CASH AMERICA INTERNATIONAL INC
Form 10-Q
July 29, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
(Mark One)

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

For the quarterly period ended June 30, 2014

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

(817) 335-1100
(Registrant's telephone number, including area code)
NONE
(Former name, former address and former fiscal year, if changed since last report)

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

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

Large accelerated filer þ Accelerated filer ¨ 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 þ

APPLICABLE ONLY TO CORPORATE ISSUERS:

28,887,385 of the Registrants' common shares, $.10 par value, were issued and outstanding as of July 21, 2014.

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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 with respect to the business, financial condition, operations and prospects of Cash America International, Inc. and its subsidiaries (collectively, the “Company”). When used in this report, terms such as “believes,” “estimates,” “should,” “could,” “would,” “plans,” “expects,” “intends,” “anticipates,” “may,” “forecast,” “project” expressions or variations as they relate to 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 the Company’s 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:

- the effect of and compliance with domestic and foreign pawn, consumer credit, tax and other laws and government rules and regulations applicable to the Company’s business, including changes in such laws, rules and regulations, or changes in the interpretation or enforcement thereof, and the regulatory and examination authority of the Consumer Financial Protection Bureau with respect to providers of consumer financial products and services in the United States and the Financial Conduct Authority in the United Kingdom;
- the effect of and compliance with enforcement actions, orders and agreements issued by applicable regulators, such as a consent order the Company entered into with the Consumer Financial Protection Bureau in November 2013;
- changes in the Company's U.K. business practices as a result of adapting the Company's business in response to the requirements of the Financial Conduct Authority;
- the deterioration of the political, regulatory or economic environment in foreign countries where the Company operates or in the future may operate;
- the Company’s ability to process or collect consumer loans through the Automated Clearing House system;
- risks related to the potential separation of the Company’s online lending business that comprises its E-Commerce Division, Enova International, Inc.;
- the actions of third parties who provide, acquire or offer products and services to, from or for the Company;
- public perception of the Company’s business, including the Company’s consumer loan business and the Company’s business practices;
- the effect of any current or future litigation proceedings and any judicial decisions or rule-making that affects the Company, its products or the legality or enforceability of its arbitration agreements;
- fluctuations, including a sustained decrease, in the price of gold or a deterioration in economic conditions;
- a prolonged interruption in the Company’s operations of its facilities, systems or business functions, including the Company’s information technology and other business systems;
- changes in demand for the Company’s services and changes in competition;
- the Company’s ability to maintain an allowance or liability for estimated losses on consumer loans that are adequate to absorb credit losses;
- the Company’s ability to attract and retain qualified executive officers;
- the Company’s ability to open new locations in accordance with plans or to successfully integrate newly acquired businesses into its operations;
- interest rate and foreign currency exchange rate fluctuations;
- changes in the capital markets, including the debt and equity markets;
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changes in the Company’s ability to satisfy the Company’s debt obligations or to refinance existing debt obligations or obtain new capital to finance growth;

- cyber-attacks or security breaches;
- acts of God, war or terrorism, pandemics and other events;
- the effect of any of the above 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 (“SEC”).

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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
(dollars in thousands, except per share data)
(Unaudited)

	June 30, 2014	2013	December 31, 2013
Assets			
Current assets:			
Cash and cash equivalents	$192,915	$124,459	$67,228
Restricted cash	60	—	8,000
Pawn loans	263,668	229,574	261,148
Consumer loans, net	337,961	287,127	358,841
Merchandise held for disposition, net	198,919	155,112	208,899
Pawn loan fees and service charges receivable	51,986	45,566	53,438
Income taxes receivable	17	25,495	9,535
Prepaid expenses and other assets	42,545	30,985	33,655
Deferred tax assets	34,779	43,628	38,800
Total current assets	1,122,850	941,946	1,039,544
Property and equipment, net	255,407	250,842	261,223
Goodwill	706,037	608,242	705,579
Intangible assets, net	49,135	34,067	52,256
Other assets	35,457	21,571	21,129
Total assets	$2,168,886	$1,856,668	$2,079,731
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued expenses	$120,417	$115,591	$140,068
Customer deposits	18,295	12,962	14,803
Income taxes currently payable	—	—	—
Current portion of long-term debt	—	22,606	22,606
Total current liabilities	138,712	151,159	177,477
Deferred tax liabilities	113,157	103,759	101,417
Noncurrent income tax payable	—	36,834	—
Other liabilities	1,268	1,609	1,031
Long-term debt	793,863	547,218	717,383
Total liabilities	$1,047,000	$840,579	$997,308
Equity:			
Cash America International, Inc. equity:			
Common stock, $0.10 par value per share, 80,000,000 shares authorized, 30,235,164 shares issued and outstanding	3,024	3,024	3,024
Additional paid-in capital	86,184	156,349	150,833
Retained earnings	1,082,725	946,483	1,017,981
Accumulated other comprehensive income (loss)	7,998	(362)	4,649
	(58,045)	(89,405)	(94,064)

Treasury shares, at cost (1,382,602 shares, 2,107,082 shares and 2,224,902 shares as of June 30, 2014 and 2013, and as of December 31, 2013, respectively)			
Total equity	1,121,886	1,016,089	1,082,423
Total liabilities and equity	$2,168,886	$1,856,668	$2,079,731

See notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenue				
Pawn loan fees and service charges	$80,990	$72,728	$161,177	$148,642
Proceeds from disposition of merchandise	146,772	131,532	323,227	310,249
Consumer loan fees	225,339	202,431	459,521	412,636
Other	1,989	3,689	4,265	6,981
Total Revenue	455,090	410,380	948,190	878,508
Cost of Revenue				
Disposed merchandise	104,510	88,961	229,074	210,296
Consumer loan loss provision	74,689	77,229	148,189	152,081
Total Cost of Revenue	179,199	166,190	377,263	362,377
Net Revenue	275,891	244,190	570,927	516,131
Expenses				
Operations and administration	194,975	176,942	386,561	353,766
Depreciation and amortization	19,497	18,000	38,758	35,531
Total Expenses	214,472	194,942	425,319	389,297
Income from Operations	61,419	49,248	145,608	126,834
Interest expense	(12,828)	(8,903)	(22,896)	(16,348)
Interest income	8	5	18	68
Foreign currency transaction (loss) gain	(179)	65	(280)	(312)
Loss on extinguishment of debt	(15,016)	—	(16,562)	—
Equity in loss of unconsolidated subsidiary	—	(25)	—	(136)
Income before Income Taxes	33,404	40,390	105,888	110,106
Provision for income taxes	12,433	14,946	39,180	40,740
Net Income	20,971	25,444	66,708	69,366
Net income attributable to the noncontrolling interest	—	(312)	—	(308)
Net Income Attributable to Cash America International, Inc.	$20,971	$25,132	$66,708	$69,058
Earnings Per Share:				
Net Income attributable to Cash America International, Inc. common shareholders:				
Basic	$0.73	$0.88	$2.33	$2.39
Diluted	$0.72	$0.81	$2.27	$2.23
Weighted average common shares outstanding:				
Basic	28,823	28,721	28,616	28,910
Diluted	29,256	30,845	29,365	31,023
Dividends declared per common share	$0.035	$0.035	$0.070	$0.070

See notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	$20,971	$25,444	$66,708	$69,366
Other comprehensive gain (loss), net of tax:				
Foreign currency translation gain (loss)[(a)]	2,816	(3,781)	3,349	(3,347)
Marketable securities[(b)]	—	(895)	—	(254)
Total other comprehensive gain (loss), net of tax	$2,816	$(4,676)	$3,349	$(3,601)
Comprehensive income	$23,787	$20,768	$70,057	$65,765
Net income attributable to the noncontrolling interest	—	(312)	—	(308)
Foreign currency translation loss, net of tax, attributable to the noncontrolling interest	—	112	—	111
Comprehensive income attributable to the noncontrolling interest	—	(200)	—	(197)
Comprehensive income attributable to Cash America International, Inc.	$23,787	$20,568	$70,057	$65,568

(a) Net of tax (provision) benefit of $(1,365) and $319 for the three months ended June 30, 2014 and 2013, respectively, and $(1,710) and $1,739 for the six months ended June 30, 2014 and 2013, respectively.
(b) Net of tax benefit of $481 and $136 for the three and six months ended June 30, 2013, respectively.

See notes to consolidated financial statements.

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

	Common Stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury shares, at cost		Total share-holders' equity	Non-controlling interest	Total Equity
	Shares	Amount				Shares	Amount			
Balance as of January 1, 2013	30,235,164	$3,024	$157,613	$879,434	$3,128	(1,351,712)	$(51,304)	$991,895	$(1,275)	$990,62
Shares issued under stock-based plans			(4,833)			124,108	4,833	—		—
Stock-based compensation expense			2,791					2,791		2,791
Income tax benefit from stock-based compensation			569					569		569
Net income attributable to Cash America International, Inc.				69,058				69,058		69,058
Dividends paid				(2,009)				(2,009)		(2,009
Foreign currency translation loss, net of tax					(3,236)			(3,236)	(111)	(3,347
Marketable securities, net of tax					(254)			(254)		(254
Purchases of treasury shares						(879,478)	(42,934)	(42,934)		(42,934
Income from noncontrolling interest								—	308	308
Purchase of noncontrolling interest			209					209	1,078	1,287
	30,235,164	$3,024	$156,349	$946,483	$(362)	(2,107,082)	$(89,405)	$1,016,089	$—	$1,016,(

Balance as of June 30, 2013										
Balance as of January 1, 2014	30,235,164	$3,024	$150,833	$1,017,981	$4,649	(2,224,902)	$(94,064)	$1,082,423	$—	$1,082,4
Shares issued under stock-based plans			(5,652)			130,694	5,652	—		—
Stock-based compensation expense			3,146					3,146		3,146
Reduction in income tax benefit from stock-based compensation			(149)					(149)		(149
Repurchase and conversion of convertible debt			(61,994)			747,085	31,727	(30,267)		(30,267
Net income attributable to Cash America International, Inc.				66,708				66,708		66,708
Dividends paid				(1,964)				(1,964)		(1,964
Foreign currency translation gain, net of tax					3,349			3,349		3,349
Purchases of treasury shares						(35,479)	(1,360)	(1,360)		(1,360
Balance as of June 30, 2014	30,235,164	$3,024	$86,184	$1,082,725	$7,998	(1,382,602)	$(58,045)	$1,121,886	$—	$1,121,8

See notes to consolidated financial statements.

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

	Six Months Ended June 30, 2014	2013
Cash Flows from Operating Activities		
Net Income	$66,708	$69,366
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expenses	38,758	35,531
Amortization of debt discount and issuance costs	2,467	3,055
Consumer loan loss provision	148,189	152,081
Stock-based compensation	3,146	2,791
Deferred income taxes, net	14,207	9,287
Excess income tax benefit from stock-based compensation	—	(569)
Other	4,603	1,954
Changes in operating assets and liabilities, net of assets acquired:		
Merchandise other than forfeited	4,026	9,252
Pawn loan fees and service charges receivable	1,494	3,454
Finance and service charges on consumer loans	4,279	(344)
Restricted cash	7,940	—
Prepaid expenses and other assets	(8,331)	318
Accounts payable and accrued expenses	(18,789)	(6,241)
Current and noncurrent income taxes	9,057	3,380
Other operating assets and liabilities	3,480	1,536
Net cash provided by operating activities	$281,234	$284,851
Cash Flows from Investing Activities		
Pawn loans made	(404,091)	(350,648)
Pawn loans repaid	239,934	219,807
Principal recovered through dispositions of forfeited pawn loans	164,299	146,618
Consumer loans made or purchased	(988,917)	(958,816)
Consumer loans repaid	856,226	806,397
Acquisitions, net of cash acquired	(1,204)	(923)
Purchases of property and equipment	(29,459)	(22,392)
Proceeds from sale of marketable securities	—	6,616
Other investing activities	86	297
Net cash used in investing activities	$(163,126)	$(153,044)
Cash Flows from Financing Activities		
Net payments under bank lines of credit	(193,717)	(301,011)
Issuance of long-term debt	493,810	300,000
Debt issuance costs paid	(16,626)	(9,862)
Payments on/repurchases of notes payable	(276,920)	(9,167)
Excess income tax benefit from stock-based compensation	—	569
Treasury shares purchased	(1,360)	(42,934)
Dividends paid	(1,964)	(2,009)

Purchase of noncontrolling interest	—	(4)
Net cash provided by (used in) financing activities	$3,223	$(64,418)
Effect of exchange rates on cash	$4,356	$(4,304)
Net increase in cash and cash equivalents	125,687	63,085
Cash and cash equivalents at beginning of year	67,228	61,374
Cash and cash equivalents at end of period	$192,915	$124,459
Supplemental Disclosures		
Non-cash investing and financing activities		
Pawn loans forfeited and transferred to merchandise held for disposition	$161,201	$145,986
Pawn loans renewed	$128,590	$127,314
Consumer loans renewed	$193,996	$333,526
Fair value of common shares issued for conversion of convertible debt	$31,727	$—

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 subsidiaries (collectively, the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

The financial statements presented as of June 30, 2014 and 2013 and December 31, 2013 and for the six-month periods ended June 30, 2014 and 2013 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. The year-end consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles in the United States of America ("GAAP"). Operating results for the three- and six-month periods are not necessarily indicative of the results that may be expected for the full fiscal year. Certain amounts in the consolidated financial statements for the three and six months ended June 30, 2013 have been reclassified to conform to the current year presentation. These reclassifications have no effect on the net income previously reported. See "Revision of Prior Period Financial Statements" for further discussion.

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, 2013.

Cash and Cash Equivalents

The Company considers cash on hand in operating locations, deposits in banks and short-term investments with original maturities of 90 days or less as cash and cash equivalents. Cash equivalents are principally invested in short-term money market funds.

Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. In accordance with Accounting Standards Codification ("ASC") 350-20-35, Goodwill - Subsequent Measurement, the Company tests goodwill and intangible assets with an indefinite life for potential impairment annually as of June 30 and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The Company uses the income approach to complete its annual goodwill assessment. The income approach uses expected future cash flows and estimated terminal values for each of the Company's reporting units that are discounted using a market participant perspective to determine the estimated fair value of each reporting unit, which is then compared to the carrying value of that reporting unit to determine if there is impairment. The income approach includes assumptions about revenue growth rates, operating margins and terminal growth rates discounted by an estimated weighted-average cost of capital derived from other publicly-traded companies that are similar but not identical from an operational and economic standpoint. The Company completed its annual assessment of goodwill as of June 30, 2014 and determined that the fair value of its goodwill is in excess of carrying value, and, as a result, no impairment existed at that date.

The Company performed its annual indefinite-lived intangible asset impairment test as of June 30, 2014. The Company elected to perform a qualitative assessment in accordance with Accounting Standards Update

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(“ASU”) No. 2012-02, Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment (“ASU 2012-02”), and determined that it was not more likely than not that the indefinite-lived intangible assets are impaired. Therefore, no further quantitative assessment was required.

Adopted Accounting Standards

In April 2014, the Financial Accounting Standards Board (the “FASB”) issued ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity (“ASU 2014-08”). The amendments in ASU 2014-08 change the criteria for reporting discontinued operations and enhance disclosures in this area. The new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new guidance also requires disclosure of the pre-tax income or loss attributable to a disposal of an individually significant component of an organization that does not qualify for discontinued operations presentation in the financial statements. The Company is required to adopt ASU 2014-08 prospectively for all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014 and interim periods within those years. Early adoption is permitted. The Company adopted ASU 2014-08 on June 30, 2014, and the adoption did not have a material effect on its financial position or results of operations.

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (“ASU 2013-11”), which provides guidance on the presentation of unrecognized tax benefits when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. The amendments in this update are effective for fiscal years (and interim periods within those years) beginning after December 15, 2013. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The Company prospectively adopted ASU 2013-11 on January 1, 2014, and the adoption did not have a material effect on its financial position or results of operations.

In March 2013, the FASB issued ASU No. 2013-05, Foreign Currency Matters (Topic 830): Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force) (“ASU 2013-05”), which applies to the release of the cumulative translation adjustment into net income when a parent either sells all or a part of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. ASU 2013-05 is effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. The Company adopted ASU 2013-05 on January 1, 2014, and the adoption did not have a material effect on its financial position or results of operations.

In February 2013, the FASB issued ASU No. 2013-04, Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (“ASU 2013-04”). ASU 2013-04 requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date as the amount the reporting entity agreed to pay plus additional amounts the reporting entity expects to pay on behalf of its co-obligors. The guidance further provides for disclosure of the nature and amount of the obligation. ASU 2013-04 is effective for interim and annual reporting periods beginning after December 15, 2013. The Company adopted ASU 2013-04 on January 1, 2014, and the adoption did not have a material effect on its financial position or results of operations.

Accounting Standards to be Adopted in Future Periods

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. ASU 2014-09 requires

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

entities to recognize revenue in a way that depicts the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is not permitted. The Company is still assessing the impact of ASU 2014-09 on its financial position and results of operations.

Revision of Prior Period Financial Statements

“Cash and cash equivalents” and “Accounts payable and accrued expenses” on the consolidated balance sheets as of June 30, 2013 and December 31, 2013 were revised to reclassify certain liabilities as in-transit cash disbursements due to the timing of payments for certain contracts. Management determined that the impact on all previously issued financial statements was immaterial. The correction resulted in the following increases (decreases) to amounts previously reported in the Company’s financial statements (dollars in thousands):

	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013	December 31, 2012	December 31, 2011
Consolidated Balance Sheet						
Cash and cash equivalents	$(2,010)	$(3,737)	$(7,446)	$(8,008)	$(1,760)	$(3,749)
Accounts payable and accrued expenses	(2,010)	(3,737)	(7,446)	(8,008)	(1,760)	(3,749)
Consolidated Statements of Cash Flows						
Net cash provided by operating activities	$(250)	$(1,977)	$(5,686)	$(6,248)	$1,989	$(2,215)
Cash and cash equivalents at beginning of year	(1,760)	(1,760)	(1,760)	(1,760)	(3,749)	(1,534)
Cash and cash equivalents at end of period	(2,010)	(3,737)	(7,446)	(8,008)	(1,760)	(3,749)

As other prior period financial information is presented, the Company will similarly revise the consolidated balance sheets and statements of cash flows in its future filings.

2. Credit Quality Information on Pawn Loans

The Company manages its pawn loan portfolio by monitoring the type and adequacy of collateral compared to historical gross profit margins. If a pawn loan defaults, the Company relies on the disposition of pawned property to recover the principal amount of an unpaid pawn loan, plus a yield on the investment, because the Company’s pawn loans are non-recourse against the customer. In addition, the customer’s creditworthiness does not affect the Company’s financial position or results of operations. Generally, forfeited merchandise has historically sold for an amount in excess of the cost of goods sold (which is generally the principal amount loaned on an item or the amount paid for purchased merchandise). Goods pledged to secure pawn loans are tangible personal property items such as jewelry, tools, televisions and other electronics, musical instruments and other miscellaneous items. A pawn loan is considered delinquent if the customer does not repay or, where allowed by law, renew or extend the loan on or prior to its contractual maturity date plus any applicable grace period. Pawn loan fees and service charges do not accrue on delinquent pawn loans. When a pawn loan is considered delinquent, any accrued pawn loan fees and service charges are reversed and no additional pawn loan fees and service charges are accrued. As of June 30, 2014 and 2013 and December 31, 2013, the Company had current pawn loans outstanding of $254.2 million, $222.9 million and $251.9 million, respectively, and delinquent pawn loans outstanding of $9.5 million, $6.7 million and $9.2 million, respectively.

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3. Consumer Loans, Credit Quality Information on Consumer Loans, Allowance and Liability for Estimated Losses on Consumer Loans and Guarantees of Consumer Loans

Consumer loan fee revenue generated from consumer loans for the three and six months ended June 30, 2014 and 2013 was as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Interest and fees on short-term loans	$86,148	$126,560	$181,122	$266,775
Interest and fees on line of credit accounts	74,894	28,283	147,930	51,517
Interest and fees on installment loans	64,297	47,588	130,469	94,344
Total consumer loan revenue	$225,339	$202,431	$459,521	$412,636

Current and Delinquent Consumer Loans

The Company classifies its consumer loans as either current or delinquent. Short-term loans are considered delinquent when payment of an amount due is not made as of the due date. If a line of credit account or installment loan customer misses one payment, that payment is considered delinquent. If a line of credit account or installment loan customer does not make two consecutive payments, the entire account or loan is classified as delinquent. The Company allows for normal payment processing time before considering a loan delinquent but does not provide for any additional grace period.

The Company generally does not accrue interest on delinquent consumer loans and does not resume accrual of interest on a delinquent loan unless it is returned to current status. In addition, delinquent consumer loans generally may not be renewed, and if, during its attempt to collect on a delinquent consumer loan, the Company allows additional time for payment through a payment plan or a promise to pay, it is still considered delinquent. Generally, all payments received are first applied against accrued but unpaid interest and fees and then against the principal balance of the loan.

Allowance and Liability for Estimated Losses on Consumer Loans

The Company monitors the performance of its consumer loan portfolio and maintains either an allowance or liability for estimated losses on consumer loans (including fees and interest) at a level estimated to be adequate to absorb credit losses inherent in the portfolio. The allowance for losses on the Company's owned consumer loans reduces the outstanding loan balance in the consolidated balance sheets. The liability for estimated losses related to loans guaranteed under its credit services organization programs ("CSO programs") is initially recorded at fair value and is included in "Accounts payable and accrued expenses" in the consolidated balance sheets.

In determining the allowance or liability for estimated losses on consumer loans, the Company applies a documented systematic methodology. In calculating the allowance or liability for loan losses, outstanding loans are divided into discrete groups of short-term loans, line of credit accounts and installment loans and are analyzed as current or delinquent. Increases in either the allowance or the liability, net of charge-offs and recoveries, are recorded as a "Consumer loan loss provision" in the consolidated statements of income.

The allowance or liability for short-term loans classified as current is based on historical loss rates adjusted for recent default trends for current loans. For delinquent short-term loans, the allowance or liability is based on a six-month rolling average of loss rates by stage of collection. For line of credit accounts and installment loan portfolios, the

Company generally uses a migration analysis to estimate losses inherent in the portfolio. The allowance or liability calculation under the migration analysis is based on historical charge-off experience and the loss emergence period, which represents the average amount of time between the first occurrence of a loss event to the charge-off of a loan. The factors the Company considers to assess the adequacy of the allowance or liability include past due performance, historical behavior of monthly vintages, underwriting changes and recent trends in delinquency in the migration analysis.

The Company fully reserves and generally charges off consumer loans once the loan or a portion of the loan has been classified as delinquent for 60 consecutive days. If a loan is deemed uncollectible before it is fully reserved, it is charged off at that point. Consumer loans classified as delinquent generally have an age of one to 59 days from the date any portion of the loan became delinquent, as defined above. Recoveries on loans previously charged to the allowance are credited to the allowance when collected.
The components of Company-owned consumer loan portfolio receivables as of June 30, 2014 and 2013 and December 31, 2013 were as follows (dollars in thousands):

	As of June 30, 2014			
	Short-term Loans	Line of Credit Accounts	Installment Loans	Total
Current loans	$78,691	$112,391	$162,052	$353,134
Delinquent loans	24,194	10,018	22,802	57,014
Total consumer loans, gross	102,885	122,409	184,854	410,148
Less: allowance for losses	(21,679)	(21,578)	(28,930)	(72,187)
Consumer loans, net	$81,206	$100,831	$155,924	$337,961
	As of June 30, 2013			
	Short-term Loans	Line of Credit Accounts	Installment Loans	Total
Current loans	$119,084	$51,508	$124,126	$294,718
Delinquent loans	49,074	6,563	16,635	72,272
Total consumer loans, gross	168,158	58,071	140,761	366,990
Less: allowance for losses	(42,068)	(10,649)	(27,146)	(79,863)
Consumer loans, net	$126,090	$47,422	$113,615	$287,127
	As of December 31, 2013			
	Short-term Loans	Line of Credit Accounts	Installment Loans	Total
Current loans	$101,379	$111,822	$168,221	$381,422
Delinquent loans	29,857	13,980	21,448	65,285
Total consumer loans, gross	131,236	125,802	189,669	446,707
Less: allowance for losses	(24,425)	(29,784)	(33,657)	(87,866)
Consumer loans, net	$106,811	$96,018	$156,012	$358,841

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Changes in the allowance for losses for the Company-owned loans and the liability for estimated losses on the Company's guarantees of third-party lender-owned loans through the CSO programs during the three and six months ended June 30, 2014 and 2013 were as follows (dollars in thousands):

	Three Months Ended June 30, 2014			
	Short-term Loans	Line of Credit Accounts	Installment Loans	Total
Allowance for losses for Company-owned consumer loans:				
Balance at beginning of period	$21,119	$26,669	$29,921	$77,709
Consumer loan loss provision	25,067	21,786	27,116	73,969
Charge-offs	(32,051)	(31,154)	(34,801)	(98,006)
Recoveries	7,544	4,277	6,694	18,515
Balance at end of period	$21,679	$21,578	$28,930	$72,187
Liability for third-party lender-owned consumer loans:				
Balance at beginning of period	$1,467	$—	$989	$2,456
Increase in liability	554	—	166	720
Balance at end of period	$2,021	$—	$1,155	$3,176

	Three Months Ended June 30, 2013			
	Short-term Loans	Line of Credit Accounts	Installment Loans	Total
Allowance for losses for Company-owned consumer loans:				
Balance at beginning of period	$42,570	$8,064	$27,033	$77,667
Consumer loan loss provision	42,039	9,919	24,319	76,277
Charge-offs	(52,852)	(8,874)	(27,731)	(89,457)
Recoveries	10,311	1,540	3,525	15,376
Balance at end of period	$42,068	$10,649	$27,146	$79,863
Liability for third-party lender-owned consumer loans:				
Balance at beginning of period	$1,547	$—	$548	$2,095
Increase in liability	892	—	60	952
Balance at end of period	$2,439	$—	$608	$3,047

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
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	Six Months Ended June 30, 2014			
	Short-term Loans	Line of Credit Accounts	Installment Loans	Total
Allowance for losses for Company-owned consumer loans:				
Balance at beginning of period	$24,425	$29,784	$33,657	$87,866
Consumer loan loss provision	47,683	45,161	55,249	148,093
Charge-offs	(69,459)	(61,142)	(71,890)	(202,491)
Recoveries	19,030	7,775	11,914	38,719
Balance at end of period	$21,679	$21,578	$28,930	$72,187
Liability for third-party lender-owned consumer loans:				
Balance at beginning of period	$2,322	$—	$758	$3,080
(Decrease) increase in liability	(301)	—	397	96
Balance at end of period	$2,021	$—	$1,155	$3,176

	Six Months Ended June 30, 2013			
	Short-term Loans	Line of Credit Accounts	Installment Loans	Total
Allowance for losses for Company-owned consumer loans:				
Balance at beginning of period	$45,982	$11,107	$28,614	$85,703
Consumer loan loss provision	88,592	16,472	47,468	152,532
Charge-offs	(113,642)	(20,076)	(55,475)	(189,193)
Recoveries	21,136	3,146	6,539	30,821
Balance at end of period	$42,068	$10,649	$27,146	$79,863
Liability for third-party lender-owned consumer loans:				
Balance at beginning of period	$2,934	$—	$564	$3,498
(Decrease) increase in liability	(495)	—	44	(451)
Balance at end of period	$2,439	$—	$608	$3,047

Guarantees of Consumer Loans

In connection with its CSO programs, the Company guarantees consumer loan payment obligations to unrelated third-party lenders for short-term loans and installment loans that are secured by a customer’s vehicle and is required to purchase any defaulted loans it has guaranteed. The guarantee represents an obligation to purchase specific loans that go into default. Short-term loans that are guaranteed generally have terms of less than 90 days. Loans secured by a customer's vehicle, which are included in the Company’s installment loan portfolio, that are guaranteed typically have an average term of less than 24 months, with available terms of up to 42 months. As of June 30, 2014 and 2013 and December 31, 2013, the amount of consumer loans guaranteed by the Company was $47.5 million, $50.9 million and $59.0 million, respectively, representing amounts due under consumer loans originated by third-party lenders under the CSO programs. The liability for estimated losses on consumer loans guaranteed by the Company of $3.2 million, $3.0 million and $3.1 million, as of June 30, 2014 and 2013 and December 31, 2013, respectively, is included in “Accounts payable and accrued expenses” in the accompanying consolidated balance sheets.

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4. Merchandise Held for Disposition

Merchandise held for disposition and the related allowance as of June 30, 2014 and 2013 and December 31, 2013 associated with the Company's domestic and foreign retail services operations were as follows (dollars in thousands):

	As of June 30, 2014			2013			As of December 31, 2013		
	Total	Allowance	Net	Total	Allowance	Net	Total	Allowance	Net
Domestic	$194,745	$(2,000)	$192,745	$150,084	$(840)	$149,244	$204,663	$(840)	$203,823
Foreign	6,283	(109)	6,174	5,977	(109)	5,868	5,185	(109)	5,076
Total	$201,028	$(2,109)	$198,919	$156,061	$(949)	$155,112	$209,848	$(949)	$208,899

5. Investments in Unconsolidated Subsidiaries

The Company records investments in unconsolidated subsidiaries at cost. The aggregate carrying values of the Company's investments in unconsolidated subsidiaries were $8.4 million and $7.3 million as of June 30, 2014 and 2013, respectively, and $8.3 million as of December 31, 2013 and were held in "Other assets" in the consolidated balance sheets. Carrying values for these investments are adjusted for cash contributions and distributions. The Company evaluates these investments for impairment if an event occurs or circumstances change that would more likely than not reduce the fair value of the investment below carrying value. If an impairment of the investment is determined to be other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary-impairment is identified.

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6. Long-term Debt

The long-term debt instruments and balances outstanding as of June 30, 2014 and 2013 and December 31, 2013 for each of the Company and its wholly-owned subsidiary, Enova International, Inc. ("Enova"), were as follows (dollars in thousands):

	Balance as of June 30, 2014	2013	December 31, 2013
Domestic and multi-currency line of credit due 2018	$—	$—	$193,717
6.09% Series A senior unsecured notes due 2016	—	28,000	21,000
7.26% senior unsecured notes due 2017	—	20,000	20,000
Variable rate senior unsecured notes due 2018	—	37,500	33,333
5.75% senior unsecured notes due 2018	300,000	300,000	300,000
6.00% Series A senior unsecured notes due 2019	—	47,000	47,000
6.21% Series B senior unsecured notes due 2021	—	20,455	18,182
6.58% Series B senior unsecured notes due 2022	—	5,000	5,000
5.25% convertible senior notes due 2029	—	111,869	101,757
Subtotal - Company debt	$300,000	$569,824	$739,989
Enova line of credit due 2017	—	—	—
Enova 9.75% senior unsecured notes due 2021	493,863	—	—
Subtotal - Enova debt	$493,863	$—	$—
Total debt	$793,863	$569,824	$739,989
Less current portion	—	(22,606)	(22,606)
Total long-term debt	$793,863	$547,218	$717,383

Domestic and Multi-Currency Line

On March 30, 2011, the Company and its domestic subsidiaries as guarantors entered into a Credit Agreement with a syndicate of financial institutions as lenders (the "Credit Agreement"). The Credit Agreement was amended on each of November 29, 2011, May 10, 2013, May 12, 2014 and June 13, 2014. The Credit Agreement, as amended, provides for a domestic and multi-currency line of credit in an aggregate principal amount of up to $280.0 million permitting revolving credit loans, including a multi-currency subfacility that gives the Company the ability to borrow up to $50.0 million that may be in specified foreign currencies, subject to the terms and conditions of the Credit Agreement (the "Domestic and Multi-currency Line of Credit"). The Credit Agreement contains an accordion feature whereby the revolving line of credit may be increased up to an additional $100.0 million with the consent of any increasing lenders. The Domestic and Multi-currency Line of Credit matures on March 31, 2018.

The May 2014 amendment to the Credit Agreement modified certain of the Credit Agreement's covenants to permit (i) the Enova Debt Issuance (as defined below), and (ii) the incurrence of additional indebtedness by Enova and its subsidiaries under a new credit facility in an aggregate principal amount not to exceed $75.0 million. The permissibility of the Enova Debt Issuance and additional permitted debt incurrence is subject to satisfaction of certain conditions, including repayment of all intercompany indebtedness owed by Enova to the Company, the payment of a cash dividend by Enova to the Company and that such debt issued by Enova be non-recourse to the Company. Additionally, the amendment to the Credit Agreement (i) amended provisions of the Credit Agreement to permit a distribution of Enova's stock to the Company's shareholders and allows the administrative agent to release Enova and its subsidiaries as guarantors of the Credit Agreement, subject to certain conditions, and (ii) amended restrictive covenants to permit the prepayment of certain indebtedness outstanding. The amendment also contains restrictions on the Company and its subsidiaries with regard to making any additional investments, loans or cash distributions to Enova and amends certain financial covenants and restrictions. The June 2014 amendment to the Credit Agreement made certain clarifications with respect to the types of prepayments permissible in connection with the prepayment of certain indebtedness.

Interest on the Domestic and Multi-currency Line of Credit is charged, at the Company’s option, at either the London Interbank Offered Rate (“LIBOR”) for one week or one-, two-, three- or six-month periods, as selected by the Company, plus a margin varying from 2.00% to 3.25% or at the agent’s base rate plus a margin varying from 0.50% to 1.75%. The margin for the Domestic and Multi-currency Line of Credit is dependent on the Company’s cash flow leverage ratios as defined in the Credit Agreement entered into in connection with the Domestic and Multi-currency Line of Credit. The Company also pays a fee on the unused portion of the Domestic and Multi-currency Line of Credit ranging from 0.25% to 0.50% (0.38% as of June 30, 2014) based on the Company’s cash flow leverage ratios. The weighted average interest rate (including margin) on the Domestic and Multi-currency Line of Credit was 3.30% as of December 31, 2013.

On May 30, 2014, Enova completed the issuance and sale of $500.0 million of senior unsecured notes (the “Enova Debt Issuance”) discussed below under “$500.0 million 9.75% Senior Unsecured Notes.” In connection with the proceeds received from Enova’s repayment of intercompany indebtedness to the Company following the Enova Debt Issuance, the Company repaid the entire amount outstanding on the Domestic and Multi-currency Line of Credit. As of June 30, 2014, the Company had no outstanding borrowings under its Domestic and Multi-currency Line of Credit.

The Company routinely refinances borrowings pursuant to the terms of its Domestic and Multi-currency Line of Credit. Therefore, these borrowings are reported as part of the applicable line of credit and as long-term debt.

Variable Rate Senior Unsecured Notes

When the Company entered into the Credit Agreement, it also entered into a $50.0 million term loan facility under which it issued variable rate senior unsecured notes that are guaranteed by all of the Company’s domestic subsidiaries (the “2018 Variable Rate Notes”). The maturity date of the 2018 Variable Rate Notes was March 31, 2018, but in connection with the proceeds received from Enova’s repayment of intercompany indebtedness to the Company following the Enova Debt Issuance, the Company prepaid the entire amount outstanding on the 2018 Variable Rate Notes.

In conjunction with the prepayment of the 2018 Variable Rate Notes during the three months ended June 30, 2014, the Company incurred a $0.1 million expense to write-off unamortized deferred financing costs associated with the 2018 Variable Rate Notes. This expense is included in “Loss on extinguishment of debt” in the consolidated statements of income.

Letter of Credit Facility

When the Company entered into the Credit Agreement, it also entered into a Standby Letter of Credit Agreement (the “LC Agreement”) for the issuance of up to $20.0 million in letters of credit (the “Letter of Credit Facility”) that is guaranteed by the Company’s domestic subsidiaries and matures on March 31, 2018. In the event that an amount is paid by the issuing bank under a stand-by letter of credit, it will be due and payable by the Company on demand, and amounts due by the Company under the LC Agreement will bear interest annually at a rate that is the lesser of (a) 2% above the prime rate for Wells Fargo Bank, National Association or (b) the maximum rate of interest permissible under applicable laws. The LC Agreement also requires the Company to pay quarterly fees equal to the applicable margin set forth in the LC Agreement on the undrawn amount of the credit outstanding. The Company had standby letters of credit of $12.6 million under its Letter of Credit Facility as of June 30, 2014.

$300.0 million 5.75% Senior Unsecured Notes

On May 15, 2013, the Company issued and sold $300.0 million in aggregate principal amount of 5.75% Senior Notes due 2018 (the “2018 Senior Notes”). The 2018 Senior Notes bear interest at a rate of 5.75% annually on the principal amount, payable semi-annually in arrears on May 15 and November 15 of each year, beginning on November 15, 2013. The 2018 Senior Notes will mature on May 15, 2018. The 2018 Senior Notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the United States pursuant to Regulation S under the Securities Act.

In connection with the issuance and registration of the 2018 Senior Notes, the Company incurred debt issuance and registration costs of approximately $8.7 million, which primarily consisted of underwriting fees, legal and other professional expenses. These costs are being amortized over a period of five years and are included in “Other assets” in the consolidated balance sheets.

The 2018 Senior Notes are senior unsecured debt obligations of the Company and are guaranteed by all of the Company’s domestic subsidiaries and one of its foreign subsidiaries (the “Guarantors”). The Guarantors have guaranteed fully and unconditionally, on a joint and several basis, the obligations to pay principal and interest for the 2018 Senior Notes. Cash America International, Inc. (“Parent Company”), on a stand-alone unconsolidated basis, has no independent assets or operations. The Guarantors are 100% owned by the Company. The assets and operations of the Parent Company’s non-guarantor subsidiaries, individually and in the aggregate, are minor. The domestic Guarantors under the 2018 Senior Notes are also guarantors under the Credit Agreement. The 2018 Senior Notes Indenture provides that if any of the Guarantors is released from its guarantees of the Company’s borrowings and obligations under the Credit Agreement, that Guarantor’s guaranty of the 2018 Senior Notes will also be released. There are certain restrictions on the ability of Enova and its subsidiaries to pay funds to the Parent Company through dividends, loans, advances or otherwise. See “Enova Line of Credit” and “$500.0 Million 9.75% Senior Unsecured Notes” below for a description of these restrictions.

The 2018 Senior Notes are redeemable at the Company’s option, in whole or in part, at any time at 100% of the aggregate principal amount of 2018 Senior Notes redeemed plus the applicable “make whole” redemption price specified in the Indenture that governs the 2018 Senior Notes (the “2018 Senior Notes Indenture”), plus accrued and unpaid interest, if any, to the redemption date. In addition, if a change of control occurs, as that term is defined in the 2018 Senior Notes Indenture, the holders of 2018 Senior Notes will have the right, subject to certain conditions, to require the Company to repurchase their 2018 Senior Notes at a purchase price equal to 101% of the aggregate principal amount of 2018 Senior Notes repurchased plus accrued and unpaid interest, if any, as of the date of repurchase. As required by a registration rights agreement that the Company entered into with the initial purchasers when the 2018 Senior Notes were issued, the Company completed an exchange offer with respect to the 2018 Senior Notes in January 2014. All of the unregistered 2018 Senior Notes have been exchanged for identical new notes registered under the Securities Act.

2029 Convertible Notes

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 “2029 Convertible Notes”). The Company notified the holders of its outstanding 2029 Convertible Notes that on May 15, 2014, it would redeem all outstanding 2029 Convertible Notes, and as a result of this notification, all holders of outstanding 2029 Convertible Notes elected conversion on May 15, 2014. Pursuant to the terms of the 2029 Convertible Notes, the Company elected to pay cash for the $44.4 million of principal amount of all converted notes outstanding at that date, plus accrued interest, and to re-issue 747,085 shares of common stock held in treasury for the amount in excess of principal owed to noteholders as a result of the net-share settlement provisions in the Indenture that governs the 2029 Convertible Notes. In accordance with ASC 470, Debt, no gain or loss was recorded in the consolidated statements of income for the conversion. Additionally, the Company’s consolidated shareholders' equity was not changed as a result of this activity.

During the three months ended March 31, 2014 and prior to the conversion of the 2029 Convertible Notes, the Company repurchased $58.6 million principal amount of the 2029 Convertible Notes in privately-negotiated transactions for aggregate cash consideration of $89.5 million plus accrued interest. In connection with these purchases, the Company recorded a loss on extinguishment of debt of approximately $1.5 million, which is included in “Loss on extinguishment of debt” in the consolidated statements of income, and a $30.3 million decrease to additional paid-in capital, which is included in “Repurchases and conversion of convertible debt” in the consolidated statements of equity.

Contractual interest expense recognized for the 2029 Convertible Notes was $0.5 million and $1.3 million for the three and six months ended June 30, 2014 and was $1.5 million and $3.0 million for the three and six months ended June 30, 2013. Additionally, interest expense related to non-cash amortization of the discount represented $0.2 million and $0.7 million for the three and six months ended June 30, 2014 and $0.8 million and $1.7 million for the three and six months ended June 30, 2013.

Enova Line of Credit

On May 14, 2014, Enova and certain of its domestic subsidiaries, as guarantors, entered into a credit agreement among Enova, the guarantors, Jefferies Finance LLC as administrative agent and Jefferies Group LLC as lender (the “Enova Credit Agreement”). The Enova Credit Agreement provides for an unsecured revolving credit facility of an aggregate principal amount of up to $75.0 million, including a multi-currency sub-facility that gives Enova the ability to borrow up to $25.0 million that may be in specified foreign currencies, subject to the terms and conditions of the Enova Credit Agreement (the “Enova Credit Facility”). The Enova Credit Facility will mature on June 30, 2017. However, if Enova’s guarantees of the Company’s indebtedness are not released on or before March 31, 2015, the Enova Credit Agreement provides that the Enova Credit Facility will instead mature on March 31, 2015. The Enova Credit Agreement is an unsecured debt obligation of Enova and is unconditionally guaranteed by all of Enova's domestic subsidiaries. Neither the Company nor any of its other subsidiaries that are not subsidiaries of Enova guarantee the Enova Credit Facility.

Interest on the Enova Credit Facility will be charged, at Enova’s option, at either the LIBOR for one week or one-, two-, three- or six-month periods, as selected by Enova, plus a margin varying from 2.50% to 3.75% or at the agent’s base rate plus a margin varying from 1.50% to 2.75%. The margin for the Enova Credit Facility borrowings is dependent on Enova’s cash flow leverage ratios. Enova will also be required to pay a fee on the unused portion of the line of credit ranging from 0.25% to 0.50% based on Enova’s cash flow leverage ratios. Enova had no outstanding borrowings on the Enova Credit Facility as of June 30, 2014. Enova’s ability to pay dividends or make distributions to the Company is subject to certain limitations in the Enova Credit Agreement.

The Enova Credit Agreement also includes a sub-limit of up to $20.0 million for standby or commercial letters of credit. In the event that an amount is paid by the issuing bank under a letter of credit, it will be due and payable by Enova on demand. Pursuant to the terms of the Enova Credit Agreement, Enova agrees to pay fees equal to the LIBOR margin per annum on the undrawn amount of each outstanding standby Letter of Credit plus a one-time commercial letter of credit fee of 0.20% of the face amount of each commercial Letter of Credit plus 0.25% per annum on the average daily amount of the total Letter of Credit exposure. Enova had no outstanding letters of credit under the Enova Credit Agreement as of June 30, 2014.

In connection with the Enova Credit Facility, Enova incurred debt issuance costs of approximately $1.6 million for the six months ended June 30, 2014, which primarily consisted of underwriting fees and legal expenses. The unamortized balance of these costs as of June 30, 2014 is included in “Other assets” in the consolidated balance sheets. These costs are being amortized to interest expense over a period of 37 months, the term of the Enova Credit Facility.

$500.0 million 9.75% Senior Unsecured Notes

On May 30, 2014, Enova issued and sold $500.0 million in aggregate principal amount of 9.75% Senior Notes due 2021 (the “Enova 2021 Senior Notes”). The Enova 2021 Senior Notes bear interest at a rate of 9.75% annually on the principal amount payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2014. The Enova 2021 Senior Notes were sold at a discount of the principal amount to yield 10.0% to maturity. The Enova 2021 Senior Notes will mature on June 1, 2021. The Enova 2021 Senior Notes are unsecured debt obligations of Enova, and are unconditionally guaranteed by all of Enova’s domestic subsidiaries. Neither the Company nor any of its other subsidiaries that are not subsidiaries of Enova guarantee the Enova 2021 Senior Notes. The Enova 2021 Senior Notes were sold to qualified institutional buyers in accordance with Rule 144A under the Securities Act and outside the United States pursuant to Regulation S under the Securities Act.

As of June 30, 2014, the carrying amount of the Enova 2021 Senior Notes was $493.9 million, which includes an unamortized discount of $6.1 million. The discount is being amortized to interest expense over a period of seven years, through the maturity date of June 1, 2021. The total interest expense recognized was $4.3 million for the six months ended June 30, 2014, of which $0.1 million represented the non-cash amortization of the discount. In connection with the issuance of the Enova 2021 Senior Notes, the Company incurred approximately $14.7 million for issuance costs, which primarily consisted of underwriting fees, legal and other professional expenses. These costs are being amortized to interest expense over seven years and are included in “Other assets” in the consolidated balance sheets.

During the three months ended June 30, 2014, Enova used the $479.0 million it received as net proceeds from the issuance of the Enova 2021 Senior Notes to repay all intercompany indebtedness it owed to the Company and to pay a significant portion of a cash dividend to the Company.

The Enova 2021 Senior Notes are redeemable at Enova’s option, in whole or in part, (i) at any time prior to June 1, 2017 at 100% of the aggregate principal amount of 2021 Senior Notes redeemed plus the applicable “make whole” redemption price specified in the indenture that governs the Enova 2021 Notes (the “Enova 2021 Senior Notes Indenture”), plus accrued and unpaid interest, if any, to the redemption date and (ii) at any time on or after June 1, 2017 at a premium specified in the Enova 2021 Senior Notes Indenture that will decrease over time, plus accrued and unpaid interest, if any, to the redemption date. In addition, prior to June 1, 2017, at its option, Enova may redeem up to 35% of the aggregate principal amount of the Enova 2021 Senior Notes at a redemption price equal to 109.75% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, with the proceeds of certain equity offerings as described in the Enova 2021 Senior Notes Indenture. Additionally, if Enova and its subsidiaries’ guarantee of certain indebtedness of the Company as described in the Enova 2021 Senior Notes Indenture is not released on or before March 31, 2015, then Enova may redeem all of the Enova 2021 Senior Notes outstanding at a redemption price equal to 103% of the aggregate principal amount, plus accrued and unpaid interest, if any, to the redemption date (the “Special Redemption”), and if the Special Redemption does not occur, then the interest rate on the Enova 2021 Senior Notes will increase 2.0% per annum until Enova and its subsidiaries no longer guarantee certain indebtedness of the Company as described in the Enova 2021 Senior Notes Indenture. If a change of control occurs, as that term is defined in the Enova 2021 Senior Notes Indenture, the holders of the

Enova 2021 Senior Notes will have the right, subject to certain conditions, to require Enova to repurchase the Enova 2021 Senior Notes at a purchase price equal to 101% of the aggregate principal amount, plus accrued and unpaid interest, if any, as of the date of repurchase. Enova's ability to pay dividends or make distributions to the Company is subject to certain limitations in the Enova 2021 Senior Notes Indenture.

Additionally, on May 30, 2014, Enova entered into a registration rights agreement with Jefferies LLC as the initial purchaser (the "Enova Registration Rights Agreement") of the Enova 2021 Senior Notes, pursuant to which Enova agreed to use commercially reasonable efforts to cause a registration statement to be declared effective on or prior to the 360th day following the closing date relating to an exchange offer of the Enova 2021 Senior Notes for identical new notes registered under the Securities Act. In certain circumstances, Enova may be required to file a shelf registration to cover resales of the Enova 2021 Senior Notes. If Enova does not comply with certain covenants set forth in the Enova Registration Rights Agreement, it must pay liquidated damages to holders of the Enova 2021 Senior Notes. If Enova fails to satisfy any of its registration obligations, it will be required to pay the holders of the Enova 2021 Senior Notes additional interest of 0.25% to 0.50% per annum until it satisfies its registration obligations.

Private Placement Notes

On May 9, 2014, the Company and its domestic subsidiaries, as guarantors, entered into an Omnibus Waiver, Consent, and Amendment Agreement (the "Waiver and Amendment") with respect to its 6.09% Series A senior unsecured notes due 2016, 7.26% senior unsecured notes due 2017, 6.00% Series A senior unsecured notes due 2019, 6.21% Series B senior unsecured notes due 2021 and its 6.58% Series B senior unsecured notes due 2022 (collectively, the "Private Placement Notes"), which provided for Enova's release as a guarantor for the Private Placement Notes upon completion of the Enova Debt Issuance. The Waiver and Amendment also required the Company to prepay the entire outstanding balance of Private Placement Notes, including any applicable make-whole premium, with proceeds received from Enova for repayment of intercompany indebtedness and payment of a dividend following the Enova Debt Issuance. The Company completed the prepayment of the Private Placement Notes during the three months ended June 30, 2014, which included an aggregate principal repayment of $106.2 million and a make-whole premium of $14.3 million. Additionally, in conjunction with this prepayment, the Company incurred a $0.6 million expense to write-off the remaining deferred financing costs associated with the Private Placement Notes. The expenses for the make-whole premium and the write-off of deferred financing costs are included in "Loss on extinguishment of debt" in the consolidated statements of income.

Debt Agreement Compliance

The debt agreements for the Domestic and Multi-currency Line of Credit, the Enova Credit Facility, the 2018 Senior Notes and the Enova 2021 Senior Notes require the Company and Enova to maintain certain financial ratios. As of June 30, 2014, the Company and Enova, as applicable, were in compliance with all covenants or other requirements set forth in the debt agreements.

7. Reclassification out of Accumulated Other Comprehensive Income

The reclassification adjustments from accumulated other comprehensive income ("AOCI") to net income for the three and six months ended June 30, 2014 and 2013 were as follows (dollars in thousands):

	Three Months Ended June 30, 2014			Six Months Ended June 30, 2014		
	Foreign currency translation gain, net of tax	Marketable securities, net of tax	Total	Foreign currency translation gain, net of tax	Marketable securities, net of tax	Total
Balance at the beginning of period	$5,182	$—	$5,182	$4,649	$—	$4,649
Other comprehensive income before reclassifications	2,816	—	2,816	3,349	—	3,349
Net change in AOCI	2,816	—	2,816	3,349	—	3,349
Balance at the end of period	$7,998	$—	$7,998	$7,998	$—	$7,998

	Three Months Ended June 30, 2013			Six Months Ended June 30, 2013		
	Foreign currency translation gain (loss), net of tax	Marketable securities, net of tax	Total	Foreign currency translation gain (loss), net of tax	Marketable securities, net of tax	Total
Balance at the beginning of period	$3,307	$895	$4,202	$2,874	$254	$3,128
Other comprehensive income before reclassifications	(3,669)	(268)	(3,937)	(3,236)	373	(2,863)
Amounts reclassified from AOCI[(a)]	—	(627)	(627)	—	(627)	(627)
Net change in AOCI	(3,669)	(895)	(4,564)	(3,236)	(254)	(3,490)
Balance at the end of period	$(362)	$—	$(362)	$(362)	$—	$(362)

(a) The gain on marketable securities reclassified out of AOCI for the three and six months ended June 30, 2013 is composed of a $964 gain and income tax expense of $337. The gain and income tax expense are included in "Other revenue" and "Provision for income taxes," respectively, in the consolidated statements of income.

8. Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income 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 stock-based employee compensation plans are included in diluted shares upon the granting of the awards even though the vesting of shares will occur over time. Performance-based awards are included in diluted shares based on the level of performance that management estimates is the most probable outcome at the grant date. Throughout the requisite service period, management monitors the probability of achievement of the performance condition and, if material, adjusts the number of shares included in diluted shares accordingly.

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The following table sets forth the reconciliation of numerators and denominators of basic and diluted net income per share computations for the three and six months ended June 30, 2014 and 2013 (dollars and shares in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Numerator:				
Net income attributable to Cash America International, Inc.	$20,971	$25,132	$66,708	$69,058
Denominator:				
Total weighted average basic shares[(a)]	28,823	28,721	28,616	28,910
Shares applicable to stock-based compensation[(b)]	87	75	61	89
Convertible debt[(c)]	346	2,049	688	2,024
Total weighted average diluted shares[(d)]	29,256	30,845	29,365	31,023
Net income – basic	$0.73	$0.88	$2.33	$2.39
Net income – diluted	$0.72	$0.81	$2.27	$2.23

(a) Includes (i) vested and deferred restricted stock units of 309 and 313, as well as 32 and 31 shares held in the Company’s nonqualified savings plan for the three months ended June 30, 2014 and 2013, respectively, and (ii) vested and deferred restricted stock units of 309 and 312, as well as 32 and 31 shares held in the Company's nonqualified savings plan for the six months ended June 30, 2014 and 2013, respectively.

(b) Includes shares related to unvested restricted stock unit awards.

(c) On May 15, 2014, the Company called the notes and the noteholders elected to convert such notes. The Company settled the principal portion of the outstanding 2029 Convertible Notes in cash and issued 747,085 of the Company's common shares related to the conversion spread. Prior to the repayment of the 2029 Convertible Notes, only the shares related to the conversion spread were included in weighted average diluted shares, because the Company intended to pay the principal portion of the notes in cash. See Note 6 for further discussion of the 2029 Convertible Notes.

(d) There were 7 and 13 anti-dilutive shares for the three and six months ended June 30, 2014, respectively, and 5 and 46 anti-dilutive shares for the three and six months ended June 30, 2013, respectively.

9. Operating Segment Information

The Company has two reportable operating segments: retail services and e-commerce. The retail services segment includes all of the operations of the Company’s Retail Services Division, which is composed of both domestic and foreign storefront locations that offer some or all of the following services: pawn loans, consumer loans, the purchase and sale of merchandise, check cashing and other ancillary products and services such as money orders, wire transfers, prepaid debit cards, tax filing services and auto insurance. Most of these ancillary products and services offered in the retail services segment are provided through third-party vendors. The e-commerce segment includes the operations of the Company’s E-Commerce Division, which is composed of the Company’s domestic and foreign online lending channels through which the Company offers consumer loans. The Company reports corporate operations separately from its retail services and e-commerce segment information.

Corporate operations primarily include corporate expenses such as legal, occupancy, executive oversight, insurance and risk management, public and government relations, internal audit, treasury, payroll, compliance and licensing, finance, accounting, tax and information systems (except for online lending systems, which are included in the e-commerce segment). Corporate income includes miscellaneous income not directly attributable to the Company's segments. Corporate assets primarily include corporate property and equipment, nonqualified savings plan assets, marketable securities, foreign exchange forward contracts and prepaid insurance.

During the first quarter of 2014, the Company changed the presentation of financial information within its e-commerce segment to report certain administrative and depreciation and amortization expenses within that segment separately from its domestic and foreign operating components. Administrative expenses in the e-commerce segment, which were previously allocated between the domestic and foreign components based on the amount of loans written and renewed, are included under the "Admin" heading within the e-commerce segment information in the following tables. Depreciation and amortization related to the e-commerce administrative function is also included in this category. For comparison purposes, amounts for prior years have been conformed to the current presentation.

The following tables contain operating segment data for the three and six months ended June 30, 2014 and 2013 by segment, for the Company's corporate operations and on a consolidated basis (dollars in thousands):

	Retail Services			E-Commerce					
	Domestic	Foreign	Total	Domestic	Foreign	Admin	Total	Corporate	Consolidated
Three Months Ended June 30, 2014									
Revenue									
Pawn loan fees and service charges	$78,911	$2,079	$80,990	$—	$—	$—	$—	$—	$80,990
Proceeds from disposition of merchandise	142,447	4,325	146,772	—	—	—	—	—	146,772
Consumer loan fees	23,900	—	23,900	108,751	92,688	—	201,439	—	225,339
Other	1,718	45	1,763	35	8	—	43	183	1,989
Total revenue	246,976	6,449	253,425	108,786	92,696	—	201,482	183	455,090
Cost of revenue									
Disposed merchandise	101,177	3,333	104,510	—	—	—	—	—	104,510
Consumer loan loss provision	7,849	—	7,849	38,729	28,111	—	66,840	—	74,689
Total cost of revenue	109,026	3,333	112,359	38,729	28,111	—	66,840	—	179,199
Net revenue	137,950	3,116	141,066	70,057	64,585	—	134,642	183	275,891
Expenses									
Operations and administration	100,189	3,386	103,575	25,816	24,061	22,387	72,264	19,136	194,975
Depreciation and amortization	10,122	421	10,543	2,054	559	1,703	4,316	4,638	19,497
Total expenses	110,311	3,807	114,118	27,870	24,620	24,090	76,580	23,774	214,472
Income (loss) from operations	$27,639	$(691)	$26,948	$42,187	$39,965	$(24,090)	$58,062	$(23,591)	$61,419
As of June 30, 2014									
Total assets	$952,990	$121,193	$1,074,183	$462,039	$205,249	$14,779	$682,067	$412,636	$2,168,886
Goodwill			$495,672				$210,365		$706,037

	Retail Services			E-Commerce					
	Domestic	Foreign	Total	Domestic	Foreign	Admin	Total	Corporate	Consolidated

Three Months Ended June 30, 2013									
Revenue									
Pawn loan fees and service charges	$70,802	$1,926	$72,728	$—	$—	$—	$—	$—	$72,728
Proceeds from disposition of merchandise	127,214	4,318	131,532	—	—	—	—	—	131,532
Consumer loan fees	26,647	—	26,647	87,502	88,282	—	175,784	—	202,431
Other	1,918	258	2,176	361	16	—	377	1,136	3,689
Total revenue	226,581	6,502	233,083	87,863	88,298	—	176,161	1,136	410,380
Cost of revenue									
Disposed merchandise	85,352	3,609	88,961	—	—	—	—	—	88,961
Consumer loan loss provision	7,112	—	7,112	33,343	36,774	—	70,117	—	77,229
Total cost of revenue	92,464	3,609	96,073	33,343	36,774	—	70,117	—	166,190
Net revenue	134,117	2,893	137,010	54,520	51,524	—	106,044	1,136	244,190
Expenses									
Operations and administration	89,487	2,998	92,485	21,838	26,284	16,985	65,107	19,350	176,942
Depreciation and amortization	8,900	430	9,330	2,532	835	1,218	4,585	4,085	18,000
Total expenses	98,387	3,428	101,815	24,370	27,119	18,203	69,692	23,435	194,942
Income (loss) from operations	$35,730	$(535)	$35,195	$30,150	$24,405	$(18,203)	$36,352	$(22,299)	$49,248
As of June 30, 2013									
Total assets	$1,023,015	$123,601	$1,146,616	$374,720	$190,612	$11,909	$577,241	$132,811	$1,856,668
Goodwill			$397,876				$210,366		$608,242

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CASH AMERICA INTERNATIONAL, INC. AND SUBSIDIARIES
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	Retail Services			E-Commerce					
	Domestic	Foreign	Total	Domestic	Foreign	Admin	Total	Corporate	Consolidated
Six Months Ended June 30, 2014									
Revenue									
Pawn loan fees and service charges	$157,378	$3,799	$161,177	$—	$—	$—	$—	$—	$ 161,177
Proceeds from disposition of merchandise	314,617	8,610	323,227	—	—	—	—	—	323,227
Consumer loan fees	49,659	—	49,659	217,799	192,063	—	409,862	—	459,521
Other	3,720	130	3,850	74	11	—	85	330	4,265
Total revenue	525,374	12,539	537,913	217,873	192,074	—	409,947	330	948,190
Cost of revenue									
Disposed merchandise	222,435	6,639	229,074	—	—	—	—	—	229,074
Consumer loan loss provision	15,447	—	15,447	67,364	65,378	—	132,742	—	148,189
Total cost of revenue	237,882	6,639	244,521	67,364	65,378	—	132,742	—	377,263
Net revenue	287,492	5,900	293,392	150,509	126,696	—	277,205	330	570,927
Expenses									
Operations and administration	201,342	6,635	207,977	49,224	49,181	42,026	140,431	38,153	386,561
Depreciation and amortization	20,426	824	21,250	3,959	1,082	3,393	8,434	9,074	38,758
Total expenses	221,768	7,459	229,227	53,183	50,263	45,419	148,865	47,227	425,319
Income (loss) from operations	$65,724	$(1,559)	$64,165	$97,326	$76,433	$(45,419)	$128,340	$(46,897)	$ 145,608

	Retail Services			E-Commerce					
	Domestic	Foreign	Total	Domestic	Foreign	Admin	Total	Corporate	Consolidated
Six Months Ended June 30, 2013									
Revenue									
Pawn loan fees and service charges	$144,976	$3,666	$148,642	$—	$—	$—	$—	$—	$ 148,642
Proceeds from disposition of merchandise	301,364	8,885	310,249	—	—	—	—	—	310,249
Consumer loan fees	54,969	—	54,969	178,143	179,524	—	357,667	—	412,636
Other	4,418	351	4,769	802	23	—	825	1,387	6,981
Total revenue	505,727	12,902	518,629	178,945	179,547	—	358,492	1,387	878,508
Cost of revenue									

Disposed merchandise	203,039	7,257	210,296	—	—	—	—	—	210,296
Consumer loan loss provision	13,890	—	13,890	63,166	75,025	—	138,191	—	152,081
Total cost of revenue	216,929	7,257	224,186	63,166	75,025	—	138,191	—	362,377
Net revenue	288,798	5,645	294,443	115,779	104,522	—	220,301	1,387	516,131
Expenses									
Operations and administration	180,189	6,601	186,790	43,243	50,931	36,515	130,689	36,287	353,766
Depreciation and amortization	17,701	829	18,530	4,960	1,395	2,673	9,028	7,973	35,531
Total expenses	197,890	7,430	205,320	48,203	52,326	39,188	139,717	44,260	389,297
Income (loss) from operations	$90,908	$(1,785)	$89,123	$67,576	$52,196	$(39,188)	$80,584	$(42,873)	$ 126,834

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10. Commitments and Contingencies

Litigation

2013 Litigation Settlement

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 (the Company’s chief executive officer), and several unnamed officers, directors, owners and “stakeholders” of Cash America. In August 2006, James H. Greene and Mennie Johnson were permitted to join the lawsuit as named plaintiffs, and in June 2009, the court agreed to the removal of James E. Strong as a named plaintiff. The lawsuit alleged 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. First National Bank of Brookings, South Dakota (“FNB”), and Community State Bank of Milbank, South Dakota (“CSB”), for some time made loans to Georgia residents through Cash America’s Georgia operating locations. The complaint in this lawsuit claimed that Cash America was the true lender with respect to the loans made to Georgia borrowers and that FNB and CSB’s involvement in the process is “a mere subterfuge.” Based on this claim, the suit alleged that Cash America was the “de facto” lender and was illegally operating in Georgia. The complaint sought unspecified compensatory damages, attorney’s fees, punitive damages and the trebling of any compensatory damages. In November 2009, the case was certified as a class action lawsuit.

This case was scheduled to go to trial in November 2013, but on October 9, 2013, the parties agreed to a memorandum of understanding (the “Settlement Memorandum”). Pursuant to the Settlement Memorandum, the parties filed a joint motion containing the full terms of the settlement (the “Settlement Agreement”) with the trial court for approval on October 24, 2013, and the trial court preliminarily approved the Settlement Agreement on November 4, 2013. On January 16, 2014, the trial court issued its final approval of the settlement and entered the Final Order and Judgment. The Settlement Agreement required a minimum payment by the Company of $18.0 million and a maximum payment of $36.0 million to cover class claims (including honorarium payments to the named plaintiffs) and the plaintiffs’ attorneys’ fees and costs (including the costs of claims administration) (the “Class Claims and Costs”), all of which will count towards the aggregate payment for purposes of determining whether the minimum payment has been made or the maximum payment has been reached. The Company denies all of the material allegations of the lawsuit and denies any and all liability or wrongdoing in connection with the conduct described in the lawsuit, but the Company agreed to the settlement to eliminate the uncertainty, distraction, burden and expense of further litigation.

In accordance with ASC 450, Contingencies, the Company recognized a liability in 2013 in the amount of $18.0 million. The liability was recorded in “Accounts payable and accrued liabilities” in the consolidated balance sheets and “Operations and administration expense” in the consolidated statements of income for the year ended December 31, 2013. The Class Claims and Costs have been finalized, and the Company paid $18.6 million in connection with the Class Claims and Costs and recognized an additional $0.6 million of expenses, during the six months ended June 30, 2014.

Ohio Litigation

On May 28, 2009, one of the Company’s subsidiaries, Ohio Neighborhood Finance, Inc., doing business as Cashland (“Cashland”), filed a standard collections suit in an Elyria Municipal Court in Ohio against Rodney Scott seeking judgment against Mr. Scott in the amount of $570.16, which was the amount due under his loan agreement. Cashland’s loan was offered under the Ohio Mortgage Loan Act (“OMLA”), which allows for interest at a rate of 25% per annum plus certain loan fees allowed by the statute. The Municipal Court, in Ohio Neighborhood Finance, Inc. v. Rodney Scott, held that short-term, single-payment consumer loans made by Cashland are not authorized under the OMLA, and instead should have been offered under the Ohio Short-Term Lender Law, which was passed by the Ohio legislature in 2008 for consumer loans with similar terms. Due to a cap on interest and loan fees at an amount that is less than permitted under the OMLA, the Company does not offer loans under the Ohio Short-Term Lender Law. On December 3, 2012, the Ohio Ninth District Court of Appeals affirmed the Municipal Court's ruling in a 2-1 decision. The Supreme Court of Ohio heard the Company's appeal of the Ninth District Court's decision in December 2013. On June 11, 2014, the Ohio Supreme Court unanimously held that Cashland is properly offering short-term, single-payment loans in the State of Ohio under the OMLA reversing the decision entered by the Ohio Ninth District Court of Appeals.

The Company is also a defendant in certain routine litigation matters 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 is not expected to have a material adverse effect on the Company's financial position, results of operations or liquidity.

Consumer Financial Protection Bureau

On November 20, 2013, the Company consented to the issuance of a Consent Order by the Consumer Financial Protection Bureau (the "CFPB") pursuant to which it agreed, without admitting or denying any of the facts or conclusions made by the CFPB from its 2012 review of the Company, among other things, to set aside $8.0 million of cash for a period of 180 days to fund any further payments to eligible Ohio customers who make valid claims in connection with the Company's voluntary program that was announced in December 2012 to fully reimburse approximately 14,000 Ohio customers for all funds collected, plus interest accrued from the date collected, in connection with legal collections proceedings initiated by the Company in Ohio from January 1, 2008 through December 4, 2012 (the "Ohio Reimbursement Program"). The decision to make voluntary reimbursements in connection with the Ohio Reimbursement Program was made by the Company in 2012 because the Company determined that a small number of employees did not prepare certain court documents in many of its Ohio legal collections proceedings in accordance with court rules. The extended claims period required by the CFPB has expired. The Company has refunded approximately $6.4 million in connection with this program.

The $8.0 million of cash set aside was classified as restricted cash on the Company's consolidated balance sheets. In June 2014, following the expiration of the 180-day period extended claims period, the Company released $7.9 million of restricted cash. As of June 30, 2014, the remaining balance in restricted cash is approximately $60 thousand, reflecting the amount of refunds that were still outstanding as of that date.

11. Fair Value Measurements

Recurring Fair Value Measurements

In accordance with ASC 820, Fair Value Measurements and Disclosures ("ASC 820"), certain of 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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The Company’s financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2014 and 2013 and December 31, 2013 are as follows (dollars in thousands):

	June 30, 2014	Fair Value Measurements Using Level 1	Level 2	Level 3
Financial assets (liabilities):				
Cash equivalents	$64,948	$64,948	$—	$—
Forward currency exchange contracts	(93)	$—	(93)	—
Nonqualified savings plans’ assets[(a)]	15,560	15,560	—	—
Total	$80,415	$80,508	$(93)	$—
	June 30, 2013	Fair Value Measurements Using Level 1	Level 2	Level 3
Financial assets :				
Cash equivalents	$34,007	$34,007	$—	$—
Forward currency exchange contracts	454	—	454	—
Nonqualified savings plans’ assets[(a)]	13,336	13,336	—	—
Total	$47,797	$47,343	$454	$—
	December 31, 2013	Fair Value Measurements Using Level 1	Level 2	Level 3
Financial assets:				
Forward currency exchange contracts	$6	$—	$6	$—
Nonqualified savings plans’ assets[(a)]	14,576	14,576	—	—
Total	$14,582	$14,576	$6	$—

(a) The nonqualified savings plan assets have an offsetting liability of equal amount, which is included in “Accounts payable and accrued
expenses” in the Company’s consolidated balance sheets.

The Company’s cash equivalents are investments in money market funds, which are highly liquid investments with maturities of three months or less. These assets are classified within Level 1 of the fair value hierarchy, as the money market funds are valued using quoted market prices in active markets.

The Company measures the fair value of its forward currency exchange contracts under Level 2 inputs as defined by ASC 820. For these forward currency exchange contracts, current market rates are used to determine fair value. The significant inputs used in these models are derived from observable market rates. During the six months ended June 30, 2014 and 2013, there were no transfers of assets in or out of Level 1 or Level 2 fair value measurements.

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Financial Assets and Liabilities Not Measured at Fair Value

The Company's financial assets and liabilities as of June 30, 2014 and 2013 and December 31, 2013 that are not measured at fair value in the consolidated balance sheets are as follows (dollars in thousands):

	Carrying Value	Estimated Fair Value				
	June 30, 2014	June 30, 2014	Fair Value Measurement Using			
			Level 1		Level 2	Level 3
Financial assets:						
Cash	$127,967	$127,967	$127,967		$—	$—
Restricted cash	60	60	60		—	—
Pawn loans	263,668	263,668	—		—	263,668
Short-term loans and line of credit accounts, net	182,037	182,037	—		—	182,037
Installment loans, net	155,924	155,924	—		—	155,924
Pawn loan fees and service charges receivable	51,986	51,986	—		—	51,986
Total	$781,642	$781,642	$128,027		$—	$653,615
Financial liabilities:						
Liability for estimated losses on consumer loans guaranteed by the Company	$3,176	$3,176	$—		$—	$3,176
Senior unsecured notes	793,863	805,625	307,500	(a)	498,125	—
Total	$797,039	$808,801	$307,500		$498,125	$3,176

(a) The 2018 Senior Notes were transferred from Level 2 to Level 1 in the first quarter of 2014 in conjunction with the Company's registration of these notes with the SEC in January 2014. See Note 6 for further discussion of the 2018 Senior Notes.

	Carrying Value	Estimated Fair Value			
	June 30, 2013	June 30, 2013	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Financial assets:					
Cash	$90,452	$90,452	$90,452	$—	$—
Pawn loans	229,574	229,574	—	—	229,574
Short-term loans and line of credit accounts, net	173,512	173,512	—	—	173,512
Installment loans, net	113,615	113,615	—	—	113,615
Pawn loan fees and service charges receivable	45,566	45,566	—	—	45,566
Total	$652,719	$652,719	$90,452	$—	$562,267
Financial liabilities:					
Liability for estimated losses on consumer loans guaranteed by the Company	$3,047	$3,047	$—	$—	$3,047
Senior unsecured notes	457,955	443,480	—	443,480	—
2029 Convertible Notes	111,869	207,863	—	207,863	—
Total	$572,871	$654,390	$—	$651,343	$3,047

	Carrying Value	Estimated Fair Value			
	December 31,	December 31,	Fair Value Measurement Using		
	2013	2013	Level 1	Level 2	Level 3
Financial assets:					
Cash	$67,228	$67,228	$67,228	$—	$—
Restricted cash	8,000	8,000	8,000	—	—
Pawn loans	261,148	261,148	—	—	261,148
Short-term loans and line of credit accounts, net	202,829	202,829	—	—	202,829
Installment loans, net	156,012	156,012	—	—	156,012
Pawn loan fees and service charges receivable	53,438	53,438	—	—	53,438
Total	$748,655	$748,655	$75,228	$—	$673,427
Financial liabilities:					
Liability for estimated losses on consumer loans guaranteed by the Company	$3,080	$3,080	$—	$—	$3,080
Domestic and Multi-currency Line of credit	193,717	207,426	—	207,426	$—
Senior unsecured notes	444,515	430,554	—	430,554	—
2029 Convertible Notes	101,757	155,788	—	155,788	—
Total	$743,069	$796,848	$—	$793,768	$3,080

Pawn loans generally have maturity periods of less than 90 days. If a pawn loan defaults, the Company disposes of the collateral. Historically, collateral has sold for an amount in excess of the principal amount of the loan.

Short-term loans, line of credit accounts and installment loans are carried in the consolidated balance sheet net of the allowance for estimated loan losses, which is calculated by applying historical loss rates combined with recent default trends to the gross consumer loan balance. The unobservable inputs used to calculate the fair value of these loans include historical loss rates, recent default trends and estimated remaining loan terms; therefore, the carrying value approximates the fair value. Short-term loans and line of credit accounts have relatively short maturity periods that are generally 12 months or less. The fair value of unsecured and secured installment loans are estimated using a discounted cash flow analysis, which considers interest rates offered for loans with similar terms to borrowers of similar credit quality. The carrying values of the Company's installment loans approximate the fair value of these loans.

Pawn loan fees and service charges receivable are accrued ratably over the term of the loan based on the portion of these pawn loans deemed collectible. The Company uses historical performance data to determine collectability of pawn loan fees and service charges receivable. Additionally, pawn loan fees and service charge rates are determined by regulations and bear no valuation relationship to the capital markets' interest rate movements.

In connection with its CSO programs, the Company guarantees consumer loan payment obligations to unrelated third-party lenders for short-term loans and installment loans that are secured by a customer's vehicle and is required to purchase any defaulted loans it has guaranteed. The Company measures the fair value of its liability for third-party lender-owned consumer loans under Level 3 inputs. The fair value of these liabilities is calculated by applying historical loss rates combined with recent default trends to the gross consumer loan balance. The unobservable inputs used to calculate the fair value of these loans include historical loss rates, recent default trends and estimated remaining loan terms; therefore, the carrying value of these liabilities approximates the fair value.

The Company measures the fair value of long-term debt instruments that are registered with the SEC using Level 1 inputs. The Company measures the fair value of its senior unsecured notes using Level 2 inputs. The fair values of the Company's senior unsecured notes are estimated based on market values for debt issues with similar characteristics or rates currently available for debt with similar terms. As of June 30, 2014, the Company's senior

unsecured notes had 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.

12. 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 forward currency exchange contracts to hedge foreign currency risk in the United Kingdom 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's derivative instruments are presented in its financial statements on a net basis. The following table presents information related to the Company's derivative instruments as of June 30, 2014 and 2013 and December 31, 2013 (dollars in thousands):

Assets	As of June 30, 2014			
Non-designated derivatives:	Notional Amount	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets[(a)]	Net Amounts of Assets Presented in the Consolidated Balance Sheets[(b)]
Forward currency exchange contracts	$35,843	$—	$(93)	$(93)
Assets	As of June 30, 2013			
Non-designated derivatives:	Notional Amount	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets[(a)]	Net Amounts of Assets Presented in the Consolidated Balance Sheets[(b)]
Forward currency exchange contracts	$87,553	$454	$—	$454
Assets	As of December 31, 2013			
Non-designated derivatives:	Notional Amount	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets[(a)]	Net Amounts of Assets Presented in the Consolidated Balance Sheets[(b)]
Forward currency exchange contracts	$81,547	$27	$(21)	$6

(a) As of June 30, 2014, the Company had no gross amounts of recognized derivative instruments that the Company makes an accounting policy election not to offset. In addition, there is no financial collateral related to the Company's derivatives. The Company has no liabilities that are subject to an enforceable master netting agreement or similar arrangement.
(b) Represents the fair value of forward currency exchange contracts, which is recorded in "Prepaid expenses and other assets" in the consolidated balance sheets.

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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 AOCI for the three and six months ended June 30, 2014 and 2013 (dollars in thousands):

	Gains (Losses) Recognized in Income		Gains Recognized in AOCI		Gains (Losses) Reclassified From AOCI into Income	
	Three Months Ended June 30,		Three Months Ended June 30,		Three Months Ended June 30,	
	2014	2013	2014	2013	2014	2013
Non-designated derivatives:						
Forward currency exchange contracts[(a)]	$(995)	$(66)	$—	$—	$—	$—
Total	$(995)	$(66)	$—	$—	$—	$—

	Gains (Losses) Recognized in Income		Gains Recognized in AOCI		Gains (Losses) Reclassified From AOCI into Income	
	Six Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013	2014	2013
Non-designated derivatives:						
Forward currency exchange contracts[(a)]	$(1,755)	$5,251	$—	$—	$—	$—
Total	$(1,755)	$5,251	$—	$—	$—	$—

(a) The gains/(losses) on these derivatives substantially offset the (losses)/gains on the hedged portion of foreign intercompany balances.

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

The following discussion of financial condition, results of operations, liquidity, capital resources and certain factors that may affect future results of Cash America International, Inc. and its subsidiaries (the "Company") should be read in conjunction with the Company's consolidated financial statements and accompanying notes included under Part I, Item 1 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 year ended December 31, 2013.

GENERAL

The Company provides specialty financial services to individuals through retail services locations and e-commerce activities.

The Company offers secured non-recourse loans, commonly referred to as pawn loans, in many of its retail services locations in the United States and Mexico. Pawn loans are short-term loans (generally 30 to 90 days) made on the pledge of tangible personal property. Pawn loan fees and service charges revenue is generated from the Company's pawn loan portfolio. A related activity of the pawn lending operations is the disposition of collateral from forfeited pawn loans and the liquidation of a smaller volume of merchandise purchased directly from customers or from third parties.

The Company originates, arranges, guarantees or purchases consumer loans (collectively referred to as "consumer loans" throughout this discussion). Consumer loans provide customers with cash, typically in exchange for an obligation to repay the amount advanced plus fees and any applicable interest. Consumer loans include short-term loans (commonly referred to as payday loans), line of credit accounts and installment loans.

Short-term loans include unsecured short-term loans written by the Company or by a third-party lender through the Company's credit services organization and credit access business programs ("CSO programs" as further described below) that the Company guarantees. Line of credit accounts include draws made through the Company's line of credit products. Installment loans are longer-term multi-payment loans that generally require the pay-down of portions of the outstanding principal balance in multiple installments. Installment loans include unsecured loans written by the Company and loans secured by a customer's vehicle that may be written by the Company or by a third-party lender through the Company's CSO programs that the Company guarantees. The Company offers consumer loans in many of its retail services locations in the United States and over the internet under the names "CashNetUSA" and "NetCredit" in the United States, under the names "QuickQuid," "QuickQuid FlexCredit," "Pounds to Pocket" and "OnStride" in the United Kingdom, under the name "DollarsDirect" in Australia and Canada and under the name "Simplic" in Brazil where the Company recently began a pilot program (as discussed further below).

Through the Company's CSO programs, the Company provides services related to a third-party lender's consumer loan products in some markets by acting as a credit services organization or credit access business on behalf of consumers in accordance with applicable state laws. Services offered under the CSO programs include credit-related services such as arranging loans with independent third-party lenders and assisting in the preparation of loan applications and loan documents ("CSO loans"). Under the CSO programs, the Company guarantees consumer loan payment obligations to the third-party lender in the event that the customer defaults on the loan. CSO loans are not included in the Company's financial statements, but the Company has established a liability for the estimated losses in support of the guarantee on these loans in its consolidated balance sheets.

In addition, the Company provides check cashing and other ancillary products and services through many of its retail services locations and through its franchised check cashing centers. The ancillary products and services are described below.

The Company has two reportable operating segments: retail services and e-commerce. The retail services segment includes all of the operations of the Company's Retail Services Division, which is composed of both domestic and foreign storefront locations that offer some or all of the following services: pawn loans, consumer loans, the purchase and sale of merchandise, check cashing and other ancillary products and services such as money orders, wire transfers, prepaid debit cards, tax filing services and auto insurance. Most of these ancillary products and services offered in the retail services segment are provided through third-party vendors. The e-commerce segment includes the operations of the Company's E-Commerce Division, which is composed of the Company's domestic and foreign online lending channels through which the Company offers consumer loans. The Company reports corporate operations separately from its retail services and e-commerce segment information.

Corporate operations primarily include corporate expenses such as legal, occupancy, executive oversight, insurance and risk management, public and government relations, internal audit, treasury, payroll, compliance and licensing, finance, accounting, tax and information systems (except for online lending systems, which are included in the e-commerce segment). Corporate income includes miscellaneous income not directly attributable to the Company's segments. Corporate assets primarily include corporate property and equipment, nonqualified savings plan assets, marketable securities, foreign exchange forward contracts and prepaid insurance.

Retail Services Segment

The following table sets forth the number of domestic and foreign Company-owned and franchised locations in the Company's retail services segment offering pawn lending, consumer lending, and other services as of June 30, 2014 and 2013. The Company's domestic retail services locations operate under the names "Cash America Pawn," "SuperPawn," "Cash America Payday Advance," "Cashland" and "Mr. Payroll." In addition, some recently acquired domestic retail services locations operate under various names that are expected to be changed to "Cash America Pawn." The Company's foreign retail services locations operate under the name "Cash America casa de empeño."

	As of June 30,					
	2014			2013		
	Domestic[(a)]	Foreign	Total	Domestic[(a)]	Foreign	Total
Retail services locations offering:						
Both pawn and consumer lending	576	—	576	581	—	581
Pawn lending only	256	47	303	169	47	216
Consumer lending only	37	—	37	77	—	77
Other [(b)]	88	—	88	90	—	90
Total retail services	957	47	1,004	917	47	964

(a) Except as described in (b) below, includes locations that operated in 22 states in the United States as of June 30, 2014 and 2013, respectively.

(b) As of June 30, 2014 and 2013, includes 88 and 90 unconsolidated franchised check cashing locations, respectively, that operated in 12 and 14 states in the United States, respectively.

E-Commerce Segment

As of June 30, 2014 and 2013, the Company's e-commerce segment provided services in 33 and 32 states, respectively, in the United States and in four foreign countries:

- in the United States at http://www.cashnetusa.com and http://www.netcredit.com,
- in the United Kingdom at http://www.quickquid.co.uk, http://www.quickquidflexcredit.co.uk, http://www.poundstopocket.co.uk, and www.onstride.co.uk,
- in Australia at http://www.dollarsdirect.com.au,

• in Canada at http://www.dollarsdirect.ca, and

• in Brazil at http://www.simplic.com.br.

On June 30, 2014, the Company launched a pilot program in Brazil where it arranges loans that are made by a third-party lender in accordance with applicable laws and guarantees the payment of these loans by agreeing to purchase the loans from the third-party under certain circumstances.

The Company's internet websites and the information contained therein or connected thereto are not intended to be incorporated by reference into this Quarterly Report on Form 10-Q.

Recent Developments

Developments in the Company's Business in the United Kingdom

During the six-month periods ended June 30, 2014 and June 30, 2013 and the twelve month period ended December 31, 2013, the Company's U.K. operations generated 21.7%, 19.5% and 19.9%, respectively, of the Company's consolidated net revenue. Recent regulatory changes in the United Kingdom will significantly affect future results from the Company's U.K. operations as described below.

In the United Kingdom, supervision of consumer credit was transferred on April 1, 2014 to the Financial Conduct Authority (the "FCA"), and pursuant to new legislation, the FCA is authorized to adopt prescriptive rules and regulations and to impose stringent requirements on what a lender may and may not do with a specific product. On February 28, 2014, the Consumer Credit Sourcebook was issued under the FCA Handbook and incorporates prescriptive regulations for lenders such as the Company, including mandatory affordability assessments on borrowers, limiting the number of rollovers to two, restricting how lenders can advertise, banning advertisements it deems misleading, and introducing a limit of two unsuccessful attempts on the use of continuous payment authority (which provides a creditor the ability to directly debit a customer's account for payment when authorized by the customer to do so) to pay off a loan. The Company is in frequent communication with the FCA in an effort to demonstrate that it satisfies the expectations of the FCA, and the Company has made and is continuing to make significant modifications to many of its business practices to address the FCA's requirements. These modifications include adjustments to the Company's affordability assessment practices and underwriting standards that govern who will qualify for a loan from the Company, reductions in certain maximum loan amounts, alterations to advertising practices and adjustments to collections processes (including its practices related to continuous payment authority) and debt forbearance processes (or its practices regarding customers who have indicated they are experiencing financial difficulty). In addition, the Company previously has not had a physical presence in the United Kingdom as business functions have been performed remotely from its facilities in the United States. In order to alleviate concerns in relation to the Company's ability to presently demonstrate to the FCA that it is capable of being effectively supervised, the Company is establishing an office in the United Kingdom.

In connection with implementing these changes to its U.K. business, the Company expects a significant year-over-year decrease in its U.K. loan volume, U.K. loan balances and U.K. revenue for the remainder of 2014 and potentially into 2015 as a result of adapting its U.K. business practices in response to the requirements of the FCA. The implementation of stricter affordability assessments and underwriting standards will result in a decrease in the number of consumer loans written, the average consumer loan amount and the total amount of consumer loans written to new and existing customers. Additionally, the Company will experience an increase in compliance- and administrative-related costs for the United Kingdom, but the overall expenses of its U.K. operations (including the consumer loan loss provision) are expected to decrease as the Company's U.K. business contracts. The ultimate impact of the changes the Company is making to its U.K. operations will be dependent on a number of factors (some of which may be unforeseen), including the effectiveness of the Company's execution of the operational changes, the impact the FCA's requirements may have on the Company's competitors that could result in a potential increase in the Company's market share, and consumer reaction to the changes occurring to the Company's services, among other things. The impact potentially could also be offset by an improved performance of the Company’s U.K. consumer loan portfolio as a result of stricter affordability assessments and underwriting standards being implemented, which is expected to result in lower consumer loan loss rates, and by continued strong demand for the online loan products the Company offers in the U.S. and other markets. The Company is still assessing the potential impact of the changes it is making to its U.K. operations and what effect such changes may have on its business, but the impact of these changes is likely to be significant for the balance of 2014 and potentially into 2015. On July 15, 2014, the FCA issued a consultation paper that proposed a cap on the total cost of credit and requested comments on the proposal. The consultation paper proposed a maximum rate of 0.8% of principal per day, and the proposal limits the total fees, interest (including post-default interest) and charges (including late fees which are capped at £15) to an aggregate amount not to exceed 100% of the principal amount loaned. The FCA has requested comments on the proposal and is expected to issue a final rule in November 2014. The final rule on a cost of credit cap will likely become effective by January 2, 2015, as required by the 2013 amendment to the Financial Services and Markets Act 2000. If the final rules adopted by the FCA match the proposed rules, the Company will need to make additional changes to the products it offers in the United Kingdom, including increasing the minimum monthly payment under its line of credit products offered in the United Kingdom. The Company is still assessing the full impact of the potential cost of credit cap changes as they are currently proposed; however, after the Company has made all of the other changes to its U.K. business described above, the Company does not currently expect the impact of the modifications made to address a final cost of credit rule that tracks the proposed parameters to be significant.

The results for the three- and six-month periods ended June 30, 2014 and the year ended December 31, 2013 do not include the full impact of the changes described above, and the results for the three- and six-month periods ended June 30, 2013 do not include any impact of the changes described above. The results for each of these periods are not indicative of the Company's future results of operations and cash flows from its operations in the United Kingdom. For recent developments related to the FCA, see the risk factors included in "Part II. Other Information-Risk Factors."

Review of Strategic Separation Alternatives for the E-commerce Business

On April 10, 2014, the Company announced that its Board of Directors authorized management to review potential strategic alternatives, including a tax-free spin-off, for the separation of its online lending business that comprises its E-commerce Division, Enova International, Inc. ("Enova"). After evaluating separation alternatives for Enova, management has recommended that the Company's Board of Directors pursue a tax-free spin-off, and the Company's Board of Directors has authorized the filing of a Registration Statement on Form 10 with the Securities and Exchange Commission by Enova in connection with the proposed spin-off. If a spin-off occurs, the Company will be separated into two publicly traded companies: Enova International, Inc., which would own and operate the Company's online lending business that comprises its E-Commerce Division (or the e-commerce segment), and Cash America International, Inc., which would own and operate the Company's storefront lending businesses that comprise its Retail Services Division (or the retail services segment).

The Company's Board of Directors has not yet approved the separation, but if it is approved, a transaction could be completed in late 2014 or early 2015, subject to market, regulatory and other conditions, including, if the separation takes the form of a tax-free spin-off, the receipt of a private letter ruling from the Internal Revenue Service, an opinion from the Company's tax counsel and a solvency opinion from an independent financial advisor. The Company currently expects that any spin-off would be in the form of a tax-free distribution of 80 percent of the Enova common stock to the Company's shareholders.

The separation is subject to a number of conditions, including final approval by the Board of Directors of transaction specifics. In addition, external events beyond the control of the Company and Enova could impact the timing or occurrence of a separation. There can be no assurance that any separation or other transaction will occur or, if one does occur, there can be no assurance as to its form, terms or timing.

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Ohio Litigation

On May 28, 2009, one of the Company's subsidiaries, Ohio Neighborhood Finance, Inc., doing business as Cashland ("Cashland"), filed a standard collections suit in an Elyria Municipal Court in Ohio against Rodney Scott seeking judgment against Mr. Scott in the amount of $570.16, which was the amount due under his loan agreement. Cashland's loan was offered under the Ohio Mortgage Loan Act ("OMLA"), which allows for interest at a rate of 25% per annum plus certain loan fees allowed by the statute. The Municipal Court, in Ohio Neighborhood Finance, Inc. v. Rodney Scott, held that short-term, single-payment consumer loans made by Cashland are not authorized under the OMLA, and instead should have been offered under the Ohio Short-Term Lender Law, which was passed by the Ohio legislature in 2008 for consumer loans with similar terms. Due to a cap on interest and loan fees at an amount that is less than permitted under the OMLA, the Company does not offer loans under the Ohio Short-Term Lender Law. On December 3, 2012, the Ohio Ninth District Court of Appeals affirmed the Municipal Court's ruling in a 2-1 decision. The Supreme Court of Ohio heard the Company's appeal of the Ninth District Court's decision in December 2013, and on June 11, 2014, the Ohio Supreme Court unanimously held that Cashland is properly offering short-term, single-payment loans in the State of Ohio under the OMLA reversing the decision entered by the Ohio Ninth District Court of Appeals.

CRITICAL ACCOUNTING POLICIES

Except as described below, since December 31, 2013, there have been no changes in critical accounting policies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in each business combination. In accordance with Accounting Standards Codification ("ASC") 350-20-35, Goodwill - Subsequent Measurement, the Company tests goodwill and intangible assets with an indefinite life for potential impairment annually as of June 30 and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The Company uses the income approach to complete its annual goodwill assessment. The income approach uses expected future cash flows and estimated terminal values for each of the Company's reporting units that are discounted using a market participant perspective to determine the estimated fair value of each reporting unit, which is then compared to the carrying value of that reporting unit to determine if there is impairment. The income approach includes assumptions about revenue growth rates, operating margins and terminal growth rates discounted by an estimated weighted-average cost of capital derived from other publicly-traded companies that are similar but not identical from an operational and economic standpoint. The Company completed its annual assessment of goodwill as of June 30, 2014 and determined that the fair value of its goodwill is in excess of carrying value, and, as a result, no impairment existed at that date. Although no goodwill impairment was noted, there can be no assurances that future goodwill impairments will not occur. However, a 10% decrease in the estimated fair values of any of the Company's reporting units for the June 2014 assessment would not have resulted in a goodwill impairment.

The Company performed its annual indefinite-lived intangible asset impairment test as of June 30, 2014. The Company elected to perform a qualitative assessment in accordance with Financial Accounting Standards Board Accounting Standards Update ("ASU") No. 2012-02, Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment, and determined that it was not more likely than not that the indefinite-lived intangible assets are impaired. Therefore, no further quantitative assessment was required.

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RECENT ACCOUNTING PRONOUCEMENTS

See “Item 1. Financial Statements—Note 1” for a discussion of recent accounting pronouncements that the Company has adopted or will adopt in future periods.

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RESULTS OF CONTINUING OPERATIONS

Overview and Highlights

The Company's financial results for the three months ended June 30, 2014 (the "current quarter") are summarized below.

- Consolidated total revenue was $455.1 million, representing an increase of $44.7 million, or 10.9%, for the current quarter compared to the three months ended June 30, 2013 (the "prior year quarter").

- Consolidated net revenue increased $31.7 million, or 13.0%, to $275.9 million for the current quarter from $244.2 million for the prior year quarter. The increase was primarily due to a $25.4 million, or 20.3%, increase in consumer loan net revenue, which consists of consumer loan fees, net of consumer loan loss provision.

- Consolidated income from operations increased $12.2 million, or 24.7%, to $61.4 million in the current quarter compared to $49.2 million in the prior year quarter.

- Consolidated net income decreased $4.1 million, or 16.6%, to $21.0 million in the current quarter compared to $25.1 million in the prior year quarter. Consolidated net income includes expenses totaling $9.7 million, net of tax, primarily related to a loss on early extinguishment of debt of $15.0 million, or $9.5 million, net of tax. Excluding these expenses, non-GAAP adjusted net income for the current quarter would have been $30.7 million. See "Overview—Non-GAAP Disclosure—Adjusted Earnings Measures" for additional information.

- Consolidated diluted net income per share decreased 11.1%, or $0.09 per share, to $0.72 in the current quarter compared to $0.81 in the prior year quarter. Diluted earnings per share includes expenses totaling $0.33 per share, net of tax, primarily related to expenses for a loss on the early extinguishment of debt. Excluding these expenses, non-GAAP adjusted diluted net income per share attributable to the Company for the current quarter would have been $1.05. See "Overview—Non-GAAP Disclosure—Adjusted Earnings Measures" for additional information.

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OVERVIEW

Consolidated Net Revenue

Consolidated net revenue is composed of total revenue less cost of disposed merchandise and consumer loan loss provision. Net revenue is the income available to satisfy all remaining expenses and is the measure management uses to evaluate top-line performance.

The following tables show the components of net revenue for the current quarter and prior year quarter for the Company's retail services and e-commerce segments, for the Company's corporate operations and on a consolidated basis (dollars in thousands):

	Three Months Ended June 30, 2014											
	Retail Services			E-Commerce			Corporate			Consolidated		
	Amount	% of Total		Amount	% of Total		Amount	% of Total		Amount	% of Total	
Pawn loan fees and service charges	$80,990	57.4	%	$—	—		$—	—		$80,990	29.4	%
Proceeds from disposition of merchandise, net of cost of disposed merchandise	42,262	30.0	%	—	—		—	—		42,262	15.3	%
Pawn related	$123,252	87.4	%	$—	—		$—	—		$123,252	44.7	%
Consumer loan fees, net of loss provision	$16,051	11.4	%	$134,599	100.0	%	$—	—		$150,650	54.6	%
Other revenue	1,763	1.2	%	43	—	%	183	100.0	%	1,989	0.7	%
Net revenue	$141,066	100.0	%	$134,642	100.0	%	$183	100.0	%	$275,891	100.0	%

	Three Months Ended June 30, 2013											
	Retail Services			E-Commerce			Corporate			Consolidated		
	Amount	% of Total		Amount	% of Total		Amount	% of Total		Amount	% of Total	
Pawn loan fees and service charges	$72,728	53.1	%	$—	—		$—	—		$72,728	29.8	%
Proceeds from disposition of merchandise, net of cost of disposed merchandise	42,571	31.1	%	—	—		—	—		42,571	17.4	%
Pawn related	$115,299	84.2	%	$—	—		$—	—		$115,299	47.2	%
Consumer loan fees, net of loss provision	$19,535	14.3	%	$105,667	99.6	%	$—	—		$125,202	51.3	%
Other revenue	2,176	1.5	%	377	0.4	%	1,136	100.0	%	3,689	1.5	%
Net revenue	$137,010	100.0	%	$106,044	100.0	%	$1,136	100.0	%	$244,190	100.0	%

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	Six Months Ended June 30, 2014											
	Retail Services			E-Commerce			Corporate			Consolidated		
	Amount	% of Total		Amount	% of Total		Amount	% of Total		Amount	% of Total	
Pawn loan fees and service charges	$161,177	54.9	%	$—	—		$—	—		$161,177	28.2	%
Proceeds from disposition of merchandise, net of cost of disposed merchandise	94,153	32.1	%	—	—		—	—		94,153	16.5	%
Pawn related	$255,330	87.0	%	$—	—		$—	—		$255,330	44.7	%
Consumer loan fees, net of loss provision	$34,212	11.7	%	$277,120	100.0	%	$—	—		$311,332	54.5	%
Other revenue	3,850	1.3	%	85	—	%	330	100.0	%	4,265	0.8	%
Net revenue	$293,392	100.0	%	$277,205	100.0	%	$330	100.0	%	$570,927	100.0	%

	Six Months Ended June 30, 2013											
	Retail Services			E-Commerce			Corporate			Consolidated		
	Amount	% of Total		Amount	% of Total		Amount	% of Total		Amount	% of Total	
Pawn loan fees and service charges	$148,642	50.5	%	$—	—		$—	—		$148,642	28.8	%
Proceeds from disposition of merchandise, net of cost of disposed merchandise	99,953	33.9	%	—	—		—	—		99,953	19.4	%
Pawn related	$248,595	84.4	%	$—	—		$—	—		$248,595	48.2	%
Consumer loan fees, net of loss provision	$41,079	14.0	%	$219,476	99.6	%	$—	—		$260,555	50.5	%
Other revenue	4,769	1.6	%	825	0.4	%	1,387	100.0	%	6,981	1.3	%
Net revenue	$294,443	100.0	%	$220,301	100.0	%	$1,387	100.0	%	$516,131	100.0	%

For the current quarter, consolidated net revenue increased $31.7 million, or 13.0%, to $275.9 million from $244.2 million for the prior year quarter. Consumer loan net revenue accounted for 54.6% and 51.3% of total consolidated net revenue for the current quarter and prior year quarter, respectively. Consumer loan net revenue increased $25.4 million, to $150.7 million during the current quarter, mainly due to an increase in consumer loan fees that resulted from an increase in consumer loan balances in the e-commerce segment and a decrease in the loss provision as a percentage of consumer loan fees. Pawn-related net revenue accounted for 44.7% and 47.2% of total consolidated net revenue for the current quarter and prior year quarter, respectively. Pawn-related net revenue increased $8.0 million, to $123.3 million during the current quarter from $115.3 million in the prior year quarter. The increase in pawn-related net revenue was primarily attributable to higher pawn loan fees and service charges and higher gross profit on retail sales, partially offset by lower commercial sales and a decrease in gross profit margin on the disposition of merchandise.

For the six months ended June 30, 2014 (the "current six-month period"), consolidated net revenue increased $54.8 million, or 10.6%, to $570.9 million from $516.1 million for the same period in 2013 (the "prior year six-month period"). Consumer loan net revenue accounted for 54.5% and 50.5% of total consolidated net revenue for the current six-month period and prior year six-month period, respectively. Consumer loan net revenue increased $50.8 million to $311.3 million during the current six-month period, mainly due to an increase in consumer loan fees that resulted from an increase in consumer loan balances in the e-commerce segment and a decrease in the loss provision as a percentage of consumer loan fees in the e-commerce segment. Pawn-related net revenue accounted for 44.7% and 48.2% of consolidated net revenue for the current six-month period and prior year six-month period, respectively. Pawn-related net revenue increased $6.7 million, to $255.3 million during the current six-month period from $248.6 million in the prior year six-month period. The increase in pawn-related net revenue was primarily attributable to higher pawn loan fees and services charges and higher gross profit on retail sales, offset by lower commercial sales and a decrease in gross profit margin on the disposition of merchandise.

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Non-GAAP Disclosure

In addition to the financial information prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP"), the Company provides historical non-GAAP financial information. Management 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 its GAAP results, provide a more complete understanding of factors and trends affecting its business.

Management provides non-GAAP financial information for informational purposes and to enhance understanding of the Company's consolidated financial statements. Readers should consider the information in addition to, but not instead of or superior to, its 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.

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Adjusted Earnings Measures

In addition to reporting financial results in accordance with GAAP, the Company has provided adjusted net income, adjusted diluted net income per share attributable to the Company, adjusted earnings and adjusted earnings per share (collectively, the "Adjusted Earnings Measures"), which are non-GAAP measures. Management believes that the presentation of these measures provides investors with greater transparency and facilitates comparison of operating results across a broad spectrum of companies with varying capital structures, compensation strategies, derivative instruments and amortization methods, which provides a more complete understanding of the Company's financial performance, competitive position and prospects for the future. Management also believes that investors regularly rely on non-GAAP financial measures, such as the Adjusted Earnings Measures, to assess operating performance and that such measures may highlight trends in the Company's business that may not otherwise be apparent when relying on financial measures calculated in accordance with GAAP. In addition, management believes that the adjustments shown below, especially the loss on the early extinguishment of a portion of the Company's debt (the "Debt Extinguishment") and the charges related to the Company's settlement of a litigation matter in 2013 (the "2013 Litigation Settlement") are useful to investors in order to allow them to compare the Company's financial results for the current quarter and current six-month period with the prior year quarter and prior year six-month period, respectively. The computation of Adjusted Earnings Measures as presented below may differ from the computation of similarly-titled measures provided by other companies.

The following table provides a reconciliation for the three and six months ended June 30, 2014 and 2013, respectively, between net income attributable to the Company and diluted earnings per share calculated in accordance with GAAP to the Adjusted Earnings Measures, which are shown net of tax (dollars in thousands, except per share data):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2014		2013		2014		2013	
	$	Per Diluted Share[(a)]	$	Per Diluted Share[(a)]	$	Per Diluted Share[(a)]	$	Per Diluted Share[(a)]
Net income and diluted net income per share attributable to Cash America International, Inc.	$20,971	$0.72	$25,132	$0.81	$66,708	$2.27	$69,058	$2.23
Adjustments (net of tax):								
Loss on Debt Extinguishment [(b)]	9,460	0.32	—	—	10,434	0.36	—	—
2013 Litigation Settlement[(c)]	236	0.01	—	—	400	0.01	—	—
Adjusted net income and adjusted diluted net income per share attributable to the Company	30,667	1.05	25,132	0.81	77,542	2.64	69,058	2.23
Other adjustments (net of tax):								
Intangible asset amortization	1,045	0.04	828	0.03	2,092	0.07	1,661	0.05
Non-cash equity-based compensation	1,040	0.04	770	0.02	1,982	0.07	1,758	0.05
Non-cash interest and debt issuance cost amortization	789	0.02	1,094	0.04	1,554	0.05	1,925	0.06
Foreign currency transaction loss (gain)	113	—	(41)	—	176	0.01	197	0.01
Adjusted earnings and adjusted earnings per share	$33,654	$1.15	$27,783	$0.90	$83,346	$2.84	$74,599	$2.40

(a) Diluted shares are 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.

(b) For the three months ended June 30, 2014, represents charges related to the Debt Extinguishment of $15.0 million, net of tax benefit of $5.5 million. For the six months ended June 30, 2014, represents $16.6 million of charges, net of tax benefit of $6.1 million.

(c) For the three months ended June 30, 2014, represents charges related to the 2013 Litigation Settlement of $0.4 million, net of tax benefit of $0.2 million. For the six months ended June 30, 2014, represents $0.6 million of charges, net of tax benefit of $0.2 million.

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Adjusted EBITDA

The table below shows adjusted EBITDA, a non-GAAP measure that the Company defines as earnings excluding depreciation, amortization, interest, foreign currency transaction gains or losses, loss on extinguishment of debt, equity in earnings or loss of unconsolidated subsidiary, taxes and including the net income or loss attributable to noncontrolling interests. Management believes adjusted EBITDA is used by investors to analyze operating performance and evaluate the Company's ability to incur and service debt and its capacity for making capital expenditures. Adjusted EBITDA is also useful to investors to help assess the Company's estimated enterprise value. In addition, management believes that the adjustments shown below, especially the adjustments for the closure of 36 consumer lending-only retail services locations in Texas during the second half of 2013 (the "Texas Consumer Loan Store Closures"), the penalty paid to the Consumer Financial Protection Bureau ("CFPB") in connection with the issuance of a consent order by the CFPB (the "Regulatory Penalty"), charges related to the 2013 Litigation Settlement, the withdrawal in July 2012 of the proposed initial public offering by the Company's wholly-owned subsidiary, Enova ("Enova IPO"), an income tax benefit related to the change of tax basis in the stock of one of the Company's subsidiaries in connection with the Mexico Reorganization (as defined below) (the "Creazione Deduction"), the reorganization of the Company's Mexico-based pawn operations during 2012 (the "Mexico Reorganization") and a voluntary program to reimburse Ohio customers in connection with legal collections proceedings initiated by the Company in Ohio (the "Ohio Reimbursement Program"), including a decrease in the Company's remaining liability related to the Ohio Reimbursement Program during 2013 after the assessment of the claims made to date and related matters (the "Ohio Adjustment"), are useful to investors in order to allow them to compare the Company's financial results during the periods shown without the effect of each of these income and expense items. The computation of adjusted EBITDA as presented below may differ from the computation of similarly-titled measures provided by other companies. The following table provides a reconciliation between Net Income attributable to Cash America International, Inc., which is the nearest GAAP measure presented in the Company's financial statements, to Adjusted EBITDA (dollars in thousands):

	Trailing 12 Months Ended June 30,	
	2014	2013
Net income attributable to Cash America International, Inc.	$140,178	$105,241
Adjustments:		
Texas Consumer Loan Store Closures [a]	1,373	—
Regulatory Penalty [b]	5,000	—
2013 Litigation settlement[c]	18,635	—
Charges related to withdrawn proposed Enova IPO[d]	—	3,112
Charges related to Mexico Reorganization[e]	—	28,873
Charges related to Ohio Adjustment and Ohio Reimbursement Program[f]	(5,000)	13,400
Depreciation and amortization expenses[g]	76,319	68,587
Interest expense, net	42,843	31,455
Foreign currency transaction loss	1,173	460
Loss on Debt Extinguishment[h]	17,169	—
Equity in loss of unconsolidated subsidiary	—	283
Provision for income taxes[i]	29,194	75,864
Net loss attributable to the noncontrolling interest [j]	—	(3,954)
Adjusted EBITDA	$326,884	$323,321
Adjusted EBITDA margin calculated as follows:		
Total revenue	$1,866,337	$1,809,806

Adjusted EBITDA	$326,884	$323,321
Adjusted EBITDA as a percentage of total revenue	17.5 %	17.9 %

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(a) Represents charges related to the Texas Consumer Loan Store Closures of $1.4 million, before tax benefit of $0.5 million.
(b) Represents charges for the Regulatory Penalty, which is nondeductible for tax purposes.
(c) Represents charges related to the 2013 Litigation Settlement of $18.6 million, before tax benefit of $6.9 million.
(d) Represents charges directly related to the withdrawn Enova IPO, before tax benefit of $1.1 million.
(e) Represents charges related to the Mexico Reorganization, before tax benefit of $1.2 million and noncontrolling interest of $2.3 million. Includes $12.6 million and $7.2 million of depreciation and amortization expenses and charges for the recognition of a deferred tax asset valuation allowance, respectively, as noted in (g) and (i) below.
(f) For the trailing 12 months ended June 30, 2014, represents the Ohio Adjustment of $5.0 million, before tax provision of $1.8 million. For the trailing 12 months ended June 30, 2013, represents charges related to the Ohio Reimbursement Program, before tax benefit of $5.0 million.
(g) For the trailing 12 months ended June 30, 2014, excludes $0.2 million of depreciation and amortization expenses, which are included in the Texas Consumer Loan Store Closures. For the trailing 12 months ended June 30, 2013, excludes $12.6 million of depreciation and amortization expenses which are included in “Charges related to the Mexico Reorganization”.
(h) For the trailing 12 months ended June 30, 2014, represents charges of $17.2 million, before tax benefit of $6.4 million, related to the Debt Extinguishment.
(i) For the trailing 12 months ended June 30, 2014, includes income benefit of $33.2 million related to the Creazione Deduction. For the trailing 12 months ended June 30, 2013, excludes a $7.2 million charge for the recognition of a deferred tax asset valuation allowance, which is included in “Charges related to the Mexico Reorganization” in the table above and includes an income tax benefit related to the Mexico Reorganization of $1.2 million.
(j) For the trailing twelve months ended June 30, 2013, includes $2.3 million of noncontrolling interests related to the Mexico Reorganization.

In addition, management believes that the adjusted EBITDA shown by segment and for the Company's corporate operations are useful to investors in order to allow them to compare the Company's financial results during the periods shown without the effect of each of the applicable income and expense items discussed above. The following table provides a reconciliation between Income (loss) from operations, which is the nearest GAAP measure presented for the Company's segments in the notes to the Company's financial statements, to Adjusted EBITDA (dollars in thousands):

	Trailing 12 Months Ended June 30,							
	2014				2013			
	Retail Services	E-Commerce	Corporate	Consolidated	Retail Services	E-Commerce	Corporate	Consolidated
Income (loss) from operations	$ 119,296	$ 198,371	$ (87,110)	$ 230,557	$ 152,227	$ 144,506	$ (80,223)	$ 216,510
Depreciation and amortization expenses[(a)]	42,181	16,549	17,589	76,319	36,683	16,398	15,506	68,587
Adjustments:								
Texas Consumer Loan Store Closures	1,373	—	—	1,373	—	—	—	—
Regulatory Penalty	2,500	2,500		5,000	—	—	—	—
2013 Litigation Settlement	18,635	—	—	18,635	—	—	—	—
Charges related to withdrawn Enova IPO	—	—	—	—	—	3,112	—	3,112
Charges related to the Mexico Reorganization[(b)]	—	—	—	—	21,712	—	—	21,712
Charges related to Ohio Adjustment and Ohio Reimbursement[(c)]	(5,000)	—	—	(5,000)	13,400	—	—	13,400
Adjusted EBITDA	$ 178,985	$ 217,420	$ (69,521)	$ 326,884	$ 224,022	$ 164,016	$ (64,717)	$ 323,321

(a) For the trailing 12 months ended June 30, 2014, excludes $0.2 million of depreciation and amortization expenses, which are included in the Texas Consumer Loan Store Closures. For the trailing 12 months ended June 30, 2013, excludes $12.6 million of depreciation and amortization expenses which are included in "Charges related to the Mexico Reorganization."

(b) Includes $12.6 million of depreciation and amortization expenses as noted in (a) above.

(c) For the trailing 12 months ended June 30, 2014, represents the Ohio Adjustment. For the trailing 12 months ended June 30, 2013, represents charges related to the Ohio Reimbursement Program.

	Six Months Ended June 30,							
	2014				2013			
	Retail Services	E-Commerce	Corporate	Consolidated	Retail Services	E-Commerce	Corporate	Consolidated

Income (loss) from operations	$64,165	$ 128,340	$(46,897)	$ 145,608	$89,123	$ 80,584	$(42,873)	$ 126,834
Depreciation and amortization expenses	21,250	8,434	9,074	38,758	18,530	9,028	7,973	35,531
Adjustments:								
2013 Litigation Settlement[(a)]	635	—	—	635	—	—	—	—
Adjusted EBITDA	$86,050	$ 136,774	$(37,823)	$ 185,001	$107,653	$ 89,612	$(34,900)	$ 162,365

(a) Represents charges related to the 2013 Litigation Settlement during the six months ended June 30, 2014.

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QUARTER ENDED JUNE 30, 2014 COMPARED TO QUARTER ENDED JUNE 30, 2013

Pawn Lending Activities

Pawn lending activities consist of pawn loan fees and service charges from the retail services segment and the profit on disposition of collateral from forfeited pawn loans, as well as the sale of merchandise acquired from customers directly or from third parties.

The following table sets forth selected data related to the Company’s pawn lending activities as of and for the three months ended June 30, 2014 and 2013 (dollars in thousands except where otherwise noted):

	As of June 30,			
	2014	2013	Change	% Change
Ending pawn loan balances				
Domestic retail services	$257,647	$224,622	$33,025	14.7 %
Foreign retail services	6,021	4,952	1,069	21.6 %
Consolidated pawn loan balances	$263,668	$229,574	$34,094	14.9 %
Ending merchandise balance, net				
Domestic retail services	$192,745	$149,244	$43,501	29.1 %
Foreign retail services	6,174	5,868	306	5.2 %
Consolidated merchandise balance, net	$198,919	$155,112	$43,807	28.2 %
	Three Months Ended June 30,			
	2014	2013	Change	% Change
Pawn loan fees and service charges				
Domestic retail services	$78,911	$70,802	$8,109	11.5 %
Foreign retail services	2,079	1,926	153	7.9 %
Consolidated pawn loan fees and service charges	$80,990	$72,728	$8,262	11.4 %
Average pawn loan balance outstanding				
Domestic retail services	$235,187	$211,195	$23,992	11.4 %
Foreign retail services	5,683	5,237	446	8.5 %
Consolidated average pawn loans outstanding	$240,870	$216,432	$24,438	11.3 %
Amount of pawn loans written and renewed				
Domestic retail services	$271,226	$234,327	$36,899	15.7 %
Foreign retail services	15,909	15,166	743	4.9 %
Consolidated amount of pawn loans written and renewed	$287,135	$249,493	$37,642	15.1 %
Average amount per pawn loan (in ones)				
Domestic retail services	$123	$126	$(3)	(2.4)%
Foreign retail services	$88	$89	$(1)	(1.1)%
Consolidated average amount per pawn loan (in ones)	$120	$123	$(3)	(2.4)%
Annualized yield on pawn loans				
Domestic retail services	134.6 %	134.5 %		
Foreign retail services	146.7 %	147.5 %		
Consolidated annualized yield on pawn loans	134.9 %	134.8 %		
Gross profit margin on disposition of merchandise				
Domestic retail services	29.0 %	32.9 %		
Foreign retail services	23.0 %	16.4 %		

Gross profit margin on disposition of merchandise	28.8	%	32.4	%
Merchandise turnover				
Domestic retail services	2.2		2.4	
Foreign retail services	2.4		2.6	
Consolidated merchandise turnover	2.2		2.4	

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Pawn Loan Fees and Service Charges and Pawn Loan Balances

Consolidated pawn loan balances as of June 30, 2014 were $263.7 million, which was $34.1 million, or 14.9%, higher than June 30, 2013. The increase in pawn loan balances led to an 11.4% increase in pawn loan fees and service charges.

Domestic Pawn Loan Balances

The average balance of domestic pawn loans outstanding during the current quarter increased by $24.0 million, or 11.4%, compared to the prior year quarter, primarily due to an increase in the loan balances as a result of the addition of 85 domestic pawn lending locations through acquisitions and de novo store growth since the prior year quarter. Additionally, pawn loan balances in same-store domestic retail services locations (stores that have been open for at least 12 months) increased 4.5% as of June 30, 2014 compared to June 30, 2013. The average amount per loan in domestic pawn operations decreased to $123 in the current quarter from $126 in the prior year quarter and was influenced by a greater mix of pawn loans being collateralized by non-jewelry merchandise, which generally have a lower average loan amount than loans collateralized by jewelry.

Domestic pawn loan fees and service charges increased $8.1 million, or 11.5%, to $78.9 million in the current quarter from $70.8 million in the prior year quarter. The increase was primarily driven by the higher average domestic pawn loan balances during the current quarter as compared to the prior year quarter. Pawn loan yield was relatively unchanged at 134.6% in the current quarter compared to 134.5% in the prior year quarter.

Foreign Pawn Loan Balances

The average balance of foreign pawn loans outstanding increased 8.5% in the current quarter to $5.7 million, from $5.2 million in the prior year quarter. Foreign pawn loan fees and service charges increased 7.9%, to $2.1 million in the current quarter compared to $1.9 million in the prior year quarter.

Proceeds from Disposition of Merchandise and Gross Profit

Profit from the disposition of merchandise represents the proceeds received from the disposition of merchandise in excess of the cost of disposed merchandise, which is generally the principal amount loaned on an item or the amount paid for purchased merchandise. Retail sales include the sale of jewelry and general merchandise direct to consumers through the Company’s domestic and foreign retail services locations or over the internet through auction and other similar sites. Commercial sales include the sale of refined gold, platinum, silver 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 and the prior year quarter (dollars in thousands):

	Three Months Ended June 30,					
	2014			2013		
	Retail	Commercial	Total	Retail	Commercial	Total
Proceeds from disposition	$117,951	$28,821	$146,772	$89,836	$41,696	$131,532
Gross profit on disposition	$38,681	$3,581	$42,262	$33,385	$9,186	$42,571
Gross profit margin	32.8 %	12.4 %	28.8 %	37.2 %	22.0 %	32.4 %
Percentage of total gross profit	91.5 %	8.5 %	100.0 %	78.4 %	21.6 %	100.0 %

As the table above indicates, the Company is placing a greater emphasis on retail disposition of merchandise in its retail services locations and placed much less reliance on the disposition of commercial merchandise due to the prevailing lower market price for pure gold. Management expects this trend to continue and will focus on the retail profit on the disposition of merchandise as the percentage of gross profit from commercial

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sales has become a less significant percentage of the total gross profit from dispositions. This shift is expected to result in higher levels of merchandise available for disposition and a decrease in inventory turnover ratio as more goods will be available for sale in retail services locations.

The total proceeds from disposition of merchandise increased $15.2 million, or 11.6%, in the current quarter compared to the prior year quarter. The total gross profit from the disposition of merchandise continued to be influenced by the decrease in gross profit on commercial dispositions and decreased $0.3 million, or 0.7%, during the current quarter compared to the prior year quarter. The overall gross profit margin percentage decreased to 28.8% in the current quarter compared to 32.4% in the prior year quarter, mainly due to a decrease in gross profit margin on both commercial and retail dispositions. The consolidated merchandise turnover rate decreased to 2.2 times during the current quarter compared to 2.4 times in the prior year quarter, primarily due to management's decision to emphasize retail disposition activity rather than routinely disposing of a higher volume of merchandise on regular intervals through commercial sales.

Proceeds from retail disposition of merchandise increased $28.1 million, or 31.3%, during the current quarter compared to the prior year quarter. Proceeds from retail dispositions in domestic retail operations increased $27.6 million, or 32.1%, primarily due to management's emphasis on retail disposition activity and the addition of retail services locations through de novo store growth and acquisitions since the prior year quarter. Proceeds from retail dispositions in foreign retail operations increased $0.5 million in the current quarter from the prior year quarter.

Consolidated gross profit from retail dispositions increased $5.3 million, or 15.9%. The consolidated gross profit margin on the retail disposition of merchandise decreased to 32.8% in the current quarter compared to 37.2% in the prior year quarter, mostly due to the discounting of merchandise prices to encourage retail sales activity. Gross profit from retail dispositions increased to 91.5% of total gross profit compared to 78.4% in the prior year quarter, primarily due to the shift to emphasize retail disposition of jewelry over commercial sales activity.
Consolidated proceeds from commercial dispositions decreased 30.9%, or $12.9 million, during the current quarter compared to the prior year quarter. Proceeds from commercial dispositions from domestic operations decreased by $12.4 million, primarily due to a decrease in the sales volume of commercial gold as part of an effort to place a greater emphasis on retail disposition of jewelry due to a decrease in the average market price of gold.
Gross profit from commercial dispositions decreased $5.6 million. Gross profit from commercial dispositions in domestic operations decreased $5.7 million, and gross profit from commercial dispositions in foreign operations increased $0.1 million. The decrease in consolidated gross profit margin from commercial sales, to 12.4% in the current quarter from 22.0% in the prior year quarter, was mainly due to a lower market price of gold sold.

In future periods, management expects the ratio of commercial sales to total sales to remain relatively consistent with current levels as the Company will continue to emphasize sales of jewelry in its retail services locations. Management expects to continue to experience gross profit margin levels consistent with the current quarter on retail dispositions. Management also expects gross profit margin on commercial dispositions to remain at these lower levels in future periods, mainly due to lower prevailing market prices for gold.

The table below summarizes the age of merchandise held for disposition related to the Company's pawn lending operations before valuation allowance of $2.1 million and $0.9 million as of June 30, 2014 and 2013, respectively (dollars in thousands):

	As of June 30,			
	2014		2013	
	Amount	%	Amount	%
Jewelry - held for one year or less	$107,905	53.7 %	$90,105	57.8 %
Other merchandise - held for one year or less	80,050	39.8 %	56,398	36.1 %
Total merchandise held for one year or less	187,955	93.5 %	146,503	93.9 %
Jewelry - held for more than one year	5,480	2.7 %	3,856	2.4 %
Other merchandise - held for more than one year	7,593	3.8 %	5,702	3.7 %
Total merchandise held for more than one year	13,073	6.5 %	9,558	6.1 %
Merchandise held for disposition, gross	$201,028	100.0 %	$156,061	100.0 %
Merchandise held for disposition, net of allowance	$198,919		$155,112	

Consumer Loan Activities

Consumer Loan Fees

Consumer loan fees increased $22.9 million, or 11.3%, to $225.3 million in the current quarter compared to $202.4 million in the prior year quarter. The increase in consumer loan fees is due to growth in consumer loan balances in the e-commerce segment, with domestic e-commerce channels contributing $21.2 million and foreign e-commerce channels contributing $4.4 million of the consolidated increase. Offsetting the increase from the e-commerce segment was a $2.7 million decrease in consumer loan fees in the retail services segment, primarily due to a decrease in the number of retail services locations offering the product, mainly as a result of the Texas Consumer Loan Store Closures during 2013, and reduced loan demand in the Company's retail services locations.

Consumer loan fees from the foreign component of the e-commerce segment were 46.0% of consumer loan fees for the e-commerce segment and 41.1% of consolidated consumer loan fees in the current quarter, compared to 50.2% of consumer loan fees for the e-commerce segment and 43.6% of consolidated consumer loan fees in the prior year quarter. See "Recent Developments—Developments in the Company's Business in the United Kingdom" for a discussion about the changes being made to the Company's U.K. consumer loan business.

Consumer Loan Loss Provision

The consumer loan loss provision decreased by $2.5 million, or 3.3%, to $74.7 million in the current quarter from $77.2 million in the prior year quarter. The loss provision as a percentage of consumer loan fees decreased to 33.1% in the current quarter compared to 38.2% in the prior year quarter. The decrease was primarily due to the lower loss experience across all products in the Company's consumer loan portfolio, primarily in the e-commerce segment. During the current quarter as compared to the prior year quarter, the Company experienced fewer delinquencies, increased collections and a higher percentage mix of the number of loans written and renewed to customers with established payment histories. In addition, the Company recently made refinements to its consumer loan underwriting models partially as a result of the changes being made to the Company's U.K. consumer loan business in response to the requirements of the FCA, which management believes also contributed to the recent improvements in loss rates. Additional discussion of the specific factors influencing each product is included in "Consumer Loan Loss Experience by Product” below. Management expects the loss provision as a percentage of fees will be influenced by the mix of new and returning customers, the mix of outstanding loan products and the changes being made to the Company’s U.K. consumer loan business. See “Recent Developments—Developments in the Company’s Business in the United Kingdom” for further discussion.

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The combination of the decrease in the consumer loan loss provision with higher consumer loan fees led to a 20.3% increase in consumer loan fees, net of the consumer loan loss provision, which increased by $25.4 million to $150.7 million. The increase in consumer loan fees, net of consumer loan loss provision contributed significantly to the consolidated increase in net revenue during the period. Contributions from the line of credit and installment loan products offset a decrease in consumer loan fees, net of loss provision from the short-term consumer loan product during the period.

The following table sets forth interest and fees on consumer loans by product type and segment, and the related loan loss provision for the current quarter and the prior year quarter (dollars in thousands):

	Three Months Ended June 30,							
	2014				2013			
	Short-term loans	Line of credit accounts	Installment loans	Total	Short-term loans	Line of credit accounts	Installment loans	Total
Retail services	$20,440	$—	$3,460	$23,900	$23,529	$—	$3,118	$26,647
E-commerce								
Domestic	41,392	36,066	31,293	108,751	42,398	26,465	18,639	87,502
Foreign	24,316	38,828	29,544	92,688	60,633	1,818	25,831	88,282
Total E-commerce	65,708	74,894	60,837	201,439	103,031	28,283	44,470	175,784
Consumer loan fees	$86,148	$74,894	$64,297	$225,339	$126,560	$28,283	$47,588	$202,431
Less: consumer loan loss provision	25,621	21,786	27,282	74,689	42,931	9,919	24,379	77,229
Consumer loan fees, net loss provision	$60,527	$53,108	$37,015	$150,650	$83,629	$18,364	$23,209	$125,202
Year-over-year change - $	$(23,102)	$34,744	$13,806	$25,448	$(3,750)	$9,279	$11,348	$16,877
Year-over-year change - %	(27.6)%	189.2%	59.5%	20.3%	(4.3)%	102.1%	95.7%	15.6%
Consumer loan loss provision as a % of consumer loan fees	29.7%	29.1%	42.4%	33.1%	33.9%	35.1%	51.2%	38.2%

Combined Consumer Loans

In addition to reporting consumer loans owned by the Company and consumer loans guaranteed by the Company, which are either GAAP items or disclosures required by GAAP, the Company has provided combined consumer loans, which is a non-GAAP measure. In addition, the Company has reported consumer loans written and renewed, which is statistical data that is not included in the Company’s financial statements. The Company also reports allowances and liabilities for estimated losses on consumer loans individually and on a combined basis, which are

GAAP measures that are included in the Company's financial statements.

Management believes these measures, including ratios calculated using these measures, provide investors with important information needed to evaluate the magnitude of potential loan losses and the opportunity for revenue performance of the consumer loan portfolio on an aggregate basis. Management believes the comparison of the aggregate amounts from period to period is more meaningful than comparing only the residual amount on the Company's balance sheet since both revenue and the consumer loan loss provision are impacted by the aggregate amount of loans owned by the Company and those guaranteed by the Company as reflected in its financial statements.

Consumer Loan Balances

The outstanding combined portfolio balance of consumer loans, net of allowances and liability for estimated losses, increased $47.3 million, or 14.1%, to $382.2 million as of June 30, 2014 from $335.0 million as of June 30, 2013, primarily due to increased demand for the line of credit product in the e-commerce segment, with strong growth in both domestic and foreign markets. Additionally, the Company experienced strong growth in the

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installment loan products in the domestic e-commerce segment. Offsetting these increases was a reduction in demand for the Company’s short-term consumer loan products in both segments.

The combined consumer loan balance includes $410.1 million and $367.0 million as of June 30, 2014 and 2013, respectively, of Company-owned consumer loan balances before the allowance for losses of $72.2 million and $79.9 million provided in the consolidated financial statements for June 30, 2014 and 2013, respectively. The combined consumer loan balance also includes $47.5 million and $50.9 million as of June 30, 2014 and 2013, respectively, of consumer loan balances that are guaranteed by the Company, which are not included in the Company’s financial statements, before the liability for estimated losses of $3.2 million and $3.0 million provided in the consolidated financial statements for June 30, 2014 and 2013, respectively. See “Recent Developments—Developments in the Company's Business in the United Kingdom” for a discussion about the changes being made to the Company’s U.K. consumer loan business.

The following table summarizes consumer loan balances outstanding as of June 30, 2014 and 2013 (dollars in thousands):

	As of June 30, 2014			2013		
	Company Owned[(a)]	Guaranteed by the Company[(a)]	Combined[(b)]	Company Owned[(a)]	Guaranteed by the Company[(a)]	Combined[(b)]
Ending consumer loan balances:						
Retail Services						
Short-term loans	$42,744	$3,976	$46,720	$45,324	$5,338	$50,662
Installment loans	7,643	8,565	16,208	9,819	10,131	19,950
Total Retail Services, gross	50,387	12,541	62,928	55,143	15,469	70,612
E-Commerce						
Domestic						
Short-term loans	30,545	34,914	65,459	31,594	35,115	66,709
Line of credit accounts	64,490	—	64,490	47,368	—	47,368
Installment loans	100,009	—	100,009	44,509	—	44,509
Total Domestic, gross	195,044	34,914	229,958	123,471	35,115	158,586
Foreign						
Short-term loans	29,596	—	29,596	91,240	301	91,541
Line of credit accounts	57,919	—	57,919	10,703	—	10,703
Installment loans	77,202	—	77,202	86,433	—	86,433
Total Foreign, gross	164,717	—	164,717	188,376	301	188,677
Total E-Commerce, gross	359,761	34,914	394,675	311,847	35,416	347,263
Total ending loan balance, gross	410,148	47,455	457,603	366,990	50,885	417,875
Less: Allowance and liabilities for losses	(72,187)	(3,176)	(75,363)	(79,863)	(3,047)	(82,910)
Total ending loan balance, net	$337,961	$44,279	$382,240	$287,127	$47,838	$334,965
Allowance and liability for losses as a % of consumer loan balances, gross	17.6%	6.7%	16.5%	21.8%	6.0%	19.8%

(a) GAAP measure. The consumer loan balances guaranteed by the Company represent loans originated by third-party lenders through the CSO programs, so these balances are not recorded in the Company's financial statements. However, the Company has established a liability for estimated losses in support of its guarantee of these loans, which is reflected in the table above and included in its consolidated balance sheets.

(b) Except for allowance and liability for estimated losses, amounts represent non-GAAP measures.

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Consumer Loans Written and Renewed

The amount of combined consumer loans written and renewed was $750.1 million in the current quarter, a decrease of $84.2 million, or 10.1%, from $834.3 million in the prior year quarter. The Company is experiencing a shift away from short-term consumer loans, as installment loans and line of credit balances comprise a greater percentage of its consumer loan portfolio due to customers' preference for these products. Management believes that the consumer loans written and renewed statistics are becoming less meaningful than the change in the balances and product composition of consumer loans outstanding. For a discussion about the changes being made to the Company's U.K. business and how they are expected to impact the Company's consumer loan business in the United Kingdom, see "Recent Developments—Developments in the Company's Business in the United Kingdom."

References throughout this discussion to renewed consumer loans include both renewals and extensions made by customers to their existing loans as discussed below. Where permitted by law and as long as a loan is not considered delinquent, a customer may choose to renew a short-term loan or installment loan or extend the due date on a short-term loan. In order to renew or extend a short-term loan, a customer must agree to pay the current finance charge for the right to make a later payment of the outstanding principal balance plus an additional finance charge. In some instances, customers agree to repay a new short-term loan in two or three payments, and in these cases the Company considers the obligation to make the first payment a new loan and the obligation to make the second and third payments renewals or extensions of that loan because the customer pays the finance charge due at the time of each payment, similar to a loan that has been renewed or extended. In order to renew an installment loan, the customer enters into a new installment loan contract and agrees to pay the principal balance and finance charge in accordance with the terms of the new loan contract.

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The following table summarizes the consumer loans written and renewed for the current quarter and the prior year quarter:

	Three Months Ended June 30,					
	2014			2013		
	Company Owned[(a)]	Guaranteed by the Company[(a)(b)]	Combined[(a)]	Company Owned[(a)]	Guaranteed by the Company[(a)(b)]	Combined[(a)]
Amount of consumer loans written and renewed (dollars in thousands):						
Retail Services						
Short-term loans	$157,268	$16,878	$174,146	$167,896	$26,446	$194,342
Installment loans	2,526	6,763	9,289	2,051	5,274	7,325
Total Retail Services	159,794	23,641	183,435	169,947	31,720	201,667
E-Commerce						
Domestic						
Short-term loans	73,493	157,905	231,398	71,507	163,236	234,743
Line of credit accounts	49,708	—	49,708	37,649	—	37,649
Installment loans	58,058	—	58,058	31,385	—	31,385
Total Domestic	181,259	157,905	339,164	140,541	163,236	303,777
Foreign						
Short-term loans	95,250	—	95,250	249,953	739	250,692
Line of credit accounts	76,241	—	76,241	13,484	—	13,484
Installment loans	56,047	—	56,047	64,665	—	64,665
Total Foreign	227,538	—	227,538	328,102	739	328,841
Total E-Commerce	408,797	157,905	566,702	468,643	163,975	632,618
Total amount of consumer loans written and renewed	$568,591	$181,546	$750,137	$638,590	$195,695	$834,285
Number of consumer loans written and renewed (in ones):						
Retail Services						
Short-term loans	331,032	31,482	362,514	354,546	51,763	406,309
Installment loans	1,833	5,180	7,013	1,798	928	2,726
Total Retail Services	332,865	36,662	369,527	356,344	52,691	409,035
E-Commerce						
Domestic						
Short-term loans	219,274	229,007	448,281	242,617	227,956	470,573
Line of credit accounts	198,956	—	198,956	139,550	—	139,550
Installment loans	37,751	—	37,751	30,229	—	30,229
Total Domestic	455,981	229,007	684,988	412,396	227,956	640,352
Foreign						
Short-term loans	187,561	—	187,561	454,293	919	455,212
Line of credit accounts	255,171	—	255,171	30,748	—	30,748
Installment loans	44,200	—	44,200	56,679	—	56,679
Total Foreign	486,932	—	486,932	541,720	919	542,639
Total E-Commerce	942,913	229,007	1,171,920	954,116	228,875	1,182,991
	1,275,778	265,669	1,541,447	1,310,460	281,566	1,592,026

Total number of consumer loans written and renewed

(a) The disclosure regarding the amount and number of consumer loans written and renewed is statistical data that is not included in the Company's financial statements.
(b) Loans guaranteed by the Company represent loans originated by third-party lenders through the CSO programs.

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The average amount per consumer loan is calculated as the total amount of combined consumer loans written and renewed for the period divided by the total number of combined consumer loans written and renewed for the period. The following table shows the average amount per consumer loan by product for the current quarter compared to the prior year quarter:

	Three Months Ended June 30,	
	2014	2013
Average amount per consumer loan (in ones)[(a)]		
Retail Services		
Short-term loans	$480	$478
Installment loans	1,325	2,687
E-Commerce		
Domestic		
Short-term loans	$516	$499
Line of credit accounts[(b)]	250	270
Installment loans	1,538	1,038
Foreign		
Short-term loans	$508	$551
Line of credit accounts[(b)]	299	439
Installment loans	1,268	1,141
Consolidated		
Short-term loans	$502	$510
Line of credit accounts[(b)]	277	300
Installment loans	1,387	1,153

(a) The disclosure regarding the average amount per consumer loan is statistical data that is not included in the Company's financial statements.
(b) Represents the average amount of each incremental draw on line of credit accounts.

Consumer Loans Written to New and Returning Customers in the E-commerce Segment

For its e-commerce segment, the Company measures the amount and number of consumer loans written and renewed that are Company-owned or guaranteed by the Company, as well as the mix between transactions with new customers and returning customers with whom it has a previous relationship. The amount and number of loans written to new customers reflect the Company's ability to acquire customers through its marketing programs and by providing new products, in addition to its ability to enter new markets. The amount and number of loans written to returning customers reflect the Company's ability to retain its customer base through high levels of customer service and customer satisfaction with the products offered by the Company. Loans written to returning customers include both loans with customers who have borrowed from the Company's e-commerce segment before, either in the current year or in prior years (including customers who may have borrowed through different consumer loan products or brands offered by the e-commerce segment), and loan renewals.

The following table shows, for the e-commerce segment, loans written and renewed to new customers and to returning customers for the current quarter and prior year quarter (dollars in thousands):

	Three Months Ended June 30,					
	2014			2013		
	Company Owned[(a)]	Guaranteed by the Company[(a)(b)]	Combined[(a)]	Company Owned[(a)]	Guaranteed by the Company[(a)(b)]	Combined[(a)]
Amount of consumer loans written and renewed to:						
New customers	$66,359	$8,967	$75,326	$61,953	$11,755	$73,708
% of total	11.7 %	1.6 %	13.3 %	9.8 %	1.9 %	11.7 %
Returning customers	342,438	148,938	491,376	406,690	152,220	558,910
% of total	60.4 %	26.3 %	86.7 %	64.3 %	24.0 %	88.3 %
Total amount of consumer loans written and renewed	$408,797	$157,905	$566,702	$468,643	$163,975	$632,618
Number of consumer loans written and renewed to (in ones):						
New customers	94,348	16,812	111,160	124,912	20,878	145,790
% of total	8.1 %	1.4 %	9.5 %	10.6 %	1.7 %	12.3 %
Returning customers	848,565	212,195	1,060,760	829,204	207,997	1,037,201
% of total	72.4 %	18.1 %	90.5 %	70.1 %	17.6 %	87.7 %
Total number of consumer loans written and renewed	942,913	229,007	1,171,920	954,116	228,875	1,182,991

(a) The disclosure regarding the amount and number of consumer loans written and renewed is statistical data that is not included in the Company’s financial statements.
(b) Loans guaranteed by the Company represent loans originated by third-party lenders through the CSO programs.

Consumer Loan Loss Experience

The Company monitors the performance of its consumer loan portfolio and maintains either an allowance or liability for estimated losses on consumer loans (including fees and interest) at a level estimated to be adequate to absorb credit losses inherent in the portfolio. The allowance for losses on the Company’s owned consumer loans reduces the outstanding loan balance in the consolidated balance sheets. The liability for estimated losses related to loans guaranteed under the CSO programs is included in “Accounts payable and accrued expenses” in the consolidated balance sheets.

The allowance and liability for estimated losses as a percentage of combined consumer loans and fees receivable decreased to 16.5% in the current quarter from 19.8% in the prior year quarter, primarily due to improved performance across all of the Company’s consumer loan products in both of its segments as further discussed in “Consumer Loan Loss Experience by Product” below.

The consumer loan loss provision in the current quarter was $74.7 million, which was composed of $74.0 million related to Company-owned consumer loans and $0.7 million related to loans guaranteed by the Company through the

CSO programs. The consumer loan loss provision in the prior year quarter was $77.2 million, which was composed of $76.3 million related to Company-owned consumer loans and $0.9 million related to loans guaranteed by the Company through the CSO programs. Consolidated charge-offs, net of recoveries, were $79.5 million and $74.1 million in the current quarter and prior year quarter, respectively.

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The following table shows consumer loan balances and fees and the relationship of the allowance for losses to the combined balances of consumer loans for each of the last five quarters (dollars in thousands):

	2013			2014	
	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter
Consumer loan balances and fees receivable:					
Gross - Company owned	$366,990	$418,237	$446,707	$399,820	$410,148
Gross - Guaranteed by the Company[(a)]	50,885	50,085	58,950	42,191	47,455
Combined consumer loans and fees receivable, gross[(b)]	$417,875	$468,322	$505,657	$442,011	$457,603
Allowance and liability for losses on consumer loans	82,910	92,786	90,946	80,165	75,363
Combined consumer loans and fees receivable, net[(b)]	$334,965	$375,536	$414,711	$361,846	$382,240
Allowance and liability for losses as a % of combined consumer loans and fees receivable, gross[(b)]	19.8 %	19.8 %	18.0 %	18.1 %	16.5 %

(a) Represents loans originated by third-party lenders through the CSO programs, which are not included in the Company’s financial statements.
(b) Non-GAAP measure.

Consumer Loan Loss Experience by Product

Management evaluates loss rates for all of its consumer loan products to determine credit quality and evaluate trends. For short-term loans, the Company evaluates consumer loan losses as a percentage of combined consumer loans written and renewed. For line of credit accounts and installment loans, the Company evaluates consumer loan losses as a percentage of the average consumer loan balance outstanding and the average combined consumer loan balance outstanding, respectively, for each portfolio.

Short-term Loans

Due to the nature of the short-term loan product and the high velocity of loans written and renewed, seasonal trends are evidenced in quarter-to-quarter performance. In the typical business cycle, the consumer loan loss provision as a percent of combined consumer loans written and renewed for short-term consumer loans is usually lowest in the first quarter and typically increases throughout the year. This seasonal trend was evidenced in the current quarter, but the loss provision as a percentage of combined consumer loans written and renewed was lower than the seasonally comparable prior year quarter, primarily due to a decrease in demand from new customers for short-term consumer loans as the Company continued to experience a shift in customers’ preference for the Company’s line of credit and installment loan products over its short-term consumer loan product, the recent refinements made to the Company’s consumer loan underwriting models and increased collections. For a discussion about the changes being made to the Company's U.K. consumer loan business and how they are expected to impact the Company's business in the United Kingdom, see “Recent Developments—Developments in the Company's Business in the United Kingdom.”

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The following table includes information related only to the Company’s short-term consumer loan product and shows the Company’s loss experience trends for short-term consumer loans for each of the last five quarters (dollars in thousands):

	2013			2014	
	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter
Short-term consumer loans:					
Consumer loan loss provision	$42,931	$41,806	$33,567	$21,761	$25,621
Charge-offs (net of recoveries)	42,541	49,271	43,862	25,922	24,507
Short-term consumer loans written and renewed:[(a)]					
Company owned	$489,356	$435,837	$398,781	$346,098	$326,011
Guaranteed by the Company[(b)]	190,421	211,426	209,965	181,092	174,783
Combined consumer loans written and renewed	$679,777	$647,263	$608,746	$527,190	$500,794
Short-term consumer loans and fees receivable:					
Gross - Company owned	$168,158	$145,026	$131,236	$102,955	$102,885
Gross - Guaranteed by the Company[(b)]	40,754	39,810	46,311	33,077	38,890
Combined consumer loans and fees receivable, gross[(c)]	$208,912	$184,836	$177,547	$136,032	$141,775
Short-term consumer loan ratios:					
Consumer loan loss provision as a % of combined consumer loans written and renewed[(a)]	6.3 %	6.5 %	5.5 %	4.1 %	5.1 %
Charge-offs (net of recoveries) as a % of combined consumer loans written and renewed[(a)]	6.3 %	7.6 %	7.2 %	4.9 %	4.9 %
Consumer loan loss provision as a % of consumer loan fees	33.9 %	35.2 %	32.2 %	22.9 %	29.7 %
Allowance and liability for losses as a % of combined consumer loans and fees receivable, gross[(c)]	21.3 %	20.0 %	15.1 %	16.6 %	16.7 %

(a) The disclosure regarding the amount of short-term consumer loans written and renewed is statistical data that is not included in the Company’s financial statements.
(b) Represents loans originated by third-party lenders through the CSO programs, which are not included in the Company’s financial statements.
(c) Non-GAAP measure.

Line of Credit Accounts

The consumer loan loss provision as a percentage of average consumer loan balance for line of credit accounts exhibits a similar quarterly seasonal trend to short-term consumer loan loss rates as the ratio is typically lower in the first quarter and increases throughout the remainder of the year, peaking in the third and fourth quarters with higher loan demand.

The consumer loan loss provision as a percentage of consumer loan fees was 29.1% in the current quarter compared to 35.1% in the prior year quarter. The decrease was primarily due to the maturing of the domestic line of credit portfolio and a sequential decline from the first quarter in the average line of credit account balance, which was driven by a lower sequential quarter balance in the United Kingdom partially as a result of changes made to the Company’s U.K. consumer loan business. As a result, the typical seasonal trend was not evidenced during the current quarter. See “Recent Developments—Developments in the Company’s Business in the United Kingdom” for further discussion.

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The following table includes information related only to the Company’s line of credit account product and shows the Company’s loss experience trends for line of credit accounts for each of the last five quarters (dollars in thousands):

	2013 Second Quarter	Third Quarter	Fourth Quarter	2014 First Quarter	Second Quarter
Line of credit accounts:					
Consumer loan loss provision	$9,919	$25,140	$32,694	$23,375	$21,786
Charge-offs (net of recoveries)	7,334	13,855	24,844	26,490	26,877
Average consumer loan balance[(a)]	$47,513	$78,839	$112,704	$122,403	$120,707
Line of credit account ratios:					
Consumer loan loss provision as a % of average consumer loan balance[(a)]	20.9 %	31.9 %	29.0 %	19.1 %	18.0 %
Charge-offs (net of recoveries) as a % of average consumer loan balance[(a)]	15.4 %	17.6 %	22.0 %	21.6 %	22.3 %
Consumer loan loss provision as a % of consumer loan fees	35.1 %	49.8 %	47.7 %	32.0 %	29.1 %
Allowance for losses as a % of average consumer loan balance[(a)]	22.4 %	27.8 %	26.4 %	21.8 %	17.9 %

(a) The average consumer loan balance for line of credit accounts is the simple average of the beginning and ending consumer loan balance for the quarter for line of credit accounts.

Installment Loans

For installment loans, the consumer loan loss provision as a percentage of combined average consumer loan balance is more consistent throughout the year than short-term loans or line of credit accounts. Due to the scheduled monthly or bi-weekly payments that are inherent with installment loans, the Company does not experience the higher levels of repayments in the first quarter for these loans as it experiences with short-term loans and to a lesser extent, line of credit accounts.

Consumer loan loss provision as a percentage of consumer loan fees are generally higher for the installment loan product than for other loan products partially because installment loans typically have a higher average amount per loan and the highest level of default is exhibited in the early stages of the loan, while revenue is recognized over the term of the loan. Another factor contributing to the higher rate of losses as a percentage of fees is that the loan yield for installment loans is typically significantly lower than the short-term loan products offered by the Company. During the current quarter, the Company experienced lower loss rates than it has been experiencing, primarily due to the maturing of the installment loan product in its domestic portfolio and a decrease in new customer activity in its U.K. portfolio due to changes initiated in that market during the current quarter. See “Recent Developments—Developments in the Company’s Business in the United Kingdom” for further discussion. The installment loan portfolio includes a higher percentage of customers with established payment histories in the current quarter compared to the prior year quarter, particularly in the e-commerce segment. New customers tend to have a higher risk of default than customers with a history of successfully repaying loans.

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The following table includes information related only to the Company's installment loan product and shows the Company's loss experience trends for installment loans for each of the last five quarters (dollars in thousands):

	2013			2014	
	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter
Installment loans:					
Consumer loan loss provision	$24,379	$32,747	$33,220	$28,364	$27,282
Charge-offs (net of recoveries)	24,206	26,691	32,615	31,869	28,107
Installment loan average loan balance:[(a)]					
Company owned	$133,773	$157,183	$181,637	$183,765	$181,358
Guaranteed by the Company[(b)]	9,631	10,203	11,457	10,877	8,840
Combined average consumer loan balance[(c)]	$143,404	$167,386	$193,094	$194,642	$190,198
Installment loan ratios:					
Consumer loan loss provision as a % of combined average consumer loan balance[(a)(c)]	17.0 %	19.6 %	17.2 %	14.6 %	14.3 %
Charge-offs (net of recoveries) as a % of combined average consumer loan balance[(a)(c)]	16.9 %	15.9 %	16.9 %	16.4 %	14.8 %
Consumer loan loss provision as a % of consumer loan fees	51.2 %	56.2 %	50.9 %	42.9 %	42.4 %
Allowance and liability for losses as a					