

FIRST CASH FINANCIAL SERVICES INC  
Form 10-Q  
November 10, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2008

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 0-19133

FIRST CASH FINANCIAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware

75-2237318

(state or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**690 East Lamar Blvd., Suite 400**

**Arlington, Texas**

**76011**

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

**(817) 460-3947**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant 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

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

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

As of November 7, 2008, there were 29,243,335 shares of common stock outstanding.

## PART I. FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

#### FIRST CASH FINANCIAL SERVICES, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30,		December 31,
	2008	2007	2007
	(unaudited)		
	(in thousands)		
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,309	\$ 11,811	\$ 14,175
Service charges receivable	8,205	6,476	7,503
Customer receivables, net of allowance of \$283, \$206 and \$326, respectively	56,456	45,684	47,047
Inventories	33,781	27,460	26,870
Prepaid expenses and other current assets	5,435	5,961	7,469
Deferred tax assets	28,528	2,267	457
Assets held for sale	24,481	39,821	39,277
Total current assets	172,195	139,480	142,798
Property and equipment, net	39,458	36,436	36,978
Goodwill, net	53,237	53,237	53,237
Other	1,371	1,250	1,226
Non-current assets held for sale	-	55,559	57,309
Total assets	\$ 266,261	\$ 285,962	\$ 291,548
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current portion of notes payable	\$ 2,250	\$ 2,250	\$ 2,250
Accounts payable	2,874	1,205	1,232
Accrued liabilities	12,455	8,412	14,109
Income taxes payable	6,195	1,642	-
Liabilities associated with assets held for sale	5,998	3,352	3,457
Total current liabilities	29,772	16,861	21,048
Revolving credit facility	73,500	46,800	55,000
Notes payable, net of current portion	2,250	5,500	3,938
Deferred income taxes payable	8,336	8,059	10,353

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Total liabilities	113,858	77,220	90,339
Stockholders' equity:			
Preferred stock	-	-	-
Common stock	361	359	359
Additional paid-in capital	112,609	110,716	111,410
Retained earnings	136,845	164,116	169,855
Common stock held in treasury	(97,412)	(66,449)	(80,415)
Total stockholders' equity	152,403	208,742	201,209
Total liabilities and stockholders' equity	\$ 266,261	\$ 285,962	\$ 291,548

The accompanying notes are an integral part of these condensed consolidated financial statements.

FIRST CASH FINANCIAL SERVICES, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(unaudited)			
	(in thousands, except per share amounts)			
Revenue:				
Pawn merchandise sales	\$ 47,814	\$ 38,968	\$ 137,372	\$ 107,416
Finance and service fees	35,851	32,301	101,634	90,162
Other	903	940	2,960	3,045
	<u>84,568</u>	<u>72,209</u>	<u>241,966</u>	<u>200,623</u>
Cost of revenue:				
Cost of goods sold	27,795	23,326	78,481	63,445
Short-term loan and credit services loss provision	5,263	5,636	13,450	12,602
Other	107	57	291	269
	<u>33,165</u>	<u>29,019</u>	<u>92,222</u>	<u>76,316</u>
Net revenue	<u>51,403</u>	<u>43,190</u>	<u>149,744</u>	<u>124,307</u>

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Expenses and other income:				
Store operating expenses	27,516	22,477	76,704	65,442
Administrative expenses	7,080	5,523	20,998	17,800
Depreciation	2,705	2,585	8,153	7,611
Interest expense	82	147	508	-
Interest income	(9)	(18)	(39)	(80)
	<u>37,374</u>	<u>30,714</u>	<u>106,324</u>	<u>90,773</u>
Income from continuing operations				
before income taxes	14,029	12,476	43,420	33,534
Provision for income taxes	5,155	4,479	16,004	12,206
	<u>8,874</u>	<u>7,997</u>	<u>27,416</u>	<u>21,328</u>
Income (loss) from discontinued operations, net of tax (Note 2)				
	<u>(55,281)</u>	<u>2,388</u>	<u>(60,426)</u>	<u>8,221</u>
Net income (loss)	\$ (46,407)	\$ 10,385	\$ (33,010)	\$ 29,549
Basic income per share:				
Income from continuing operations	\$ 0.30	\$ 0.25	\$ 0.92	\$ 0.67
Income (loss) from discontinued operations (Note 3)	<u>(1.89)</u>	<u>0.08</u>	<u>(2.03)</u>	<u>0.26</u>
Net income (loss) per basic share	\$ (1.59)	\$ 0.33	\$ (1.11)	\$ 0.93
Diluted income per share:				
Income from continuing operations	\$ 0.30	\$ 0.24	\$ 0.90	\$ 0.64
Income (loss) from discontinued operations (Note 3)	<u>(1.84)</u>	<u>0.08</u>	<u>(1.99)</u>	<u>0.25</u>
Net income (loss) per diluted share	\$ (1.54)	\$ 0.32	\$ (1.09)	\$ 0.89

The accompanying notes are an integral part of these condensed consolidated financial statements.

FIRST CASH FINANCIAL SERVICES, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	<u>2008</u>	<u>2007</u>
	(unaudited, in thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ (33,010)	\$ 29,549
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	9,160	8,054
Share-based compensation expense	169	184
Non-cash portion of credit loss provision	39,143	28,076
Loss on disposal of Auto Master	52,611	-
Changes in operating assets and liabilities:		
Buy-here/pay-here automotive customer receivables	(40,945)	(48,955)
Finance and service fees receivable	(644)	(1,803)
Inventories	(1,132)	(2,621)
Prepaid expenses and other assets	1,646	(4,805)
Accounts payable and accrued liabilities	42	(6,542)
Current and deferred income taxes	4,437	1,653
	31,477	2,790
Cash flows from investing activities:		
Pawn customer receivables	(13,389)	(9,493)
Short-term loan customer receivables	(2,260)	(4,671)
Purchases of property and equipment	(15,541)	(19,875)
Distribution to minority interest in Cash & Go, Ltd. joint venture	(194)	(63)
	(31,384)	(34,102)
Cash flows from financing activities:		
Proceeds from debt	42,050	64,375
Payments of debt	(25,238)	(27,263)
Purchases of treasury stock	(16,997)	(18,176)
Proceeds from exercise of stock options and warrants	899	6,456
Income tax benefit from exercise of stock options and warrants	327	2,196
	1,041	27,588
Change in cash and cash equivalents	1,134	(3,724)
Cash and cash equivalents at beginning of the period	14,175	15,535
Cash and cash equivalents at end of the period	\$ 15,309	\$ 11,811
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Interest	\$	2,421	\$	1,418
Income taxes	\$	6,923	\$	13,118
Supplemental disclosure of non-cash operating activity:				
Inventory acquired in repossession	\$	1,756	\$	2,012
Supplemental disclosure of non-cash investing activity:				
Non-cash transactions in connection with pawn receivables settled through forfeitures of collateral transferred to inventories	\$	53,933	\$	42,157

The accompanying notes are an integral part of these condensed consolidated financial statements.

FIRST CASH FINANCIAL SERVICES, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

Note 1 - Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements, including the notes thereto, include the accounts of First Cash Financial Services, Inc. (the "Company"), and its wholly-owned subsidiaries. In addition, the accompanying consolidated financial statements include the accounts of Cash & Go, Ltd., a Texas limited partnership that operates financial services kiosks inside convenience stores, in which the Company has a 50% ownership interest. Effective September 2008, the Company has classified its Auto Master automotive business unit as a discontinued operation "held for sale" (see Note 2). All significant intercompany accounts and transactions have been eliminated.

Such unaudited consolidated financial statements are condensed and do not include all disclosures and footnotes required by generally accepted accounting principles in the United States of America for complete financial statements. Such interim period financial statements should be read in conjunction with the Company's consolidated financial statements, which are included in the Company's December 31, 2007 Annual Report on Form 10-K. The condensed consolidated financial statements as of September 30, 2008 and for the three- and nine-month periods ended September 30, 2008 and 2007 are unaudited, but in management's opinion, include all adjustments (consisting of only normal recurring adjustments) considered necessary to present fairly the financial position, results of operations and cash flows for such interim periods. Operating results for the periods ended September 30, 2008 are not necessarily indicative of the results that may be expected for the full fiscal year.

Certain amounts in prior year comparative presentations have been reclassified in order to conform to the 2008 presentation.

Recent Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and emphasizes that fair value is a market-based measurement, not an entity-specific measurement. It establishes a fair

value hierarchy and expands disclosures about fair value measurements in both interim and annual periods. SFAS 157 was effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. In February 2008, FASB issued FASB Staff Position Financial Accounting Standard 157-2, "Effective Date of FASB Statement No. 157" ("FSP FAS 157-2"), which delays the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed in the financial statements on a nonrecurring basis. The FSP partially defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP. The adoption of SFAS 157 and FSP FAS 157-2 did not have a material effect on the Company's financial position or results of operations. The Company has not applied the provisions of SFAS 157 to its nonfinancial assets and nonfinancial liabilities in accordance with FSP FAS 157-2. The Company will apply the provisions of SFAS 157 to these assets and liabilities beginning January 1, 2009, as required by FSP FAS 157-2.

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

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

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51" ("SFAS 160"). This statement will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The Company does not expect SFAS 160 to have a material effect on the Company's financial position or results of operations.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles ("GAAP") in the United States ("the GAAP hierarchy"). SFAS 162 makes the GAAP hierarchy explicitly and directly applicable to preparers of financial statements, a step that recognizes preparers' responsibilities for selecting the accounting principles for their financial statements, and sets the stage for making the framework of FASB Concept Statements fully authoritative. This statement will be effective November 15, 2008. The adoption of SFAS 162 will have no impact on the Company's financial position or results of operations.

In June 2008, the FASB issued Staff Position EITF 03-6-1, "Determining Whether Instruments Granted in Shared-Based Payment Transactions Are Participating Securities." The Staff Position concludes that unvested share-based payments awards that contain nonforfeitable rights to dividends are participating securities as defined in

EITF 03-6 and therefore should be included in computing earnings per share using the two-class method. The Staff Position is effective for fiscal years beginning after December 15, 2008. The Company does not expect EITF 03-6 to have a material impact on the Company's financial position or results of operations.

#### Note 2 - Discontinued Operations

Effective December 2007, the Company discontinued its short-term loan operations in the District of Columbia ("D.C."). This was a result of legislation enacted in 2007, which reduced the maximum annual percentage rate charged on short-term loans to 24%, making the Company's short-term loan product financially unviable. All revenue and expenses reported for each period herein have been adjusted to reflect reclassification of the discontinued D.C. operations.

In September 2008, the Board of Directors of First Cash Financial Services, Inc. approved a plan to discontinue its Auto Master buy-here/pay-here automotive operation. The operating environment for the Auto Master division had become increasingly challenging and operating results more volatile over the past several quarters, given the difficult general economic climate. In light of these circumstances, the Company elected to discontinue the Auto Master operation in order to focus on its core pawn and consumer lending operations in the U.S. and Mexico. It is anticipated that the Auto Master operation, including its customer receivables, inventories and other assets, will be sold or liquidated over the next twelve months. Discontinued operations include the revenue and expenses which can be specifically identified with Auto Master, and excludes any allocation of general administrative corporate costs, except interest expense. Interest expense was allocated to Auto Master based on the amount of net funds advanced to Auto Master at the Company's corporate cost of funds. All revenue and expenses reported for each period herein have been adjusted to reflect reclassification of the discontinued Auto Master operation.

Associated with this decision, a non-cash loss on the disposal of Auto Master of \$1.75 per share, net of tax, or \$52.6 million, is included as a component of discontinued operations for the quarter ending September 30, 2008. Approximately \$1.06 (per share, net of tax benefit), or \$31.9 million, of this charge is an estimated non-cash fair-value adjustment to customer notes receivables, reflecting the currently anticipated resale values of the notes receivable. A non-cash impairment charge related to a write-off of goodwill and intangible assets accounts for \$0.41, or \$12.3 million, of the total charge, while other fair value adjustments to vehicle inventories, fixed assets and other items accounted for the remaining estimated charge of \$0.28, or \$8.4 million. At this time, the Company cannot currently estimate future cash expenditures related to the disposal, although such amounts are expected to be relatively insignificant in relation to the total expected charges. The Company expects to continue operating the Auto Master business unit while seeking to sell it, or its individual assets.

The carrying amounts of the major classes of assets for the discontinued Auto Master operation at September 30, 2008, after the previously mentioned charges, included customer receivables and accrued finance charges of \$13.2 million, inventories of \$4.9 million, property and equipment of \$5.2 million, and other assets of \$1.1 million, which were classified as a component of current assets. The carrying amount of liabilities for the discontinued Auto Master operation includes accounts payable of \$647,000 and accrued liabilities of \$5.4 million.

In accordance with the provisions of SFAS No. 144, Auto Master customer notes receivable held and used with a carrying amount of \$62.0 million were written down to their estimated fair value at September 30, 2008 of \$12.9 million, resulting in an impairment charge of \$49.1 million, which was included in earnings for the period. The fair value of the customer receivables was estimated based upon discussions with third party purchasers of finance receivables and industry consultants knowledgeable of historical valuations for similar customer receivable portfolios. This estimate included adjustments to reflect the timing and probability of the expected cash flows from the collections and/or sale of these receivables. As required by SFAS No. 157, "Fair Value Measurements," financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value



Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

hierarchy levels. The following table summarizes the valuation of the Company's financial instruments by SFAS No. 157 pricing levels as of September 30, 2008 (unaudited, in thousands):

<u>Description</u>	<u>Nine Months Ended September 30, 2008</u>	<u>Fair Value Measurements Using</u>				<u>Total Gains (Losses)</u>
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>		
Auto Master customer receivables	\$ 12,872	\$ -	\$ 12,872	\$ -	\$ (49,134)	

The Auto Master operation was previously accounted for as a reportable segment. As a result of the decision to discontinue the Auto Master operation, the Company will not have any reportable segments.

The following table summarizes the operating results of Auto Master, which has been reclassified as discontinued operations in the condensed consolidated statements of operations, for the three-month and nine-month periods ended September 30, 2008 and September 30, 2007 (unaudited, in thousands):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue	\$ 26,723	\$ 30,356	\$ 78,014	\$ 80,631
Income (loss) from discontinued operations before income tax	(4,211)	2,334	(12,750)	8,812
Income tax (expense) benefit	1,541	(830)	4,692	(3,207)
Income (loss) from discontinued operations, net of tax	(2,670)	1,504	(8,058)	5,605
Loss from disposal of Auto Master before income tax	(80,941)	-	(80,941)	-
Income tax benefit from disposal	28,330	-	28,330	-
Net loss from disposal of Auto Master	\$ (52,611)	\$ -	\$ (52,611)	\$ -

The following table summarizes the operating results of the D.C. short-term loan operation, which has been reclassified as discontinued operations in the condensed consolidated statements of operations, for the three-month and nine-month periods ended September 30, 2008 and September 30, 2007 (unaudited, in thousands):

Three Months Ended September 30,      Nine Months Ended September 30,

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue	\$ -	\$ 2,399	\$ 233	\$ 6,590
Income (loss) from discontinued operations before income tax	-	1,389	385	4,113
Income tax (expense) benefit	-	(505)	(142)	(1,497)
	<hr/>	<hr/>	<hr/>	<hr/>
Income (loss) from discontinued operations, net of tax	\$ -	\$ 884	\$ 243	\$ 2,616

Note 3 - Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share (unaudited, in thousands, except per share data):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Numerator:				
Income from continuing operations for calculating basic earnings per share	\$ 8,874	\$ 7,997	\$ 27,416	\$ 21,328
Interest on convertible note, net of taxes	-	11	-	34
	<hr/>	<hr/>	<hr/>	<hr/>
Income from continuing operations for calculating diluted earnings per share	8,874	8,008	27,416	21,362
Income (loss) from discontinued operations	(2,670)	2,388	(7,815)	8,221
Loss from disposal of Auto Master	(52,611)	-	(52,611)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net income (loss) for calculating diluted earnings per share	\$ (46,407)	\$ 10,396	\$ (33,010)	\$ 29,583
Denominator:				
Weighted-average common shares for calculating basic earnings per share	29,235	31,637	29,685	31,786
Effect of dilutive securities:				
Convertible note payable	-	56	-	56
Stock options and warrants	775	1,187	630	1,318
	<hr/>	<hr/>	<hr/>	<hr/>

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Weighted-average common shares for calculating diluted earnings per share	30,010	32,880	30,315	33,160
Basic earnings per share:				
Income from continuing operations	\$ 0.30	\$ 0.25	\$ 0.92	\$ 0.67
Income (loss) from discontinued operations	(0.09)	0.08	(0.26)	0.26
Loss from disposal of Auto Master	(1.80)	-	(1.77)	-
Net income (loss) per basic share	\$ (1.59)	\$ 0.33	\$ (1.11)	\$ 0.93
Diluted earnings per share:				
Income from continuing operations	\$ 0.30	\$ 0.24	\$ 0.90	\$ 0.64
Income (loss) from discontinued operations	(0.09)	0.08	(0.26)	0.25
Loss from disposal of Auto Master	(1.75)	-	(1.73)	-
Net income (loss) per diluted share	\$ (1.54)	\$ 0.32	\$ (1.09)	\$ 0.89

Note 4 - Revenue, Cost of Revenue and Customer Receivables

The following table details the major components of revenue and cost of revenue from continuing operations for the three months and nine months ended September 30, 2008 and 2007 (unaudited, in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue:				
Pawn retail merchandise sales	\$ 31,064	\$ 26,925	\$ 89,798	\$ 79,538
Pawn scrap jewelry sales	16,750	12,043	47,574	27,878
Pawn service fees	18,565	15,114	52,137	42,229
Short-term loan and credit services fees	17,286	17,187	49,497	47,933
Other	903	940	2,960	3,045
	<u>84,568</u>	<u>72,209</u>	<u>241,966</u>	<u>200,623</u>
Cost of revenue				
Cost of goods sold - pawn retail merchandise	17,062	15,057	49,119	44,649
Cost of goods sold - pawn scrap jewelry	10,733	8,269	29,362	18,796
Short-term loan and credit services loss provision	5,263	5,636	13,450	12,602
Other	107	57	291	269
	<u>33,165</u>	<u>29,019</u>	<u>92,222</u>	<u>76,316</u>

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Net revenue	\$ 51,403	\$ 43,190	\$ 149,744	\$ 124,307
-------------	-----------	-----------	------------	------------

The following table details selected assets as of September 30, 2008 and September 30, 2007 (unaudited, in thousands):

	Balance at September 30,	
	<u>2008</u>	<u>2007</u>
Customer receivables:		
Pawn receivables	\$ 50,182	\$ 40,399
Short-term loan receivables	6,557	5,491
	<u>56,739</u>	<u>45,890</u>
CSO short-term loans held by independent third-party (1)	13,211	12,416
Allowance for doubtful accounts	(968)	(761)
	<u>\$ 68,982</u>	<u>\$ 57,545</u>

(1) CSO loans outstanding are from an independent third-party lender and are not included on the Company's balance sheet.

Note 5 - Guarantees

The Company offers a fee-based credit services organization program ("CSO program") to assist consumers, primarily in Texas markets, in obtaining credit. Under the CSO program, the Company assists customers in applying for a short-term loan from an independent, non-bank, consumer lending company (the "Independent Lender") and issues the Independent Lender a letter of credit to guarantee the repayment of the loan. The loans made by the Independent Lender to credit services customers of the Company range in amount from \$50 to \$1,500, have terms of 7 to 180 days and bear interest at a rate of less than 10% on an annualized basis.

These letters of credit constitute a guarantee for which the Company is required to recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken by issuing the letters of credit. The Independent Lender may present the letter of credit to the Company for payment if the customer fails to repay the full amount of the loan and accrued interest after the due date of the loan. Each letter of credit expires approximately 30 days after the due date of the loan. The Company's maximum loss exposure under all of the outstanding letters of credit issued on behalf of its customers to the Independent Lender as of September 30, 2008 was \$14,694,000 compared to \$13,869,000 at September 30, 2007. According to the letters of credit, if the borrower defaults on the loan, the Company will pay the Independent Lender the principal, accrued interest, insufficient funds fee, and late fees, all of which the Company records as a component of its credit loss provision. The Company is entitled to seek recovery, directly from its customers, of the amounts it pays the Independent Lender in performing under the letters of credit. The Company records the estimated fair value of the liability under the letters of credit as a component of accrued liabilities.

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

GENERAL

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

The Company generates revenue from its continuing operations from two primary products and services: pawn store operations and short-term consumer loan operations.

The Company's pawn revenue is derived primarily from service fees on pawns and merchandise sales of forfeited pawn collateral and used goods purchased directly from the general public. The Company accrues pawn service charge revenue on a constant-yield basis over the life of the pawn loan for all pawns that the Company deems collection to be probable based on historical pawn redemption statistics. If a pawn loan is not repaid prior to the expiration of the automatic extension period, if applicable, the property is forfeited to the Company and transferred to inventory at a value equal to the principal amount of the loan, exclusive of accrued interest.

The Company's short-term consumer loan revenue is derived primarily from fees on short-term loans and credit services fees. The Company recognizes service fee income on short-term loans on a constant-yield basis over the life of the short-term loan, which is generally thirty-one days or less. The net defaults on short-term loans and changes in the short-term loan valuation reserve are charged to the short-term loan loss provision. The credit loss provision is based primarily upon historical credit loss experience, with consideration given to recent credit loss trends, delinquency rates, economic conditions and management's expectations of future credit losses.

The Company offers a fee-based credit services organization program ("CSO program") to assist customers, primarily in Texas markets, in obtaining credit. Under the CSO program, the Company assists customers in applying for a short-term loan from an independent, non-bank, consumer lending company (the "Independent Lender") and issues the Independent Lender a letter of credit to guarantee the repayment of the loan. The Company recognizes credit services fees ratably over the life of the loan made by the Independent Lender. The loans made by the Independent Lender to credit services customers of the Company have terms of 7 to 180 days. The Company records a liability for the estimated fair value of the liability under the letters of credit.

OPERATIONS AND LOCATIONS

As of September 30, 2008, the Company had 495 locations in twelve U.S. states and thirteen states in Mexico, which represents a 13% increase over the 440 locations open at September 30, 2007. A total of 18 new retail locations were opened during the third quarter of 2008. The openings were a combination of pawn stores and short-term loan stores. The following table details store counts for the three months and nine months ended September 30, 2008:

	U.S. Locations		Mexico Locations	Total Locations
	Pawn Stores	Short-Term Loan Stores	Pawn/ Short-Term Loan Stores	
<u>Three Months Ended September 30, 2008</u>				
Total locations, beginning of period	95	159	225	479
New locations opened	-	2	16	18
Locations closed or consolidated	(2)	-	-	(2)
Total locations, end of period	93	161	241	495
<u>Nine Months Ended September 30, 2008</u>				
Total locations, beginning of period	96	157	207	460
New locations opened	-	5	36	41
Locations closed or consolidated	(3)	(1)	(2)	(6)

Total locations, end of period	93	161	241	495
--------------------------------	----	-----	-----	-----

For the three and nine months ended September 30, 2008, the Company's 50% owned joint venture, Cash & Go, Ltd., operated a total of 39 kiosks located inside convenience stores in the state of Texas, which are not included in the above table. During the nine months ended September 30, 2008, the Company did not open or close any Cash & Go, Ltd. kiosks.

At September 30, 2008, the Company's credit services operations also include an internet distribution channel for customers in the states of Maryland and Texas.

As of September 30, 2008, the Company's "held for sale" Auto Master business operated 16 dealerships in the states of Arkansas, Missouri, Oklahoma and Texas.

While the Company has had significant increases in revenue due to new store openings in 2008 and 2007, the Company has also incurred increases in operating expenses attributable to the additional locations. Operating expenses consist of all items directly related to the operation of the Company's stores, including salaries and related payroll costs, rent, utilities, equipment, advertising, property taxes, licenses, supplies and security. Administrative expenses consist of items relating to the operation of the corporate office, including the compensation and benefit costs of corporate management, area supervisors and other operations management personnel, collections operations and personnel, accounting and administrative costs, information technology costs, liability and casualty insurance, outside legal and accounting fees and stockholder-related expenses.

Stores included in the same-store revenue calculations are those stores that were opened prior to the beginning of the prior year comparative period and are still open. Also included are stores that were relocated during the year within a specified distance serving the same market, where there is not a significant change in store size and where there is not a significant overlap or gap in timing between the opening of the new store and the closing of the existing store. During the third quarter of 2007, the Company relocated one store that involved a significant change in the size of its retail showroom, and accordingly, the expanded store has been excluded from the same-store calculations. Non-retail sales of scrap jewelry are included in same-store revenue calculations.

#### CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related revenue and expenses, and disclosure of gain and loss contingencies at the date of the financial statements. Such estimates and assumptions are subject to a number of risks and uncertainties, which may cause actual results to differ materially from the Company's estimates. Both the significant accounting policies that management believes are the most critical to aid in fully understanding and evaluating the reported financial results and the effects of recent accounting pronouncements have been reported in the Company's 2007 Annual Report on Form 10-K.

#### Recent Accounting Pronouncements

See discussion in Note 1 of Notes to Condensed Consolidated Financial Statements.

#### RESULTS OF CONTINUING OPERATIONS

Three months ended September 30, 2008, compared to the three months ended September 30, 2007

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

The following table details the components of revenue for the three months ended September 30, 2008, as compared to the three months ended September 30, 2007 (unaudited, in thousands):

	Continental Airlines Pass Thru	08/02/20	6.545%	497
Continental Airs 99-2 CL A-1	03/15/20	7.256%		476
Corporacion Andina De Fomento	01/26/07	VAR RT		1,510
Costco WHSL Corp New SR NT	03/15/07	5.500%		250
Countrywide Home LNS MTN #0034	05/21/08	3.250%		1,825
Countrywide Home MTN #TR 00324	09/15/09	4.125%		534

PAGE 19

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN**  
**SCHEDULE H, PART IV, LINE 4(i)**  
**SCHEDULE OF ASSETS (HELD AT END OF YEAR)**  
**December 30, 2006**  
**(in thousands)**

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
Cox Communications Inc New NT	01/15/10-06/01/13	4.625%-7.125%	9,355
CPC Intl MTN TR 00010	10/15/97	5.600%	906
CPL Transition FDG 02-1 CL A4	07/15/15	5.960%	1,452
Credit Suisse FB 06-1 CL 1A3	02/25/36	5.500%	1,764
Credit Suisse FB USA Inc NT	01/15/12	6.500%	3,090
Credit Suisse USA Inc	08/16/11	5.500%	6,050
CRH Amer Inc NT	09/30/16	6.000%	3,826
CVS Corp NT	11/01/07-09/15/09	3.875%-4.000%	1,690
CVS Corp SR NT	08/15/11	5.750%	1,306
CWABS Inc 04-13 Asset CL AF-4	01/25/33	VAR RT	3,945
CWALT Inc 05-28CB P/T 1-A-5	08/25/35	5.500%	926
CWALT Inc 2005-34CB CL 1-A-6	09/25/35	5.500%	2,106
CWHEQ Inc 05-D CL 2-A	11/25/35	VAR RT	2,867
CWMBS Inc 03-J7 CL 3-1-2	08/25/18	4.500%	888
CWMBS Inc 2003-J13 1A1	01/25/34	5.250%	1,620
Daimler Chrysler HLDG Corp NT	01/18/31	8.500%	2,000
Daimler Chrysler Auto 06-C A2	05/08/09	5.250%	1,000
Daimler Chrysler Auto 06-C CL B	04/08/13	5.110%	995
Daimler Chrysler Auto 2006-A B	09/08/12	5.140%	996
Daimler Chrysler Auto 2006-B B	11/08/12	5.490%	1,005
Daimler Chrysler N A #TR00043	09/08/11	5.750%	3,416
Daimler Chrysler NA HLDG Corp	06/15/10-01/15/12	4.875%-7.300%	6,997
Daimler Chrysler N A HLDG SR NT	11/15/13	6.500%	1,069
Daimler Chrysler NA MTN TR00036	09/10/07	VAR RT	3,647
Deere John Cap Corp NT	03/15/12	7.000%	2,044
Deere John Owner TR 04 CL A-4	03/15/11	3.020%	1,175
Deere John Owner TR 05 CL A-4	05/15/12	4.160%	688
Detroit Edison 2001-1 BD CL A5	03/01/15	6.420%	574
Detroit Edison Co SR NT	10/01/10-10/15/12	5.200%-6.125%	1,719

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Detroit Edison Co SR NT 2006 A	06/01/36	6.625%	327
Detroit Edison SR NT SER E	10/01/37	5.700%	992
Deutsche BK Cap FDG TR VII	01/19/49	VAR RT	2,874
Deutsche Telekom Intl Fin BV	03/23/16-06/01/32	VAR RT-9.250%	9,732
Development Bank of Japan	03/19/26	2.300%	4,467
Devon Fing Corp ULC Deb	09/30/31	7.875%	3,080
Diageo Cap PLC NT	09/30/36	5.875%	1,203
Diageo Fin BV NT	04/01/11	3.875%	947
Diageo PLC NT	11/19/07	3.500%	1,127
Discover Car Master TR 02 2 A	10/15/09	5.150%	1,500
Dominion RES Inc VA New SR NT	05/15/08-07/15/15	STEP-5.150%	3,797
Dominion RES Inc VA Ser A	06/15/10	8.125%	586
Dow Chem Co Global NT	12/15/08	5.750%	1,340
Dow Chem Co NT	10/01/12	6.000%	2,404
DTE Energy Co SR NT	04/15/33	6.375%	1,037
DTE Energy Co SR NT Ser B	06/01/16	6.350%	2,623
DuPont EI de Nemours & Co NT	10/15/09-04/30/14	4.750%-6.875%	1,785
Duke Cap Corp SR NT	02/15/13-02/15/32	6.250%-6.750%	644
Duke Energy Corp 1st & Ref MTG	03/05/08	3.750%	5,039
Duke Energy Corp MTG BD	04/01/10	4.500%	342

PAGE 20

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
Duke Energy Corp SR NT	01/15/12-11/30/12	5.625%-6.250%	2,554
Duke Energy Field SVCS LLC	08/16/10	7.875%	2,291
Duke Rlty Ltd Partnership SR	08/15/11	5.625%	1,660
East Man Chem Co Debs	02/01/27	7.600%	542
Eksportfinans A S A Medium	10/26/11	5.125%	6,869
Eksportfinans As MTN #TR00007	07/15/09	4.375%	5,377
Electronic Data Sys Corp New	08/01/13	STEP	654
Electronic Data Sys Corp NT	10/15/09-10/15/29	7.125%-7.450%	1,389
Embarq Corp NT	06/01/16-06/01/36	7.082%-7.995%	7,102
Emerson Electric Co NT	08/15/32	6.000%	739
Encana Corp NT	08/15/09	4.600%	1,668
Encana HLDGS Fin Corp NT	05/01/14	5.800%	5,457
Energy East Corp NT	07/15/36	6.750%	4,706
Energy Transfer Partners SR	08/01/12-10/15/36	5.650%-6.625%	4,871
Entergy Miss Inc 1st MTG BDS	04/01/08	4.350%	1,230
Enterprise Prods Inc LP SR NT	10/15/34	6.650%	1,367
EOP Oper Ltd Partn GTD NT	07/15/11	7.000%	795
EOP Operating LP NTS	02/15/12	6.750%	1,156
Equity One MTG 03-4 CL M1	11/25/33	5.369%	1,734
ERP Oper LP	08/15/26	7.570%	2,401



Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Exelon Corp SR NT	05/01/11-06/15/15	4.900%-6.750%	2,376
Federal Home LN MTG Corp MTN	11/23/35	5.625%	2,028
Federated Dept Stores Inc Del	09/01/08-04/01/29	6.625%-6.900%	3,848
Federated Retail Hldgs Inc NT	12/01/16	5.900%	899
First Energy Corp NT Ser B	11/15/11	6.450%	334
First Energy Corp NT Ser C	11/15/31	7.375%	3,479
Fleet NATL BK Providence R I	01/15/09	5.750%	4,252
Florida PWR & LGT Co 1 <sup>st</sup> MTG B	09/01/35	5.400%	1,180
Florida PWR & Lt Co 1 <sup>st</sup> MTG BD	06/01/35	4.950%	1,054
Florida PWR Corp 1 <sup>st</sup> MTG BD	03/01/33	5.900%	1,507
FMR Corp NT 144A	03/01/13	4.750%	1,144
FNANB Cr Card TR 2002 A CL A	07/16/11	VAR RT	987
Ford Cr Auto Owner 2005-B CL C	08/15/10	4.830%	1,070
Ford Cr Auto Owner 2006-c CL C	09/15/12	5.470%	972
Ford Cr Auto Owner TR 05-A B	01/15/10	3.880%	2,050
Ford Cr Auto Owner TR 05-B B	04/15/10	4.640%	781
Fosters Fin Corp GTD NT 144A	10/01/14	4.875%	731
France Telecom SA NT	03/01/31	VAR RT	2,599
Fuji Fin Cayman Ltd Sub 144A	04/15/10	8.625%	846
Gaz Capital SA 144A	02/25/14	5.030%	200
GE Cap Cr Card MSTR 06-1 CL A	09/17/12	5.080%	2,222
GE Cap Cr Card MSTR NT 05-3 A	06/15/13	4.130%	4,017
GE Global Ins HLDG Corp	06/15/10-02/15/26	7.000%-7.500%	6,078
General Dynamics Corp NT	05/15/08	3.000%	2,808
General ELEC Cap MTN #TR 00528	03/15/32	6.750%	538
General ELEC Cap MTN #TR 00551	06/15/12	6.000%	22,225
General ELEC Cap MTN #TR 00665	12/15/09	3.750%	3,340
General ELEC Cap MTN #TR00678	01/15/08	VAR RT	15,489
General ELEC Cap MTN #TR00696	06/15/09	4.000%	6,670

PAGE 21

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
General ELEC Cap MTN #TR 00521	02/15/12	5.875%	9,918
General MLS Inc NT	02/15/07	5.125%	869
Georgia PWR Co NT	02/17/09	VAR RT	1,003
Georgia PWR Co SR NT SER Z	12/15/15	5.250%	1,435
Gillette Co NT	03/15/08	2.875%	402
Glitnir Bank HG GBL MTN 144A	07/28/11	6.330%	1,797
Glitnir Bank1HF 144A	06/15/16	VAR RT	3,066

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Golden West FINL Corp Del SR	08/15/07	4.125%	2,480
Goldman Sachs Cap I	02/15/34	6.345%	4,752
Goldman Sachs Group Inc	01/15/16-10/01/16	5.350%-5.750%	4,359
Goldman Sachs Group Inc SR NT	06/15/10-07/15/13	4.500%-5.700%	13,703
Goldman Sachs Group Inc Sub NT	01/15/11-05/01/36	5.000%-6.450%	11,900
Great America LLC 05-1 A4 144A	08/20/10	4.970%	1,980
Greenwich Cap 05-GG5 CL A5	04/10/37	VAR RT	3,972
Greenwich Cap COML 06-GG7 A4	07/10/38	6.110%	1,571
GS MTG SECS Corp 04-GG2 A5	08/01/38	VAR RT	2,501
GS MTG SECS Corp 06-GG6 A2	04/10/38	VAR RT	2,019
GTE Corp	04/15/28	6.940%	1,788
Halliburton Co Deb 144A	08/15/96	7.600%	838
Halliburton Co SR NT	10/15/10	5.500%	3,294
Hartford FINL SVCS Group Inc	08/16/08-11/16/08	5.550%-5.663%	6,851
Hartford FINL SVCS Group	10/01/41	6.100%	121
HBOS Cap FDG No 2 LP 144A	06/30/49	VAR RT	1,937
HBOS PLC MTN #SR00034 144A	09/15/09	4.000%	1,261
HBOS PLC MTN 144A # SR 00053	07/20/09	5.625%	3,677
HBOS Treas SVCS PLC 144A	11/21/11	5.000%	4,157
Health Care REIT Inc NT	05/15/15	5.875%	1,185
Heinz H J Fin Co GTD NT	03/15/32	STEP	199
Hertz VEH Fing 05-2 A2 144A	02/25/10	4.930%	994
Hertz VEH Fing 05-2 CL A4 144A	02/25/11	5.010%	1,493
Hewlett Packard Co Global NT	03/15/08	3.625%	589
Home Depot Inc SR NT	03/01/16-12/16/36	5.400%-5.875%	6,989
Honda Auto 2006-1 CL A3	02/18/10	5.070%	1,996
Honda Auto REC 04-2 A3	06/16/08	3.300%	2,525
Honda Auto RECV 2005-6 A-2	06/16/08	4.810%	633
Hospitality PPTYS TR SR NT	02/15/13-02/15/15	5.125%-6.750%	1,982
Household Automotive 03-2 A-4	12/17/10	3.020%	2,240
Household Fin Corp	11/16/09	4.125%	5,750
Household Fin Corp MTN SR 00704	02/09/07	VAR RT	420
Household Fin Corp NT	03/01/07	7.875%	2,374
HRPT PPTYS TR NT	01/15/13	6.500%	1,141
HRPT PPTYS TR SR NT	08/15/16	6.250%	1,000
HRPT Properties Trust Corp BD	11/01/15	5.750%	1,609
HSBC BK USA GBL MTN #SR00013	09/15/09	3.875%	2,327
HSBC BK USA NA GBL #SB0002	08/15/35	5.625%	2,620
HSBC BK USA New York NY	04/01/14	4.625%	4,851
HSBC Cap FDG DLR 2 LP 144A	12/29/49	VAR RT	2,375
HSBC Fin Cap TR IX GTD Cap	11/30/35	VAR RT	7,598
HSBC Fin Corp NT	01/14/11-06/01/11	5.250%-5.700%	11,207

PAGE 22

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006**

(in thousands)

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
HSBC HLDGS Plc Sub NT	12/12/12-05/02/36	5.250%-6.500%	4,295
HSBC USA Asset Bkd A	06/15/12	5.100%	5,788
Humana Inc SR NT	06/01/16	6.450%	2,651
Hydro-Quebec	04/01/16	7.500%	2,451
Hyundai Auto Rec 06-B CL B	05/15/13	5.190%	1,500
Hyundai Auto Rec TR 04-A B	08/15/11	3.460%	1,474
Hyundai Auto Rec TR 2005-A A-4	02/15/12	4.180%	489
Hyundai Auto Rec 2006-A CL B	06/25/14	5.290%	2,000
IBM Corp Debentures	08/01/27	6.220%	1,656
ILFC E Capital TR II Enhanced	12/21/65	VAR RT	5,364
Imperial TOB Overseas BV	04/01/09	7.125%	824
INCO Ltd	09/15/32	7.200%	2,437
Indiana Mich Pwr Co SR NT	03/15/37	6.050%	1,080
Indiana Mich Pwr Co SR Ser F	11/15/14	5.050%	726
Indymac MBS Inc 03-A7 A2	07/25/33	4.850%	1,347
Indymac MBS Inc 03-A8 A1	10/25/18	3.750%	1,570
Ing Bank N V Sub NT 144A	05/01/15	5.125%	490
Inter Amern Dev BK BD	06/01/09-03/15/11	8.400%-8.875%	12,390
International Bus Machs Corp	11/29/12-11/29/32	4.750%-5.875%	2,627
Istar FINL Inc SR NT 144A	10/15/13	5.950%	1,839
JC P&L Transition FDG 02-A A-4	06/05/19	6.160%	1,311
Jefferies Group Inc New SR Deb	01/15/36	6.250%	1,770
John Deere Capital Corp Notes	08/22/07	4.500%	984
John Deere TR 06 CL A4	06/17/13	5.390%	3,667
Johnson CTLS Inc NT	09/15/13-01/15/16	4.875%-5.500%	3,929
JP Morgan Chase & Co	06/01/11-09/15/14	5.125%-5.600%	5,909
JP Morgan Chase & Co GBL	09/01/15	VAR RT	1,524
JP Morgan Chase & Co Global SR	05/30/07	5.250%	8,497
JP Morgan Chase Bank NA	06/13/16	5.875%	11,147
JP Morgan MTG Acq 06-CH2 A1FB	10/25/36	VAR RT	966
Kaupthing Bank HR SR NT 144A	04/12/11	VAR RT	2,356
Kaupthing Bk MTN #SR00002 144A	10/04/16	6.125%	1,210
Kaupthing Bk MTN SB00001 144A	05/19/16	7.125%	5,823
Kellogg Co Deb Ser B	04/01/31	7.450%	1,015
Kellogg Co Global NT	06/01/08	2.875%	968
Kellogg Co NT Ser B	04/01/11	6.600%	309
Kerr McGee Corp NT	07/01/24	6.950%	309
Keybank NATL ASSN MTN #SB00001	09/15/15	4.950%	58
Keycorp Medium TRM SR #SR00090	05/21/09	4.700%	1,776
Kinder Morgan Energy Partners	08/15/33	7.300%	2,006
Kinder Morgan Fin Corp ULC	01/05/36	6.400%	2,068
Kohls Corp Deb	01/15/33	6.000%	492
Kraft Foods Inc Global NT	11/01/11	5.625%	3,982
Kraft Foods Inc NT	06/01/12-10/01/13	5.250%-6.250%	5,234

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Kroger Co NT	04/15/12-04/01/31	6.750%-7.500%	1,682
Kroger Co SR Deb	09/15/29	8.000%	2,782
Landesbanki IS HF 144A SR00001	08/25/11	6.100%	3,645
Landeskreditbank Baden Wurttem	09/15/10	4.250%	1,486
Landeskreditbank Global NT	01/13/12	4.875%	4,008

PAGE 23

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
Landwirtschaftliche Rentenbank	02/27/09	5.160%	2,981
LB UBS COML MTG 2006-C6 A-4	09/15/39	5.372%	4,007
LB UBS COML MTG TR 06-CL A2	03/15/39	5.532%	1,516
Lehman Bros HLDG Inc MTN	07/18/11	5.750%	1,682
Lehman Bros HLDGS Inc GBL NT	01/22/08	4.000%	6,549
Lehman Bros HLDGS Inc NT	06/15/07	8.250%	1,863
Lehman Bros HLDGS Inc Sub NT	01/03/17	5.750%	2,623
Lehman Bros Inc NTS	04/15/08	6.500%	1,911
Lehman Bros HLDGS #TR00621	04/04/16	5.500%	1,150
Lehman Bros HLDGS #TR00632	04/25/11	5.750%	918
Lehman Brothers HLDGS TR 00387	01/18/12	6.625%	1,585
Lehman Brothers Holding	01/14/11	5.000%	5,658
Lehman Brothers MTN #TR33636	05/17/13	5.750%	3,733
Liberty Mut Grp Inc 144A	03/15/14-08/15/36	5.750%-7.500%	2,656
Lincoln NATL Corp Ind SR NT	04/07/36	6.150%	3,099
Lockheed Martin Corp NT	09/01/36	6.150%	2,264
Lockheed Martin Gtd	05/01/36	7.200%	466
Long Beach Accep Auto 06-B A4	06/15/12	4.522%	1,954
Long Beach Accept Auto 06 A A3	12/15/10	5.418%	2,401
Loral Corp Deb	09/15/23	7.000%	1,125
M&I Marshall & Ilsley #TR00021	08/25/08	4.500%	3,232
M&I Auto LN TR 2005-1 NT CL A4	03/21/11	4.860%	1,491
M&I Marshall & Isley #TR00019	06/16/10	VAR RT	5,009
M&I Marshall & Isley Bk MTN	09/04/07	4.125%	2,176
Markel Corp SR NT	08/15/34	7.350%	1,327
Marlin Leasing 05-1 144A	11/17/08	4.630%	3,006
Marlin Leasing 06-1A CLB1 144A	09/16/13	5.630%	989
Marlin Leasing Rec 06-1A CL A4	09/16/13	5.330%	497
Marsh & McLennan COS Inc SR NT	09/15/10	5.150%	2,161
Marshall & Ilsley MTN # 00145	04/01/11	5.350%	1,326

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Masco Corp NT	10/03/16	6.125%	780
Massmutual GLB TR 00016 144A	04/15/09	3.800%	1,124
Massmutual Global FDG II 144A	07/15/08	2.550%	978
May Dept Stores Co SR NT	07/15/24-07/15/34	6.650%-6.700%	4,031
May Dept Stores Co NT	07/15/14	5.750%	1,663
MBNA Amer BK NATL Assn 144A	01/15/08	5.375%	1,498
MBNA Cr Card Master 04-B1 B1	08/15/16	4.450%	1,549
MBNA Cr Card Master 05-1 CL A	09/15/10	4.200%	4,291
MBNA Cr Card Master TR 04-4A	09/15/09	2.700%	805
MBNA Cr Card MST NT TR 03-6	10/15/10	2.750%	3,610
MBNA Cr Card TR 02-1 CL C	07/15/14	6.800%	1,055
MBNA Cr Card TR 2002-1 CL B	07/15/09	5.150%	1,999
MBNA Master Cr Card 99-J CL B	02/15/12	7.400%	1,583
McDonalds Corp MTN # TR00089	04/30/07	5.375%	500
Merck & Co Inc Debs	03/01/28	6.400%	2,511
Merck & Co Inc MTNS TR 00011	05/13/37	5.760%	524
Merck & Co Inc SR NT	02/15/13	4.375%	831
Merrill Lynch & Co Inc NTS	02/17/09	6.000%	2,718
Mid American Energy #TR00008	10/15/36	5.800%	1,277

PAGE 24

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
Mid American Energy HLDGS Co	04/01/36	6.125%	4,683
Midland Bank Plc NTS	03/15/11	6.950%	3,531
Mid-State TR VI Bkd NTS CL A-1	07/01/35	7.340%	2,879
Mizuho Fin (Cayman) MTN	04/15/14	VAR RT	1,703
Mizuho FINL GRP Cayman 144A	04/15/14	5.790%	7,263
MMG Fiduciary & TR Corp 144A	02/01/16	6.750%	3,243
Mobil Corp NT	08/15/21	8.625%	1,689
Mohawk Inds Inc SR NT	01/15/16	6.125%	3,003
Molson Coors Cap Fin SR NT	09/22/10	4.850%	1,965
Morgan Stanley 06-IQ12 CL AM	12/15/43	VAR RT	4,022
Morgan Stanley Cap I 05-HQ5 A4	01/14/42	5.168%	2,468
Morgan Stanley DW & Co GL NT	04/15/11	6.750%	1,179
Morgan Stanley Global Sub NT	04/01/14	4.750%	2,390
Morgan Stanley NT	01/21/11	5.050%	15,249
Morgan Stanley SR MTN Ser F	01/09/12-10/18/16	5.625%-5.750%	19,584
Motorola Inc	09/01/25	6.500%	832

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Motorola Inc NTS	11/15/10	7.625%	176
MUFG Cap Fin 1 Ltd USD	07/29/49	VAR RT	1,086
Mutual of Omaha Ins Co NT 144A	06/15/36	6.800%	2,662
National Bk CDA N Y BRH Dep NT	11/01/09	7.750%	4,046
National City BK MTN #SB 00001	02/15/11	6.300%	980
National City BK MTN #SB 00003	12/15/11	6.200%	852
National City BK MTN #Tr000183	05/15/08	3.300%	5,975
National Rural Utils Coop Fin	02/15/08-03/01/12	3.875%-7.250%	2,908
Nationwide Bldg Soc MTN #00011	01/30/07	2.625%	2,545
Nationwide Health PPTYs Inc	07/15/11	6.500%	3,111
Nationwide MTN #SR00019 144A	02/01/10	4.250%	3,056
NATL City Corp Sub NT	02/01/09	5.750%	3,113
New America HLDGS Inc NT	08/01/34	8.450%	241
New Century Home EQTY 04-A MI1	08/25/34	VAR RT	2,490
News America HLDGS	02/01/13	9.250%	3,737
News America Inc BD	12/15/34	6.200%	121
News America Inc GTD SR Debs	04/08/28	7.125%	644
News America Inc GTD SR NT	03/15/33	6.550%	2,643
News America Inc SR NT	12/15/35	6.400%	3,303
Nextel Communications Inc SR	10/31/13	6.875%	2,430
Niagara Mohawk Pwr Corp SR NTS	10/01/08	7.750%	772
Nisource Fin Corp GTD NT	11/15/10-09/15/20	5.450%-7.875%	7,312
Nissan Auto Lease 05-A CL A3	10/15/08	4.700%	3,568
Nissan Auto Lease 06-A CL A3	03/15/10	5.110%	5,192
Nissan Auto Lease 06-A CL A4	07/16/12	5.100%	2,321
Nissan Auto Rec 04-B CL A-3	05/15/08	3.350%	2,242
Nissan Auto Rec 2006 B A-3	02/15/10	5.160%	2,248
Nomura Home EQ 06-AFI CL A1	10/25/36	6.032%	2,348
Noranda Inc NT	10/15/15-06/15/35	5.500%-6.200%	8,207
Nordea Bank AB (SE)	09/30/16	VAR RT	833
Norfolk Southern Corp BDS	05/01/37	7.050%	2,233
Norfolk Southern Corp SR NTS	04/15/09-02/15/31	6.200%-7.250%	2,863
Norfolk Southn Corp NT	05/15/10-05/17/25	5.590%-8.625%	3,713

PAGE 25

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN**  
**SCHEDULE H, PART IV, LINE 4(i)**  
**SCHEDULE OF ASSETS (HELD AT END OF YEAR)**  
**December 30, 2006**  
**(in thousands)**

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
Northrup Grumman Corp Deb	03/01/26-02/15/31	7.750%-7.875%	2,654
Northrup Grumman Corp NT	02/15/11	7.125%	3,147



Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

NYCTL 2005-A TR Ser 05-A 144A	12/10/10	4.780%	399
NYCTL 2006-A TR CL A 144A	11/10/19	5.930%	680
NYCTL TR Tax Lien 04-A 144A	12/10/17	3.470%	153
NYKREDIT A/S	01/01/12	4.000%	1,442
Ohio Edison Co SR NT	07/15/36	6.875%	2,286
Oncor Elec Del Co SR SECD NT	01/15/33	7.250%	580
Oncor Elec Delivery Co Deb	09/01/22	7.000%	3,082
Oncor Elec Delivery Co SR SECD	05/01/12	6.375%	3,196
Oracle Corp/Ozark HLDG Inc	01/15/16	5.250%	5,702
Owens Corning Reorg 144A	12/01/36	7.000%	1,277
Pacific Gas & Electric Co 1st MTG	03/01/34	6.050%	5,799
Panhandle Eastn Pipe Line Co	08/15/08	4.800%	1,399
PC Finl Partnership GTD SR NT	11/15/14	5.000%	981
Peco Energy 99-A-A7	03/01/09	6.130%	2,019
Peco Energy Co 1 <sup>st</sup> % REF MTG	10/01/36	5.950%	2,967
Pemex Proj FDG Master TR GTD	11/15/11-06/15/35	STEP-6.625%	7,114
Penn Mut Life Ins Co 144A	06/15/34	6.650%	1,901
Penney J C & Co Debs	04/01/37	7.400%	409
Penney J C Co BDS	03/01/97	7.625%	245
Petro CDA SR NT	07/15/33-05/15/35	5.350%-5.950%	1,911
Petroliam Nasional BHD BD 144A	10/15/26	7.625%	1,224
PG&E Energy Recovery 05-1 A-3	09/25/12	4.140%	1,264
PG&E Energy Recovery 05-2A2	03/25/14	5.030%	2,991
Pharmacia Corp Deb	12/15/27	6.750%	2,489
Phillips Pete Co NT	05/25/10	8.750%	2,798
Phoenix Life Ins Surplus 144A	12/15/34	7.150%	1,878
Placer Dome Inc Deb	10/15/35	6.450%	511
PNC FDG Corp NT	03/10/08	4.200%	4,754
Popular ABS Inc 05-2 P/T AF-2	04/25/35	VAR RT	1,287
Popular ABS Inc 2005-3 CL M-1	07/25/35	VAR RT	1,204
Popular ABS Inc SER 2004-4 AF6	09/25/34	VAR RT	972
Popular North Amer #TR00015	04/15/09	5.650%	2,912
Potash Corp Sask Inc NT	12/01/36	5.875%	892
Premium Asset TR 05-5 144A	07/15/08	VAR RT	601
Procter & Gamble Co Deb	09/01/24	8.000%	3,357
Procter & Gamble Co SR NT	08/15/08	4.300%	711
Progress Energy Inc SR NT	03/01/11-03/01/31	7.100%-7.750%	2,516
Prologis NT	11/15/10	5.250%	1,457
Protective Life MTN #TR 00001	11/24/08	3.700%	2,697
PSE&G Transition FDG 01-1 A-5	03/15/13	6.450%	3,692
PSE&G Transition FDG 01-1 A-8	12/15/17	6.890%	2,558
PSEG FDG TR I GTD NT TR SECS	11/16/07	5.381%	2,021
PSEG Pwr LLC SR NT	04/15/31	8.625%	651
PSI Energy Inc Deb	10/15/35	6.120%	2,024
PSNH FDG LLC NT CL A 2	11/01/10	5.730%	403
Pulte Homes Inc SR NT	02/15/13	6.250%	473
Quest Diagnostics Inc SR NT	11/01/10	5.125%	3,570

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN**  
**SCHEDULE H, PART IV, LINE 4(i)**  
**SCHEDULE OF ASSETS (HELD AT END OF YEAR)**  
**December 30, 2006**  
**(in thousands)**

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
Rabobank Cap FDG 144A	10/29/49	VAR RT	3,572
Ras Laffan Liquefied 144A	09/30/20	5.298%	2,687
Raytheon Co NTS	08/15/07-01/15/11	4.850%-6.750%	6,117
RBS Cap TR III TR PFD SECS	09/29/49	VAR RT	5,421
Realogy Corp SR NT 144A	10/15/16	6.500%	1,372
Realty Income Corp NT	09/15/16	5.950%	3,137
Reed Elsevier Capital Bonds	08/01/11	6.750%	628
Regions FINL Corp New SR NT	08/08/08	4.500%	2,330
Reliant Energy 2001-1 CL A3	09/15/11	5.160%	2,151
Residential Cap Corp NT	02/22/11-04/17/13	6.000%-6.500%	6,438
Resona PFD Global Secs 144A	12/29/49	VAR RT	5,134
Rio Tinto Fin USA Ltd	09/30/08	2.625%	1,196
Rolls-Royce PLC	03/16/11	4.500%	1,201
Royal BK Scotland Group PLC	11/12/13	5.000%	3,757
Royal BK Scotland Sub NTS	10/01/14	5.000%	809
Royal KPN NV NT	10/01/10-10/01/30	8.000%-8.375%	2,877
Sabmiller PLC NT 2011 144A	07/01/11	6.200%	445
Safeway Inc	08/16/10	4.950%	2,350
Safeway Inc NT	09/15/09-08/15/12	5.800%-7.500%	2,106
Salomon Smith Barney HLDGS NT	02/15/08	6.500%	668
Santander Central Hispano Iss	09/14/10	7.625%	1,998
Santander FINL Sub NTS	02/15/11	6.375%	627
Sarawak Intl	08/03/15	5.500%	933
SBC Communications	09/15/14-09/15/34	5.100%-6.150%	4,732
Scana Corp MTN TRNAHCE TR00014	05/15/11	6.875%	1,060
Scottish Pwr PLC NT	03/15/10-03/15/15	4.910%-5.375%	8,819
Sempra Energy NT	05/21/08	VAR RT	2,091
Shinsei Bank Reg S	02/23/16	VAR RT	1,165
Shinsei Fin Cayman Ltd 144A	01/29/49	VAR RT	4,994
Siemens NV 144A	08/17/26	6.125%	3,137
Simon PPTY Group Inc New NT	01/30/09	3.750%	8,392
Simon PPTY Group LP NT	11/15/07	6.375%	1,330
SLM Corp MTN #TR 00007	01/15/13	5.375%	1,994
SLM Corp MTN #TR 00013	03/17/08	3.625%	1,363
SLM Corp MTN #TR00031	10/01/13	5.000%	2,174
SMGF PFD Cap USD I Ltd 144A	12/31/49	VAR RT	993
Southern Calif Edison Co	01/15/16	5.000%	2,045
Southern UN Co New SR NT	02/01/24	7.600%	1,577



Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Sovereign Bancorp Inc SR 144A	09/01/10	4.800	1,605
Spieker Properties Inc Debs	10/01/27	7.500%	1,198
Sprint Cap Corp	01/30/11-11/15/28	6.875%-7.625%	6,371
Sprint Cap Corp NT	03/15/12-03/15/32	8.375%-8.750%	7,556
Sprint Nextel Corp NT	12/01/16	6.000%	14,167
St Paul Travelers COS Inc	06/20/16-06/20/36	6.250%-6.750%	2,732
Structured Asset 05-17 CL 1A1	10/25/35	5.500%	2,326
Sumitomo Mitsui BK Corp Sub NT	06/15/12	8.000%	865
Sumitomo Mitsui BKG Corp 144A	07/29/49	VAR RT	1,095
Suncor Energy Inc NT	12/01/34	5.950%	1,710
Suntrust BKS Inc SR NT	10/15/07-10/15/08	3.625%-4.000%	6,660

PAGE 27

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
Suntrust Cap VIII GTD TR PFD	12/01/66	VAR RT	1,653
Susquehanna 06-1 CL C 144A	06/15/09	5.580%	2,651
Susquehanna AUT 05-1 CL C 144A	11/14/08	5.090%	563
Susquehanna Auto 05-1 A-3 144A	06/16/08	4.430%	2,830
Susquehanna Auto 06-1 A-3 144A	03/16/09	5.210%	2,497
Susquehanna Auto 06-1 B 144A	04/14/09	5.280%	997
Tampa Elec Co NT	08/15/12	6.375%	480
Target Corp NT	10/01/08-03/01/12	5.400%-6.350%	6,474
Target Corp SR NT	07/15/16	5.875%	800
TCI Commun Inc	08/01/15	8.750%	1,857
TCI Communications Inc Debs	02/15/26	7.875%	2,941
Teck Cominco Ltd Sr Nt	10/01/35	6.125%	3,977
Telecommunications Inc Deb	08/01/13	7.875%	1,379
Tele N L Participacoes SER B	12/18/13	8.000%	1,392
Telecom Italia Cap GTD SR NT	11/15/08-07/18/36	4.000%-7.200%	16,996
Telecom Italia Cap GTD SR NT B	11/15/13	5.250%	4,290
Telefonica Emisiones S A U	06/20/36	7.045%	8,062
Telefonica Europe BV US NT	09/15/10	7.750%	4,661
Telus Corp	06/01/11	8.000%	1,017
Teva Pharmaceutical FIN CO LLC	02/01/16-02/01/36	5.550%-6.150%	6,357
Texaco Cap Inc	03/15/20	9.750%	833
Texaco Cap Inc Deb	09/01/21	8.875%	3,838
Texas Eastn Transmission Corp	07/15/07	5.250%	1,172
TIAA Global Mkts Inc NT 144A	11/15/07	4.125%	1,874

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Time Warner Cos Inc	02/01/24	7.570%	4,368
Time Warner Cos Inc JJ13	01/15/13	9.125%	1,736
Time Warner Entmt Co LP	07/15/33	8.375%	2,091
Time Warner Inc BNDS	05/15/29	6.625%	1,874
Time Warner Inc New	11/15/36	6.500%	1,339
Time Warner Inc New NT	11/15/16	5.875%	2,319
Toyota Motor Credit NTS	12/15/08	5.500%	551
Toyota Motor Credit Corp NT	12/15/10	4.350%	608
Translata Corp SR NT	12/15/13	5.750%	3,273
TransCanada Pipelines Ltd	03/15/36	5.850%	1,096
Triad Auto Rec TR 06-A CL A-3	01/12/11	4.770%	2,077
Turner Broadcasting Systems	07/01/13	8.375%	849
TXU Elec Delivery 04-1 BD A3	05/15/18	5.290%	4,027
TXU Elec Delivery Transition	11/17/14	4.810%	1,023
TXU Energy Co LLC SR NT	03/15/13	7.000%	3,390
Tyco Intl Group S A NT	11/01/08-11/15/13	6.000%-6.125%	8,598
Tyco Intl Group SA GTD NT	01/15/29	6.875%	3,598
Tyco Intl Group SA SR NT	10/15/11	6.375%	4,755
US BK NATL Assn MTN #TR00192	02/06/09	3.750%	5,344
UBS PFD FDG TR V	OPEN MAT	VAR RT	4,980
UFJ Fin Aruba A E C GTD NT	07/15/13	6.750%	5,831
Unilever Cap Corp	11/01/10	7.125%	850
Union Pac Corp NT	01/15/11	6.650%	1,845
Union Pac Corp SR NT	01/15/15	4.875%	757
Union Pac RES Group Inc Deb	05/15/28	7.150%	2,621

PAGE 28

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
Union Pacific Corp BDS	02/01/29	6.625%	3,083
United Tech Corp Debs	11/15/19	8.875%	421
United Technologies Corp Deb	09/15/29	7.500%	1,222
United Technologies Corp NT	06/01/09-05/01/35	5.400%-6.500%	4,465
United Health Group Inc NT	01/17/07-03/15/36	4.125%-5.800%	8,492
United Health Group SR NT	03/15/15	4.875%	480
Universal Health SVCS Inc NT	06/30/16	7.125%	2,370
US Bancorp MTN #TR 00147	07/15/07	5.100%	649
US BK NATL ASSN Minneapolis	12/15/08	5.700%	1,761
US BK NATL Assn MTN #SB 00001	08/01/11	6.375%	1,950

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

US BK NATL ASSN MTN #TR 00202	03/02/09	3.400%	839
USA Ed Inc MTN # TR 00014	04/10/07	5.625%	250
USA Waste Services Inc SR NTS	07/15/28	7.000%	3,064
USXL FDG II LLC NT CL A 144A	04/15/14	5.379%	1,952
Vale Overseas Ltd GTD NT	01/23/17-11/21/36	6.250%-6.875%	6,448
Valero Energy Corp NT	04/15/07-04/15/32	6.125%-7.500%	3,351
Vanderbilt MTG & FIN 02B CL A4	02/07/26	5.840%	2,132
Vanderbilt MTG & Fin 03A CL A2	09/07/15	3.480%	225
Vanderbilt MTG & Fin 03A CL A4	05/07/26	6.210%	1,112
Vanderbilt MTG 02-C A4	08/07/24	6.570%	2,075
Veolia Environment BDS	05/28/13	4.875%	1,073
Verizon Global FDG Corp BD	06/15/12	6.875%	3,829
Verizon Global FDG Corp Global	09/01/12	7.375%	689
Verizon Global FDG Corp NT	09/15/35	5.850%	3,137
Verizon MD Inc Deb Ser B	06/15/33	5.125%	6,427
Verizon New Eng Inc Deb	09/15/11	6.500%	1,470
Verizon New York Inc Deb Ser A	04/01/12-04/01/32	6.875%-7.375%	3,924
Viacom Inc SR Deb	04/30/36	6.875%	2,675
Viacom Inc SR NT	05/01/07-08/15/12	5.625%-5.750%	3,627
Virginia ELEC & PWR Co SR NT	02/01/07-01/15/36	4.750%-6.000%	5,092
Virginia ELEC & PWR Co A	01/15/16	5.400%	4,243
Vodafone Airtouch PLC NT	02/15/10	7.750%	8,038
Vodafone Group Inc New NT	03/15/16	5.750%	1,424
Vodafone Group PLC New NT	12/16/13	5.000%	2,006
Wachovia Cap TR III Fixed Fltg	03/15/42	VAR RT	847
Wachovia Corp New NT	10/15/16	5.625%	13,235
Wachovia Corp New SR HLDG Co	03/15/11	VAR RT	7,509
Wachovia Corp New Sub Deb	08/01/35	5.500%	4,002
Wal-Mart Stores Inc NT	08/10/09-09/01/35	4.125%-6.875%	8,319
Washington Mut BK MTN #TR00025	05/20/13	5.950%	3,024
Washington Mut Inc St NT	01/15/10	4.200%	1,491
Washington Mut Inc Sub NT	04/01/14	4.625%	1,123
Washington Mut MTG 2005-8 1A8	10/25/35	5.500%	1,930
Washington Real Estate INVT TR	05/01/15	5.350%	1,821
Waste Mgmt Inc Del SR NT	11/15/08-05/15/32	6.375%-7.750%	3,151
Weatherford INTL Ltd GTD SR NT	10/15/13	4.950%	1,327
Wellpoint Inc NT	12/15/14-01/15/36	5.000%-5.950%	8,493
Wells Fargo & Co New Sub NT	09/10/12-11/15/14	4.000%-5.000%	6,260
Wells Fargo & Co New NT	01/15/10	4.200%	1,880

PAGE 29

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

**Maturity Interest Current**

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Description	Dates	Rates	Value
<b>FIXED INCOME FUND (continued)</b>			
<b>Corporate Debt Instruments:</b>			
Wells Fargo & Co New SR NT	09/15/09-01/12/11	VAR RT-4.875%	8,245
Wells Fargo & Co Sub	04/15/08	6.250%	885
Wells Fargo BK NATL ASSN Sub	02/09/15	4.750%	9,401
Wells Fargo Cap X GTD Cap Secs	12/15/36	5.950%	2,686
Wells Fargo FINL 05-A CL A-4	05/15/12	4.280%	2,536
Wells Fargo Home EQ 04 2 AI-5	11/25/28	VAR RT	1,236
Westvaco Corp Del Deb	02/15/31	7.950%	1,670
Weyerhaeuser Co Deb	07/15/23-10/01/27	6.950%-7.125%	2,844
Weyerhaeuser Co NTS	03/15/07-03/15/12	6.125%-6.750%	4,532
Willis North Amer Inc SR NT	07/15/10-07/15/15	5.125%-5.625%	2,155
World SVGS BK FSB # TR 00001	12/15/09	4.125%	2,042
World SVGS BK FSB # TR 00003	03/10/08	4.125%	2,520
Wyeth NT	03/15/13-02/15/36	STEP-6.000%	10,231
Wyndham Worldwide Corp NT 144A	12/01/16	6.000%	1,911
XCEL Energy Inc Minn SR NT	12/01/10	7.000%	1,297
XL Cap Ltd SR NT	09/15/14	5.250%	20
XTO Energy Inc	04/15/12	7.500%	2,792
ZFS Fin USA TR I Ser 1 144A	12/15/65	VAR RT	3,724
ZFS Fin USA TR II Ser II 144A	12/15/65	VAR RT	3,059
<b>Other Investments:</b>			
Argentina (Republic of)	12/31/33	8.280%	1,112
Brazil (Federative Republic of)	01/15/18	8.000%	1,112
Bundesrepublik Deutschland BDS	01/04/11	5.250%	2,094
Denmark	11/15/17-11/10/24	4.000%-7.000%	10,767
Dutch Govt	01/15/10	3.000%	39,475
Financement Quebec	10/25/12	5.000%	3,555
Germany (Fed Rep) BDS	02/16/07-01/04/37	2.500%-5.000%	71,865
Germany (Fed Rep) BDS Eur0.01	01/04/13	4.500%	30,070
Germany Fed Rep	07/04/16	4.000%	1,218
Germany Fed Rep BDS SER 98	07/04/08	4.125%	5,092
Government of Canada	06/01/33-06/01/37	5.000%-5.750%	13,316
Illinois St Txbl	06/01/33	5.100%	4,624
Italy Rep Nt	12/14/07-02/22/11	3.750%-6.000%	14,105
Italy Rep of Debs	09/27/23	6.875%	1,812
Malaysia Nt	07/15/11	7.500%	333
Mexico (United Mexican States)	08/15/31	8.300%	641
New York N Y Prerefunded Tax	11/15/20	7.550%	6,879
Ontario Prov VDA Global BD	01/15/08-10/18/11	3.375%-5.000%	8,766
Ontario Prov CDA Global NT	02/03/15	4.500%	715
Peru Rep NTS Regs	03/07/17	VAR RT	1,382
Petronas Capital BDS USD1000	05/22/22	7.875%	605
Philippines Rep of BDS	02/15/11	8.375%	1,916
Prov of Nova Scotia	02/27/12	5.750%	2,239
Prov of Quebec	01/22/11-02/09/24	6.125%-7.125%	9,296
Quebec Prov CDA Global NT	11/14/16	5.125%	1,962
Republic of Uruguay BDS	11/18/22	8.000%	1,137

Russian Federation BDS REG S	03/31/30	STEP	5,928
Sales Tax Asset Receivable N Y	10/15/10	4.060%	2,289

PAGE 30

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Maturity Dates	Interest Rates	Current Value
<b>FIXED INCOME FUND (continued)</b>			
<b><u>Other Investments:</u></b>			
Treasury STK	09/07/14-12/07/55	4.250%-5.000%	2,020
UBS Luxembourg SA	02/11/15	6.230%	911
United Kingdom (Government of)	03/07/11-09/07/16	4.000%-4.250%	26,273
United Mexican Sts #TR 00019	01/15/17	5.625%	5,405
United Mexican Sts #TR 00013	04/08/33	7.500%	9,234
United Mexican Sts MTN TR00009	09/24/22	8.000%	3,562
United Mexican Sts MTN TR00017	09/27/34	6.750%	7,258
Wisconsin St Gen Rev TXB-Ser A	05/01/13-05/01/26	4.800%-5.700%	1,599
<b><u>**Common/Collective Trust:</u></b>			
TBC Inc. Pooled Emp Daily	12/31/49	VAR RT	105,643
<b><u>Interest Bearing Cash:</u></b>			
Deutsche Bank AG NY INSTL C/D	03/15/07-12/31/49	VAR RT	1,625
Non Base Currency			2,392
Total Investment Contract			\$ 3,506,729
Total Fixed Income Fund			\$ 4,900,980

\*\*Parties-in-interest

PAGE 31

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

**SIP MANAGED SMALLER STOCK FUND**

Description	Principal Amount or Shares/Units	Current Value
<b>U.S. Government Securities:</b>		
Federal Natl Mtg Assn Discount	500	\$ 498
<b>Common Stocks:</b>		
Lumenis Ltd Shs	1	1
TIMCO Aviation SVCS Inc WTS to Pur Com 02/27/07 EXP	1	0
Total Common Stock		\$ 1
<b>Other Investments:</b>		
Midcap 400 Index Future (CME)	1	\$ 0
S&P Mid 400 Emini (CME)	2	0
		0
<b>**Common/Collective Trust:</b>		
TBC Inc. Pooled Emp Daily Fund	202,206	\$ 202,206
TOTAL SIP MANAGED SMALLER STOCK FUND		\$ 202,705
	**Parties-in-interest	

PAGE 32

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Principal Amount or Shares/Units	Current Value
<b>LEHMAN BROTHERS AGGREGATE BOND INDEX FUND - Common/Collective Trust</b>		
Daily Bond Market Fund Series A	1,169	\$ 29,422
<b>S&amp;P 500 LARGE STOCK INDEX FUND - Common/Collective Trust</b>		
State Street S&P 500 Flagship Fund Series A	1,093	\$ 293,774
<b>RUSSELL 2000 FUND - Common/Collective Trust</b>		
Russell 2000 Fund Series A	4,752	\$ 121,778
<b>SIP MANAGED INTERNATIONAL STOCK FUND - Common/Collective Trust</b>		

Daily EAFE Fund Series T	4,355	\$ 92,293
Daily Emerging Mkts. Series T	711	14,900
Total		\$ 107,193

**KODAK STOCK FUND - Common Stock**

**Eastman Kodak Company Common Stock	2,485	\$ 64,113
**Common/Collective Trust TBC Inc. Pooled Emp Daily Var RT	2,981	2,981
Total		\$ 67,094

**PIMCO TOTAL RETURN FUND - Mutual Fund**

PIMCO Total Return Fd. - Inst.	1,273	\$ 13,216
--------------------------------	-------	-----------

**FIDELITY PURITAN FUND - Mutual Fund**

Fidelity Puritan Tr Puritan Fund	1,898	\$ 37,912
-------------------------------------	-------	-----------

\*\*Parties-in-interest

PAGE 33

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Principal Amount or Shares/Units	Current Value
<b>**T. ROWE PRICE EQUITY INCOME FUND - Mutual Fund</b>		
T. Rowe Price Equity Income Fund	1,149	\$ 33,951

**FIDELITY GROWTH AND INCOME FUND - Mutual Fund**

Fidelity Securities Fund Growth & Income Portfolio	824	\$ 25,668
---	-----	-----------

**\*\*T. ROWE PRICE SMALL-CAP VALUE FUND - Mutual Fund**

T. Rowe Price Small Cap. Value Fund Inc. Cap. Stk.	1,481	\$ 61,048
---	-------	-----------

**SKYLINE SPECIAL EQUITY FUND - Mutual Fund**

Skyline Fund Special Equities Portfolio	870	\$ 22,602
--	-----	-----------

**COHEN & STEERS REALTY FUND - Mutual Fund**

Cohen & Steers Realty Shares Fund Com.	524	\$ 46,895
---	-----	-----------

**FIRST EAGLE FUND OF AMERICA - Mutual Fund**

First Eagle Funds Inc. First Eagle Fd. Amer. CL Y	720	\$ 18,703
--	-----	-----------

**\*\*T. ROWE PRICE BLUE CHIP GROWTH FUND - Mutual Fund**

T. Rowe Price Blue Chip Growth Fund Inc. Com.	725	\$ 25,901
--	-----	-----------

\*\*Parties-in-interest

PAGE 34

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Principal Amount or Shares/Units	Current Value
<b>**T. ROWE PRICE RETIREMENT 2005 FUND - Mutual Fund</b>		
T. Rowe Price Retirement Funds Inc 2005 Fund	711	\$ 8,252

**\*\*T. ROWE PRICE RETIREMENT 2015 FUND - Mutual Fund**



Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

T. Rowe Price Retirement Funds Inc 2015 Fund	4,016	\$ 49,673
---	-------	-----------

**\*\*T. ROWE PRICE RETIREMENT 2025 FUND - Mutual Fund**

T. Rowe Price Retirement Funds Inc 2025 Fund	3,184	\$ 40,942
---	-------	-----------

**\*\*T. ROWE PRICE RETIREMENT 2035 FUND - Mutual Fund**

T. Rowe Price Retirement Funds Inc 2035 Fund	1,191	\$ 15,690
---	-------	-----------

**\*\*T. ROWE PRICE RETIREMENT 2045 FUND - Mutual Fund**

T. Rowe Price Retirement Funds Inc 2045 Fund	2,243	\$ 27,747
---	-------	-----------

**\*\*T. ROWE PRICE NEW ERA FUND - Mutual Fund**

T. Rowe Price New Era Fund Inc. Com.	715	\$ 32,896
---	-----	-----------

**\*\*T. ROWE PRICE SCIENCE & TECHNOLOGY FUND - Mutual Fund**

T. Rowe Price Science & Tech. Fund Inc. Cap. Stk.	1,626	\$ 34,079
--	-------	-----------

\*\*Parties-in-interest

PAGE 35

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Principal Amount or Shares/Units	Current Value
<b>MORGAN STANLEY INSTITUTIONAL INT'L EQUITY FUND - Mutual Fund</b>		
Morgan Stanley Institutional Fund		

Edgar Filing: FIRST CASH FINANCIAL SERVICES INC - Form 10-Q

Inc. Intl. Equity Portfolio CL A	1,556	\$ 32,019
<b>NON-US INTERNATIONAL STOCK FUND - Common/Collective Trust</b>		
Aim Int[.]. CL C Fund	990	\$ 24,063
<b>ARTISAN INTERNATIONAL FUND - Mutual Fund</b>		
Artisan FDS INC INTL FD	466	\$ 13,507
<b>TEMPLETON DEVELOPING MARKETS FUND - Mutual Fund</b>		
Templeton Developing Mkts. Tr SH Ben Int CL I	999	\$ 28,249
<b>TURNER MIDCAP GROWTH EQUITY FUND - Mutual Fund</b>		
Turner Funds Midcap Fund Instl CL	365	\$ 10,675
<b>PIMCO OPPORTUNITY FUND - Mutual Fund</b>		
Pimco Funds Multi Manager Opportunity Fund Instl. CL	214	\$ 5,074
<b>BATTERYMARCH SMALL CAP EQUITY FUND - Mutual Fund</b>		
Lm Instl Fund Adv II Inc Batterymarch US Sm Cap Equity	99	\$ 1,102
<b>MFS INTERNATIONAL NEW DISCOVERY FUND - Mutual Fund</b>		
MFS Ser Tr V Intl. New Discovery Fund CL 1	898	\$ 25,035

PAGE 36

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Description	Principal Amount or Shares/Units	Current Value
-------------	--	------------------

**AMERICAN CENTURY EMERGING MARKETS FUND - Mutual Fund**

American Century World Mutual Funds Inc. Emerging Mkts. Instl.		3,449	\$ 31,521
---	--	-------	-----------

**SALOMON INSTITUTIONAL HIGH YIELD BOND FUND - Mutual Fund**

Western Asset FDS II Inc Global High Yield BD Portfolio		562	\$ 3,921
--	--	-----	----------

**\*\*T. ROWE PRICE RETIREMENT FUND - Mutual Fund**

T. Rowe Price Retirement Funds Inc Income Fund		2,332	\$ 30,624
---	--	-------	-----------

**\*\*T. ROWE PRICE RETIREMENT 2010 FUND - Mutual Fund**

T. Rowe Price Retirement Funds Inc 2010 Fund		5,846	\$ 92,776
---	--	-------	-----------

**\*\*T. ROWE PRICE RETIREMENT 2020 FUND - Mutual Fund**

T. Rowe Price Retirement Funds Inc 2020 Fund		9,603	\$ 166,609
---	--	-------	------------

**\*\*T. ROWE PRICE RETIREMENT 2030 FUND - Mutual Fund**

T. Rowe Price Retirement Funds Inc 2030 Fund		5,991	\$ 111,374
---	--	-------	------------

**\*\*T. ROWE PRICE RETIREMENT 2040 FUND - Mutual Fund**

T. Rowe Price Retirement Funds Inc 2040 Fund		4,218	\$ 79,083
---	--	-------	-----------

\*\*Parties-in-interest

PAGE 37

(Cont'd)

**EASTMAN KODAK EMPLOYEES' SAVINGS AND INVESTMENT PLAN  
SCHEDULE H, PART IV, LINE 4(i)  
SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
December 30, 2006  
(in thousands)**

Principal

Description	Amount or Shares/Units	Current Value
<b>AMERICAN FUNDS GROWTH FUND OF AMERICA FUND - Mutual Fund</b>		
Growth Fund America Inc CL R-5	422	\$ 13,856
<b>HOTCHKIS AND WILEY MID-CAP VALUE FUND - Mutual Fund</b>		
Hotchkis & Wiley Funds Mid Cap Value Fund CL I	785	\$ 23,422
<b>TRADELINK BROKERAGE LINK ACCOUNT - Mutual Funds</b>		
Participant - Directed Brokerage Link Account	256,129	\$ 256,129
**Common/Collective Trust TBC Inc. Pooled Emp Daily Fund	934	\$ 934

Description	Maturity Date	Interest Rate	Current Value
<b>PARTICIPANT LOANS</b>			
**Participant Loans	2007-2010	4.00%-8.5%	\$ 39,026
Total Plan Investments			\$ 7,207,120

\*\*Parties-in-interest

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrative Committee of the Eastman Kodak Employees' Savings and Investment Plan has caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Eastman Kodak Employees'  
Savings and Investment Plan

By: /s/ Frank Sklarsky  
Frank Sklarsky

Date: June 27, 2007