card services business. Cash advance fees associated with the Company s card services business (as described below) include revenue from the Company s participation interest in receivables originated by the third-party lender, as well as processing and other miscellaneous fee income. Although cash advance transactions may take the form of loans, deferred check deposit transactions, credit services transactions, or the processing of, and the participation in receivables originated by, a third-party lender s line of credit product, the transactions are referred to throughout this discussion as cash advances for convenience.

Cash advances provide customers with cash, typically 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 electronic Automated Clearing House (ACH) transaction for the aggregate amount of the payment due. The customer may repay the cash advance in cash or by allowing the check to be presented for collection by manual deposit or through an electronic debit 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.

The Company provides a cash advance product in some markets by acting as a credit services organization on behalf of consumers in accordance with applicable state laws (the CSO program). Under the CSO program, the Company provides consumers with certain credit services, such as arranging loans with independent third-party lenders, assisting in the preparation of loan applications and loan documents and accepting loan payments. The Company also guarantees (the CSO guarantees) the customer s payment obligations in the event of default if the customer is approved for and accepts the loan. A customer who obtains a loan through the CSO program pays the Company a fee for these credit services (CSO fees).

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

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 guaranteed loans is accrued and recorded as a liability, which approximates the fair value of the liability. As of March 31, 2010, $167.5 million of combined gross cash advances were outstanding, including $42.7 million of active cash advances owned by third-party lenders that is not included in the Company s consolidated balance sheets. Of this amount, $41.0 million was guaranteed by the Company.

The Company also offers an internet longer-term installment loan product that typically has an average term of four months. The Company records revenue from this product as cash advance fees under similar methods as its traditional cash advance product as described above.

In connection with the Company s card services business, the Company provides loan processing services for a third-party bank issued line of credit on certain stored-value debit cards the bank issues (Processing Program). The Company also acquires a participation interest in the receivables originated by the bank in connection with the Processing Program and other similar processing programs utilized by the bank. The Company records revenue from its participation interest in the receivables, as well as processing and other miscellaneous fee income originated from its card services business as cash advance fees recognized ratably over the loan period.

Check Cashing Fees, Royalties and Other The Company offers check cashing services through its unconsolidated franchised and Company-owned check cashing locations and in many of its pawn lending and cash advance locations. The Company records check cashing fees derived from both check cashing locations it owns and many of its pawn lending and cash advance storefront locations in the period in which the check cashing service is provided. It records royalties derived from franchise locations on an accrual basis. Revenue 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

See Note 3 for a discussion of the Company s allowance for losses on cash advances.

Goodwill and Other Intangible Assets

In accordance with ASC 350-20-35, *Goodwill Subsequent Measurement* and ASC 350-30-35, *Intangibles Goodwill and Other Subsequent Measurement,* the Company performs an impairment review of goodwill and intangible assets with an indefinite life at least annually. This review is performed for each reporting unit as of June 30. The Company completed its June 2009 test and determined that there was no evidence of impairment of goodwill or other indefinite lived intangible assets.

The Company amortizes intangible assets with an estimable life on the basis of their expected periods of benefit, generally three to ten years. The costs of start-up activities and organization costs are charged to expense as incurred.

All of the amounts of goodwill recorded in the Company s acquisitions, except for the acquisition of Prenda Fácil, are expected to be deductible for tax purposes.

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

Recent Accounting Pronouncements

In January 2010, FASB issued ASC Update No. 2010-06, *Fair Value Measurements and Disclosures* (ASU 2010-06), which updates ASC 820-10-20, *Fair Value Measurements and Disclosures.* ASU 2010-06 requires new disclosures for fair value measurements and provides clarification for existing disclosure requirements. More specifically, ASU 2010-06 will require (a) an entity to disclose separately the amounts of significant transfers in and out of Level 1 and 2 fair value measurements from one measurement date to another and to describe the reasons for the transfers; and (b) information about purchases, sales, issuances and settlements to be presented separately (i.e., the activity must be presented on a gross basis rather than net) in the reconciliation for fair value measurements using significant unobservable inputs (Level 3 inputs). ASU 2010-06 clarifies existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value and requires disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 fair value measurements. The Company adopted ASU 2010-06 as of January 1, 2010. The adoption did not have a material effect on the Company s financial position or results of operations.

In December 2009, FASB issued ASC Update No. 2009-17, *Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities* (ASU 2009-17), which updates ASC 810-10, *Consolidations.* ASU 2009-17 clarifies the definition of a variable interest entity and updates the definition of the primary beneficiary of a variable interest entity. The Company adopted ASU 2009-17 as of January 1, 2010, and the adoption of ASU 2009-17 did not have a material effect on the Company s financial position or results of operations.

2. Acquisitions

Prenda Fácil

Pursuant to its business strategy of expanding its reach into new markets with new customers and new financial services, the Company, through its wholly-owned subsidiary, Cash America of Mexico, Inc., completed the Prenda Fácil acquisition in December 2008. The Company paid an aggregate initial consideration of $90.5 million, net of cash acquired, of which $82.6 million was paid in cash, including acquisition costs of approximately $3.6 million. The remainder of the initial consideration was paid in the form of 391,236 shares of the Company s common stock with a fair value of $7.9 million as of the closing date. The Company also agreed to pay a supplemental earn-out payment in an amount based on a five times multiple of the consolidated earnings of Creazione s business as specifically defined in the Stock Purchase Agreement (generally Creazione s earnings before interest, income taxes, depreciation and amortization expenses) for the twelve-month period ending June 30, 2011, reduced by amounts previously paid. If the calculation of the supplemental payment produces an amount that is zero or less, there would be no supplemental payment. This supplemental payment is expected to be paid in cash on or before August 15, 2011, and will be accounted for as goodwill. The Company paid post-closing acquisition costs of $0.3 million, resulting in a total of $82.9 million paid in cash for the acquisition, net of cash acquired. The activities of Creazione are included in the results of the Company s pawn lending segment.

Primary Innovations, LLC

Pursuant to its business strategy of expanding its reach into new markets, the Company, through its wholly-owned subsidiary, Primary Cash Holdings, LLC (now known as Primary Innovations, LLC, or Primary Innovations), on July 23, 2008, purchased substantially all the assets of Primary Business Services, Inc., Primary Finance, Inc., Primary Processing, Inc. and Primary Members Insurance Services, Inc.

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

(collectively, PBSI), a group of companies in the business of, among other things, providing loan processing services for, and participating in receivables associated with, a bank issued line of credit made available by the bank on certain stored-value debit cards the bank issues. The Company paid approximately $5.6 million in cash, of which approximately $4.9 million was used to repay a loan that the Company had made to PBSI, and transaction costs of approximately $0.3 million. The Company also agreed to pay up to eight supplemental earn-out payments during the four-year period after the closing. The Company made supplemental payments of approximately $2.7 million and $2.1 million in April 2009 and February 2010, respectively. The amount of the February 2010 payment and each subsequent supplemental payment is to be based on a multiple of 3.5 times the consolidated earnings attributable to Primary Innovations business, as defined in the Asset Purchase Agreement, for a specified period (generally 12 months) preceding each scheduled supplemental payment measurement date, reduced by amounts previously paid. The Company expects that payments will be required at the two measurement dates in 2010 based on the current level of performance. As of March 31, 2010, the Company has accrued to Accrued supplemental acquisition payment approximately $11.4 million based on earnings through March 31, 2010. Substantially all of the supplemental payments associated with the earn-out will be accounted for as goodwill. The remaining supplemental payments will be calculated as described above based on measurement dates of each December 31 and June 30 through June 30, 2012, with each payment, if any, due approximately 45 days after the measurement date. The total of all payments to the sellers cannot exceed $50.0 million pursuant to the terms of the asset purchase agreement. Through February 2010, the Company has made payments totaling $4.8 million. The activities of Primary Innovations are included in the results of the Company s cash advance segment.

Other

During the first quarter of 2010, the Company acquired three domestic pawn lending locations for approximately $1.9 million.

3. Cash advances, Allowance for Losses and Accruals for Losses on Third-Party Lender-Owned 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 on cash advances (including fees and interest) at a level estimated to be adequate to absorb credit losses inherent in the receivables portfolio and expected losses from CSO guarantees. The allowance for losses on Company-owned cash advances offsets the outstanding cash advance amounts in the consolidated balance sheets. See Note 1 for a discussion of the Company s cash advance products.

With respect to CSO guarantees, 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 guarantee, the Company must absorb the shortfall. If the amount collected exceeds the amount paid under the guarantee, the Company is entitled to the excess and recognizes the excess amount in income. 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 guarantee 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. Active third-party lender-originated cash advances in which the Company does not have a participation interest are not included in the consolidated balance sheets.

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
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With respect to the Company s card services business, losses on cash advances in which the Company has a participation interest that prove uncollectible are the responsibility of the Company. The Company s cash advance loss provision includes amounts estimated to be adequate to absorb credit losses from these cash advances.

The Company stratifies the outstanding combined cash advance portfolio by age, delinquency, and stage of collection when assessing the adequacy of the allowance for losses. The combined cash advance portfolio represents cash advances included in the Company s consolidated balance sheet and third-party cash advances. 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 recorded as a cash advance loss provision expense 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 allowance deducted from the carrying value of cash advances was $25.8 million and $17.3 million at March 31, 2010 and 2009, respectively. The accrual for losses on third-party lender-owned cash advances was $2.3 million and $1.5 million at March 31, 2010 and 2009, respectively and is included in Accounts payable and accrued liabilities on the Company s balance sheet.

The components of Company-owned cash advances and receivables at March 31, 2010, and 2009, were as follows (in thousands):

	March 31,	
	2010	2009
Funded by the Company		
Active cash advances and fees receivable	**$ 78,836**	$ 64,362
Cash advances and fees in collection	**17,558**	15,075
Total Funded by the Company	**96,394**	79,437
Purchased by the Company from third-party lenders	**28,450**	13,721
Company-owned cash advances and fees receivable, gross	**124,844**	93,158
Less: Allowance for losses	**25,823**	17,278
Cash advances and fees receivable, net	**$ 99,021**	$ 75,880

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
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Changes in the allowance for losses for the Company-owned portfolio and the accrued loss for third-party lender-owned portfolios during the three months ended March 31, 2010, and 2009 were as follows (in thousands):

	Three Months Ended March 31,	
	2010	2009
Allowance for losses for Company-owned cash advances		
Balance at beginning of period	**$ 27,350**	$ 21,495
Cash advance loss provision	**34,544**	25,387
Charge-offs	**(44,242)**	(34,926)
Recoveries	**8,171**	5,322
Balance at end of period	**$ 25,823**	$ 17,278
Accrual for third-party lender-owned cash advances		
Balance at beginning of period	**$ 2,944**	$ 2,135
Increase (decrease) in loss provision	**(651)**	(613)
Balance at end of period	**$ 2,293**	$ 1,522

4. Earnings Per Share Computation

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by giving effect to the potential dilution that could occur if securities or other contracts to issue common shares were exercised and converted into common shares during the year. Restricted stock units issued under the Company s equity plans are included in diluted shares upon the granting of the awards even though the vesting of shares will occur over time.

The following table sets forth the reconciliation of numerators and denominators for the basic and diluted earnings per share computation for the three months ended March 31, 2010 and 2009 (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2010	2009
Numerator:		
Net income attributable to Cash America International, Inc.	**$ 32,033**	$ 23,911
Denominator:		
Total weighted average basic shares [(1)]	**29,687**	29,770
Effect of shares applicable to stock option plans	**162**	225
Effect of restricted stock unit compensation plans	**411**	424
Effect of convertible debt[(2)]	**1,475**	
Total weighted average diluted shares	**31,735**	30,419

Net income basic	**$**	**1.08**	$	0.80
Net income diluted	**$**	**1.01**	$	0.79

(1) Included in Total weighted average basic shares are vested restricted stock units of 179 and 257, as well as shares in a non-qualified savings plan of 33 and 55, respectively, for the three months ended March 31, 2010 and 2009.

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(2) The shares issuable related to the Company s 2009 Convertible Notes due 2029 have been calculated using the treasury stock method. The Company intends to settle the principal portion of the convertible debt in cash; therefore, only the shares related to the conversion spread have been included in weighted average diluted shares.

There were no anti-dilutive shares for the three months ended March 31, 2010 and 2009.

5. Long-Term Debt

The Company s long-term debt instruments and balances outstanding at March 31, 2010 and 2009, were as follows (in thousands):

	March 31,	
	2010	2009
USD line of credit up to $300,000 due 2012	**$ 77,165**	$235,942
GBP line of credit up to £7,500 due 2009		7,174
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 2012	**40,000**	40,000
7.20% senior unsecured notes due 2009		8,500
7.26% senior unsecured notes due 2017	**25,000**	
Variable rate senior unsecured note due 2012	**34,960**	38,000
$10 million term senior unsecured note due 2012		10,000
5.25% convertible senior unsecured notes	**102,162**	
Total debt	**$339,287**	$399,616
Less current portion	**25,493**	18,714
Total long-term debt	**$313,794**	$380,902

The Company s $300.0 million domestic line of credit (the USD Line of Credit) matures in March 2012. Interest on the USD Line of Credit is charged, at the Company s option, at either the London Interbank Offered Rate (LIBOR) plus a margin or at the agent s base rate. The margin on the USD Line of Credit varies from 0.875% to 1.875% (1.625% at March 31, 2010), 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% (0.30% at March 31, 2010) based on the Company s cash flow leverage ratios. The weighted average interest rate (including margin) on the USD Line of Credit at March 31, 2010 and 2009 was 1.95% and 1.96%, respectively.

At March 31, 2010 and 2009, borrowings under the Company s USD Line of Credit consisted of three pricing tranches with maturity dates ranging from one to 30 days, respectively. However, pursuant to the credit agreement, the Company routinely refinances these borrowings within its long-term facility. Therefore, these borrowings are reported as part of the line of credit and as long-term debt. The Company had outstanding letters of credit of $15.9 million at March 31, 2010, which are considered outstanding indebtedness under the Company s USD Line of Credit for purposes of determining available borrowings under that line of credit.

In December 2008, the Company issued $38.0 million of senior unsecured long-term variable rate notes, due in November 2012 pursuant to a Credit Agreement dated November 21, 2008. Interest is charged, at the Company s option, at either LIBOR plus a margin of 3.50% or at the agent s base rate plus a margin of

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3.50%. Beginning March 31, 2010, the notes became payable in quarterly installments of $3.0 million, and any outstanding principal will be due at maturity in November 2012. The notes may be prepaid at the Company s option anytime after November 20, 2009 without penalty. The weighted average interest rate (including margin) on the $38.0 million term notes at March 31, 2010 and 2009 was 3.75% and 4.06%, respectively.

On May 19, 2009, the Company completed the offering of $115.0 million aggregate principal amount of 5.25% Convertible Senior Notes due May 15, 2029 (the 2009 Convertible Notes), which includes its offering of $100.0 million aggregate principal amount of its 2009 Convertible Notes and an additional $15.0 million aggregate principal amount of its 2009 Convertible Notes that were sold pursuant to the exercise of an over-allotment option by the initial purchasers. The 2009 Convertible Notes were sold to certain qualified institutional buyers pursuant to Rule 144A of the Securities Act of 1933, as amended. The 2009 Convertible Notes are senior unsecured obligations of the Company.

Upon the issuance of the 2009 Convertible Notes, the Company received net proceeds of approximately $111.1 million, after deducting the estimated offering expenses payable by the Company. The Company used a portion of the net proceeds of the offering to repay existing indebtedness, including outstanding balances under its revolving credit facility. The remaining portion was used for general corporate purposes.

The 2009 Convertible Notes bear interest at a rate of 5.25% per year, payable semi-annually on May 15 and November 15 of each year, commencing November 15, 2009. The 2009 Convertible Notes will be convertible, in certain circumstances, at an initial conversion rate of 39.2157 shares per $1,000 aggregate principal amount of 2009 Convertible Notes (which is equivalent to a conversion price of approximately $25.50 per share), subject to adjustment upon the occurrence of certain events, into either, at the Company s election: (i) shares of common stock or (ii) cash up to their principal amount and shares of its common stock in respect of the remainder, if any, of the conversion value in excess of the principal amount. This represents a conversion premium of approximately 27.5% relative to the closing price of the Company s common stock on May 13, 2009. The Company may not redeem the 2009 Convertible Notes prior to May 14, 2014. The Company may, at its option, redeem some or all of the 2009 Convertible Notes on or after May 15, 2014 solely for cash. Holders of the 2009 Convertible Notes will have the right to require the Company to repurchase some or all of the outstanding 2009 Convertible Notes, solely for cash, on May 15, 2014, May 15, 2019 and May 15, 2024 at a price equal to 100% of the principal amount plus any accrued and unpaid interest.

The 2009 Convertible Notes were accounted for under ASC 470-20-65, *Transition Related to FASB Staff Position APB 14-*1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (ASC 470-20-65). ASC 470-20-65 requires the proceeds from the issuance of convertible debt be allocated between a debt component and an equity component. The debt component is measured based on the fair value of similar debt without an equity conversion feature, and the equity component is determined as the residual of the fair value of the debt deducted from the original proceeds received. The resulting discount on the debt component is amortized over the period the convertible debt is expected to be outstanding, which is five years (May 15, 2009 to May 15, 2014), as additional non-cash interest expense. As of March 31, 2010, the principal amount of the notes was $115.0 million, the carrying amount was $102.2 million, and the unamortized discount was $12.8 million. As of March 31, 2010, the carrying amount of the equity component recorded as additional paid-in capital was $9.4 million, net of deferred taxes and equity issuance costs. The additional non-cash interest expense recognized in the Company s consolidated statements of income was $0.8 million for the three months ended March 31, 2010. Accumulated amortization related to the 2009 Convertible Notes was $2.8 million as of March 31, 2010. As of March 31, 2010, the 2009 Convertible Notes had an effective interest rate of 8.46%.

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

In connection with the issuance of the 2009 Convertible Notes, the Company incurred approximately $3.9 million in issuance costs, which primarily consisted of underwriting fees, legal and other professional expenses. These costs are being amortized to interest expense over five years. The unamortized balance of these costs at March 31, 2010 is included in the Company s consolidated balance sheet.

On January 28, 2010, the Company issued and sold $25.0 million aggregate principal amount of its 7.26% senior unsecured notes (the 2017 Notes) due January 28, 2017 in a private placement pursuant to a note purchase agreement dated January 28, 2010 by and among the Company and certain purchasers listed therein (the Note Purchase Agreement). The 2017 Notes are senior unsecured obligations of the Company. The 2017 Notes are payable in five annual installments of $5.0 million beginning January 28, 2013. In addition, the Company may, at its option, prepay all or a minimum portion of no less than $1.0 million of the 2017 Notes at a price equal to the principal amount thereof plus a make-whole premium and accrued interest. The 2017 Notes are guaranteed by all of the Company s U.S. subsidiaries. The Company used a portion of the net proceeds of the 2017 Notes to repay existing indebtedness, including outstanding balances under its USD Line of Credit. The remaining portion was used for general corporate purposes.

See Note 10 for a discussion of the Company s interest rate cap agreements.

Each of the Company s credit facility agreements and senior unsecured notes require the Company to maintain certain financial ratios. As of March 31, 2010, the Company is in compliance with all covenants or other requirements set forth in its debt agreements.

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. For comparison purposes, all prior periods in the tables below reflect the current classification of administrative and operating expenses.

The Company allocates corporate administrative expenses to each operating segment based on personnel expenses at each segment. With respect to the internet lending channel of the cash advance segment, certain administrative expenses are allocated between the domestic and foreign components of the channel based on the amount of loans written for each geographic location. Intercompany interest is allocated to each segment based on intercompany debt balances, including the initial investment in the subsidiary. An interest rate is calculated monthly based on the current month blended average rate on all outstanding debt.

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
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Information concerning the operating segments is set forth below (in thousands):

	Pawn Lending (1)	Cash Advance (2)	Check Cashing	Consolidated
Three Months Ended March 31, 2010				
Revenue				
Finance and service charges	$ 57,931	$ 350	$	$ 58,281
Proceeds from disposition of merchandise	137,540	4,343		141,883
Cash advance fees	7,022	101,420		108,442
Check cashing fees, royalties and other	1,016	2,616	824	4,456
Total revenue	203,509	108,729	824	313,062
Cost of revenue disposed merchandise	87,335	2,610		89,945
Net revenue	116,174	106,119	824	223,117
Expenses				
Operations	61,831	34,247	300	96,378
Cash advance loss provision	1,027	32,866		33,893
Administration	12,066	13,410	213	25,689
Depreciation and amortization	7,327	3,354	37	10,718
Total expenses	82,251	83,877	550	166,678
Income from operations	$ 33,923	$ 22,242	$ 274	$ 56,439
As of March 31, 2010				
Total assets	$ 735,922	$ 479,864	$ 6,538	$ 1,222,324
Goodwill	$ 210,782	$ 292,912	$ 5,310	$ 509,004

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
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	Pawn Lending [(1)]	Cash Advance [(2)]	Check Cashing	Consolidated
Three Months Ended March 31, 2009				
Revenue				
Finance and service charges	$ 52,954	$ 5	$	$ 52,959
Proceeds from disposition of merchandise	128,002	1,758		129,760
Cash advance fees	7,578	72,730		80,308
Check cashing fees, royalties and other	1,043	3,097	932	5,072
Total revenue	189,577	77,590	932	268,099
Cost of revenue disposed merchandise	81,329	1,173		82,502
Net revenue	108,248	76,417	932	185,597
Expenses				
Operations	57,596	27,591	335	85,522
Cash advance loss provision	1,222	23,552		24,774
Administration	11,757	9,482	242	21,481
Depreciation and amortization	7,097	3,161	83	10,341
Total expenses	77,672	63,786	660	142,118
Income from operations	$ 30,576	$ 12,631	$ 272	$ 43,479
As of March 31, 2009				
Total assets	$ 708,295	$ 414,502	$ 6,815	$ 1,129,612
Goodwill	$ 205,214	$ 279,255	$ 5,310	$ 489,779

(1) The pawn lending segment is composed of the Company s domestic pawn lending operations and Prenda Fácil. The following table summarizes the results from each channel s contributions to the pawn lending segment for the three

months ended March 31, 2010 and 2009. The average exchange rate of MXN (Mexican pesos) to USD was 12.875 for the three months ended March 31, 2010 and 14.291 for the three months ended March 31, 2009:

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
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	Domestic	Foreign	Total Pawn Lending
Three Months Ended March 31, 2010			
Revenue			
Finance and service charges	$ 50,512	$ 7,419	$ 57,931
Proceeds from disposition of merchandise	137,540		137,540
Cash advance fees	7,022		7,022
Check cashing fees, royalties and other	983	33	1,016
Total revenue	196,057	7,452	203,509
Cost of revenue disposed merchandise	87,335		87,335
Net revenue	108,722	7,452	116,174
Expenses			
Operations	58,088	3,743	61,831
Cash advance loss provision	1,027		1,027
Administration	10,087	1,979	12,066
Depreciation and amortization	6,184	1,143	7,327
Total expenses	75,386	6,865	82,251
Income from operations	$ 33,336	$ 587	$ 33,923

	Domestic	Foreign	Total Pawn Lending
Three Months Ended March 31, 2009			
Revenue			
Finance and service charges	$ 46,491	$ 6,463	$ 52,954
Proceeds from disposition of merchandise	128,002		128,002
Cash advance fees	7,578		7,578
Check cashing fees, royalties and other	974	69	1,043
Total revenue	183,045	6,532	189,577
Cost of revenue disposed merchandise	81,329		81,329
Net revenue	101,716	6,532	108,248
Expenses			
Operations	55,185	2,411	57,596
Cash advance loss provision	1,222		1,222
Administration	10,277	1,480	11,757
Depreciation and amortization	6,269	828	7,097
Total expenses	72,953	4,719	77,672

Income from operations	$ 28,763	$ 1,813	$ 30,576

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

(2) The cash advance segment is composed of three channels a multi-unit storefront channel, an online, internet based lending channel, and a card services channel. The following table summarizes the results from each channel s contributions to the cash advance segment for the three months ended March 31, 2010 and 2009:

Three Months Ended March 31, 2010	Storefront	Internet Lending	Card Services	Total Cash Advance
Revenue				
Finance and service charges	$ 350	$	$	$ 350
Proceeds from disposition of merchandise	4,343			4,343
Cash advance fees	20,522	73,925	6,973	101,420
Check cashing fees, royalties and other	2,300	313	3	2,616
Total revenue	27,515	74,238	6,976	108,729
Cost of revenue disposed merchandise	2,610			2,610
Net revenue	24,905	74,238	6,976	106,119
Expenses				
Operations	14,710	18,712	825	34,247
Cash advance loss provision	1,959	28,684	2,223	32,866
Administration	2,156	11,073	181	13,410
Depreciation and amortization	1,323	1,827	204	3,354
Total expenses	20,148	60,296	3,433	83,877

Income from operations	$ 4,757	$ 13,942	$ 3,543	$ 22,242

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

Three Months Ended March 31, 2009	Storefront	Internet Lending	Card Services	Total Cash Advance
Revenue				
Finance and service charges	$ 5	$	$	$ 5
Proceeds from disposition of merchandise	1,758			1,758
Cash advance fees	19,134	51,756	1,840	72,730
Check cashing fees, royalties and other	2,887	208	2	3,097
Total revenue	23,784	51,964	1,842	77,590
Cost of revenue disposed merchandise	1,173			1,173
Net revenue	22,611	51,964	1,842	76,417
Expenses				
Operations	15,368	11,292	931	27,591
Cash advance loss provision	2,662	20,152	738	23,552
Administration	2,119	7,266	97	9,482
Depreciation and amortization	1,435	1,610	116	3,161
Total expenses	21,584	40,320	1,882	63,786
Income from operations	$ 1,027	$ 11,644	$ (40)	$ 12,631

The Company s cash advance segment is composed of (a) domestic operations, consisting of cash advance storefront locations and internet lending operations, and (b) foreign operations, consisting of internet lending operations in the United Kingdom, Australia and Canada. The following table summarizes the results from each component s contributions to the Internet Lending channel for the three months ended March 31, 2010 and 2009:

	Domestic	Foreign	Total Cash Advance Segment
Three Months Ended March 31, 2010			
Revenue			
Finance and service charges	$ 350	$	$ 350
Proceeds from disposition of merchandise	4,343		4,343
Cash advance fees	83,156	18,264	101,420
Check cashing fees, royalties and other	2,616		2,616
Total revenue	90,465	18,264	108,729
Cost of revenue disposed merchandise	2,610		2,610
Net revenue	87,855	18,264	106,119
Expenses			
Operations	28,348	5,899	34,247

Cash advance loss provision	25,372	7,494	32,866
Administration	10,163	3,247	13,410
Depreciation and amortization	3,295	59	3,354
Total expenses	67,178	16,699	83,877
Income from operations	$ 20,677	$ 1,565	$ 22,242

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

	Domestic	Foreign	Total Cash Advance Segment
Three Months Ended March 31, 2009			
Revenue			
Finance and service charges	$ 5	$	$ 5
Proceeds from disposition of merchandise	1,758		1,758
Cash advance fees	66,974	5,756	72,730
Check cashing fees, royalties and other	3,097		3,097
Total revenue	71,834	5,756	77,590
Cost of revenue disposed merchandise	1,173		1,173
Net revenue	70,661	5,756	76,41