CHOPRA DEEPAK
Form 4
March 19, 2008

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
CHOPRA DEEPAK

(Last) (First) (Middle)

12525 CHADRON AVE

(Street)

HAWTHORNE, CA 90250

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
OSI SYSTEMS INC [OSIS]

3. Date of Earliest Transaction (Month/Day/Year)
03/17/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amour or Numbe of Shar
Option to Purchase Common Stock	$ 17.37	03/17/2008		A		17,234		06/23/2009 (1)	06/22/2011	Common Stock	17,23
Option to Purchase Common Stock	$ 17.37	03/17/2008		A		68,935		06/23/2009 (2)	06/22/2011	Common Stock	68,93

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CHOPRA DEEPAK 12525 CHADRON AVE HAWTHORNE, CA 90250	X		President and CEO	

Signatures

/s/ Deepak Chopra	03/17/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This stock option results from the conversion of a stock option to purchase Rapiscan Systems Holdings, Inc. common stock that was originally granted to the reporting person in 2006. Rapiscan Systems Holdings, Inc. stock options have been converted to options in the issuer's stock. This option is currently vested as to 25% of the underlying shares. This option will be vested as to 50% of the underlying shares on June 23, 2008, and will be vested as to 100% of the underlying shares on June 23, 2009.

(2) This stock option results from the conversion of a stock option to purchase Rapiscan Systems Holdings, Inc. common stock that was originally granted to the reporting person in 2006. This option is currently vested as to 25% of the underlying shares. This option will be vested as to 50% of the underlying shares on June 23, 2008, and will be vested as to 100% of the underlying shares on June 23, 2009.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ollections of the remaining customer receivable portfolio in excess of estimated liquidation fair value. The Company realized net cash collections of $1,263,000, $5,240,000 and $20,936,000 on these accounts during 2011, 2010 and 2009, respectively, and recorded a pre-tax benefit of approximately $763,000, $3,102,000 and $13,370,000, respectively, from these cash collections as compared to the estimated fair value of the receivables recorded on the Company s balance sheet. The Company completed the cash collections of these Auto Master

receivables during 2011, as the outstanding receivable balances were fully collected and/or written-off.

There were no assets or liabilities for this discontinued operation at December 31, 2011. At December 31, 2010, the remaining Auto Master gross receivables, net of estimated collection costs, totaled approximately $1,797,000, which the Company carried, as a component of current assets, at an estimated fair value of $500,000.

The following table summarizes the operating results of Auto Master, which has been reclassified as discontinued operations in the consolidated statements of operations for the years ended December 31, 2011, 2010 and 2009 (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Revenue	**$ -**	$ -	$ 131
Cost of revenue	**-**	-	(115)
Net revenue	**-**	-	16
Expenses and other (gain) loss:			
Operating and administrative expenses	**57**	58	1,337
Depreciation and amortization	**-**	-	-
Gain on excess collections of notes receivable	**(764)**	(3,102)	(13,370)
Gain on sale of real estate	**-**	(293)	-
	(707)	(3,337)	(12,033)
Income from discontinued operations before income taxes	**707**	3,337	12,049
Tax expense	**(283)**	(720)	(5,302)
Net income from discontinued operations	**$ 424**	$ 2,617	$ 6,747
Net income from discontinued operations per basic share	**$ 0.01**	$ 0.08	$ 0.22
Net income from discontinued operations per diluted share	**$ 0.01**	$ 0.08	$ 0.22

NOTE 6 - 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 hierarchy levels. The valuation of the Company s financial instruments as of December 31, 2011, and 2010, were $0 and $500,000, respectively.

The following table summarizes the changes in the fair value of the Company s level 3 assets (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Level 3 Assets - Automotive Finance Receivables:			
Balance at beginning of year	**$ 500**	$ 2,638	$ 10,204
Net cash collections of principal	**(1,263)**	(5,240)	(20,936)
Adjustments for realized gains from collections	**763**	3,102	13,370
Balance at end of year	**$ -**	$ 500	$ 2,638

NOTE 7 - CUSTOMER LOANS AND VALUATION ACCOUNTS

Customer loans, net of unearned finance fees, consist of the following (in thousands):

	Pawn	Consumer Loan	Total
December 31, 2011			
Total customer loans	**$ 73,287**	**$ 902**	**$ 74,189**
Less allowance for doubtful accounts	**-**	**(44)**	**(44)**
	$ 73,287	**$ 858**	**$ 74,145**
December 31, 2010			
Total customer loans	$ 70,488	$ 1,048	$ 71,536
Less allowance for doubtful accounts	-	(53)	(53)
	$ 70,488	$ 995	$ 71,483

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment used in continuing operations consist of the following (in thousands):

Year Ended December 31,

	2011		2010	
Land	**$**	**9,108**	$	7,687
Buildings		**10,705**		5,508
Furniture, fixtures, equipment and leasehold improvements		**125,173**		110,976
		144,986		124,171
Less: accumulated depreciation		**(71,535)**		(65,746)
	$	**73,451**	$	58,425

Depreciation expense from continuing operations for the fiscal years ended December 31, 2011, 2010 and 2009, was $10,813,000, $10,300,000, and $9,865,000, respectively.

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following (in thousands):

	Year Ended December 31,			
	2011		2010	
Deferred layaway sales revenue	**$**	**6,583**	$	6,093
Sales, property and payroll withholding taxes payable		**4,080**		4,369
Accrued compensation		**3,993**		6,683
Trade accounts payable		**3,325**		2,679
Benefits liabilities and withholding payable		**1,373**		1,231
Reserves for expected losses on outstanding CSO letters of credit		**831**		1,026
Other accrued liabilities		**5,444**		5,649
	$	**25,629**	$	27,730

NOTE 10 - REVOLVING CREDIT FACILITY AND NOTES PAYABLE

At December 31, 2011, the Company maintained a line of credit with a commercial lender (the Unsecured Credit Facility) in the amount of $25,000,000 ($50,000,000 subject to lender approval), which was scheduled to mature in April 2012. At December 31, 2011, the Company had no outstanding balance under the Unsecured Credit Facility. The Unsecured Credit Facility charged interest at the prevailing LIBOR rate plus a fixed interest rate margin of 2.0%, which totaled approximately 2.30% at December 31, 2011. Under the terms of the Unsecured Credit Facility, the Company was required to maintain certain financial ratios and comply with certain financial covenants. The Company s Unsecured Credit Facility contained provisions that allowed the Company to repurchase stock and/or pay cash dividends within certain parameters and was restricted from pledging any of its assets as collateral against other subordinated indebtedness. The Company was in compliance with the requirements and covenants of the Unsecured Credit Facility as of December 31, 2011, and believed it had the capacity to borrow the full amount available under the Unsecured Credit Facility under the most restrictive covenant. The Company was required to pay an annual commitment fee of 1/4 of 1% on the average daily unused portion of the Unsecured Credit Facility commitment.

Subsequent to December 31, 2011, the Company entered into an agreement to amend and extend the terms of the Unsecured Credit Facility through February 2015. Under the terms of the amendment dated February 28, 2012, the amount of the Unsecured Credit Facility was increased to $50,000,000, which can be increased to $100,000,000, subject to lender approval. The Unsecured Credit Facility bears interest at the prevailing LIBOR rate plus a margin, which varies from 1.5% to 2.0%, depending on the Company s cash flow leverage ratios as defined in the amended agreement.

During the fourth quarter of 2011, the Company repaid the entire remaining balances on notes payable of $1,426,000 related to a July 2010 multi-store pawn acquisition. See Note 4. During the third quarter of 2010, the Company repaid the entire remaining balances on notes payable of $6,066,000 related to a 2008 multi-store pawn acquisition and notes payable of $563,000 related to a 2006 acquisition.

As of December 31, 2011, the Company had no outstanding debt.

NOTE 11 - INCOME TAXES

Components of the provision for income taxes and the income to which it relates for the years ended December 31, 2011, 2010 and 2009, consist of the following (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Income from continuing operations before income taxes	**$ 108,203**	$ 80,042	$ 61,175
Current income taxes:			
Federal	**$ 16,878**	$ 13,508	$ 7,678
Foreign	**17,304**	12,606	9,564
State and local	**749**	710	1,379
	34,931	26,824	18,621
Deferred income taxes	**2,407**	1,844	4,258

	$ 37,338	$ 28,668	$ 22,879

The provision for income taxes related to discontinued operations was an expense of $4,612,000, $2,642,000 and $8,359,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

The principal current and non-current deferred tax assets and liabilities consist of the following at December 31, 2011, and 2010 (in thousands):

	December 31,	
	2011	2010
Deferred tax assets:		
Cumulative foreign translation adjustment	**$ 7,091**	$ 1,708
Interest accrual on pawn forfeits	**931**	1,043
Foreign tax credits	**304**	3,506
Other	**852**	800
Total deferred tax assets	**9,178**	7,057
Deferred tax liabilities:		
Intangible asset amortization	**13,855**	14,023
Functional currency tax-basis adjustment	**-**	1,962
Other	**564**	497
Total deferred tax liabilities	**14,419**	16,482
Net deferred tax liablities	**$ (5,241)**	$ (9,425)
Reported as:		
Current deferred tax assets	**$ 1,078**	$ -
Current deferred taxes payable	**-**	(991)
Non-current deferred income tax liabilities	**(6,319)**	(8,434)
Net deferred tax liabilities	**$ (5,241)**	$ (9,425)

The effective rate on income from continuing operations differs from the U.S. federal statutory rate of 35%. The following is a reconciliation of such differences (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Tax at the U.S. federal statutory rate	**$ 37,871**	$ 28,015	$ 21,411
State income taxes, net of federal tax benefit of **$262**, $249 and $483, respectively	**487**	462	896
Other taxes and adjustments, net	**(1,020)**	191	572
	$ 37,338	$ 28,668	$ 22,879

The Company determines whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. Interest and penalties related to income tax liabilities that could arise would be classified as interest expense in the Consolidated Statements of Income. There were no such interest or penalties for the fiscal years ended December 31, 2011, 2010 and 2009.

As of December 31, 2011, and 2010, the Company had no unrecognized tax benefits and, therefore, the Company did not have a liability for accrued interest and penalties. The Company does not believe that its unrecognized tax benefits will significantly change over the next twelve months.

The Company files federal income tax returns in the United States and Mexico, as well as multiple state and local income tax returns in the United States. The Company s U.S. federal income tax returns for the years ended December 31, 2006, 2007, 2008 and 2009 are currently being examined by the U.S. Internal Revenue Service. As of the close of the calendar year, no adjustments have been proposed. The Company s U.S. federal returns are not subject to examination for tax years prior to 2006. The Company s state income tax returns are not subject to examination for the tax years prior to 2008 with the exception of three states, which are not subject to examination for tax years prior to 2007. With respect to Mexico, the tax years prior to 2006 are closed to examination.

The Company has cumulative foreign tax credits of $304,000 as of the end of 2011, which will expire at the end of 2018. The Company expects that it will utilize the foreign tax credits prior to their expiration.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Leases

The Company leases certain of its facilities and equipment under operating leases with terms generally ranging from three to five years. Most facility leases contain renewal options. Remaining future minimum rentals due under non-cancelable operating leases are as follows (in thousands):

Fiscal

2012	$	25,768
2013		20,957
2014		15,365
2015		10,447
2016		4,679
Thereafter		6,283
	$	83,499

Rent expense from continuing operations under such leases was $28,340,000, $23,747,000, and $19,837,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

Litigation

The Company is, from time to time, a defendant (actual or threatened) in certain lawsuits and arbitration claims encountered in the ordinary course of its business, the resolution of which, in the opinion of management, should not have a materially adverse effect on the Company s financial position, results of operations, or cash flows.

Guarantees

The Company offers a CSO Program to assist consumers in its Texas markets in obtaining credit. Under the CSO Program, the Company assists customers in applying for a short-term extension of credit from the Independent Lender and issues the Independent Lender a letter of credit to guarantee the repayment of the extension of credit. The extensions of credit 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 35 days and bear interest at a rate of 10% on an annualized basis. The Independent Lender is considered a variable interest entity of the Company. The net loans outstanding represent less than 50% of the Independent Lender s total assets. In addition, the Company does not have any ownership interest in the Independent Lender, does not exercise control over it, and, therefore, is not deemed to be the primary beneficiary and does not consolidate the Independent Lender s results with its results.

The letters of credit under the CSO Program 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 extension of credit and accrued interest after the due date of the extension of credit. Each letter of credit expires approximately 30 days after the due date of the extension of credit. 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 December 31, 2011, was $17,645,000, and $16,989,000 at December 31, 2010. According to the letter of credit, if the borrower defaults on the extension of credit, 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 in accrued liabilities, which was immaterial at December 31, 2011. The loss provision associated with the CSO Program is based primarily upon historical loss experience, with consideration given to recent loss trends, delinquency rates, economic conditions and management s expectations of future losses. See additional discussion of the loss provision and related allowances and accruals in the section titled Results of Continuing Operations of Item 7.

Forward Sales Commitments

The Company periodically uses forward sale agreements with a major gold bullion bank to sell a portion of the expected amount of scrap gold and silver jewelry, which is typically broken or of low retail value, produced in the normal course of business for its liquidation of such merchandise. As of December 31, 2011, the Company had forward sales commitments through January 2012 for 4,000 gold ounces of its expected scrap jewelry sales and commitments for 13,000 silver ounces. These commitments qualify for an exemption as normal sales, based on historical terms, conditions and quantities, and are therefore not recorded on the Company s balance sheet.

Contingent Assessment

The Company transfers scrap jewelry generated by its pawn operations in Mexico into the United States, where such jewelry is melted and sold for its precious metals content, which is primarily gold. These cross-border transfers are subject to numerous import/export regulations by customs and border security authorities in both Mexico and the United States. The Company s long-standing practice, as previously approved by customs authorities, has been to import such materials designated for remelting into the United States under certain duty-free provisions of the Harmonized Tariff Schedule of the United States. The United States Customs and Border Protection Agency (CBP) has requested certain transaction records pertaining to the Company s cross-border remelting processes. In addition, CBP assessed duties on certain cross-border remelting transactions occurring in 2008 and 2009 totaling approximately $620,000, including accrued interest. The Company cannot currently estimate the likelihood that additional assessments will be issued by CBP. The Company is appealing the assessments issued to date by CBP, however, it cannot assess the likelihood that such appeals will be successful.

NOTE 13 - GOODWILL

The Company performed its assessment of goodwill and determined there was no impairment as of December 31, 2011, and 2010.

The accumulated amortization for goodwill was $8,079,000 at December 31, 2011, and 2010. Changes in the carrying value of goodwill were as follows (in thousands):

December 31, 2011	
Balance, beginning of year	**$ 68,595**
Acquisitions (Note 4)	**4,510**
Foreign currency adjustments	**(2,710)**
Balance, end of year	**$ 70,395**
December 31, 2010	
Balance, beginning of year	$ 61,971
Acquisitions (Note 4)	5,382
Foreign currency adjustments	1,242
Balance, end of year	$ 68,595

NOTE 14 - EQUITY COMPENSATION PLANS AND SHARE-BASED COMPENSATION

The Company has previously adopted equity and share-based compensation plans to attract and retain executives, directors and key employees. During 2011, the Company s shareholders approved the 2011 Long-Term Incentive Plan, which allows for additional equity grants. Under these plans, the Company has granted qualified and non-qualified common stock options and nonvested common stock awards to officers, directors and other key employees. At December 31, 2011, 1,162,000 shares were reserved for future grants under the plans. In addition, the Company has previously issued warrants to purchase shares of common stock to certain key members of management, directors and other third parties.

Stock Options and Warrants

Historically, common stock options and warrants have been granted to purchase the Company's common stock at an exercise price equal to or greater than the fair market value at the date of grant and generally have a maximum duration of ten years. The Company typically issues shares of common stock to satisfy option and warrant exercises.

Options and warrants outstanding as of December 31, 2011, are as follows (in thousands, except exercise price and life):

Ranges of Exercise Prices	Total Warrants and Options	Weighted-Average Remaining Life	Currently Exercisable
$ 2.67 - $ 5.00	255 (1)	1.3	243 (1)
$ 5.01 - $ 10.00	90	6.2	50

$	10.01 -	$	15.00	489	3.5	489
$	15.01 -	$	20.00	1,160	3.5	1,160
$	20.01 -	$	25.00	25	5.3	8
$	35.01 -	$	40.00	90	9.4	-
				2,109	3.6	1,950

(1) Includes 240,000 outstanding warrants at an exercise price of $3.83.

A summary of stock option and warrant activity for the years ended December 31, 2011, 2010 and 2009 is as follows (in thousands, except exercise price):

	2011		2010		2009	
	Underlying Shares	**Weighted-Average Exercise Price**	Underlying Shares	Weighted-Average Exercise Price	Underlying Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	**2,292**	**$ 14.63**	3,567	$ 14.25	4,216	$ 12.80
Granted	**90**	**39.11**	-	-	-	-
Exercised	**(273)**	**9.08**	(1,275)	13.57	(599)	3.54
Canceled or forfeited	**-**	**-**	-	-	(50)	20.00
Outstanding at end of year	**2,109**	**16.39**	2,292	14.63	3,567	14.25
Exercisable at end of year	**1,950**	**15.48**	2,180	15.27	3,413	14.83

At December 31, 2011, the aggregate intrinsic value for the options and warrants outstanding was $39,805,000, of which $38,244,000 was exercisable at the end of the year, with weighted-average remaining contractual terms of 3.6 years. The aggregate intrinsic value reflects the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the period and the exercise price of the options and warrants, multiplied by the number of in-the-money options and warrants) that would have been received by the option and warrant holders had all option and warrant holders exercised their options and warrants on December 31, 2011.

The total intrinsic value of options and warrants exercised for fiscal 2011, 2010 and 2009 was $6,345,000, $17,415,000 and $7,698,000, respectively. The intrinsic value of the stock options and warrants exercised are based on the closing price of the Company's stock on the date of exercise. The Company typically issues shares of common stock to satisfy option and warrant exercises.

The common stock options granted in 2011 have a ten year life and vest annually during periods ranging from five to ten years from the date of grant. The fair value of option grants in 2011 were estimated at the date of the grant using a Black-Scholes option pricing model with the following weighted-average assumptions: expected volatility was 40.0%; risk-free interest rate was 1.0%; expected terms of options was 7.25 years and weighted-average fair value of options granted was $15.27. There were no option grants in 2010 and 2009.

Nonvested Common Stock Awards

The Company has granted nonvested common stock awards to Company officers and to the non-management members of the Board of Directors under the Plans. The nonvested common stock awards are issued as common shares upon vesting. The 2011 awards included 50,000 shares with performance-based criteria with measurement periods beginning in 2011 through 2015. The vesting performance criteria for each year relate to the Company s growth in net income from continuing operations compared to the 2010 base period. The other 2011 awards vest ratably over time through 2018. The 2010 awards included 50,000 shares with performance-based criteria with measurement periods beginning in 2010 through 2014. The vesting performance criteria for each year relate to the Company s growth in net income from continuing operations compared to the 2009 base period. The other 2010 awards vest ratably over time through 2017. The grant date fair value of the nonvested awards is based on the Company s closing stock price on the day of the grant date, and the grant date fair value of performance award units is based on the maximum amount of the award expected to be achieved. The amount attributable to award grants is amortized to expense over the vesting periods.

The following table summarizes the nonvested common stock award activity during 2011, 2010 and 2009 (in thousands, except fair value amounts):

	2011		2010		2009	
	Shares	**Weighted-Average Fair Value at Date of Grant**	Shares	Weighted-Average Fair Value at Date of Grant	Shares	Weighted-Average Fair Value at Date of Grant
Outstanding at beginning of year	**33**	**$ 28.50**	-	$ -	15	$ 15.32
Granted	**59**	**31.59**	63	28.50	-	-
Vested	**(16)**	**29.26**	(30)	28.50	(15)	15.32
Canceled or forfeited	**-**	**-**	-	-	-	-
Outstanding at end of year	**76**	**30.74**	33	28.50	-	-

Nonvested common stock awards vesting in 2011, 2010 and 2009 had an aggregate intrinsic value of $578,000, $930,000 and $260,000, respectively, based on the closing price of the Company s stock on the date of vesting. The outstanding award units had an aggregate intrinsic value of $2,653,000 at December 31, 2011.

Share-Based Compensation Expense

The Company s net income includes the following compensation costs related to share-based compensation arrangements (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Gross compensation costs:			
Stock options	**$ 112**	$ 91	$ 204
Nonvested stock	**630**	915	142
Total gross compensation costs	**742**	1,006	346
Income tax benefits:			
Stock options	**(39)**	(33)	(76)
Nonvested stock	**(217)**	(328)	(53)
Total income tax benefits	**(256)**	(361)	(129)
Net compensation expense	**$ 486**	$ 645	$ 217
Tax benefit realized from stock options and warrants exercised during the year	**$ 2,088**	$ 6,154	$ 2,759

As of December 31, 2011, the total compensation cost related to nonvested stock options not yet recognized was $1,015,000 and is expected to be recognized over the weighted-average period of 3.2 years. As of December 31, 2011, the total compensation cost related to nonvested common stock awards not yet recognized was $2,117,000 and is expected to be recognized over the weighted-average period of 2.3 years. There was no excess tax benefit over exercise price recorded as increases to additional paid-in capital in fiscal 2011, 2010 and 2009.

NOTE 15 - FIRST CASH 401(k) PROFIT SHARING PLAN

The First Cash 401(k) Profit Sharing Plan (the Plan) is provided by the Company for all full-time, U.S.-based, employees who have been employed with the Company for six months or longer. Under the Plan, a participant may contribute up to 100% of earnings, with the Company matching the first 6% at a rate of 40%. The employee and Company contributions are paid to a corporate trustee and invested in various funds. Company contributions made to participants accounts become fully vested upon completion of five years of service. The total Company matching contributions to the Plan were $525,000, $494,000 and $474,000 for the years ended December 31, 2011, 2010 and

2009, respectively.

NOTE 16 - GEOGRAPHIC AREAS

The following table shows revenue, selected current assets and long-lived assets (all non-current assets except goodwill, intangibles and deferred tax assets) by geographic area (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Revenue:			
United States	$ **240,167**	$ 201,038	$ 180,232
Mexico	**281,135**	222,224	175,046
	$ **521,302**	$ 423,262	$ 355,278
Pawn loans and consumer loans:			
United States	$ **41,184**	$ 35,358	$ 31,361
Mexico	**32,961**	36,125	23,329
	$ **74,145**	$ 71,483	$ 54,690
Inventories:			
United States	$ **23,745**	$ 19,730	$ 17,285
Mexico	**20,667**	27,676	17,152
	$ **44,412**	$ 47,406	$ 34,437
Long-lived assets:			
United States	$ **40,018**	$ 28,508	$ 24,040
Mexico	**35,383**	31,745	25,407
	$ **75,401**	$ 60,253	$ 49,447

NOTE 17 - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data (in thousands, except per share data) for the fiscal years ended December 31, 2011, and 2010, are set forth below. The Company s operations are subject to seasonal fluctuations. The amounts reported below have been adjusted to reflect reclassification of the discontinued operations.

Quarter Ended

	March 31	June 30	September 30	December 31
2011				
Total revenue	$ 120,838	$ 120,581	$ 133,349	$ 146,534
Cost of revenue	50,545	51,647	57,319	67,041
Net revenue	70,293	68,934	76,030	79,493
Total expenses and other income	45,824	45,544	47,896	47,283
Income from continuing operations, net of tax	15,905	15,204	18,284	21,472
Income (loss) from discontinued operations, net of tax	6,651	134	149	(17)
Net income	22,556	15,338	18,433	21,455
Diluted income per share:				
Income from continuing operations, net of tax	0.50	0.48	0.59	0.70
Income (loss) from discontinued operations, net of tax	0.20	-	-	-
Net income	0.70	0.48	0.59	0.70
Diluted weighted average shares	32,075	31,869	31,195	30,854
2010				
Total revenue	$ 94,660	$ 95,013	$ 106,083	$ 127,506
Cost of revenue	39,373	39,405	43,416	53,765
Net revenue	55,287	55,608	62,667	73,741
Total expenses and other income	39,239	39,533	42,228	46,261
Income from continuing operations, net of tax	10,112	10,280	13,230	17,752
Income from discontinued operations, net of tax	1,970	1,503	1,007	1,804
Net income	12,082	11,783	14,237	19,556
Diluted income per share:				
Income from continuing operations, net of tax	0.33	0.33	0.43	0.56
Income from discontinued operations, net of tax	0.06	0.05	0.03	0.06
Net income	0.39	0.38	0.46	0.62
Diluted weighted average shares	30,734	30,791	31,041	31,666

NOTE 18 - SUBSEQUENT EVENT

Consistent with the Company s strategy to continue its expansion of pawn stores in selected markets, in January 2012, the Company acquired the operating entity owning the pawn loans, inventory, layaways and other operating assets and liabilities of 29 pawn stores located in western Mexico from BBR Unlimited, LLC. The purchase price for these stores was $46,700,000, net of cash acquired, and was composed of $41,800,000 in cash and a note payable to the seller of $4,900,000. The Company is in the process of determining the allocation of the purchase price to the assets and liabilities acquired. This transaction will be recorded in the first quarter of 2012 and the assets, liabilities and results of operations of the locations will be included in the Company s consolidated results as of the acquisition on January 10, 2012. Pro forma results of consolidated operations have not been presented because the acquisition was not significant in relation to the Company s consolidated financial position or results of operations.