

For Immediate Release:



**First Cash Reports Fiscal 2008 EPS of \$1.26;
35% Increase over Prior Year**

ARLINGTON, Texas (January 27, 2009) -- First Cash Financial Services, Inc. (Nasdaq Stock Market: "FCFS") today announced revenue, net income and earnings per share for both the three months and the year ended December 31, 2008. Earnings from continuing operations for the fiscal year were \$1.26 per share, an increase of 35% over the prior year, as the Company's core pawn operations continued to post significant growth in revenue and operating profits. The Company also initiated earnings guidance for 2009.

Continuing Operations Highlights

- Diluted earnings per share from continuing operations for fiscal 2008 were \$1.26, an increase of 35%, compared to \$0.93 in fiscal 2007. These earnings were at the top of the range previously forecast by the Company and exceeded the consensus analysts' forecast by \$0.02 per share. Net income from continuing operations for the year was \$38.1 million, compared to \$30.5 million in 2007.
- Fourth quarter diluted earnings per share from continuing operations were \$0.36, compared to \$0.29 in the fourth quarter of 2007, an increase of 24%. Net income from continuing operations for the fourth quarter of 2008 was \$10.7 million.
- Year-to-date same-store revenue increased 13% over the comparable prior-year period, while same-store revenue for the current quarter increased 8%.
- Total revenue from continuing operations for 2008 was \$334 million, an increase of 19% over prior-year results, while fourth quarter revenue grew by 15% compared to 2007. Pawn-related revenue represented 79% of total revenue for fiscal 2008.
- In Mexico, pawn revenue increased by 38% for the year and 31% for the quarter, a result of both continued new store expansion and strong same-store revenue growth in existing stores. In the U.S., which has a fully-mature store base, total pawn revenue, nonetheless, grew by 14% for the year and 13% during the fourth quarter of 2008.
- Total pawn merchandise sales (retail and wholesale) increased by 27% for the year, with Mexico stores posting 41% growth and U.S. stores 15%. Fourth quarter merchandise sales increased by 27% in total, with Mexico increasing 38% and U.S. stores by 14%.
- Pawn service fees grew 20% for the year, while short-term loan service fees were comparable to the prior year. In Mexico, pawn service fees increased by 28% for the year, while U.S. stores grew by 12%.

Key Operating Metrics

- Consolidated store-level operating margins improved to 28% in 2008, compared to a 26% margin in 2007. The pre-tax operating margin, which includes store-based and administrative expenses and net interest costs, improved from 17% to 18% during 2008 over 2007 results.
- The retail pawn merchandise sales margin was 43% for the quarter, consistent with the prior-year quarter. For the year, retail margins were 45%, compared to 2007 results of 44%. The margin on wholesale scrap jewelry sales was 34% for the quarter and 37% for 2008 in total.
- Year end pawn receivable balances in 2008 increased by 7% compared to 2007. The increase was comprised of a 9% increase in pawn balances in the Mexico stores and a 5% increase in the U.S. pawn stores. The Mexico loan growth was affected by the change in the peso/dollar exchange rate during the fourth quarter, as loans grew by 26% in Mexico on a constant currency conversion basis.
- The short-term loan credit loss provision improved during the current quarter, decreasing to 30% of fees, compared to 33% in the fourth quarter of 2007. For the full year, the short-term loan credit loss provision was 28%, consistent with the prior year.

New Locations

- A total of 31 new store locations were added during the fourth quarter of 2008, which included 15 new store openings and the previously reported December 2008 acquisition of 16 Presta Max pawn stores in Mexico. One U.S. short-term loan store was closed during the period.
- For the full year, the Company added a total of 72 new locations, comprised of 64 pawn and short-term loan stores in Mexico, one new pawn store in the U.S. and seven short-term loan stores in the U.S. The Company closed four short-term loan stores in the U.S., two pawn stores in Mexico and one pawn store in the U.S. during the year.
- The Company operated 525 pawn and short-term loan stores as of December 31, 2008, a net store-count increase of 14% over the prior year.

Financial Position & Liquidity

- Earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations totaled \$72 million for fiscal 2008, an increase of 25% over 2007. The EBITDA margin for 2008 was 22%. A detailed reconciliation of this non-GAAP financial measure to income from continuing operations is provided elsewhere in this release.
- The outstanding balance at December 31, 2008 on the Company's long-term bank credit facility was \$68.5 million, compared to \$73.5 million at the end of the third quarter of 2008. The Company reduced its consolidated net debt position (outstanding debt less cash balances) by \$6.8 million during the fourth quarter, including the cash payment on the Presta Max acquisition.
- During 2008, the Company funded from operating cash flow approximately \$7 million in net customer loan and inventory growth, \$17 million of stock repurchases and approximately \$17 million in capital expenditures, most of which was invested in new store locations.

2009 Outlook

- The Company is initiating its Fiscal 2009 guidance for diluted earnings per share from continuing operations; earnings are projected to be in a range of \$1.36 to \$1.38 per share, an 8% to 10% growth rate over 2008. The Company expects significant continued growth in customer traffic and transaction volumes in 2009, especially in Mexico. The projected growth rate in earnings for 2009 reflects the continuation of significant economic and currency volatility, which affects customer demand for the Company's products and services. In addition, the growth rate assumes relatively flat gold prices in 2009 compared to 2008. The Company expects most of its 2009 earnings and revenue growth will occur in the second half of the year, as the significant number of new stores added between June and December of 2008 become more accretive to earnings. The Company projects that 75% to 80% of 2009 earnings will be derived from pawn operations, while 20% to 25% of earnings will be from short-term loan and credit services operations.
- In 2009, the Company anticipates opening 55 to 60 new stores in Mexico and a limited number of new pawn stores in the U.S. The Company does not anticipate opening any new U.S. short-term/payday loan stores in 2009.

Commentary & Analysis

Rick Wessel, Chief Executive Officer of First Cash, commented on the Company's 2008 operating results, "2008 was a pivotal year for the Company as we refocused our operations and future growth on our core pawn business, while exiting the auto sales operation. Through turbulent economic conditions in 2008, we posted solid growth in our mature U.S. pawn stores, continued rapid increases in revenue and profits across all of our expansion markets in Mexico and generated solid cash flow from operations. Same-store revenue grew at a record 13% pace in 2008, while other key operating metrics such as growth in operating margins and cash flow reflected the strength of our core business model. While the fourth quarter was a comparatively challenging retail environment and demand for short-term loans was soft compared to 2007, we nonetheless achieved our revenue and profitability targets for 2008 in our non-auto sales businesses. The fourth quarter was also challenging due to a significantly weaker Mexican peso exchange rate, which negatively impacted net peso denominated earnings by approximately \$0.01 per share in the fourth quarter. Despite these challenges, we were able to maintain merchandise sales margins at or above historical levels, while also reducing our bank debt during the fourth quarter."

In addition to the strong financial results, the Company achieved two significant store-opening milestones in the fourth quarter of 2008, surpassing 250 stores in Mexico and 500 stores overall. In addition, the Company completed, in December 2008, the acquisition of the 16-store chain of Presta Max pawn stores in Mexico. These established and profitable stores complement the Company's existing footprint in Mexico and provide an even stronger base for further expanding operations in central and southern Mexico.

The Company's balance sheet remains strong, with total assets of \$265 million and less than \$70 million outstanding on the bank line of credit; which is less than 1.0 times EBITDA. The Company expects to generate significant cash flow in 2009 from both operations and the further collection of outstanding Auto Master receivables. This cash will be used to fund continued growth in Mexico and reduce outstanding debt.

In summary, Mr. Wessel said, "We believe that our core pawn business remains well-positioned for long-term growth and relative stability. Although the economy and financial markets are in a period of unprecedented volatility and uncertainty, we anticipate continued demand for our pawn loan and value-priced consumer retail products, particularly in light of the reduced availability of traditional consumer credit and purchasing power. Our new store expansion will continue to be

self-funded from operating cash flows, and we remain confident in our ability to generate solid long-term growth and value for our shareholders.”

Forward-Looking Information

This release may contain forward-looking statements about the business, financial condition and prospects of First Cash Financial Services, Inc. (“First Cash” or the “Company”). Forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, can be identified by the use of forward-looking terminology such as “believes,” “projects,” “expects,” “may,” “estimates,” “should,” “plans,” “intends,” “could,” or “anticipates,” or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy. Forward-looking statements can also be identified by the fact that these statements do not relate strictly to historical or current matters. Rather, forward-looking statements relate to anticipated or expected events, activities, trends or results. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties. Forward-looking statements in this release include, without limitation, the Company’s expectations of earnings per share, earnings growth, charges related to discontinued operations, collections results, future tax benefits, expansion strategies, store openings, liquidity, cash flows, credit losses and related provisions, debt repayments, consumer demand for the Company’s products and services, competition, and other performance results. These statements are made to provide the public with management’s current assessment of the Company’s business. Although the Company believes that the expectations reflected in forward-looking statements are reasonable, there can be no assurances that such expectations will prove to be accurate. Security holders are cautioned that such forward-looking statements involve risks and uncertainties. The forward-looking statements contained in this release speak only as of the date of this statement, and the Company expressly disclaims any obligation or undertaking to report any updates or revisions to any such statement to reflect any change in the Company’s expectations or any change in events, conditions or circumstances on which any such statement is based. Certain factors may cause results to differ materially from those anticipated by some of the statements made in this release. Such factors are difficult to predict and many are beyond the control of the Company and may include changes in regional, national or international economic conditions, changes in the inflation rate, changes in the unemployment rate, changes in consumer purchasing, borrowing and repayment behaviors, changes in credit markets, credit losses, changes or increases in competition, the ability to locate, open and staff new stores, the availability or access to sources of inventory, inclement weather, the ability to successfully integrate acquisitions, the ability to retain key management personnel, the ability to operate with limited regulation as a credit services organization, new federal, state or local legislative initiatives or governmental regulations (or changes to existing laws and regulations) affecting short-term loan businesses, credit services organizations, pawn businesses and buy-here/pay-here automotive businesses in both the U.S. and Mexico, unforeseen litigation, changes in interest rates, changes in tax rates or policies, changes in gold prices, changes in energy prices, changes in used-vehicle prices, cost of funds, changes in foreign currency exchange rates, future business decisions, and other uncertainties. These and other risks, uncertainties and regulatory developments are further and more completely described in the Company’s 2007 Annual Report on Form 10-K and updated in subsequent releases on Form 10-Q.

About First Cash

First Cash Financial Services, Inc. is a leading specialty retailer and provider of consumer financial services. Its pawn stores make small loans secured by pledged personal property, retail a wide variety of jewelry, electronics, tools and other merchandise, and in many locations, provide short-term loans and credit services products. The Company's short-term loan locations provide various combinations of short-term loan products, installment loans, check cashing, credit services and other financial services products. The Company owns and operates over 525 stores in twelve U.S. states and fifteen states in Mexico. First Cash is also an equal partner in Cash & Go, Ltd., a joint venture, which owns and operates 39 check cashing and financial services kiosks located inside convenience stores.

First Cash is a component company in both the **Standard & Poor's SmallCap 600 Index**[®] and the **Russell 2000 Index**[®]. First Cash's common stock (ticker symbol "FCFS") is traded on the **Nasdaq Global Select Market**, which has the highest initial listing standards of any stock exchange in the world based on financial and liquidity requirements.

STORE COUNT ACTIVITY

The following table details store openings and closings for the three months and twelve months ended December 31, 2008:

	U.S. Locations		Mexico Locations	Total Locations
	Pawn Stores	Short-Term Loan Stores	Pawn/ Short-Term Loan Stores	
<u>Three Months Ended December 31, 2008</u>				
Total locations, beginning of period	95	159	241	495
New locations opened	1	2	12	15
Locations acquired	-	-	16	16
Locations closed or consolidated	-	(1)	-	(1)
Total locations, end of period	<u>96</u>	<u>160</u>	<u>269</u>	<u>525</u>
<u>Twelve Months Ended December 31, 2008</u>				
Total locations, beginning of period	96	157	207	460
New locations opened	1	7	48	56
Locations acquired	-	-	16	16
Locations closed or consolidated	(1)	(4)	(2)	(7)
Total locations, end of period	<u>96</u>	<u>160</u>	<u>269</u>	<u>525</u>

For the three and twelve months ended December 31, 2008, the Company's 50% owned joint venture, Cash & Go, Ltd., operated a total of 39 check cashing and short-term loan kiosks located inside convenience stores, which are not included in the above table.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(unaudited)			
	(in thousands, except per share amounts)			
Revenue:				
Pawn merchandise sales	\$ 55,949	\$ 44,210	\$ 193,321	\$ 151,626
Finance and service fees	34,697	34,475	136,331	124,637
Other	916	953	3,876	3,998
	<u>91,562</u>	<u>79,638</u>	<u>333,528</u>	<u>280,261</u>
Cost of revenue:				
Cost of goods sold	33,364	25,308	111,845	88,753
Short-term loan and credit services loss provision	5,104	6,056	18,554	18,658
Other	74	89	365	358
	<u>38,542</u>	<u>31,453</u>	<u>130,764</u>	<u>107,769</u>
Net revenue	<u>53,020</u>	<u>48,185</u>	<u>202,764</u>	<u>172,492</u>
Expenses and other income:				
Store operating expenses	24,382	23,976	101,086	89,418
Administrative expenses	8,205	7,071	29,203	24,871
Depreciation	2,961	2,608	11,114	10,219
Interest expense	285	157	793	133
Interest income	(16)	(22)	(55)	(78)
	<u>35,817</u>	<u>33,790</u>	<u>142,141</u>	<u>124,563</u>
Income from continuing operations before income taxes	17,203	14,395	60,623	47,929
Provision for income taxes	6,499	5,240	22,503	17,446
Income from continuing operations	10,704	9,155	38,120	30,483
Income (loss) from discontinued operations, net of tax	770	(3,416)	(59,656)	4,805
Net income (loss)	<u>\$ 11,474</u>	<u>\$ 5,739</u>	<u>\$ (21,536)</u>	<u>\$ 35,288</u>
Basic income per share:				
Income from continuing operations	\$ 0.37	\$ 0.30	\$ 1.29	\$ 0.97
Income (loss) from discontinued operations	0.03	(0.11)	(2.02)	0.15
Net income (loss) per basic share	<u>\$ 0.40</u>	<u>\$ 0.19</u>	<u>\$ (0.73)</u>	<u>\$ 1.12</u>
Diluted income per share:				
Income from continuing operations	\$ 0.36	\$ 0.29	\$ 1.26	\$ 0.93
Income (loss) from discontinued operations	0.03	(0.11)	(1.97)	0.15
Net income (loss) per diluted share	<u>\$ 0.39</u>	<u>\$ 0.18</u>	<u>\$ (0.71)</u>	<u>\$ 1.08</u>
Weighted average shares outstanding:				
Basic	29,243	30,899	29,575	31,564
Diluted	29,909	31,815	30,216	32,824

FIRST CASH FINANCIAL SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31,	
	2008	2007
	(unaudited)	
	(in thousands)	
ASSETS		
Cash and cash equivalents	\$ 29,006	\$ 14,175
Service charges receivable	7,173	7,503
Pawn receivables	44,170	41,285
Short-term loan receivables, net of allowance	5,865	5,762
Automotive finance receivables, net of allowance	4,898	27,485
Inventories	28,738	26,870
Prepaid expenses and other current assets	6,071	7,469
Deferred tax assets	1,322	457
Current assets of discontinued operations	3,614	11,792
Total current assets	130,857	142,798
Automotive finance receivables with long-term maturities, net of allowance	5,306	31,218
Property and equipment, net	40,111	39,989
Goodwill, net	75,191	53,237
Deferred tax assets	12,501	-
Other	1,191	1,226
Long-term assets of discontinued operations	-	23,080
Total assets	\$ 265,157	\$ 291,548
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion of notes payable	\$ 7,048	\$ 2,250
Accounts payable	2,280	1,232
Accrued liabilities	21,380	14,109
Current liabilities of discontinued operations	2,110	3,457
Total current liabilities	32,818	21,048
Revolving credit facility	68,500	55,000
Notes payable, net of current portion	9,389	3,938
Deferred income taxes payable	-	10,353
Total liabilities	110,707	90,339
Stockholders' equity:		
Preferred stock	-	-
Common stock	361	359
Additional paid-in capital	112,750	111,410
Retained earnings	148,319	169,855
Accumulated other comprehensive income (loss) - Note 1	(9,568)	-
Common stock held in treasury	(97,412)	(80,415)
Total stockholders' equity	154,450	201,209
Total liabilities and stockholders' equity	\$ 265,157	\$ 291,548

Note 1 - The Company operates pawn and short-term loans stores in Mexico. In accordance with U.S. generally accepted accounting principles, beginning in the fourth quarter of 2008 the Mexican peso became the functional currency of the Company's Mexican-based subsidiaries due to the volume of Mexican peso-denominated revenue transactions being recorded in these stores. The peso-denominated balance sheet accounts at December 31, 2008 are therefore translated into U.S. dollars at the exchange rate in effect at year end, and income statement items are translated at the average exchange rate during the period; resulting translation adjustments are made directly to the "other comprehensive income (loss)" component of shareholders' equity. The Company's net peso-denominated assets are carried at a translated U.S. dollar amount of \$46.9 million as of December 31, 2008.

FIRST CASH FINANCIAL SERVICES, INC.

OPERATING INFORMATION

The following table details the revenue and cost of revenue from continuing operations for the three months and twelve months ended December 31, 2008 and 2007 (unaudited, in thousands):

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue:				
Pawn retail merchandise sales	\$ 38,899	\$ 32,778	\$ 128,697	\$ 112,316
Pawn scrap jewelry sales	17,050	11,432	64,624	39,310
Pawn service fees	17,733	16,142	69,870	58,371
Short-term loan and credit services fees	16,964	18,333	66,461	66,266
Other	916	953	3,876	3,998
	<u>91,562</u>	<u>79,638</u>	<u>333,528</u>	<u>280,261</u>
Cost of revenue:				
Cost of goods sold - pawn retail merchandise	22,039	18,580	71,158	63,229
Cost of goods sold - pawn scrap jewelry	11,325	6,728	40,687	25,524
Short-term loan and credit services loss provision	5,104	6,056	18,554	18,658
Other	74	89	365	358
	<u>38,542</u>	<u>31,453</u>	<u>130,764</u>	<u>107,769</u>
Net revenue	<u>\$ 53,020</u>	<u>\$ 48,185</u>	<u>\$ 202,764</u>	<u>\$ 172,492</u>

The following table details selected assets as of December 31, 2008 and December 31, 2007 (unaudited, in thousands):

	December 31,	
	<u>2008</u>	<u>2007</u>
Customer receivables		
Pawn	\$ 44,170	\$ 41,285
Short-term loan	6,148	6,088
	<u>50,318</u>	<u>47,373</u>
CSO short-term loans held by independent third-party (1)	13,667	15,536
Allowance for doubtful accounts	(1,032)	(1,137)
	<u>\$ 62,953</u>	<u>\$ 61,772</u>

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

DISCONTINUED OPERATIONS

In September 2008, the Company announced that it planned to dispose of the Auto Master buy-here/pay-here automotive operation. Associated with this decision, a non-cash charge of \$1.75 per share, net of tax, was included as a component of discontinued operations for the quarter ending September 30, 2008. Under the terms of an agreement announced on December 8, 2008 with Interstate Auto Group, Inc. (dba "CarHop"), CarHop purchased Auto Master's automobile inventories, assumed leases at all existing dealership locations and hired a significant number of Auto Master's personnel. In addition, CarHop is managing the collection of Auto Master's outstanding portfolio of customer notes receivable under a fee-based agreement. As a result, the Company recorded a gain from discontinued operations of \$0.03 in the fourth quarter, primarily due to gains on the sale of inventory and lower than expected disposition costs. All revenue, expenses and income from continuing operations reported in this release for the three- and

twelve-month periods ended December 31, 2008 and 2007 exclude gains and losses of the discontinued Auto Master operation.

UNAUDITED NON-GAAP FINANCIAL INFORMATION – EBITDA

EBITDA is commonly used by investors to assess a company's leverage capacity, liquidity and financial performance. EBITDA is not considered a measure of financial performance under U.S. generally accepted accounting principles ("GAAP"), and the items excluded from EBITDA are significant components in understanding and assessing the Company's financial performance. Since EBITDA is not a measure determined in accordance with GAAP and is thus susceptible to varying calculations, EBITDA, as presented, may not be comparable to other similarly titled measures of other companies. EBITDA should not be considered as an alternative to net income, cash flows provided by or used in operating, investing or financing activities or other financial statement data presented in the Company's consolidated financial statements as an indicator of financial performance or liquidity. Non-GAAP measures should be evaluated in conjunction with, and are not a substitute for, GAAP financial measures. The following table provides a reconciliation of income from continuing operations to EBITDA (unaudited, in thousands):

	Twelve Months Ended December 31,	
	<u>2008</u>	<u>2007</u>
Income from continuing operations	\$ 38,120	\$ 30,483
Adjustments:		
Income taxes	22,503	17,446
Depreciation	11,114	10,219
Interest expense	793	133
Interest income	<u>(55)</u>	<u>(78)</u>
Earnings from continuing operations before interest, income taxes, depreciation and amortization	<u>\$ 72,475</u>	<u>\$ 58,203</u>
EBITDA margin calculated as follows:		
Total revenue from continuing operations	\$ 333,528	\$ 280,261
Earnings from continuing operations before interest, income taxes, depreciation and amortization	<u>72,475</u>	<u>58,203</u>
EBITDA as a percent of revenue	<u>22%</u>	<u>21%</u>

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