

CASH AMERICA INTERNATIONAL INC

Form 10-Q

October 21, 2010

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

(Mark One)

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

For the quarterly period ended September 30, 2010

OR

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

For the transition period from _____ to _____

Commission File Number 1-9733

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
Incorporation or organization)

75-2018239
(I.R.S. Employer
Identification No.)

1600 West 7th Street
Fort Worth, Texas
(Address of principal executive offices)

76102
(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 No

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 No

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 smaller reporting company in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(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 No

APPLICABLE ONLY TO CORPORATE ISSUERS:

29,574,690 of the Registrant's common shares, \$.10 par value, were issued and outstanding as of October 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 used by 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 online channel by the Company's online loan customers,

the actions of third parties who provide, acquire or offer products and services to, from or for the Company,

fluctuations in the price of gold,

changes in competition,

the ability of the Company to open new locations 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)
(Unaudited)

	September 30, 2010	September 30, 2009	December 31, 2009
Assets			
Current assets:			
Cash and cash equivalents	\$ 52,427	\$ 28,532	\$ 46,004
Pawn loans	196,278	190,478	188,312
Consumer loans, net	129,480	93,472	108,789
Merchandise held for disposition, net	120,244	116,890	113,824
Pawn loan fees and service charges receivable	37,593	36,228	36,544
Prepaid expenses and other assets	48,066	21,155	32,129
Deferred tax assets	28,872	23,894	21,536
Total current assets	612,960	510,649	547,138
Property and equipment, net	203,409	188,363	193,737
Goodwill	515,345	493,384	493,492
Intangible assets, net	24,939	28,787	27,793
Other assets	6,897	7,829	7,495
Total assets	\$ 1,363,550	\$ 1,229,012	\$ 1,269,655
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued expenses	\$ 94,543	\$ 73,804	\$ 87,368
Accrued supplemental acquisition payment			2,291
Customer deposits	9,619	9,547	8,837
Income taxes currently payable	8,746	5,258	8,699
Current portion of long-term debt	25,493	17,512	25,493
Total current liabilities	138,401	106,121	132,688
Deferred tax liabilities	50,156	40,103	42,590
Noncurrent income tax payable	2,275	4,051	2,009
Other liabilities	9,005	3,929	5,479
Long-term debt	405,233	429,096	403,690
Total liabilities	\$ 605,070	\$ 583,300	\$ 586,456
Equity:			
Cash America International, Inc. equity:	3,024	3,024	3,024

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Common stock, \$0.10 par value per share, 80,000,000 shares authorized, 30,235,164 shares issued			
Additional paid-in capital	165,473	166,278	166,761
Retained earnings	610,545	500,150	532,805
Accumulated other comprehensive income (loss)	6,433	(1,607)	1,181
Treasury shares, at cost (1,060,326 shares, 965,371 shares and 933,082 shares at September 30, 2010 and 2009, and at December 31, 2009, respectively)	(33,097)	(27,759)	(26,836)
Total Cash America International, Inc. stockholders equity	752,378	640,086	676,935
Noncontrolling interest	6,102	5,626	6,264
Total equity	758,480	645,712	683,199
Total liabilities and equity	\$ 1,363,550	\$ 1,229,012	\$ 1,269,655

See notes to consolidated financial statements.

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

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Revenue				
Pawn loan fees and service charges	\$ 63,968	\$ 59,920	\$ 181,756	\$ 167,159
Proceeds from disposition of merchandise	116,998	114,786	372,731	354,719
Consumer loan fees	134,869	98,209	359,176	263,119
Other	3,525	3,209	10,840	11,599
Total Revenue	319,360	276,124	924,503	796,596
Cost of Revenue				
Disposed merchandise	73,796	75,542	234,158	229,578
Net Revenue	245,564	200,582	690,345	567,018
Expenses				
Operations	105,809	89,368	304,259	261,284
Consumer loan loss provision	51,136	37,690	129,963	91,642
Administration	27,838	21,875	78,832	66,031
Depreciation and amortization	10,422	10,219	31,355	30,953
Total Expenses	195,205	159,152	544,409	449,910
Income from Operations	50,359	41,430	145,936	117,108
Interest expense	(5,647)	(5,436)	(16,510)	(15,591)
Interest income	161	7	320	26
Foreign currency transaction gain (loss)	74	(150)	(100)	(19)
Equity in loss of unconsolidated subsidiary	(61)		(61)	
Income before Income Taxes	44,886	35,851	129,585	101,524
Provision for income taxes	17,408	13,103	49,145	37,732
Net Income	27,478	22,748	80,440	63,792
Net loss (income) attributable to the noncontrolling interest	430	(270)	390	(797)
Net Income Attributable to Cash America International, Inc.	\$ 27,908	\$ 22,478	\$ 80,830	\$ 62,995
Earnings Per Share:				
Net Income attributable to Cash America International, Inc. common stockholders:				
Basic	\$ 0.95	\$ 0.76	\$ 2.73	\$ 2.12

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Diluted	\$ 0.90	\$ 0.73	\$ 2.56	\$ 2.06
Weighted average common shares outstanding:				
Basic	29,462	29,702	29,601	29,757
Diluted	31,038	30,698	31,598	30,524
Dividends declared per common share	\$ 0.035	\$ 0.035	\$ 0.105	\$ 0.105

See notes to consolidated financial statements.

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

(Unaudited)

	2010		September 30, 2009	
	Shares	Amounts	Shares	Amounts
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		(6,279)		(6,019)
Stock-based compensation expense		2,856		2,351
Income tax benefit from stock based compensation		2,135		517
Issuance of convertible debt				9,422
Balance at end of period		165,473		166,278
Retained earnings				
Balance at beginning of year		532,805		440,252
Net income attributable to Cash America International, Inc.		80,830		62,995
Dividends paid		(3,090)		(3,097)
Balance at end of period		610,545		500,150
Accumulated other comprehensive income				
Balance at beginning of year		1,181		(3,964)
Unrealized derivatives (loss) gain, net of tax		(114)		31
Foreign currency translation gain, net of tax		3,529		2,326
Marketable securities unrealized gain, net of tax		1,837		
Balance at end of period		6,433		(1,607)
Treasury shares, at cost				
Balance at beginning of year	(933,082)	(26,836)	(818,772)	(24,278)
Purchases of treasury shares	(409,565)	(14,503)	(392,852)	(10,543)
Shares issued under stock based plans	282,321	8,242	246,253	7,062
Balance at end of period	(1,060,326)	(33,097)	(965,371)	(27,759)
		752,378		640,086

Total Cash America International, Inc.
stockholders' equity

Noncontrolling interests

Balance at beginning of year	6,264	4,694
(Loss) income attributable to noncontrolling interests	(390)	797
Foreign currency translation gain, net of tax	228	135
Balance at end of period	6,102	5,626
Total equity	\$ 758,480	\$ 645,712

See notes to consolidated financial statements.

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

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net income	\$ 27,478	\$ 22,748	\$ 80,440	\$ 63,792
Other comprehensive gain (loss), net of tax:				
Unrealized derivatives gain (loss) ⁽¹⁾	4	(30)	(114)	31
Foreign currency translation gain (loss) ⁽²⁾	4,464	(2,318)	3,757	2,461
Marketable securities unrealized gain ⁽³⁾	344		1,837	
Total other comprehensive gain (loss), net of tax	4,812	(2,348)	5,480	2,492
Comprehensive income	\$ 32,290	\$ 20,400	\$ 85,920	\$ 66,284
Net loss (income) income attributable to the noncontrolling interest	430	(270)	390	(797)
Foreign currency translation (gain) loss, net of tax, attributable to the noncontrolling interest	(164)	133	(228)	(135)
Comprehensive loss (income) attributable to the noncontrolling interest	266	(137)	162	(932)
Comprehensive Income attributable to Cash America International, Inc.	\$ 32,556	\$ 20,263	\$ 86,082	\$ 65,352

(1) Net of tax(provision)/benefit of \$(2) and \$24 for the three months ended September 30, 2010 and 2009 respectively, and \$61 and \$(9) for the nine months ended September 30, 2010 and 2009.

(2) Net of tax (provision)/benefit of \$(607) and \$89 for the three months ended September 30, 2010 and 2009 respectively, and \$(51) and \$(153)

for the nine months
ended September 30,
2010 and 2009.

- (3) Net of tax provision
of \$186 and \$990 for
the three and nine
months ended
September 30, 2010.

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS***(in thousands)*

(Unaudited)

	Nine Months Ended September 30,	
	2010	2009
Cash Flows from Operating Activities		
Net Income	\$ 80,440	\$ 63,792
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,355	30,953
Amortization of discount on convertible debt	2,485	1,155
Consumer loan loss provision	129,963	91,642
Stock-based compensation	2,856	2,351
Deferred income taxes, net	(651)	6,146
Other	257	820
Changes in operating assets and liabilities		
Merchandise held for disposition	(33,726)	(12,530)
Pawn loan fees and service charges receivable	(873)	(3,110)
Finance and service charges on consumer loans	(3,392)	(1,628)
Prepaid expenses and other assets	(6,918)	(7,103)
Accounts payable and accrued expenses	10,657	(3,787)
Excess income tax benefit from stock-based compensation	(2,135)	(517)
Current income taxes	2,272	8,381
Other operating assets and liabilities	960	1,640
Net cash provided by operating activities	213,550	178,205
Cash Flows from Investing Activities		
Pawn loans made	(468,609)	(459,391)
Pawn loans repaid	289,487	262,448
Principal recovered through dispositions of forfeited pawn loans	199,999	180,833
Consumer loans made or purchased	(1,204,255)	(882,408)
Consumer loans repaid	1,056,838	783,453
Acquisitions, net of cash acquired	(23,012)	(42,481)
Purchases of property and equipment	(37,466)	(29,418)
Investments in marketable securities	(5,652)	
Other investing activities	(120)	517
Net cash used in investing activities	(192,790)	(186,447)
Cash Flows from Financing Activities		
Net repayments under bank lines of credit	(16,304)	(74,622)
Issuance of long-term debt	25,000	115,000
Net proceeds from re-issuance of treasury shares	1,963	1,043
Loan costs paid	(290)	(3,943)
Payments on notes payable and other obligations	(9,121)	(18,500)
Excess income tax benefit from stock-based compensation	2,135	517

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Treasury shares purchased	(14,503)	(10,543)
Dividends paid	(3,090)	(3,097)
Net cash (used in) provided by financing activities	(14,210)	5,855
Effect of exchange rates on cash	(127)	914
Net increase (decrease) in cash and cash equivalents	6,423	(1,473)
Cash and cash equivalents at beginning of year	46,004	30,005
Cash and cash equivalents at end of period	\$ 52,427	28,532
Supplemental Disclosures		
Non-cash investing and financing activities		
Pawn loans forfeited and transferred to merchandise held for disposition	\$ 172,422	\$ 175,700
Pawn loans renewed	\$ 89,391	\$ 81,510
Consumer loans renewed	\$ 298,734	\$ 246,996

See notes to consolidated financial statements.

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

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 September 30, 2010 and 2009 and for the three- and nine-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- and nine-month periods are not necessarily indicative of the results that may be expected for the full fiscal year.

As more fully described in Note 6, in the second quarter of 2010 the Company realigned its operating segments. Certain amounts in the consolidated financial statements for the three and nine months ended September 30, 2009 have been reclassified to conform to the presentation format adopted in the second quarter of 2010. These reclassifications have no impact on consolidated results 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*, 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 of Huminal 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 period.

Revenue Recognition

Pawn Lending - Pawn loans are short term loans made on the pledge of tangible personal property. Pawn loan fees and service charges revenue are accrued ratably over the term of the loan (generally 30 days) for the portion of those pawn loans deemed collectible. 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

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

characteristics of its outstanding pawn loan portfolio and assess the collectability of the principal balance in addition to pawn loan fees and service charges.

For loans that are not redeemed, the carrying value of the underlying collateral is stated at the lower of cost or market. With respect to the Company's domestic pawn operations, collateral underlying unredeemed pawn loans is reflected in Merchandise held for disposition on the Company's consolidated balance sheet. With respect to the Company's foreign pawn operations, collateral underlying unredeemed pawn loans is not owned by the Company and is held in Prepaid expenses and other assets until sold. Revenue is recognized at the time the collateral is sold. If the proceeds exceed the outstanding loan balance, the Company recognizes as revenue the accrued pawn loan fees and service charges, as well as other fees and expenses incurred in relation to the non-payment and sale of the loan collateral on behalf of the customer. If the proceeds from the disposition of the collateral are less than the outstanding loan balance, a loss is recorded for the difference at the time the collateral 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.

Consumer Loans - The Company offers short-term unsecured loan products referred to as consumer loans (formerly referred to as cash advances) and arranges for customers to obtain consumer loans from independent third-party lenders through many of its retail services locations and over the internet. Consumer loan fees include revenue from the loan portfolio owned by the Company and fees paid to the Company for arranging or processing loans from independent third-party lenders for customers through the CSO program (as defined below) and through the Company's micro line of credit (or MLOC) services channel (formerly referred to as the Company's card services business). Consumer loan fees also include fees generated from the Company's MLOC services channel and revenues from a longer-term installment loan product offered by the Company that typically has an average term of four to 24 months. Although consumer loan 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 MLOC product, the transactions are referred to throughout this discussion as consumer loans for convenience.

Consumer loans 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 consumer loan 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 consumer loans on a constant yield basis ratably over the term of the loan.

The Company provides a consumer loan 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 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). CSO fees are deferred and amortized over the term of the loan and recorded as Consumer loan 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 September 30, 2010, \$222.5 million of combined gross consumer loans were outstanding, including \$47.4 million of active consumer loans owned by third-party lenders that were guaranteed by the Company.

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

In connection with the Company's MLOC services channel, the Company provides loan processing services for a third-party bank issued MLOC 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 MLOC services channel as consumer loan fees recognized ratably over the loan period.

Allowance for Losses on Consumer Loans

See Note 3 for a discussion of the Company's allowance for losses on consumer loans.

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 realigned its reportable segments in the second quarter of 2010. The Company completed its June 2010 test both before and after the realignment of its reportable segments and determined that there was no evidence of impairment of goodwill or other indefinite lived intangible assets. As a result, the Company allocated a portion of the goodwill relating to its previously reported cash advance segment to the retail services segment based on the relative fair values of those reporting units. See Note 6.

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 (Unaudited) (Continued)

Recent Accounting Pronouncements

In July 2010, the FASB issued Accounting Standards Update (ASU) 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (ASU 2010-20). ASU 2010-20 will expand the existing disclosure requirements surrounding the Company's pawn and consumer loans and the allowance for loan losses. The objectives of the enhanced disclosures are to provide information that will enable readers of financial statements to understand the nature of credit risk in these loans and how that risk is analyzed in determining the related allowance for loan losses. The new disclosures are required for interim and annual reporting periods ending on or after December 15, 2010. The Company does not anticipate the adoption of ASU 2010-20 will have a material effect on its financial position or results of operations.

In January 2010, FASB issued ASU 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 requires (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, and the adoption did not have a material effect on the Company's financial position or results of operations.

In December 2009, FASB issued ASU 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 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 storefront operations for the pawn business in the United States and Latin America, 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 Prenda Fácil's business as specifically defined in the Stock Purchase Agreement (generally Prenda Fácil'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. Any earned supplemental payment is expected to be paid in cash on or before August 15, 2011 and will be accounted for as goodwill. As of September 30, 2010, no supplemental payment has been accrued with respect to the June 30, 2011 determination date. The Company paid post-closing acquisition costs of \$0.3 million, resulting in a total of \$82.9 million paid in cash for

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

the acquisition, net of cash acquired. As further described in Note 6, the activities of Prenda Fácil are included in the results of the Company's retail services segment.

Primary Innovations, LLC

Pursuant to its business strategy of expanding its product offerings and offering new credit alternatives, 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. (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 MLOC 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. Through the end of the current period, the Company has made supplemental payments of approximately \$23.8 million. The amount of the February 2010 and August 2010 payments and each subsequent supplemental payment were and will be based on a multiple of 3.5 times the earnings attributable to Primary Innovations' business, as defined in the Asset Purchase Agreement, for the twelve-month period ending on the scheduled supplemental payment measurement date, reduced by amounts previously paid. As of September 30, 2010, no additional supplemental payment has been accrued for the December 31, 2010 measurement date based on the amounts previously paid in connection with the initial purchase price and the previous supplemental payments. All of the supplemental payments associated with the earn-out will be accounted for as goodwill and will be payable in cash. The remaining supplemental payments will be calculated as described above based on measurement dates (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. As further described in Note 6, the activities of Primary Innovations are included in the results of the Company's e-commerce segment.

Other

During the first quarter of 2010, the Company acquired three domestic retail services locations for approximately \$1.9 million.

See Note 10 for a description of the Company's acquisition of substantially all of the assets of Maxit Financial, LLC (Maxit) in October 2010.

3. Allowances and Accruals for Losses on Consumer Loans

In order to manage the portfolio of consumer loans 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 consumer loans (including fees and interest) at a level estimated to be adequate to absorb credit losses inherent in the portfolio. The portfolio includes balances outstanding from all consumer loans, including short-term single payment loans, participation interests in receivables acquired through the MLOC services channel, and multi-payment installment loans. In addition, the Company maintains an accrual for losses related to loans guaranteed under CSO programs. The allowance for losses on Company-owned consumer loans offsets the outstanding loan amounts in the consolidated balance sheets. See Note 1 for a discussion of the Company's consumer loan products.

The Company stratifies the outstanding combined consumer loan portfolio by age, delinquency, and stage

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of collection when assessing the adequacy of the allowance or accrual 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 recorded as a consumer loan loss provision expense in the consolidated statements of income. The Company charges off all consumer loans once they have been in default for 60 consecutive 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 consumer loans was \$45.6 million, \$24.7 million, and \$27.4 million at September 30, 2010 and 2009, and December 31, 2009, respectively. The accrual for losses on consumer loan guaranty obligations was \$2.8 million at both September 30, 2010 and 2009, and \$2.9 million at December 31, 2009, and is included in Accounts payable and accrued liabilities on the Company's consolidated balance sheet.

The components of Company-owned consumer loans and receivables at September 30, 2010 and 2009, and December 31, 2009 were as follows (in thousands):

	2010	Balance at September 30, 2009	December 31, 2009
Consumer loans and fees receivable	\$129,532	\$ 96,766	\$107,765
Loans purchased under guarantees	24,338	14,946	16,821
Loans purchased under participation agreements	21,196	6,448	11,553
Company-owned consumer loans and fees receivable, gross	175,066	118,160	136,139
Less: Allowance for losses	45,586	24,688	27,350
Consumer loans and fees receivable, net	\$129,480	\$ 93,472	\$108,789

Changes in the allowance for losses for the Company-owned portfolio and the accrued loss for third-party lender-owned portfolios during the three and nine months ended September 30, 2010 and 2009 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Allowance for losses for Company-owned consumer loans:				
Balance at beginning of period	\$ 36,723	\$ 22,163	\$ 27,350	\$ 21,495
Consumer loan loss provision	51,671	36,933	130,117	90,961
Charge-offs	(48,935)	(38,749)	(131,768)	(101,890)
Recoveries	6,127	4,341	19,887	14,122
Balance at end of period	\$ 45,586	\$ 24,688	\$ 45,586	\$ 24,688

**Accrual for third-party lender-owned
consumer loans:**

Balance at beginning of period	\$ 3,325	\$ 2,059	\$ 2,944	\$ 2,135
Increase (decrease) in loss provision	(535)	757	(154)	681
Balance at end of period	\$ 2,790	\$ 2,816	\$ 2,790	\$ 2,816

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
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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 period. 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 period. 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 and nine months ended September 30, 2010 and 2009 (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Numerator:				
Net income attributable to Cash America International, Inc.	\$27,908	\$22,478	\$80,830	\$62,995
Denominator:				
Total weighted average basic shares ^(a)	29,462	29,702	29,601	29,757
Shares applicable to outstanding option award agreements	133	283	144	263
Shares applicable to unvested restricted stock unit award agreements	408	444	407	437
Convertible debt ^(b)	1,035	269	1,446	67
Total weighted average diluted shares	31,038	30,698	31,598	30,524
Net income basic	\$ 0.95	\$ 0.76	\$ 2.73	\$ 2.12
Net income diluted	\$ 0.90	\$ 0.73	\$ 2.56	\$ 2.06

(a) Included in Total weighted average basic shares are vested restricted stock units of 196 and 248, as well as shares in the Company's non-qualified savings plan of 34 and 42 for the three months ended

September 30, 2010 and 2009, respectively, and vested restricted stock units of 190 and 258, as well as shares in the Company's non-qualified savings plan of 33 and 46 for the nine months ended September 30, 2010 and 2009, respectively.

- (b) 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. See Note 5 for a discussion of the 2009 Convertible Notes due 2029.

There were no anti-dilutive shares for the three and nine months ended September 30, 2010 and 2009.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

5. Long-Term Debt

The Company's long-term debt instruments and balances outstanding at September 30, 2010 and 2009, and December 31, 2009 were as follows (in thousands):

	2010	Balance at September 30, 2009	December 31, 2009
USD line of credit up to \$300,000 due 2012	\$173,358	\$199,325	\$189,663
GBP line of credit up to £7,500 due 2009		8,392	
6.21% senior unsecured notes due 2021	25,000	25,000	25,000
6.09% senior unsecured notes due 2016	35,000	35,000	35,000
6.12% senior unsecured notes due 2012	40,000	40,000	40,000
7.26% senior unsecured notes due 2017	25,000		
Variable rate senior unsecured note due 2012	28,880	38,000	38,000
5.25% convertible senior unsecured notes due 2029	103,488	100,891	101,520
Total debt	\$430,726	\$446,608	\$429,183
Less current portion	25,493	17,512	25,493
Total long-term debt	\$405,233	\$429,096	\$403,690

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% (1.125% at September 30, 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% (0.25% at September 30, 2010) based on the Company's cash flow leverage ratios. The weighted average interest rate (including margin) on the USD Line of Credit at September 30, 2010 and 2009 and December 31, 2009 was 1.46%, 1.92% and 1.91% respectively.

At September 30, 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. However, pursuant to the credit agreement, the Company routinely refinances these borrowings within this 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 \$26.9 million at September 30, 2010, which are considered usage under the Company's USD Line of Credit for purposes of determining available borrowings under that line of credit, but are excluded from the long-term debt balance in the consolidated balance sheet.

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 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 September 30, 2010 was 3.81% and was 3.75% at both September 30, and December 31, 2009.

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). The 2009 Convertible Notes

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are senior unsecured obligations of the Company. 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. 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 with respect to the remainder, if any, of the conversion value in excess of the principal amount. 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.

As of September 30, 2010, the principal amount of the 2009 Convertible Notes was \$115.0 million, the carrying amount was \$103.5 million, and the unamortized discount was \$11.5 million. As of September 30, 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. Accumulated amortization related to the 2009 Convertible Notes was \$4.4 million as of September 30, 2010. The 2009 Convertible Notes have an effective interest rate of 8.46%. The non-cash interest expense recognized in the Company's consolidated statements of income was \$0.8 million and \$2.5 million for the three and nine months ended September 30, 2010, respectively, and \$0.8 million and \$1.2 million for the three and nine months ended September 30, 2009, respectively.

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 September 30, 2010 is included in "Other assets" in the Company's consolidated balance sheets.

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.

See Note 9 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 September 30, 2010, the Company was in compliance with all covenants or other requirements set forth in its debt agreements.

6. Operating Segment Information

During the second quarter of 2010, the Company renamed its Internet Services Division as the E-Commerce Division and realigned its operating segments into two reportable segments: retail services and e-commerce. The retail services segment covers all of the operations of the Company's Retail Services Division, which is comprised of both domestic and foreign storefront locations that offer some or all of the following services: pawn lending, consumer loans, check cashing and other ancillary services such as money orders, wire transfers and pre-paid debit cards. (Most of these ancillary services are provided through third-party vendors.) The e-commerce segment covers all of the operations of the Company's E-Commerce Division, which is comprised of the Company's domestic and foreign online channel (which covers the Company's internet lending

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activities, as well as online gold buying activities and other ancillary services) and the Company's MLOC services channel. The segment realignment was in response to a number of changing factors within the Company's business. First, the Company's business strategy at retail services locations now emphasizes a broad array of products such as pawn loans, gold buying, and consumer loans in most locations, such that the previously reported delineation of pawn and consumer loan-centric locations became obsolete. Second, the Company's management performance assessment, allocation of resources, and operating decisions have migrated to a two segment structure with one Division President overseeing retail services activities and another Division President overseeing e-commerce activities. Third, the Company's e-commerce products have expanded and now include activities such as MLOC services and online gold buying. Financial information for prior years reflects the current segment structure.

The Company allocates corporate administrative expenses to each operating segment based on personnel expenses at each segment. In the e-commerce segment, certain administrative expenses are allocated between the domestic and foreign components based on the amount of loans written for each geographic location. For comparison purposes, all prior periods in the tables below reflect the current classification of administrative and operating expenses.

	Retail Services ⁽¹⁾			E-Commerce ⁽²⁾			Consolidated
	Domestic	Foreign	Total	Domestic	Foreign	Total	
Three Months Ended September 30, 2010							
Revenue							
Pawn loan fees and service charges	\$ 56,638	\$ 7,330	\$ 63,968	\$	\$	\$	\$ 63,968
Proceeds from disposition of merchandise	116,998		116,998				116,998
Consumer loan fees	29,250		29,250	77,720	27,899	105,619	134,869
Other	3,184	65	3,249	276		276	3,525
Total revenue	206,070	7,395	213,465	77,996	27,899	105,895	319,360
Cost of revenue disposed merchandise	73,796		73,796				73,796
Net revenue	132,274	7,395	139,669	77,996	27,899	105,895	245,564
Expenses							
Operations	73,515	4,078	77,593	19,707	8,509	28,216	105,809
Consumer loan loss provision	4,966		4,966	32,433	13,737	46,170	51,136
Administration	11,189	2,132	13,321	11,732	2,785	14,517	27,838
Depreciation and amortization	7,041	1,307	8,348	2,004	70	2,074	10,422
Total expenses	96,711	7,517	104,228	65,876	25,101	90,977	195,205

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Income (loss) from operations	\$ 35,563	\$ (122)	\$ 35,441	\$ 12,120	\$ 2,798	\$ 14,918	\$ 50,359
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**As of
September 30,
2010**

Total assets	\$844,756	\$121,271	\$966,027	\$343,870	\$53,653	\$397,523	\$1,363,550
Goodwill			\$305,063			\$210,282	\$ 515,345

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	Retail Services ⁽¹⁾			E-Commerce ⁽²⁾			Consolidated
	Domestic	Foreign	Total	Domestic	Foreign	Total	
Three Months Ended September 30, 2009							
Revenue							
Pawn loan fees and service charges	\$ 52,428	\$ 7,492	\$ 59,920	\$	\$	\$	\$ 59,920
Proceeds from disposition of merchandise	114,786		114,786				114,786
Consumer loan fees	31,619		31,619	54,897	11,693	66,590	98,209
Other	2,718	195	2,913	296		296	3,209
Total revenue	201,551	7,687	209,238	55,193	11,693	66,886	276,124
Cost of revenue disposed merchandise	75,542		75,542				75,542
Net revenue	126,009	7,687	133,696	55,193	11,693	66,886	200,582
Expenses							
Operations	68,833	3,131	71,964	13,119	4,285	17,404	89,368
Consumer loan loss provision	7,190		7,190	25,007	5,493	30,500	37,690
Administration	10,590	1,879	12,469	8,549	857	9,406	21,875
Depreciation and amortization	7,352	966	8,318	1,892	9	1,901	10,219
Total expenses	93,965	5,976	99,941	48,567	10,644	59,211	159,152
Income from operations	\$ 32,044	\$ 1,711	\$ 33,755	\$ 6,626	\$ 1,049	\$ 7,675	\$ 41,430
As of September 30, 2009							
Total assets	\$816,025	\$114,039	\$930,064	\$278,256	\$20,692	\$298,948	\$1,229,012
Goodwill			\$297,906			\$195,478	\$ 493,384

	Retail Services ⁽¹⁾			E-Commerce ⁽²⁾			Consolidated
	Domestic	Foreign	Total	Domestic	Foreign	Total	

**Nine Months
Ended
September 30,
2010**

Revenue							
Pawn loan fees and service charges	\$ 158,580	\$ 23,176	\$ 181,756	\$	\$	\$	\$ 181,756
Proceeds from disposition of merchandise	372,731		372,731				372,731
Consumer loan fees	83,576		83,576	207,631	67,969	275,600	359,176
Other	9,907	139	10,046	794		794	10,840
Total revenue	624,794	23,315	648,109	208,425	67,969	276,394	924,503
Cost of revenue disposed merchandise	234,158		234,158				234,158
Net revenue	390,636	23,315	413,951	208,425	67,969	276,394	690,345
Expenses							
Operations	219,568	12,486	232,054	50,120	22,085	72,205	304,259
Consumer loan loss provision	12,971		12,971	85,312	31,680	116,992	129,963
Administration	34,571	6,305	40,876	28,932	9,024	37,956	78,832
Depreciation and amortization	21,539	3,681	25,220	5,935	200	6,135	31,355
Total expenses	288,649	22,472	311,121	170,299	62,989	233,288	544,409
Income from operations	\$ 101,987	\$ 843	\$ 102,830	\$ 38,126	\$ 4,980	\$ 43,106	\$ 145,936

**As of
September 30,
2010**

Total assets	\$ 844,756	\$ 121,271	\$ 966,027	\$ 343,870	\$ 53,653	\$ 397,523	\$ 1,363,550
Goodwill			\$ 305,063			\$ 210,282	\$ 515,345

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	Retail Services ⁽¹⁾			E-Commerce ⁽²⁾			Consolidated
	Domestic	Foreign	Total	Domestic	Foreign	Total	
Nine Months Ended September 30, 2009							
Revenue							
Pawn loan fees and service charges	\$ 146,297	\$ 20,862	\$ 167,159	\$	\$	\$	\$ 167,159
Proceeds from disposition of merchandise	354,719		354,719				354,719
Consumer loan fees	85,661		85,661	152,452	25,006	177,458	263,119
Other	10,374	329	10,703	896		896	11,599
Total revenue	597,051	21,191	618,242	153,348	25,006	178,354	796,596
Cost of revenue disposed merchandise	229,578		229,578				229,578
Net revenue	367,473	21,191	388,664	153,348	25,006	178,354	567,018
Expenses							
Operations	209,792	8,669	218,461	33,449	9,374	42,823	261,284
Consumer loan loss provision	15,632		15,632	63,829	12,181	76,010	91,642
Administration	35,368	4,933	40,301	23,057	2,673	25,730	66,031
Depreciation and amortization	22,760	2,697	25,457	5,469	27	5,496	30,953
Total expenses	283,552	16,299	299,851	125,804	24,255	150,059	449,910
Income from operations	\$ 83,921	\$ 4,892	\$ 88,813	\$ 27,544	\$ 751	\$ 28,295	\$ 117,108
As of September 30, 2009							
Total assets	\$ 816,025	\$ 114,039	\$ 930,064	\$ 278,256	\$ 20,692	\$ 298,948	\$ 1,229,012
Goodwill			\$ 297,906			\$ 195,478	\$ 493,384

(1) The retail services segment is

composed of the Company's domestic and foreign storefront operations.

- (2) The e-commerce segment is composed of the Company's online channel, which has domestic and foreign operations, and the Company's MLOC services channel.

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 short-term 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 was 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 Court struck Cash America's affirmative defenses based on arbitration. The Georgia

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

Supreme Court declined to review these orders and remanded the case to the State Court of Cobb County, Georgia. On November 2, 2009, the State Court granted the plaintiff's request to certify the case as a class action, and Cash America appealed the decision to the appellate court. On October 4, 2010 the appellate court upheld the State Court's decision on class certification. Cash America is challenging the appellate court's decision on the class certification issue, and accordingly filed its notice of appeal with the Georgia Supreme Court on October 8, 2010. 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 on September 7, 2004 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 stayed consideration of this matter pending the resolution of the United States Supreme Court case, *Vaden v. Discover Bank*. In March 2009, the United States Supreme Court determined, in *Vaden v. Discover Bank*, that the federal courts were able to compel arbitration of a state court action if the underlying issues involved a federal question. Following the United States Supreme Court ruling in *Vaden v. Discover Bank*, the 11th Circuit en banc court, without ruling on the case, remanded the case to the 11th Circuit panel for further consideration in light of the decision in *Vaden*. The 11th Circuit panel requested the parties provide additional briefing following the decision in *Vaden*, which has been completed, and the parties are awaiting the court's decision. 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.

On July 26, 2008, the Pennsylvania Department of Banking issued a notice announcing a change in policy, effective February 1, 2009. The notice concluded that out-of-state lenders such as the Company were lending in Pennsylvania. Accordingly, the notice purported to subject such lenders to the licensing requirements of the Pennsylvania Consumer Discount Company Act (the CDCA), which sets the maximum permissible interest at a level well below the interest rate the Company charges on its online consumer loans. On January 8, 2009, the Company brought suit against the Pennsylvania Department of Banking in the Pennsylvania Commonwealth Court, arguing that the notice was invalid because it was adopted in violation of applicable procedural requirements and because it conflicted with the plain language of the CDCA. As a part of these proceedings, the Pennsylvania Department of Banking filed a counterclaim against the Company seeking a declaratory judgment that the Company's internet lending activities to Pennsylvania consumers are not authorized by Pennsylvania law, however, the Pennsylvania Department of Banking represented that it had no intent to pursue a retroactive financial remedy against the Company or any similarly situated lender for loans made prior to the date of the decision by the Commonwealth Court. On July 10, 2009, the Commonwealth Court issued a decision in favor of the Pennsylvania Department of Banking. On July 15, 2009, the Company filed an appeal of this decision with the Pennsylvania Supreme Court, and on October 19, 2010, the Pennsylvania Supreme Court upheld the Commonwealth Court's decision in favor of the Pennsylvania Department of Banking. As a result of the Commonwealth Court's initial decision, the Company ceased offering consumer loans in Pennsylvania in July 2009.

On March 5, 2009, Peter Alfeche filed a purported class action lawsuit in the United States District Court for the Eastern District of Pennsylvania against Cash America International, Inc., Cash America Net of Nevada, LLC (CashNet Nevada), Cash America Net of Pennsylvania, LLC and Cash America of PA, LLC, d/b/a

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

CashNetUSA.com (collectively, CashNetUSA). The lawsuit alleges, among other things, that CashNetUSA's online consumer loan lending activities in Pennsylvania were illegal and not in accordance with the Pennsylvania Loan Interest Protection Law or the licensing requirements of the CDCA. The lawsuit also seeks declaratory judgment that several of CashNetUSA's contractual provisions, including choice of law and arbitration provisions, are not authorized by Pennsylvania law. The complaint seeks unspecified compensatory damages, attorney's fees and the trebling of any compensatory damages. CashNetUSA filed a motion to enforce the arbitration provision located in the agreements governing the lending activities. The Court has not yet ruled on this motion. The Alfeche 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. CashNetUSA believes that the Plaintiffs' claims in this suit are without merit and will vigorously defend this lawsuit.

On April 21, 2009, Yulon Clerk filed a purported class action lawsuit in the Court of Common Pleas of Philadelphia County, Pennsylvania, against CashNet Nevada and several other unrelated third-party lenders. The lawsuit alleges, among other things, that the defendants' lending activities in Pennsylvania, including CashNet Nevada's online consumer loan lending activities in Pennsylvania, were illegal and in violation of various Pennsylvania laws, including the Loan Interest Protection Law, the CDCA and the Unfair Trade Practices and Consumer Protection Laws. The complaint seeks payment of potential fines, unspecified damages, attorney's fees and the trebling of certain damages. The defendants removed the case to the United States District Court for the Eastern District of Pennsylvania where the lawsuit now resides. The case was subsequently reassigned to the same judge presiding in the Alfeche litigation. On August 26, 2009, the Court severed the claims against the other defendants originally named in the litigation. CashNet Nevada filed a motion with the federal court to enforce the arbitration provision located in the agreements governing the lending activities on May 4, 2009, and the Court has not yet ruled on this motion. The Clerk 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. CashNet Nevada believes that the Plaintiffs' claims in this suit are without merit and will vigorously defend this lawsuit.

The Company is also 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. Fair Value Measurements**Recurring Fair Value Measurements**

In accordance with ASC 820-10, *Fair Value Measurements and Disclosures*, the Company's assets and liabilities, which are carried at fair value, are classified 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.

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

The Company's financial assets that are measured at fair value on a recurring basis as of September 30, 2010 and 2009 and December 31, 2009 are as follows (in thousands):

	September 30, 2010	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Financial assets:				
Interest rate contracts	\$ 4	\$	\$ 4	\$
Forward currency exchange contracts	42		42	
Nonqualified savings plan assets	6,498	6,498		
Marketable equity securities	8,480	8,480		
Total	\$ 15,024	\$ 14,978	\$ 46	\$

	September 30, 2009	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Financial assets:				
Interest rate contracts	\$ 187	\$	\$ 187	\$
Forward currency exchange contracts	(75)		(75)	
Nonqualified savings plan assets	5,067	5,067		
Total	\$ 5,179	\$ 5,067	\$ 112	\$

	December 31, 2009	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Financial assets:				
Interest rate contracts	\$ 143	\$	\$ 143	\$
Forward currency exchange contracts	(88)		(88)	
Nonqualified savings plan assets	5,159	5,159		
Total	\$ 5,214	\$ 5,159	\$ 55	\$

The Company measures the value of its interest rate contracts and forward currency exchange contracts under Level 2 inputs as defined by ASC 820-10. For its interest rate contracts the Company relies on a mark-to-market valuation based on yield curves using observable market interest rates for the interest rate contracts. For its forward currency exchange contracts, standard valuation models are used to determine fair value. The significant inputs used in these models are derived from observable market transactions. The fair value of the nonqualified savings plan assets and marketable equity securities 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 (Unaudited) (Continued)

Other Fair Value Disclosures

The carrying amounts and estimated fair values of financial instruments at September 30, 2010 and 2009 and December 31, 2009 were as follows (in thousands):

	Balance at September 30,		Balance at September 30,		Balance at December 31,	
	2010	2009	2009	2009	2009	2009
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial assets:						
Cash and cash equivalents	\$ 52,427	\$ 52,427	\$ 28,532	\$ 28,532	\$ 46,004	\$ 46,004
Pawn loans	196,278	196,278	190,478	190,478	188,312	188,312
Consumer loans, net	129,480	129,480	93,472	93,472	108,789	108,789
Financial liabilities:						
Bank lines of credit	\$173,358	\$168,687	\$207,717	\$203,250	\$189,663	\$185,623
Senior unsecured notes	153,880	154,338	138,000	142,217	138,000	133,370
2009 Convertible Notes	103,488	177,963	100,891	160,425	101,520	178,825

Cash and cash equivalents bear interest at market rates and have maturities of less than 90 days. Pawn loans have relatively short maturity periods that are generally 90 days or less. Consumer loans typically have a loan term of seven to 45 days. Since cash and cash equivalents, pawn loans and consumer loans generally have maturities of less than 90 days, their fair value approximates their carrying value. Pawn loan fee and service charge rates are determined by regulations and bear no valuation relationship to the capital markets' interest rate movements. Generally, pawn loans may only be resold to a licensed pawnbroker.

The fair values of the Company's long-term debt instruments are estimated based on market values for debt issues with similar characteristics or rates currently available for debt with similar terms. The Company's senior unsecured notes have a higher fair market value than the carrying value due to the difference in yield when compared to recent issuances of similar senior unsecured notes. The 2009 Convertible notes have a higher fair value than carrying value due to the Company's stock price as of September 30, 2010 exceeding the applicable conversion price for the 2009 Convertible Notes, thereby increasing the value of the instrument for bondholders.

9. Derivative Instruments

The Company periodically uses derivative instruments to manage risk from changes in market conditions that may affect the Company's financial performance. The Company primarily uses derivative instruments to manage its primary market risks, which are interest rate risk and foreign currency exchange rate risk.

The Company uses interest rate contracts for the purpose of managing interest rate exposure on its floating rate debt. For derivatives designated as cash flow hedges, the effective portions of changes in the estimated fair value of the derivative are reported in other comprehensive income (or OCI) and are subsequently reclassified into earnings when the hedged item affects earnings. The change in the estimated fair value of the ineffective portion of the hedge, if any, will be recorded as income or expense.

On December 27, 2007, the Company entered into an interest rate cap agreement with a notional amount of \$10.0 million to hedge the Company's outstanding floating rate line of credit for a term of 24 months at a fixed rate of 4.75%. On December 3, 2008, the Company entered into an interest rate contract with a notional amount of \$15.0 million to hedge the Company's outstanding floating rate line of credit for a term of 36 months at a fixed rate

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

of 3.25%. On March 27, 2009, the Company entered into an interest rate contract with a notional amount of \$15.0 million to hedge the Company's outstanding floating rate line of credit for a term of 36 months at a fixed rate of 3.25%. These interest rate contracts have been determined to be perfectly effective cash flow hedges, pursuant to ASC 815-20-25, *Derivatives and Hedging - Recognition* (ASC 815) at inception and on an ongoing basis.

The Company periodically uses forward currency exchange contracts and foreign debt instruments to minimize risk of foreign currency exchange rate fluctuations in the United Kingdom, Mexico and Australia. The Company's forward currency exchange contracts are non-designated derivatives. Any gain or loss resulting from these contracts is recorded as income or loss and is included in Foreign currency transaction gain (loss) in the Company's consolidated statements of income. The Company does not currently manage its exposure to risk from foreign currency exchange rate fluctuations through the use of forward currency exchange contracts in Canada. As the Company's foreign operations continue to grow, management will continue to evaluate and implement foreign exchange rate risk management strategies.

The fair values of the Company's derivative instruments at September 30, 2010 and 2009 and December 31, 2009 were as follows (in thousands):

Assets	Balance Sheet Location	September 30,		Balance at		December 31,	
		2010		September 30,		2009	
		Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivatives designated as hedges:							
Interest rate contracts	Prepaid expenses and other assets	\$30,000	\$ 4	\$40,000	\$187	\$30,000	\$143
Non-designated derivatives:							
Forward currency exchange contracts	Prepaid expenses and other assets	\$44,548	\$42	\$ 6,287	(75)	\$ 8,849	\$(88)

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

The following table presents information on the effect of derivative instruments on the consolidated results of operations and other comprehensive income for the three and nine months ended September 30, 2010 and 2009 (in thousands):

	Losses Recognized in Income		Gains (losses) Recognized in OCI		Gains (losses) Reclassified From OCI into Income	
	Three months ended September 30,		Three months ended September 30,		Three months ended September 30,	
	2010	2009	2010	2009	2010	2009
Derivatives designated as hedges:						
Interest rate contracts	\$	\$	\$ 4	\$ (30)	\$	\$
Total	\$	\$	\$ 4	\$ (30)	\$	\$
Non-designated derivatives:						
Forward currency exchange contracts (a)	\$(432)	\$(15)	\$	\$	\$	\$
Total	\$(432)	\$(15)	\$	\$	\$	\$

	Losses Recognized in Income		Gains (losses) Recognized in OCI		Gains (losses) Reclassified From OCI into Income	
	Nine months ended September 30,		Nine months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009	2010	2009
Derivatives designated as hedges:						
Interest rate contracts	\$	\$	\$ (114)	\$ 31	\$	\$
Total	\$	\$	\$ (114)	\$ 31	\$	\$
Non-designated derivatives:						
Forward currency exchange contracts (a)	\$(706)	\$(177)	\$	\$	\$	\$
Total	\$(706)	\$(177)	\$	\$	\$	\$

(a) The loss on these derivatives substantially offsets the gain on foreign intercompany balances.

10. Subsequent Events

Pursuant to its business strategy of expanding storefront operations for the pawn business in the United States, on October 4, 2010, the Company's wholly-owned subsidiary, Cash America, Inc. of Nevada, closed on the purchase of substantially all of the assets of Maxit. Maxit owned and operated a 39-store chain of pawn lending locations that operate in Washington and Arizona under the names Maxit and Pawn X-Change. At closing, the Company funded approximately \$70.0 million for substantially all of the assets of Maxit and various adjustments and items related to

the transaction per the terms of the Asset Purchase Agreement, including (a) a cash payment of \$59.3 million, which was funded with borrowings under the Company's line of credit, and (b)

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (Continued)

366,097 shares of the Company's common stock, par value \$0.10 per share, issued to Maxit. The initial accounting for the acquisition has not been finalized.

One of the components in the Company's e-commerce segment is earnings from its MLOC services channel. The MLOC services channel has most recently generated its earnings through loan processing services the Company provided for MetaBank related to the iAdvance MLOC product the bank made available on certain stored-value debit cards the bank issues, as well as from fees generated from participation interests the Company acquired in the receivables originated by the bank in connection with the iAdvance program. MetaBank has announced that it discontinued offering its iAdvance Program as of October 13, 2010. In accordance with ASC 350-20-35-30, *Intangibles - Goodwill and Other*, the Company tested goodwill at the e-commerce reporting unit for impairment following this announcement and noted no impairment.

On October 19, 2010, the Pennsylvania Supreme Court upheld the Commonwealth Court of Pennsylvania's prior decision from July 2009 against the Company and in favor of the Pennsylvania Department of Banking. As a result of the initial decision by the Commonwealth Court, the Company ceased offering consumer loans in Pennsylvania in July 2009. See Note 7.

Table of Contents**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The following discussion of results of operations, liquidity and capital resources and certain factors that may affect future results, including economic and industry-wide factors, of Cash America International, Inc. (the Company) should be read in conjunction with the Company's consolidated financial statements and accompanying notes included under Part I, Item I of this Quarterly Report on Form 10-Q, as well as with Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K for the calendar year ended December 31, 2009.

General

The Company provides specialty financial services to individuals through retail services locations and through electronic distribution platforms known as e-commerce activities. These services include secured non-recourse loans, commonly referred to as pawn loans, consumer loans (formerly referred to as cash advances), which includes short-term single-payment loans, installment loans, credit services and services rendered in connection with the Company's micro line of credit (or MLOC) services channel (formerly referred to as the Company's card services business), check cashing services and other miscellaneous consumer financial services. Pawn loan fees and service charges revenue are generated from the Company's pawn loan portfolio. A related activity of the pawn lending operations is the disposition of collateral from unredeemed pawn loans and the liquidation of a smaller volume of merchandise purchased directly from third-parties or from customers. Consumer loan fees are generated from the Company's short-term loan products, from credit service fees generated from customers for arranging and guaranteeing consumer loans with independent third-party lenders through a credit services organization program (the CSO program) and by the Company's MLOC services channel through which the Company provides loan processing services for a third-party bank issued MLOC on certain stored-value debit cards and purchases a participation interest in certain MLOC receivables originated by the bank.

During the second quarter of 2010, the Company renamed its Internet Services Division as the E-Commerce Division and realigned its operating segments into two reportable segments: retail services and e-commerce. The retail services segment covers all of the operations of the Company's Retail Services Division, which is comprised of both domestic and foreign storefront locations that offer some or all of the following services: pawn lending, consumer loans, check cashing and other ancillary services such as money orders, wire transfers and pre-paid debit cards. (Most of these ancillary services are provided through third-party vendors.) The e-commerce segment covers all of the operations of the Company's E-Commerce Division, which is comprised of the Company's domestic and foreign online channel (which covers the Company's internet lending activities, as well as online gold buying activities and other ancillary services) and the Company's MLOC services channel. The segment realignment was in response to a number of changing factors within the Company's business. First, the Company's business strategy at retail services locations now emphasizes a broad array of products such as pawn loans, gold buying, and consumer loans in most locations, such that the previously reported delineation of pawn and consumer loan-centric locations became obsolete. Second, the Company's management performance assessment, allocation of resources, and operating decisions have migrated to a two segment structure with one Division President overseeing retail services activities and another Division President overseeing e-commerce activities. Third, the Company's e-commerce products have expanded and now include activities such as MLOC services and online gold buying. Financial information for prior years reflects the current segment structure.

Table of Contents**Retail Services Segment**

The following table sets forth the number of domestic and foreign locations in the Company's retail services segment offering pawn lending, consumer lending, and other services as of September 30, 2010 and 2009.

	2010		As of September 30,		2009	
	Domestic ^{(a)(b)}	Foreign ^{(c)(d)}	Total	Domestic ^(a)	Foreign ^(c)	Total
Retail services locations offering:						
Both pawn and consumer lending	569		569	549		549
Pawn lending only	77	202	279	70	157	227
Consumer lending only	89		89	132		132
Other ^(e)	125		125	126		126
Total retail services	860	202	1,062	877	157	1,034

(a) Includes locations that operate under the names Cash America Pawn, SuperPawn, Cash America Payday Advance and Cashland. As of September 30, 2010 and 2009, respectively, includes 426 and 433 locations that primarily engage in pawn lending activities (of which, nine and 15, respectively, are unconsolidated franchised pawn lending locations) and 143 and 116 locations that primarily engage in consumer loan activities.

(b) Includes locations that operate in 28 states in the United States.

(c) Includes locations that operate in central and southern Mexico under the name Prenda Fácil (referred to as Prenda Fácil), of which the Company is a majority owner.

(d) Includes locations that operate in 21 jurisdictions in Mexico.

(e) Includes check cashing locations operating in the United States under the name Mr. Payroll. This amount represents five consolidated Company-owned check cashing locations operating in one state and includes 120 unconsolidated franchised locations operating in 17 states.

E-Commerce Segment

As of September 30, 2010, the Company's e-commerce operating segment offered consumer loans over the internet to customers in:

33 states in the United States at <http://www.cashnetusa.com>,

in the United Kingdom at <http://www.quickquid.co.uk>,

in Australia at <http://www.dollarsdirect.com.au>, and

in Canada at <http://www.dollarsdirect.ca>.

The e-commerce segment also includes the Company's MLOC services channel, which processes MLOC advances on behalf of a third-party lender and had a participation interest in MLOC receivables that were outstanding in all 50 states and four other U.S. jurisdictions as of September 30, 2010.

Table of Contents**RESULTS OF OPERATIONS****Highlights**

The Company's financial results related to the three months ended September 30, 2010 (the current quarter) are summarized below.

Consolidated net revenue increased 22.4%, to \$245.6 million, for the current quarter compared to the three months ended September 30, 2009 (the prior year quarter), primarily due to increased revenue from higher average consumer loan balances in the e-commerce segment and to a lesser extent, higher average pawn loan balances and higher gross profit on the disposition of merchandise in the retail services segment.

Consolidated operations expenses, net of consumer loan loss provision, increased 18.4%, to \$105.8 million, in the current quarter compared to the prior year quarter, primarily due to increases in personnel and marketing expenses.

Income from operations increased 21.6%, to \$50.4 million, in the current quarter compared to the prior year quarter.

Net income increased 24.2%, to \$27.9 million, in the current quarter compared to the prior year quarter. Diluted net income per share was \$0.90 in the current quarter compared to \$0.73 in the prior year quarter.

Consolidated Net Revenue, Reduced by Consumer Loan Loss Provision: Consolidated net revenue, reduced by consumer loan loss provision, is composed of pawn loan fees and service charges from pawn loans plus the profit from the disposition of merchandise plus consumer loan fees, less the consumer loan loss provision plus other revenue (loss adjusted net revenue). This net figure becomes the income available to satisfy remaining operating and administrative expenses and is the measure management uses to evaluate top-line performance.

The following tables show the components of loss adjusted net revenue for the three and nine months ended September 30, 2010 and 2009 (dollars in thousands):

	Three Months Ended September 30,											
	Retail Services				E-Commerce				Consolidated			
	2010	% of Total	2009	% of Total	2010	% of Total	2009	% of Total	2010	% of Total	2009	% of Total
Pawn loan fees and service charges	\$ 63,968	47.5%	\$ 59,920	47.4%	\$	%		%	\$ 63,968	32.9%	\$ 59,920	36.0%
Proceeds from disposition of merchandise, net of cost of revenue	43,202	32.1	39,244	31.0					43,202	22.2	39,244	24.0
Pawn related	\$107,170	79.6%	\$ 99,164	78.4%	\$	%		%	\$107,170	55.1%	\$ 99,164	60.0%
Consumer loan fees	\$ 29,250	21.7%	\$ 31,619	25.0%	\$105,619	176.8%	\$66,590	183.0%	\$134,869	69.4%	\$ 98,209	60.0%
Other:	4,966	3.7	7,190	5.7	46,170	77.3	30,500	83.8	51,136	26.3	37,690	23.0
Consumer												

n loss vision												
consumer n related	\$ 24,284	18.0%	\$ 24,429	19.3%	\$ 59,449	99.5%	\$36,090	99.2%	\$ 83,733	43.1%	\$ 60,519	37.1%
er	\$ 3,249	2.4%	\$ 2,913	2.3%	\$ 276	0.5%	\$ 296	0.8%	\$ 3,525	1.8%	\$ 3,209	1.9%
s adjusted revenue	\$134,703	100.0%	\$126,506	100.0%	\$ 59,725	100.0%	\$36,386	100.0%	\$194,428	100.0%	\$162,892	100.0%

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	Nine Months Ended September 30,											
	Retail Services				E-Commerce				Consolidated			
	2010	% of Total	2009	% of Total	2010	% of Total	2009	% of Total	2010	% of Total	2009	% of Total
on loan and service charges	\$ 181,756	45.3%	\$ 167,159	44.8%	\$	%	\$	%	\$ 181,756	32.5%	\$ 167,159	35.1%
needs on disposition of merchandise, net of cost of	138,573	34.6	125,141	33.6					138,573	24.7	125,141	26.6
on related	\$ 320,329	79.9%	\$ 292,300	78.4%	\$	%	\$	%	\$ 320,329	57.2%	\$ 292,300	61.7%
consumer loan fees	\$ 83,576	20.8%	\$ 85,661	23.0%	\$ 275,600	172.9%	\$ 177,458	173.4%	\$ 359,176	64.1%	\$ 263,119	55.1%
consumer loan loss provision	12,971	3.2	15,632	4.2	116,992	73.4	76,010	74.3	129,963	23.2	91,642	19.4
consumer loan related	\$ 70,605	17.6%	\$ 70,029	18.8%	\$ 158,608	99.5%	\$ 101,448	99.1%	\$ 229,213	40.9%	\$ 171,477	36.6%
er	\$ 10,046	2.5%	\$ 10,703	2.8%	\$ 794	0.5%	\$ 896	0.9%	\$ 10,840	1.9%	\$ 11,599	2.4%
loss adjusted net revenue	\$ 400,980	100.0%	\$ 373,032	100.0%	\$ 159,402	100.0%	\$ 102,344	100.0%	\$ 560,382	100.0%	\$ 475,376	100.0%

For the current quarter, loss adjusted net revenue increased \$31.5 million, or 19.4%, to \$194.4 million from \$162.9 million for the prior year quarter. Pawn lending activities accounted for 55.1% and 60.9% of total loss adjusted net revenue for the current quarter and prior year quarter, respectively. Pawn lending activities increased \$8.0 million, to \$107.2 million during the current quarter from \$99.2 million in the prior year quarter, which accounted for 25.4% of the increase in loss adjusted net revenue. The increase in pawn-related contribution was primarily due to an increase in pawn loan fees and service charges that resulted from higher pawn loan yields on higher average pawn loan balances at the Company's domestic retail services locations and an increase in gross profit on the disposition of merchandise. Consumer loan activities increased \$23.2 million, to \$83.7 million during the current quarter from \$60.5 million in the prior year quarter, which accounted for 73.6% of the increase in loss adjusted net revenue, mainly due to an increase in consumer loan fees, net of loss provision, on more loans written from the e-commerce segment.

For the nine-month period ended September 30, 2010 (the current nine-month period), loss adjusted net revenue increased \$85.0 million, or 17.9%, to \$560.4 million from \$475.4 million for the same period in 2009 (the prior year nine-month period). Pawn lending activities accounted for 57.2% and 61.5% of total loss adjusted net revenue for the current nine-month period and the prior year nine-month period, respectively. Pawn lending activities increased \$28.0 million, to \$320.3 million during the current nine-month period from \$292.3 million in the prior year nine-month period, which accounted for 33.0% of the increase in loss adjusted net revenue. The increase in pawn-related contribution was primarily due to an increase in pawn loan fees and service charges that resulted from higher pawn loan yields on higher average pawn loan balances at the Company's domestic and foreign retail services locations and an increase in gross profit from the disposition of merchandise. Consumer loan activities increased \$57.7 million, to \$229.2 million during the current nine-month period from \$171.5 million in the prior year nine-month period, which accounted for 67.9% of the increase in loss adjusted net revenue, mainly due to an increase in consumer loan fees, net of loss provision, on more loans written from the e-commerce segment.

Table of Contents**Adjusted Earnings Per Share**

In addition to reporting financial results in accordance with Generally Accepted Accounting Principles (GAAP), the Company has provided adjusted earnings and adjusted earnings per share, which are non-GAAP measures. Management believes these measures are useful to help investors better understand the Company s financial performance, competitive position and prospects for the future. These non-GAAP measures are used by management in evaluating the Company s results of operations. The following table provides reconciliation between net income attributable to the Company and diluted earnings per share calculated in accordance with GAAP to adjusted earnings and adjusted earnings per share, respectively (dollars in thousands except per share data):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2010		2009		2010		2009	
	\$	Per Share	\$	Per Share	\$	Per Share	\$	Per Share
Net income attributable to Cash America International, Inc.	\$27,908	\$0.90	\$22,478	\$0.73	\$80,830	\$2.56	\$62,995	\$2.06
Adjustments:								
Intangible asset amortization, net of tax	643	0.02	955	0.03	2,060	0.07	2,943	0.10
Non-cash equity-based compensation, net of tax	594	0.02	489	0.02	1,774	0.06	1,476	0.05
Convertible debt non-cash interest and issuance cost amortization, net of tax	515	0.01	501	0.02	1,543	0.04	725	0.02
Foreign exchange loss (gain), net of tax	(45)		95		62		12	
Adjusted earnings	\$29,615	\$0.95	\$24,518	\$0.80	\$86,269	\$2.73	\$68,151	\$2.23

Table of Contents**Quarter Ended September 30, 2010 Compared To Quarter Ended September 30, 2009**

Pawn Lending Activities: Pawn lending activities consist of pawn loan fees and service charges on pawn loans from the retail services segment during the period and the profit on disposition of collateral from unredeemed pawn loans, as well as the sale of merchandise acquired from customers directly or from third-parties. Routinely, the largest component of net revenue from pawn lending activities is the pawn loan fees and service charges from pawn loans, which are impacted by the trend in pawn loan balances and the yield on pawn loans during the period.

The following table sets forth selected data related to the Company's pawn lending activities as of and for the three months ended September 30, 2010 and 2009 (dollars in thousands except where otherwise noted):

	Three Months Ended September 30,					
	2010		Total	2009		Total
	Domestic	Foreign		Domestic	Foreign	
Pawn loan fees and service charges	\$ 56,638	\$ 7,330	\$ 63,968	\$ 52,428	\$ 7,492	\$ 59,920
Average pawn loan balance outstanding	\$170,703	\$21,013	\$191,716	\$163,412	\$21,140	\$184,552
Amount of pawn loans written and renewed	\$181,665	\$20,418	\$202,083	\$171,480	\$29,633	\$201,113
Annualized yield on pawn loans	131.6%	138.4%	132.4%	127.3%	141.0%	128.9%
Gross profit margin on disposition of merchandise	36.9%	(1)	36.9%	34.2%	(1)	34.2%
Merchandise turnover	2.6	(1)	2.6	2.7	(1)	2.7
	As of September 30,					
	2010		Total	2009		Total
	Domestic	Foreign		Domestic	Foreign	
Ending pawn loan balances	\$175,880	\$20,398	\$196,278	\$168,049	\$22,429	\$190,478
Ending merchandise balance, net	\$120,244	\$ (1)	\$120,244	\$116,890	\$ (1)	\$116,890

(1) With respect to the Company's foreign pawn operations, collateral underlying unredeemed pawn loans is not owned by the Company; therefore, proceeds from disposition are recorded as pawn loan fees and service charges in the Company's consolidated statements of operations.

Pawn loan fees and service charges. Pawn loan balances in domestic and foreign locations at September 30, 2010 were \$196.3 million, which was \$5.8 million, or 3.0%, higher than at September 30, 2009. The average balance of pawn loans outstanding during the current quarter increased by \$7.2 million, or 3.9%, compared to the prior year quarter, primarily due to seasonal growth in the domestic retail services segment. The Company typically experiences a seasonal increase in pawn loan balances during the second and third quarter of each year after the heavy pawn loan repayments from customer tax refund proceeds reduce pawn loan balances during the first quarter of each year.

Pawn loan fees and service charges from pawn loans increased \$4.1 million, or 6.8%, to \$64.0 million in the current quarter, from \$59.9 million in the prior year quarter. The increase is mainly due to higher average pawn loan balances during the current quarter, which contributed \$2.4 million of the increase, and an increase in annualized yield on pawn loans, which increased pawn loan fees and service charges by \$1.7 million during the current quarter.

Annualized pawn loan yield was 132.4% in the current quarter, compared to 128.9% in the prior year quarter. The higher annualized yield is primarily a function of improved year-over-year performance of the pawn loan portfolio, as cash payments of fees and service charges on pawn loans were higher. During the current quarter, the Company experienced higher loan redemption rates, which contributed to the favorable yield comparison.

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Proceeds from disposition of merchandise. Profit from the disposition of merchandise represents the proceeds received from the disposition of merchandise in excess of the cost of disposed merchandise. Retail sales include the sale of jewelry and general merchandise direct to consumers through any of the Company's retail services locations or over the internet. Commercial sales include the sale of refined gold, platinum and diamonds to brokers or manufacturers. The following table summarizes the proceeds from the disposition of merchandise and the related profit for the current quarter as compared to the prior year quarter (dollars in thousands):

	Three Months Ended September 30,					
	2010			2009		
	Retail	Commercial	Total	Retail	Commercial	Total
Proceeds from disposition	\$64,578	\$52,420	\$116,998	\$60,036	\$54,750	\$114,786
Gross profit on disposition	\$26,203	\$16,999	\$43,202	\$23,670	\$15,574	\$39,244
Gross profit margin	40.6%	32.4%	36.9%	39.4%	28.4%	34.2%
Percentage of total gross profit	60.7%	39.3%	100.0%	60.3%	39.7%	100.0%

The total proceeds from disposition of merchandise increased \$2.2 million, or 1.9%, in the current quarter compared to the prior year quarter, and the total profit from the disposition of merchandise increased \$4.0 million, or 10.1%, during the current quarter compared to the prior year quarter. The overall profit margin percentage increased to 36.9% in the current quarter from 34.2% in the prior year quarter, mainly due to a higher profit margin on both retail and commercial sales and a slightly higher mix of retail sales. The consolidated merchandise turnover rate in the Company's retail services locations decreased slightly to 2.6 times during the current quarter from 2.7 times during the prior year quarter.

Proceeds from the disposition of merchandise in retail services locations increased \$4.5 million, or 7.6%, during the current quarter compared to the prior year quarter. In addition, the profit margin on the disposition of merchandise increased slightly to 40.6% in the current quarter from 39.4% in the prior year quarter.

Proceeds from commercial dispositions decreased \$2.3 million, or 4.3%, during the current quarter compared to the prior year quarter, primarily due to lower refined gold sales volume as a result of lower forfeiture rates on the Company's pawn loan portfolio. The profit margin on commercial sales increased to 32.4% in the current quarter from 28.4% in the prior year quarter, due to higher average market prices for gold and diamonds.

Management expects that the profit margin on the disposition of merchandise will likely remain similar to current levels, predominantly due to the prevailing market price for gold and increased consumer demand for value-priced pre-owned general merchandise.

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The table below summarizes the age of merchandise held for disposition related to the Company's domestic pawn operations before valuation allowance of \$0.7 million as of both September 30, 2010 and 2009 (dollars in thousands).

	Balance at September 30,			
	2010		2009	
	Amount	%	Amount	%
Merchandise held for one year or less				
Jewelry	\$ 77,729	64.3%	\$ 73,108	62.2%
Other merchandise	37,215	30.7	36,014	30.6
Total merchandise held for one year or less	114,944	95.0	109,122	92.8
Merchandise held for more than one year				
Jewelry	3,033	2.5	5,207	4.4
Other merchandise	2,967	2.5	3,261	2.8
Total merchandise held for more than one year	6,000	5.0	8,468	7.2
Total merchandise held for disposition	\$120,944	100.0%	\$117,590	100.0%

Consumer Loan Activities: Consumer loan activities include consumer loan fees, which are partially offset by the provision for consumer loan losses from the Company's retail services and e-commerce segments. The contribution to earnings from these activities is impacted by the volume of loans written and the magnitude of the loan loss provision, which offsets a portion of this revenue. Consumer loan fees include fees from loans funded by the Company and fees paid to the Company for arranging, guaranteeing and processing loans from independent third-party lenders through the CSO program as well as fees from participation interests in certain MLOC receivables originated by a third-party lender and acquired by the Company through its MLOC services channel.

One of the components in the Company's e-commerce segment is earnings from its MLOC services channel. The MLOC services channel has most recently generated its earnings through loan processing services the Company provided for MetaBank related to the iAdvance MLOC product the bank made available on certain stored-value debit cards the bank issues, as well as from fees generated from participation interests the Company acquired in the receivables originated by the bank in connection with the iAdvance program. MetaBank has announced that it discontinued offering its iAdvance program as of October 13, 2010. In accordance with ASC 350-20-35-30, *Intangibles - Goodwill and Other*, the Company tested goodwill at the e-commerce reporting unit for impairment following this announcement and noted no impairment. The Company intends to develop new opportunities to offer its MLOC services to other parties; however, revenue related to processing, and participating in, MetaBank's iAdvance receivables will decrease significantly during the fourth quarter of 2010 when compared to the trends during the first three quarters of 2010 due to the wind down of the iAdvance receivables portfolio. The Company's earnings in its MLOC services program are not material to the Company's consolidated revenues or operations and the Company does not expect MetaBank's decision to have a material effect on its fourth quarter of 2010.

Consumer loan fees and consumer loan loss provision. Consumer loan fees increased \$36.7 million, or 37.3%, to \$134.9 million in the current quarter as compared to \$98.2 million in the prior year quarter. The increase in consumer loan fees is primarily due to growth in the e-commerce segment from internet lending in the United States and the United Kingdom, and to a lesser extent, the Australian and Canadian markets. In addition, consumer loan fees from the MLOC services channel increased during the current quarter, mainly due to an increase in the demand for the third-party lender's MLOC products. These increases offset the loss of revenue from certain domestic markets in which the Company either no longer offers consumer loans or has reduced its offering. See *Regulatory Developments* for further discussion of regulatory changes affecting the Company's consumer loan business.

The consumer loan loss provision increased by \$13.4 million, to \$51.1 million in the current quarter, from \$37.7 million in the prior year quarter, primarily due to higher consumer loan balances in the current quarter compared to the prior year quarter. The loss provision as a percentage of consumer loan fees decreased to 37.9% in the current quarter

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from 38.4% in the prior year quarter, primarily due to an improvement in charge-offs as a percentage of loans written for the current quarter, which decreased to 5.2% compared to 5.6% in the prior year quarter.

The following table sets forth consumer loan fees by channel and segment adjusted for the deduction of the loan loss provision for the current quarter and the prior year quarter (dollars in thousands):

	Three Months Ended September 30,									
	2010			2009						
	Retail Services Segment	Internet Lending	MLOC	Total E-Commerce Segment	Total Company	Retail Services Segment	Internet Lending	MLOC	Total E-Commerce Segment	Total Company
Consumer Loan Fees	\$29,250	\$95,447	\$10,172	\$105,619	\$134,869	\$31,619	\$63,751	\$2,839	\$66,590	\$98,429
Loss Provision	4,966	41,975	4,195	46,170	51,136	7,190	29,394	1,106	30,500	37,690
Adjusted Consumer Fees	\$24,284	\$53,472	\$ 5,977	\$ 59,449	\$ 83,733	\$24,429	\$34,357	\$1,733	\$36,090	\$60,739
Over year change	\$ \$ (145)	\$19,115	\$ 4,244	\$ 23,359	\$ 23,214	\$ (1,878)	\$ 5,812	\$1,234	\$ 7,046	\$ 5,045
Over year change	% (0.6)%	55.6%	244.9%	64.7%	38.4%	(7.1)%	20.4%	247.3%	24.3%	8.3%

Combined consumer loan balances. In addition to reporting financial results in accordance with GAAP, the Company has provided combined consumer loans and combined consumer loans written, which are non-GAAP measures. Combined consumer loans and combined consumer loans written include (i) consumer loans written by the Company, which are GAAP measures, (ii) consumer loans written by third-party lenders through the CSO program, which are non-GAAP measures and (iii) the Company's participation interests in consumer loans written by a third-party lender's MLOC product, which are GAAP measures. Management believes these measures are useful in evaluating the consumer loan portfolio on an aggregate basis, including its evaluation of the loss provision for the Company-owned portfolio and third-party lender-owned portfolios that the Company guarantees.

The outstanding combined portfolio balance of consumer loans, net of allowances for losses, increased \$40.7 million, or 30.4%, to \$174.1 million at September 30, 2010 from \$133.4 million at September 30, 2009, primarily due to increased demand for consumer loan products in the e-commerce segment. The combined loan balance includes \$175.1 million and \$118.2 million at September 30, 2010 and 2009 of Company-owned consumer loan balances, respectively, before the allowance for losses of \$45.6 million and \$24.7 million, respectively, which has been provided in the consolidated financial statements for September 30, 2010 and 2009, respectively.

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The following table summarizes consumer loan balances outstanding as of September 30, 2010 and 2009 (dollars in thousands):

	As of September 30,					
	Company Owned ^(a)	2010 Guaranteed by the Company ^(b)	Combined ^(b)	Company Owned ^(a)	2009 Guaranteed by the Company ^(b)	Combined ^(b)
Ending consumer loan balances:						
Retail Services	\$ 46,874	\$ 9,401	\$ 56,275	\$ 49,505	\$ 11,200	\$ 60,705
Internet Lending	104,036	37,991	142,027	62,207	31,568	93,775
MLOC	24,156		24,156	6,448		6,448
Total ending loan balance, gross	\$ 175,066	\$ 47,392	\$ 222,458	\$ 118,160	\$ 42,768	\$ 160,928
Less: Allowance for losses	(45,586)	(2,790)	(48,376)	(24,688)	(2,816)	(27,504)
Total ending loan balance, net	\$ 129,480	\$ 44,602	\$ 174,082	\$ 93,472	\$ 39,952	\$ 133,424

(a) GAAP measure.

(b) Non-GAAP measure.

Consumer loans written and loss experience. The Company maintains an allowance for losses on consumer loans at a level projected to be adequate to absorb credit losses inherent in the outstanding consumer loan portfolio as well as expected losses in the third-party lender-owned portfolios that are guaranteed by the Company. The allowance is based on historical trends in portfolio performance and the status of the balance owed by the customer. The Company generally charges off all consumer loans once they have been in default for 60 consecutive days, or sooner if deemed uncollectible. Recoveries on losses previously charged to the allowance are credited to the allowance when collected.

Combined allowance for losses as a percentage of combined consumer loans and fees receivable increased in the current quarter to 21.7% from 17.1% in the prior year quarter predominately due to the change in the mix of loans in the e-commerce segment. First time customers tend to have a higher risk of default and bad debt than customers with a history of successfully repaying loans, and the e-commerce portfolio had a higher mix of new customers in the current quarter compared to the prior year quarter. In addition, e-commerce consumer loans have historically experienced higher loss rates than retail services consumer loans, and the e-commerce portfolio comprises a higher overall percentage of the combined portfolio than the prior year.

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The following table shows consumer loan information for each of the last five quarters:

	2009			2010	
	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter
Consumer loan balances:					
Consumer loans and fees receivable, gross Company owned ^(a)	118,160	136,139	124,844	152,018	175,066
Consumer loans and fees receivable, gross Guaranteed by the Company ^(b)	42,768	49,862	40,999	51,013	47,392
Combined consumer loans and fees receivable, gross ^(b)	\$ 160,928	\$ 186,001	\$ 165,843	\$ 203,031	\$ 222,458
Combined allowance for losses on consumer loans ^(a)	27,504	30,294	28,116	40,048	48,376
Combined consumer loans and fees receivable, net ^(b)	\$ 133,424	\$ 155,707	\$ 137,727	\$ 162,983	\$ 174,082
Combined allowance for losses and accrued third-party lender losses as a % of combined consumer loans and fees receivable, net ^(b)	17.1%	16.3%	17.0%	19.7%	21.7%

(a) GAAP measure.

(b) Non-GAAP measure.

The amount of combined consumer loans written increased \$209.8 million, or 34.3%, to \$821.1 million in the current quarter from \$611.3 million in the prior year quarter mainly due to increases in demand for consumer loans in the e-commerce segment in domestic markets and the Company's expansion into international markets. The average amount per consumer loan decreased to \$413 from \$431 during the current quarter over the prior year quarter, primarily due to a greater mix of the Company's participation interest in consumer loans purchased through the MLOC services channel, which typically have a lower average amount per consumer loan.

The following table summarizes the consumer loans written for the three months ended September 30, 2010 and 2009, respectively (dollars in thousands, except as noted):

	Three Months Ended September 30,					
	2010			2009		
	Company Owned ^(a)	Guaranteed by the Company ^(b)	Combined ^(b)	Company Owned ^(a)	Guaranteed by the Company ^(b)	Combined ^(b)
Amount of consumer loans written:						
Retail Services	\$ 181,651	\$ 51,871	\$ 233,522	\$ 187,428	\$ 58,553	\$ 245,981

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Internet Lending	241,075	235,806	476,881	174,492	163,446	337,938
MLOC	110,710		110,710	27,411		27,411
Total consumer loans written	\$533,436	\$287,677	\$821,113	\$389,331	\$221,999	\$611,330
Average amount per consumer loan:						
Retail Services	\$ 434	\$ 578	\$ 460	\$ 429	\$ 558	\$ 454
Internet Lending	417	669	512	391	689	495
MLOC	202		202	141		141
Combined	\$ 345	\$ 650	\$ 413	\$ 361	\$ 649	\$ 431

(a) GAAP measure.

(b) Non-GAAP measure.

The following table summarizes the consumer loan loss provision for the three months ended September 30, 2010 and 2009, respectively (dollars in thousands):

	Three Months Ended September 30,	
	2010	2009
Consumer loan loss provision:		
Loss provision on Company owned consumer loans	\$51,671	\$36,933
Loss provision on consumer loans guaranteed by the Company	(535)	757
Combined consumer loan loss provision	\$51,136	\$37,690
Charge-offs, net of recoveries	\$42,808	\$34,408

Due to the short-term nature of the consumer loan product and the high velocity of loans written, seasonal trends are evidenced in quarter-to-quarter performance. In the typical business cycle, losses are lowest in the first quarter and

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increase throughout the year, with the final two quarters generally combining for the peak levels of loss provision expense. During the current year, losses have decreased from the second quarter to the third quarter, due to an improvement in charge-offs as a percentage of consumer loans written. The loss provision as a percentage of combined loans written remained flat at 6.2% in the current quarter and the prior year quarter and decreased slightly from the second quarter.

The following table shows the Company's loss experience for each of the last five quarters:

	2009			2010	
	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter
Consumer loans written:					
Company owned ^(a)	\$389,331	\$446,856	\$419,699	\$470,077	\$533,436
Guaranteed by the Company ^(b)	221,999	256,292	225,551	248,386	287,677
Combined consumer loans written	\$611,330	\$703,148	\$645,250	\$718,463	\$821,113
Consumer loan loss provision as a % of combined consumer loans written ^(b)	6.2%	5.6%	5.3%	6.3%	6.2%
Charge-offs (net of recoveries) as a % of combined consumer loans written ^(b)	5.6%	5.2%	5.6%	4.6%	5.2%
Combined consumer loan loss provision as a % of consumer loan fees ^(a)	38.4%	36.0%	31.3%	38.8%	37.9%

(a) GAAP measure.

(b) Non-GAAP measure.

Operations Expenses: Total operations expense increased \$16.4 million, or 18.4%, to \$105.8 million in the current quarter, compared to \$89.4 million in the prior year quarter. During the current quarter, operating expenses at the retail services segment increased \$5.6 million, or 7.8%, to \$77.6 million, when compared to the prior year quarter. The operations expenses for the e-commerce segment increased \$10.8 million, or 62.1%, to \$28.2 million in the current quarter compared to the prior year quarter.

Marketing expenses increased by \$8.3 million, primarily due to an increase of \$7.6 million at the Company's e-commerce segment, mainly from the online channel's efforts to expand the Company's customer base both domestically and internationally, as well as expenses for new product development activities. Management believes that the increase in marketing expenses contributed to the increase in consumer loans written during the quarter.

Personnel expenses increased across both segments, including an increase of \$3.4 million and \$2.5 million at the retail services segment and the e-commerce segment, respectively. The increase in personnel expenses, which include wages, performance incentives and benefits, is primarily due to the addition of 45 new locations in the foreign pawn lending operations since September 30, 2009, the growth of the Company's online channel, normal recurring salary adjustments, and higher year-over-year incentive program accruals primarily at the Company's e-commerce segment due to higher earnings and growth in that segment.

Occupancy expenses increased by \$1.3 million, primarily at the retail services segment. The increase in occupancy expense, which includes rent, property taxes, insurance, utilities and maintenance, is primarily due to recurring rent and property tax increases, as well as higher expense associated with stores in the Company's foreign retail services

operations where additional locations were added during 2009 and 2010.

Administration Expenses: Total administration expense increased \$5.9 million, or 27.3% to \$27.8 million in the current quarter, compared to \$21.9 million in the prior year quarter. The increase was primarily due to increased expense related

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to the Company's long-term incentive plan due to higher earnings during 2010, and personnel and overhead costs at the Company's online channel. The increase was also due, to a lesser extent, to normal recurring salary adjustments related to administrative functions.

Depreciation and Amortization: Depreciation and amortization expense as a percentage of total revenue was 3.3% in the current quarter compared to 3.7% in the prior year quarter. Total depreciation and amortization expense increased \$0.2 million, or 2.0%. Management expects that the implementation of the Company's new proprietary point-of-sale system, the development of which is expected to be substantially complete in the first half of 2011, will result in a substantial increase in depreciation expense in 2011.

Interest Expense: Interest expense increased \$0.2 million, or 3.9%, to \$5.6 million in the current quarter as compared to \$5.4 million in the prior year quarter. The Company's effective blended borrowing cost was 4.7% in the current quarter, up from 4.4% in the prior year quarter, mainly due to the Company's offering of its 7.26% senior unsecured notes due 2017 (the 2017 Notes) during the first quarter of 2010, as relatively lower cost floating rate debt was replaced by relatively higher cost fixed rate debt. During the current quarter, the average amount of debt outstanding decreased \$25.1 million to \$423.5 million from \$448.6 million during the prior year quarter, primarily due to the net repayment of \$16.3 million in the Company's domestic line of credit in 2010. The Company incurred non-cash interest expense of \$0.8 million in the current quarter from its 2009 Convertible Notes issued in May 2009 (the 2009 Convertible Notes). See Note 5 of the Notes to Consolidated Financial Statements for further discussion of the 2009 Convertible Notes.

Income Taxes: The Company's effective tax rate increased to 38.8% for the current quarter from 36.6% for the prior year quarter primarily due to an increase in foreign taxes related to taxes incurred at a third-party entity, Huminal, S.A. de C.V., a Mexican *sociedad anónima de capital variable* (Huminal), that compensates and maintains the labor force of Prenda Fácil. The Company has no ownership interest in Huminal. Therefore, 100% of the net income or loss related to Huminal is allocated to net income attributable to noncontrolling interests.

Noncontrolling Interest: Noncontrolling interest decreased to a loss of \$0.4 million in the current quarter compared to income of \$0.3 million in the prior year quarter, primarily due to an increase in foreign taxes related to taxes incurred at a third-party entity, Huminal, that compensates and maintains the labor force of Prenda Fácil. The Company has no ownership interest in Huminal. Therefore, 100% of the net income or loss related to Huminal is allocated to net income attributable to noncontrolling interests.

charges in the
Company's
consolidated
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operations.

Pawn loan fees and service charges. Pawn loan balances in domestic locations and foreign locations at September 30, 2010 were \$196.3 million, which was \$5.8 million, or 3.0% higher than at September 30, 2009. The average balance of pawn loans outstanding for the current nine-month period increased by \$11.3 million, or 6.7%, compared to the prior year nine-month period, primarily due to growth in the number of locations offering pawn lending within the retail services segment.

Pawn loan fees and service charges increased \$14.6 million, or 8.7%, to \$181.8 million in the current nine-month period from \$167.2 million in the prior year nine-month period. The increase is mainly due to higher average loan balances on pawn loans, which contributed \$11.2 million of the increase, and higher annualized yield on pawn loans, which contributed \$3.4 million of the increase during the current nine-month period.

Annualized pawn loan yield on pawn loans was 135.3% for the current nine-month period, compared to 132.8% in the prior year nine-month period. The higher annualized yield is a function of improved year-over-year performance of the pawn loan portfolio, as cash payments of fees and service charges on pawn loans were higher. During the current nine-month period, the Company experienced higher loan redemption rates, which resulted in a favorable yield comparison. The Company's domestic annualized loan yield increased to 134.8% in the current nine-month period compared to 130.9% in the prior year nine-month period mainly due to improved performance in the portfolio. The foreign pawn loan yield decreased to 139.0% in the current nine-month period from 147.8% in the prior year nine-month period due to a lower yield on the liquidation of forfeited loans.

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Proceeds from disposition of merchandise. The following table summarizes the proceeds from the disposition of merchandise and the related profit for the current nine-month period as compared to the prior year nine-month period (dollars in thousands):

	Nine Months Ended September 30,					
	2010			2009		
	Retail	Commercial	Total	Retail	Commercial	Total
Proceeds from disposition	\$214,750	\$157,981	\$372,731	\$202,520	\$152,199	\$354,719
Gross profit on disposition	\$ 86,106	\$ 52,467	\$138,573	\$ 81,547	\$ 43,594	\$125,141
Gross profit margin	40.1%	33.2%	37.2%	40.3%	28.6%	35.3%
Percentage of total gross profit	62.1%	37.9%	100.0%	65.2%	34.8%	100.0%

The total proceeds from disposition of merchandise increased \$18.0 million, or 5.1%, during the current nine-month period from the prior year nine-month period, and the total profit from the disposition of merchandise increased \$13.4 million, or 10.7%, during the current nine-month period from the prior year nine-month period, mainly due to higher proceeds and profit margin on commercial sales and higher proceeds from retail sales. The consolidated merchandise turnover rate remained flat at 2.9 times in the current nine-month period compared to the prior year nine-month period.

Proceeds from disposition of merchandise in retail services locations, including jewelry, increased \$12.2 million, or 6.0%, during the current nine-month period from the prior year nine-month period. In addition, the profit margin on the disposition of merchandise decreased slightly to 40.1% in the current nine-month period from 40.3% in the prior year nine-month period.

Proceeds from commercial dispositions increased \$5.8 million, or 3.8%, during the current nine-month period over the prior year nine-month period. The profit margin on commercial sales increased to 33.2% in the current nine-month period from 28.6% in the prior year nine-month period. Both the increases in proceeds and profit margin on commercial sales are mainly due to a higher average market price of gold and diamonds sold, which more than offset a lower volume of gold and diamonds sold during the current nine-month period compared to the prior year nine-month period.

Consumer Loan Activities: Consumer loan fees increased \$96.1 million, or 36.5%, to \$359.2 million in the current nine-month period, as compared to \$263.1 million in the prior year nine-month period, primarily due to higher consumer loan balances in the current nine-month period compared to the prior year nine-month period. The increase in revenue from consumer loan fees is primarily due to growth in the e-commerce segment from internet lending in the United States and United Kingdom, and to a lesser extent, the Australian and Canadian markets. In addition, consumer loan fees generated by the MLOC services channel increased during the current nine-month period, mainly due to an increase in the demand for the third-party lender's MLOC products. These increases offset the loss of revenue from certain domestic markets in which the Company either no longer offers consumer loans or has reduced its offering. See **Regulatory Developments** for further discussion of regulatory changes affecting the Company's consumer loan business.

Consumer loan fees and consumer loan loss provision. The consumer loan loss provision increased by \$38.4 million to \$130.0 million in the current nine-month period, from \$91.6 million in the prior year nine-month period, primarily due to higher loan balances in the current nine-month period compared to the prior year nine-month period. The loss provision as a percentage of consumer loan fees increased to 36.2% in the current nine-month period from 34.8% in the prior year nine-month period due to a change in the mix in loans in the e-commerce segment. First-time customers tend to have a higher risk of default and bad debt than customers with a history of successfully repaying loans, and the e-commerce portfolio has a higher mix of new customers. In addition, e-commerce consumer loans have historically experienced higher loss rates than retail services consumer loans, and the e-commerce portfolio comprises a higher overall percentage of the combined portfolio than the prior year.

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The following table sets forth consumer loan fees by channel and segment adjusted for the deduction of the loan loss provision for the current nine-month period (dollars in thousands):

	Nine Months Ended September 30,									
	2010					2009				
	Retail Services Segment	Internet Lending	MLOC	Total E-Commerce Segment	Total Company	Retail Services Segment	Internet Lending	MLOC	Total E-Commerce Segment	Total Company
Loan Fees	\$83,576	\$249,980	\$25,620	\$275,600	\$359,176	\$ 85,661	\$170,361	\$7,097	\$177,458	\$260,516
Provision	12,971	106,124	10,868	116,992	129,963	15,632	73,065	2,945	76,010	91,612
Adjusted Consumer Loan Fees	\$70,605	\$143,856	\$14,752	\$158,608	\$229,213	\$ 70,029	\$ 97,296	\$4,152	\$101,448	\$168,904
Year change	\$ 576	\$ 46,560	\$10,600	\$ 57,160	\$ 57,736	\$(14,376)	\$ 10,407	\$3,653	\$ 14,060	\$ 14,060
Year change	0.8%	47.9%	255.3%	56.3%	33.7%	(17.0)%	12.0%	732.1%	16.1%	16.1%

Consumer loans written. The amount of combined consumer loans written increased \$556.2 million, or 34.2%, to \$2.18 billion in the current nine-month period from \$1.63 billion in the prior year nine-month period, due to increases in demand for consumer loans in the e-commerce segment in domestic markets and due to the Company's expansion into international markets. The average amount per consumer loan decreased to \$415 from \$436 during the current nine-month period over the prior year nine-month period, primarily due to a greater mix of the Company's participation interest in consumer loans purchased through the MLOC services channel, which typically have a lower average amount per loan.

The following table summarizes selected data related to the Company's consumer loan activities for the current nine-month period compared to the prior year nine-month period (dollars in thousands):

	Nine Months Ended September 30,					
	2010			2009		
	Company Owned ^(a)	Guaranteed by the Company ^(b)	Combined ^(b)	Company Owned ^(a)	Guaranteed by the Company ^(b)	Combined ^(b)
Amount of consumer loans written:						
Retail Services	\$ 511,026	\$148,088	\$ 659,114	\$ 503,940	\$160,298	\$ 664,238
Internet Lending	634,578	613,526	1,248,104	510,038	385,799	895,837
MLOC	277,608		277,608	68,510		68,510
Total consumer loans written	\$1,423,212	\$761,614	\$2,184,826	\$1,082,488	\$546,097	\$1,628,585
Average amount per consumer loan:						
Retail Services	\$ 436	\$ 575	\$ 461	\$ 430	\$ 558	\$ 455
Internet Lending	412	680	511	402	714	495
MLOC	199		199	147		147

Combined \$ 346 \$ 657 \$ 415 \$ 372 \$ 660 \$ 436

(a) GAAP measure.

(b) Non-GAAP measure. See Quarter Ended September 30, 2010 Compared to Quarter Ended September 30, 2009 Consumer Loan Activities Consumer loan fees and loan loss provision section above for a discussion of the Company's use of non-GAAP measures with respect to combined consumer loans.

The following table summarizes the consumer loan loss provision for the nine months ended September 30, 2010 and 2009, respectively (dollars in thousands):

	Nine Months Ended September 30,	
	2010	2009
Consumer loan loss provision:		
Loss provision on Company owned consumer loans	\$130,117	\$90,961
Loss provision on consumer loans guaranteed by the Company	(154)	681
Combined consumer loan loss provision	\$129,963	\$91,642
Charge-offs, net of recoveries	\$111,881	\$87,768
Combined consumer loan loss provision as a % of combined consumer loans written ^(a)	5.9%	5.6%
Charge-offs (net of recoveries) as a % of combined consumer loans written ^(a)	5.1%	5.4%

(a) Non-GAAP measure.

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Operations Expenses: Total operations expense increased \$43.0 million, or 16.4% to \$304.3 million in the current nine-month period, compared to \$261.3 million in the prior year nine-month period. Operations expense at the retail services segment increased \$13.6 million, or 6.2%, to \$232.1 million during the current nine-month period, when compared to the prior year nine-month period. Operations expenses for the e-commerce segment increased \$29.4 million, or 68.6% to \$72.2 million in the current nine-month period compared to the prior year nine-month period.

Marketing expense increased by \$19.9 million, primarily due to a \$22.0 million increase in marketing expenses in the Company's e-commerce segment, mainly from the online channel's efforts to expand the Company's customer base both domestically and internationally, as well as expenses for new product development activities. Management believes that the increase in marketing expenses contributed to the increase in consumer loans written during the current nine-month period.

Personnel expenses increased across both segments, including an increase of \$10.2 million and \$5.6 million at the retail services segment and the e-commerce segment, respectively. The increase in personnel expenses, which include wages, performance incentives and benefits, is primarily due to the addition of 45 new locations in the foreign pawn lending operations since September 30, 2009, the growth of the Company's online channel, normal recurring salary adjustments, and incentive program accruals at the Company's e-commerce segment resulting from higher earnings in that segment.

Occupancy expenses increased by \$5.6 million, primarily at the retail services segment. The increase in occupancy expense, which includes rent, property taxes, insurance, utilities and maintenance, is primarily due to recurring rent and property tax increases, as well as higher expense associated with stores in the Company's foreign retail services operations where additional locations were added during 2009 and 2010.

Administration Expenses: Total administration expense increased \$12.8 million, or 19.4% to \$78.8 million in the current nine-month period, compared to \$66.0 million in the prior year nine-month period. The increase in administration expenses was mainly due to increased expense related to the Company's long-term incentive plan, due to higher earnings during 2010, and personnel and overhead costs at the Company's online channel. The increase was also due, to a lesser extent, to normal recurring salary adjustments related to administrative functions.

Depreciation and Amortization: Depreciation and amortization expense, as a percentage of total revenue, was 3.4% in the current nine-month period, compared to 3.9% in the prior year nine-month period. Total depreciation and amortization expense increased \$0.4 million, or 1.3%. Management expects that the implementation of the Company's new proprietary point-of-sale system, the development of which is expected to be substantially complete in the first half of 2011, will result in a substantial increase in depreciation expense in 2011.

Interest Expense: Interest expense increased \$0.9 million, or 5.9%, to \$16.5 million in the current nine-month period as compared to \$15.6 million in the prior year nine-month period. The prior year nine-month period interest expense included a \$1.3 million fee related to the deferral of a payment associated with the Company's acquisition of The Check Giant, LLC. The Company's effective blended borrowing cost was 5.0% in the current nine-month period, up from 4.0% in the prior year nine-month period, mainly due to the Company's offering of the 2009 Convertible Notes during the second quarter of 2009 and the Company's offering of the 2017 Notes during the first quarter of 2010, as relatively lower cost floating rate debt was replaced by relatively higher cost fixed rate debt. During the current nine-month period, the average amount of debt outstanding decreased \$29.4 million to \$399.9 million from \$429.3 million during the prior year nine-month period, primarily due to the net repayment of \$16.3 million in the Company's domestic line of credit during the current nine-month period. The Company incurred non-cash interest expense of \$2.5 million in the current nine-month period from the 2009 Convertible Notes. See Note 5 of the Notes to Consolidated Financial Statements for further discussion of the 2009 Convertible Notes.

Income Taxes: The Company's effective tax rate was 37.9% for the current nine-month period compared to 37.2% for the prior year nine-month period. The income tax provision increased \$11.4 million in the current nine-month period over the prior year nine-month period, primarily due to higher taxable income.

Table of Contents**LIQUIDITY AND CAPITAL RESOURCES****Cash Flows Highlights**

The Company's cash flows and other key indicators of liquidity are summarized as follows (dollars in thousands):

	Nine Months Ended September 30,	
	2010	2009
Cash flows provided by operating activities	\$ 213,550	\$ 178,205
Cash flows used in investing activities		
Pawn loans	\$ 20,877	\$ (16,110)
Consumer loans	(147,417)	(98,955)
Acquisitions	(23,012)	(42,481)
Property and equipment additions	(37,466)	(29,418)
Investment in marketable securities	(5,652)	
Other investing	(120)	517
Total cash flows used in investing activities	\$ (192,790)	\$ (186,447)
Cash flows (used in) provided by financing activities	\$ (14,210)	\$ 5,855
Working capital	\$ 474,559	\$ 404,528
Current ratio	4.4x	4.8x
Merchandise turnover	2.9x	2.9x

Cash flows from operating activities. Net cash provided by operating activities increased \$35.4 million, or 19.8%, from \$178.2 million for the prior year nine-month period to \$213.6 million for the current nine-month period. A significant component of the increase in net cash provided by operating activities was a \$16.6 million increase in net income during the current nine-month period. An additional \$38.4 million of net cash provided by operating activities was generated by an increase in the consumer loan loss provision, a non-cash expense, during the current nine-month period. This increase was partially offset by a \$6.8 million use of cash due to changes in deferred taxes payable, which is also a non-cash expense. Changes in operating assets and liabilities and current accounts combined to use \$14.5 million of net cash provided by operating activities, which is predominately related to increased purchases of merchandise from customers and third-party vendors and lower deferred taxes, partially offset by increased accrued expenses related to the timing of payroll cycles in the current nine-month period compared to the prior year nine-month period.

Management believes cash flows from operations and available cash balances and borrowings will be sufficient to fund the Company's operating liquidity needs.

Cash flows from investing activities. Net cash used in investing activities increased \$6.3 million, or 3.4%, in the current nine-month period compared to the prior year nine-month period. Cash provided by pawn lending activities increased \$37.0 million, primarily due to principal recovered through the disposition of forfeited loans, which increased \$19.2 million, reflecting greater proceeds from retail and commercial sales. Also, the combined impact of pawn loans made and repaid provided \$17.8 million of additional cash as the Company experienced higher repayment activity during the current nine-month period compared with the prior year nine-month period. Consumer loans made or purchased and consumer loans repaid combined used cash of \$48.5 million when compared to the prior year nine-month period, due to a 36.5% increase in consumer loans made or purchased, mostly due to growth in the Company's e-commerce segment.

During the current nine-month period, cash used for acquisition activities decreased by \$19.5 million, to \$23.0 million, compared to \$42.5 million in the prior year nine-month period, as explained below.

The Company made supplemental payments of \$21.1 million in the current nine-month period, and approximately \$2.7 million in the prior year nine-month period, in connection with the acquisition of substantially all the assets of

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Primary Business Services, Inc., Primary Finance, Inc., Primary Processing, Inc. and Primary Members Insurance Services, Inc. on July 23, 2008. The measurement dates for the remaining supplemental payments are each December 31 and June 30 through June 30, 2012, with each payment, if any, due approximately 45 days after the measurement date. As of September 30, 2010, no additional supplemental payment has been accrued for the December 31, 2010 measurement date based on the amounts previously paid in connection with the initial purchase price and the previous supplemental payments. The total of all payments to the sellers cannot exceed \$50.0 million pursuant to the terms of the asset purchase agreement. All supplemental payments were accounted for as goodwill. Through September 30, 2010, the Company has made supplemental payments totaling \$23.8 million. See Note 2 to the Notes to Consolidated Financial Statements.

On March 31, 2009, the Company made payments totaling \$36.0 million, including a deferral fee of approximately \$1.3 million that was recognized as interest expense, in connection with the acquisition of substantially all of the assets of The Check Giant, LLC, which occurred on September 15, 2006.

During the current nine-month period, the Company acquired three domestic retail services locations for approximately \$1.9 million.

Management anticipates that expenditures for property and equipment for the remainder of 2010 will be between \$20.0 and \$25.0 million primarily for the remodeling of selected operating units, for the continuing development of product delivery and information systems, including the multi-year project to upgrade the Company's proprietary point-of-sale system, and for the establishment of approximately five to 15 new retail services locations. Included in this aggregate range of capital expenditures are minor strategic investments and small scale acquisitions of neighborhood retail services locations.

On October 4, 2010, the Company's wholly-owned subsidiary, Cash America, Inc. of Nevada, closed on the purchase of substantially all of the assets of Maxit Financial, LLC ("Maxit"). Maxit owned and operated a 39-store chain of pawn lending locations that operate in Washington and Arizona under the names Maxit and Pawn X-Change. At closing, the Company funded approximately \$70.0 million for substantially all of the assets of Maxit and various adjustments and items related to the transaction per the terms of the Asset Purchase Agreement, including (a) a cash payment of \$59.3 million, which was funded with borrowings under the Company's line of credit, and (b) 366,097 shares of the Company's common stock, par value \$0.10 per share, issued to Maxit. See Note 10. Subsequent Events to the Notes to Consolidated Financial Statements.

Cash flows from financing activities. Net cash used by financing activities increased \$20.1 million, or 342.7%, from a source of \$5.9 million in the prior year nine-month period to a use of \$14.2 million in the current nine-month period. During the current nine-month period, the Company repaid \$18.7 million more debt, net of debt issuance costs, than the Company repaid in the prior year nine-month period. Net cash used in financing activities in the current nine-month period included proceeds of \$25.0 million for long-term debt issued by the Company in January 2010 (as more fully described below). In addition, the Company repurchased \$4.0 million more of shares of Company common stock through open market transactions pursuant to a 2007 authorization by the Board of Directors of the Company and through the repurchase of shares of common stock for tax payments related to stock based compensation.

On January 28, 2010, the Company issued and sold \$25.0 million aggregate principal amount of its 2017 Notes 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 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 bank line of credit. The remaining portion was used for general corporate purposes.

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As of September 30, 2010 and 2009, the Company was in compliance with all financial ratio covenants and other requirements set forth in its debt agreements.

The Company had outstanding letters of credit of \$26.9 million at September 30, 2010, which are considered usage under the Company's long-term unsecured line of credit for purposes of determining available borrowings under that line of credit. Management believes that the borrowings available (\$99.8 million at September 30, 2010) under the credit facilities, cash generated from operations and current working capital of \$474.6 million is sufficient to meet the Company's anticipated capital requirements for its businesses. Should the Company experience a significant decline in demand for the Company's products and services or other unexpected changes in financial condition, management would evaluate several alternatives to ensure that it is in a position to meet liquidity requirements. These alternatives may include the sale of assets, reductions in capital spending and changes to its current assets and/or the issuance of debt or equity securities, all of which could be expected to generate additional liquidity. The characteristics of the Company's current assets, specifically the ability to rapidly liquidate gold jewelry inventory and adjust outflows of cash in its lending practices, gives the Company flexibility to quickly modify its business strategy to increase cash flow from its business, if necessary.

Off-Balance Sheet Arrangements

The Company arranges for consumers to obtain consumer loan products from multiple independent third-party lenders through the CSO program. When a consumer executes a credit services agreement with the Company under the CSO program, the Company agrees, for a fee payable to the Company by the consumer, to provide a variety of credit services to the consumer, one of which is to guarantee the consumer's obligation to repay the loan received by the consumer from the third-party lender if the consumer fails to do so. For consumer loan products originated by third-party lenders under the CSO program, each lender is responsible for evaluating each of its customers' applications, determining whether to approve a consumer loan based on an application and determining the amount of the consumer loan. While the Company performs its own analysis of customers before agreeing to guarantee such loans, the Company is not involved in the lenders' consumer loan approval processes or in determining the lenders' approval procedures or criteria. As of September 30, 2010 and 2009, the outstanding amount of active consumer loans originated by third-party lenders under the CSO program was \$47.4 million and \$42.8 million, respectively, which were guaranteed by the Company.

The Company purchases a participation interest in the receivables originated by a third-party lender through the Company's MLOC services channel. Therefore, the Company owns only its participation interest in these consumer loan balances. The participation interest is included in the Company's consolidated consumer loan balance, and the Company does not guarantee the remaining percentage of these consumer loans.

Regulatory Developments

On October 19, 2010, the Pennsylvania Supreme Court upheld the Commonwealth Court of Pennsylvania's prior decision from July 2009 against the Company and in favor of the Pennsylvania Department of Banking. As a result of the initial decision by the Commonwealth Court, the Company ceased offering consumer loans in Pennsylvania in July 2009. See Note 7 to the Notes to Consolidated Financial Statements for further information.

The legislation under which the Company offered consumer loans over the internet and through its retail services locations in Arizona expired on July 1, 2010, and the Company has discontinued offering consumer loans in that state. The Company has continued to serve customers in Arizona by offering pawn loans in its pawn lending locations in that state.

Due to legislation that was adopted in Maryland that became effective October 1, 2010, the Company has ceased offering consumer credit services through the CSO program in Maryland. The Company has developed an alternative consumer loan product for Maryland customers and is currently assessing its viability.

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Recently passed legislation in the States of Colorado, which became effective in August 2010, Illinois and Wisconsin, which will become effective in late 2010 and early 2011, affect consumer loans offered by the Company in each of those states. The Company is still evaluating the effects of this legislation and expects that it will reduce the profitability and/or the volume of loans written in these states.

The Company is still evaluating the effects of recent regulatory changes in Colorado, Illinois and Wisconsin and the loss of consumer loans in Arizona and the CSO program in Maryland but does not expect that any of these losses or changes, individually or in the aggregate, will have a material effect on the Company in the current fiscal year, including its consolidated revenues or operations. Management expects that the offering of alternative products and the growth in consumer loans from other markets during the remainder of 2010, including both domestic and foreign markets, may offset a portion of the loss of revenue it may experience.

In addition, the United States Congress recently passed the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. This legislation authorizes the creation of a consumer financial protection bureau with broad regulatory powers over consumer credit products such as those offered by the Company. The Company cannot currently predict whether the Bureau will impose additional regulations that could affect the credit products offered by the Company.

Non-GAAP Disclosure

In addition to the financial information prepared in conformity with GAAP, the Company provides historical non-GAAP financial information. Management uses the non-GAAP financial measures for internal managerial purposes and believes that presentation of non-GAAP financial information is meaningful and useful in understanding the activities and business metrics of the Company's operations. Management believes that these non-GAAP financial measures reflect an additional way of viewing aspects of the Company's business that, when viewed with the Company's GAAP results, provide a more complete understanding of factors and trends affecting the Company's business.

Management provides non-GAAP financial information for informational purposes and to enhance understanding of the Company's GAAP consolidated financial statements. Readers should consider the information in addition to, but not instead of, the Company's financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of those measures for comparative purposes.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risks relating to the Company's operations result primarily from changes in interest rates, foreign exchange rates, and gold prices. The Company does not engage in speculative or leveraged transactions, nor does it hold or issue financial instruments for trading purposes. There have been no material changes to the Company's exposure to market risks since December 31, 2009.

Item 4. Controls and Procedures

Under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, management of the Company has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act) as of September 30, 2010 (the Evaluation Date). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective (i) to ensure that information required to be disclosed in reports that the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms; and (ii) to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

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There was no change in the Company's internal control over financial reporting during the quarter ended September 30, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's management, including its Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or internal controls will prevent all possible error and fraud. The Company's disclosure controls and procedures and internal controls are, however, designed to provide reasonable assurance of achieving their objectives.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 7 of Notes to Consolidated Financial Statements.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes from the Risk Factors described in Part 1 Item 1A. Risk Factors of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Risks Related to the Company's Business and Industry

Adverse changes in laws or regulations affecting the Company's consumer loan services could negatively impact the Company's operations.

The Company's products and services are subject to extensive regulation and supervision under various federal, state, local and foreign laws, ordinances and regulations. In addition, as the Company develops new products and services, it will become subject to additional federal, state, local and foreign laws, ordinances and regulations. Failure to comply with applicable laws and regulations could subject the Company to regulatory enforcement action that could result in the assessment against the Company of civil, monetary or other penalties. The Company faces the risk that restrictions or limitations resulting from the enactment, change, or interpretation of laws and regulations could negatively affect the Company's business activities or effectively eliminate some of the Company's current loan products.

In particular, short-term consumer loans have come under increased regulatory scrutiny in the United States in recent years that has resulted in increasingly restrictive regulations and legislation that makes offering such loans less profitable or unattractive to the Company. Regulations adopted by some states require that all borrowers of certain short-term loan products be listed on a database and limit the number of such loans a borrower may have outstanding. Other regulations adversely impact the availability of the Company's short-term loan products to active duty military personnel. Legislative or regulatory activities may also limit the amount of interest and fees to levels that do not permit the offering of short-term loans to be feasible or may limit the number of short-term loans that customers may receive or have outstanding.

Certain consumer advocacy groups and federal and state legislators have also asserted that laws and regulations should be tightened so as to severely limit, if not eliminate, the availability of certain short-term products to consumers, despite the significant demand for it. In particular, both the executive and legislative branches of the federal government have recently exhibited an increasing interest in debating legislation that could further regulate short-term consumer loan products. The U.S. Congress has debated, and may in the future debate, proposed legislation that could, among other things, place a cap on the effective annual percentage rate on consumer loan transactions (which could encompass both the Company's consumer loan and pawn businesses), place a cap on the dollar amount of fees that may be charged for short-term loans, ban rollovers (payment of a fee to extend the term of a short-term loan), require the Company to offer an

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extended payment plan, allow for minimal origination fees for advances, limit refinancings and the rates to be charged for refinancings and require short-term lenders to be bonded.

In addition, the United States Congress recently passed the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. This legislation authorizes the creation of a consumer financial protection bureau with broad regulatory powers over consumer credit products such as those offered by the Company. The Company cannot currently predict whether the Bureau will impose additional regulations that could affect the credit products offered by the Company. However, if the Bureau were to promulgate regulations that adversely impact the credit products offered by the Company, such regulations could have a material adverse effect on the Company's business, prospects, results of operations and financial condition.

The Company is currently following legislative and regulatory developments in individual states where it does business. For example, recent legislative changes in Arizona, Maryland, Wisconsin, Colorado and Illinois impact the consumer loan products the Company has historically offered in those States. Due to these legislative changes, the Company has ceased offering consumer loans in the State of Arizona, and the Company has also ceased offering consumer credit services through the CSO program in Maryland. In addition, these changes have also altered the parameters upon which the Company offers consumer loans to consumers in the other States mentioned above reducing the profitability and the volume of the consumer loans the Company offers to customers in these other States. In addition, the Company is closely monitoring legislative and regulatory developments in other States where it does business.

The Company cannot currently assess the likelihood of any future unfavorable federal or state legislation or regulations being proposed or enacted. Also, there can be no assurance that additional legislative or regulatory initiatives will not be enacted which would severely restrict, prohibit or eliminate the Company's ability to offer a short-term loan product. Any federal or state legislative or regulatory action that severely restricts, by imposing a national annual percentage rate limit on consumer loan transactions or otherwise prohibits, or places restrictions on, consumer loans and similar services, if enacted, could have a material adverse impact on the Company's business, prospects, results of operations and financial condition and could impair the Company's ability to continue current operations.

In addition to state and federal laws and regulations, the Company's business is subject to various local rules and regulations such as local zoning regulation and permit licensing. Local jurisdictions' efforts to restrict pawnshop operations and short-term lending through the use of local zoning and permitting laws have been on the increase. Actions taken in the future by local governing bodies to require special use permits for, or impose other restrictions on pawn lending locations or short-term lenders could have a material adverse effect on the Company's business, results of operations and financial condition.

Table of Contents**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The following table provides the information with respect to purchases made by the Company of shares of its common stock, par value \$0.10, during each of the months in the first nine months of 2010:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan ⁽²⁾	Maximum Number of Shares that May Yet Be Purchased Under the Plan ⁽²⁾
January 1 to January 31	1,493	\$36.19		860,524
February 1 to February 28	13,242	\$37.59		860,524
March 1 to March 31	47,863	\$39.65	40,000	820,524
April 1 to April 30				820,524
May 1 to May 31	155,478	\$36.03	155,100	665,424
June 1 to June 30				665,424
July 1 to July 31	100,085	\$34.98	100,000	565,424
August 1 to August 31	90,445	\$32.25	90,000	475,424
September 1 to September 30	966	\$33.34		475,424
Total	409,572	\$35.41	385,100	

(1) Includes shares purchased on the open market relating to compensation deferred by a director under the 2004 Long-Term Incentive Plan, as amended, and dividends reinvested in shares of the Company's common stock in the Company's Non-Qualified Savings Plan of 286, 30, 31, 378 and 417 shares for the months

of January,
February,
March, May and
August,
respectively,
and shares
withheld from
employees as
partial tax
payments for
shares issued
under
stock-based
compensation
plans of 1,207,
13,212, 7,832,
85, 28 and 966
shares for the
months of
January,
February,
March, July,
August and
September,
respectively.

- (2) On October 24,
2007, the Board
of Directors
authorized the
Company's
repurchase of up
to a total of
1,500,000
shares of its
common stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

None.

Table of Contents**Item 6. Exhibits**

Exhibit No.	Exhibit Description	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
2.1	Asset Purchase Agreement dated July 28, 2010 by and among Cash America, Inc. of Nevada and Maxit Financial, LLC and its principal listed therein	8-K	001-09733	2.1	8/2/10	
2.2	First Amendment to Asset Purchase Agreement dated September 29, 2010 by and among Cash America, Inc. of Nevada and Maxit Financial, LLC and its principal listed therein					X
2.3	Supplemental Disclosure Agreement and Second Amendment to Asset Purchase Agreement dated October 4, 2010 by and among Cash America, Inc. of Nevada and Maxit Financial, LLC and its principal listed therein					X
31.1	Certification of Chief Executive Officer					X
31.2	Certification of Chief Financial Officer					X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS*	XBRL Instance Document					X**
101.SCH*	XBRL Taxonomy Extension Schema Document					X**
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document					X**
101.LAB*	XBRL Taxonomy Label Linkbase Document					X**
101.DEF*	XBRL Taxonomy Extension Definition					X**

Linkbase Document

101.PRE* XBRL Taxonomy Extension Presentation
Linkbase Document

X**

* Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language):
(i) Consolidated Balance Sheets at September 30, 2010, September 30, 2009 and December 31, 2009;
(ii) Consolidated Statements of Income for the three and nine months ended September 30, 2010 and September 30, 2009;
(iii) Consolidated Statements of Equity at September 30, 2010 and September 30, 2009;
(iv) Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2010 and September 30, 2009;
(v) Consolidated Statements of

Cash Flows for
the nine months
ended
September 30,
2010 and
September 30,
2009; and
(vi) Notes to
Consolidated
Financial
Statements
(tagged as a block
of text).

** Submitted
electronically
herewith.

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SIGNATURE

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

Date: October 21, 2010

CASH AMERICA INTERNATIONAL, INC.

By: /s/ Thomas A. Bessant, Jr.
Thomas A. Bessant, Jr.
Executive Vice President and
Chief Financial Officer
(On behalf of the Registrant and as
Principal Financial Officer)

Table of Contents**EXHIBIT INDEX**

Exhibit No.	Exhibit Description	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
2.1	Asset Purchase Agreement dated July 28, 2010 by and among Cash America, Inc. of Nevada and Maxit Financial, LLC and its principal listed therein	8-K	001-09733	2.1	8/2/10	
2.2	First Amendment to Asset Purchase Agreement dated September 29, 2010 by and among Cash America, Inc. of Nevada and Maxit Financial, LLC and its principal listed therein					X
2.3	Supplemental Disclosure Agreement and Second Amendment to Asset Purchase Agreement dated October 4, 2010 by and among Cash America, Inc. of Nevada and Maxit Financial, LLC and its principal listed therein					X
31.1	Certification of Chief Executive Officer					X
31.2	Certification of Chief Financial Officer					X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS*	XBRL Instance Document					X**
101.SCH*	XBRL Taxonomy Extension Schema Document					X**
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document					X**
101.LAB*	XBRL Taxonomy Label Linkbase Document					X**
101.DEF*	XBRL Taxonomy Extension Definition					X**

Linkbase Document

101.PRE* XBRL Taxonomy Extension Presentation
Linkbase Document

X**

* Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language):
(i) Consolidated Balance Sheets at September 30, 2010, September 30, 2009 and December 31, 2009;
(ii) Consolidated Statements of Income for the three and nine months ended September 30, 2010 and September 30, 2009;
(iii) Consolidated Statements of Equity at September 30, 2010 and September 30, 2009;
(iv) Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2010 and September 30, 2009;
(v) Consolidated Statements of

Cash Flows for
the nine months
ended
September 30,
2010 and
September 30,
2009; and
(vi) Notes to
Consolidated
Financial
Statements
(tagged as a block
of text).

** Submitted
electronically
herewith.