QC Holdings, Inc.
Form DEF 14A
April 30, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant x Filed by a Party other then the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

QC HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required

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1) Title of each class of securities to which transaction applies:

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¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

April 30, 2007

Dear Fellow Stockholder:

You are invited to attend the annual meeting of stockholders of QC Holdings, Inc. The meeting will be held at 10:00 a.m., local time, Thursday, June 7, 2007, at the Doubletree Hotel, 10100 College Boulevard, Overland Park, Kansas 66210. At the annual meeting you will be asked to elect seven members to our board of directors. We will also be discussing our results for the past year and answering your questions.

Whether or not you attend the annual meeting, it is important that your shares be represented and voted at the meeting. Please mark, sign and date your proxy card today and return it in the envelope provided. Many of you can also vote by telephone or via the Internet as described on the proxy card.

Thank you for your support of QC Holdings and your involvement in this important process.

Sincerely,

Don Early

Chairman and Chief Executive Officer

QC HOLDINGS, INC.

9401 Indian Creek Parkway, Suite 1500

Overland Park, Kansas 66210

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Thursday, June 7, 2007

TO THE STOCKHOLDERS OF QC HOLDINGS, INC.

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of QC Holdings, Inc. will be held at the Doubletree Hotel, 10100 College Boulevard, Overland Park, Kansas 66210 at 10:00 a.m., local time, on Thursday, June 7, 2007, for the following purposes:

1. To elect seven directors, each for a term of one year and until their successors are elected and qualified; and

2. To transact any other business properly introduced at the meeting.

These items of business are more fully described in the proxy statement accompanying this notice.

Only stockholders of record at the close of business on April 20, 2007, are entitled to notice of and to vote at the meeting or any adjournment or postponement thereof. On April 20, 2007, the record date for the annual meeting, there were 19,708,690 shares of common stock outstanding. Each outstanding share is entitled to one vote.

Our board of directors encourages you to mark, sign and date your proxy card and return it today in the enclosed postage prepaid envelope, or vote by telephone or via the Internet (as described on the proxy card), whether or not you intend to be present at the annual meeting.

By Order of the Board of Directors

Mary Lou Andersen

Secretary

Overland Park, Kansas

April 30, 2007

QC HOLDINGS, INC.

9401 Indian Creek Parkway, Suite 1500

Overland Park, Kansas 66210

PROXY STATEMENT

FOR

ANNUAL MEETING OF STOCKHOLDERS

Thursday, June 7, 2007

SOLICITATION AND REVOCABILITY OF PROXIES

This proxy statement and the enclosed proxy card are furnished to the stockholders of QC Holdings, Inc., a Kansas corporation, in connection with the solicitation of proxies by the company for use at our annual meeting of stockholders, and any adjournments or postponements thereof, to be held at the Doubletree Hotel, 10100 College Boulevard, Overland Park, Kansas at 10:00 a.m., local time, on Thursday, June 7, 2007. The mailing of this proxy statement, the proxy card, the notice of annual meeting and the accompanying 2006 annual report to stockholders is expected to begin on May 4, 2007. All costs of solicitation will be borne by the company.

You are requested to vote your shares by following the instructions on the proxy card for voting by telephone or via the Internet or by completing, signing, dating and returning the proxy promptly in the enclosed postage prepaid envelope. Your proxy may be revoked by written notice of revocation delivered to the secretary of the company, by executing and delivering a later dated proxy or by voting in person at the annual meeting. Attendance at the annual meeting will not constitute a revocation of your proxy unless you vote in person at the annual meeting or deliver an executed and later dated proxy. Proxies duly executed and received in time for the annual meeting will be voted in accordance with the stockholders instructions. If no instructions are given, proxies will be voted as follows:

1. to elect Don Early, Mary Lou Andersen, Richard B. Chalker, Murray A. Indick, Gerald F. Lamberti, Francis P. Lemery and Mary V. Powell as directors to serve for one year terms until the 2008 annual meeting of stockholders and until their respective successors are duly elected and qualified; and

2. in the discretion of the proxy holder as to any other matter properly coming before the annual meeting.

OUTSTANDING VOTING SECURITIES OF THE COMPANY

Only the record holders of shares of common stock as of the close of business on April 20, 2007, are entitled to vote on the matters to be presented at the annual meeting, either in person or by proxy. At the close of business on April 20, 2007, there were outstanding and entitled to vote a total of 19,708,690 shares of common stock, constituting all of our outstanding voting securities.

The presence at the annual meeting, in person or by proxy, of the holders of at least a majority of the shares of common stock as of the record date is necessary to constitute a quorum. Abstentions and broker non-votes are counted for purposes of determining the presence of a quorum at the annual meeting. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power and has not received voting instructions from the beneficial owner. Each share of common stock is entitled to one vote for each director to be elected and for each other matter properly brought to a vote of the stockholders at the annual meeting. A plurality of the votes cast at the annual meeting is required to elect the directors.

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ELECTION OF DIRECTORS

At the annual meeting, the stockholders will elect seven directors to hold office for one year terms until our 2008 annual meeting of stockholders and until their successors are duly elected and qualified. It is intended that the names of the nominees listed below will be placed in nomination at the annual meeting to serve as directors and that the persons named in the proxy will vote for their election. All nominees listed below, other than Mr. Indick, are currently members of the board of directors. Each nominee has consented to being named in this proxy statement and to serve if elected. If any nominee becomes unavailable to serve as a director for any reason, the shares represented by the proxies will be voted for the person, if any, designated by the board of directors. The board of directors has no reason to believe that any nominee will be unavailable to serve.

The nominees for director of the company, as well as certain information about them, are as follows:

Name	Age	Position
Don Early	64	Chairman, Chief Executive Officer and Director
Mary Lou Andersen	62	Vice Chairman, Secretary and Director
Richard B. Chalker	66	Director
Gerald F. Lamberti	78	Director
Francis P. Lemery	67	Director
Mary V. Powell	76	Director
Murray A. Indick	48	Nominee

Don Early has served as chairman of the board of directors and chief executive officer of the company since May 2004. Mr. Early founded the company in 1984 and has served as a director since then. He served as president and chief executive officer from 1984 until May 2004. Mr. Early is married to Ms. Andersen. Mr. Early holds a degree in business administration from the University of Missouri.

Mary Lou Andersen has served as vice chairman of the board of directors and secretary of the company since May 2004. She has been employed by the company in a variety of executive positions since 1988, including vice president and chief operating officer until May 2004. Ms. Andersen became a director of the company in 1997. Ms. Andersen is married to Mr. Early and is the mother of Darrin Andersen, our president and chief operating officer.

Richard B. Chalker joined our board of directors in July 2004 immediately following the company s initial public offering. Mr. Chalker currently serves as a director of PBI/Gordon Corporation, an employee-owned manufacturer of pesticides and professional turf and agricultural products, and Decorize, Inc., a manufacturer of home furnishings and accessories that trades on the OTC Bulletin Board. Mr. Chalker retired in 2004 as Division Vice President, Tax and Customs, of Hallmark Cards after eight years of service. Mr. Chalker also spent 32 years at Ernst & Young LLP, including 19 years as a partner specializing in taxation. He holds a degree in industrial administration from Yale University and a law degree from DePaul University.

Gerald F. Lamberti joined our board of directors in July 2004 immediately following the company s initial public offering. Mr. Lamberti retired from the Federal Deposit Insurance Corporation (FDIC) in 1998, where he was an attorney for over 25 years, including the last 13 years as Regional Counsel, Kansas City Region, FDIC. Prior to joining the FDIC, Mr. Lamberti was Deputy General Counsel of the United States Catholic Conference in Washington, D.C. He holds a degree in accounting from St. John s University School of Commerce and a law degree from St. John s University Law School. Mr. Lamberti served three years in the U.S. Air Force in the Korean War, in which he received the Distinguished Flying Cross.

Francis P. Lemery joined our board of directors in July 2004 immediately following the company s initial public offering. Mr. Lemery retired in 1999 as Senior Vice President and Actuary of Kansas City Life Insurance

Company, a Nasdaq Global Market company. He served on the board of directors of Kansas City Life from 1985 to 1999. Mr. Lemery has been a Fellow of the Society of Actuaries since 1968, and a member of the American Academy of Actuaries since 1969. He holds a degree in business administration and a masters degree in actuarial science from the University of Michigan.

Mary V. Powell joined our board of directors in July 2004 immediately following the company s initial public offering. Ms. Powell has been a partner in Johnson-Powell Accounting Services for more than 25 years, where she provides accounting, auditing and tax preparation services primarily to privately-owned businesses. Ms. Powell has been engaged in providing accounting, auditing and tax preparation services to individuals and private businesses since 1968.

Murray A. Indick is a nominee for the board of directors. Mr. Indick co-founded Prides Capital Partners, L.L.C., an investment firm specializing in strategic block, active ownership investing in the small- and micro-cap arena, in March 2004. Mr. Indick is a managing member of the sole general partner of Prides Capital Fund I, LP, which, as of April 20, 2007, owned approximately 13.5% of our issued and outstanding common stock. Prior to joining Prides Capital, Mr. Indick was partner/general counsel at Blum Capital, which he joined in 1997. Mr. Indick earned a B.A. from the University of Pennsylvania and a law degree from the Georgetown University Law Center. Mr. Indick also serves as a director of Ameritrans Capital Corporation, a lender to and investor in small businesses, that trades on the Nasdaq Global Market.

The Board of Directors recommends a vote *FOR*

the election of the nominees for director named above.

EXECUTIVE OFFICERS

Officers are elected on an annual basis by the board of directors and serve at the discretion of the board. Certain biographical information about our executive officers follows:

Name	Age	Position
Don Early*	64	Chairman, Chief Executive Officer and Director
Mary Lou Andersen*	62	Vice Chairman, Secretary and Director
Darrin J. Andersen	38	President and Chief Operating Officer
Douglas E. Nickerson	41	Chief Financial Officer
Michael O. Walrod	39	Vice President of Operations, Western U.S.
Wayne S. Wood	44	Vice President of Operations, Eastern U.S.

* Information is provided under the heading Election of Directors above for Don Early and Mary Lou Andersen. Information relating to our other executive officers with respect to their principal occupations and positions during the past five years is as follows:

Darrin J. Andersen has served as our president and chief operating officer since May 2004. Mr. Andersen joined the company in February 1998 and served as chief financial officer from December 1999 until April 2004. Prior to joining the company, Mr. Andersen worked in the accounting department of Newell Rubbermaid, a manufacturing company listed on the New York Stock Exchange, and in the audit group of Deloitte & Touche. Mr. Andersen is the president of the Community Financial Services Association of America. Mr. Andersen is the son of Mary Lou Andersen. Mr. Andersen holds a degree in accounting from the University of Kansas, and is a certified public accountant.

Douglas E. Nickerson joined the company as chief financial officer in April 2004. Prior to joining the company, Mr. Nickerson served for eight years in various management positions with Stilwell Financial Inc., now known as Janus Capital Group, Inc., a New York Stock Exchange provider of diversified financial services. From 2001 to 2003, Mr. Nickerson served as vice president controller and treasurer of Stilwell, and from 1999 to 2001 served as vice president controller. Mr. Nickerson holds a degree in accounting from Kansas State University and a law degree from the University of Missouri Kansas City. He is a certified public accountant.

Michael O. Walrod has been with the company since 1992. He has served as vice president of operations, western U.S. since January 1, 2006. Mr. Walrod served as vice president of operations from December 2004 to December 2005. Between 1992 and December 2004, Mr. Walrod served in various roles, including positions as regional director, regional manager, director of development and several other field-related roles. Mr. Walrod holds a degree in business administration from the University of Kansas.

Wayne S. Wood has served as vice president of operations, eastern U.S. since January 1, 2006. Mr. Wood served as regional director, eastern U.S. from August 2003 to December 2005. Mr. Wood joined the company in June 2002 as regional manager for the state of Virginia, serving in that role until July 2003. Prior to joining us, Mr. Wood spent four years as a division manager with Advance America Cash Advance Centers, a New York Stock Exchange-listed payday loan company, and in various retail management positions, including 15 years as director of operations with a large national video retailer. Mr. Wood holds a degree in administration of justice from Tidewater Community College.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of shares of common stock for (i) each director and nominee for election as a director of the company; (ii) each named executive officer, (iii) all directors and executive officers as a group, and (iv) each person known to us to be the beneficial owner of more than 5% of the outstanding shares. Except as noted below, beneficial ownership for directors and officers is shown as of April 20, 2007, and beneficial ownership for other 5% or greater stockholders is shown as of December 31, 2006. Except as otherwise indicated, each stockholder has sole voting and investment power with respect to the shares beneficially owned.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Shares Outstanding(1)
Named Executive Officers and Directors(2)		
Don Early(3)	8,107,500	39.9%
Mary Lou Andersen(4)	855,250	4.2
Richard B. Chalker(5)	33,000	*
Gerald F. Lamberti(5)	30,600	*
Francis P. Lemery(5)	34,500	*
Mary V. Powell(5)	33,000	*
Kevin A. Richardson II(6)	2,640,907	13.5
Murray A. Indick(6)	2,640,907	13.5
Darrin J. Andersen(7)	565,250	2.8
Douglas E. Nickerson(8)	121,875	*
Wayne S. Wood(9)	69,375	*
All directors and executive officers as a group (12 persons)(10)	12,525,782	61.6
5% Stockholders(11)		
Gregory L. Smith(12) 1207 Parrilla De Avila Tampa, Florida 33613	3,228,024	16.5%
Prides Capital Partners, L.L.C.(13) 200 High Street, Suite 700 Boston, Massachusetts 02110	2,640,907	13.5
Cumberland Associates LLC(14) 1114 Avenue of the Americas New York, New York 10036	1,084,300	5.6

* Less than one percent

(1) Computed for each officer and director, and for Gregory L. Smith and Prides Capital Partners, L.L.C., as of April 20, 2007, on the basis of shares of common stock outstanding plus the options currently exercisable or exercisable within 60 days after April 20, 2007, and computed for the other 5% stockholder on the basis of the shares outstanding as of December 31, 2006. Each listed stockholder has sole voting and investment power except as otherwise indicated.

(2) The address of all of the named individuals is c/o QC Holdings, Inc., 9401 Indian Creek Parkway, Suite 1500, Overland Park, Kansas 66210.

(3) Includes 37,500 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days of the record date.

(4) Includes 156,250 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days of the record date.

(5) Includes 27,500 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days of the record date.

(6) Mr. Richardson and Mr. Indick, each a managing member of the sole general partner of Prides Capital Fund I, LP, has shared voting and investment power over the 2,640,907 shares common stock of the company owned by Prides. Includes 7,500 shares of common stock issuable upon the exercise of options granted to Mr. Richardson that are currently exercisable or exercisable within 60 days of the record date.

(7) Includes 281,250 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days of the record date. Mr. Andersen has 100,000 shares of common stock pledged as security for a personal line of credit account with maximum permitted borrowings of $250,000.

(8) Includes 116,875 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days of the record date.

(9) Includes 69,375 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days of the record date.

(10) Includes an aggregate of 813,125 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days of the record date.

(11) Excludes 5% stockholders listed above as executive officers or directors.

(12) Includes 17,500 shares of common stock issuable upon the exercise of options that are currently exercisable or exercisable within 60 days of the record date. Includes 99,500 shares held in irrevocable trusts for the benefit of Mr. Smith s grandchildren, for which Mr. Smith serves as a co-trustee. Excludes shares held in irrevocable trusts for the benefit of Mr. Smith s children, over which Mr. Smith has no voting or investment power.

(13) Represents the same shares of common stock reported by Mr. Richardson and Mr. Indick. Includes 7,500 shares of common stock issuable upon the exercise of options granted to Mr. Richardson that are currently exercisable or exercisable within 60 days of the record date.

(14) Beneficial ownership of common stock is based solely on Schedule 13G filings with the SEC. Has shared voting and dispositive power with respect to 199,009 of the shares beneficially owned.

Section 16(a) Beneficial Ownership Reporting Compliance

We are required to identify any director, officer or 10% or greater beneficial owner of common stock who failed to file timely a report with the SEC required under Section 16(a) of the Securities Exchange Act of 1934 relating to ownership and changes in ownership of our common stock. The required reports consist of initial statements on Form 3, statements of changes on Form 4 and annual statements on Form 5. Based solely upon a review of reports filed under Section 16(a) of the Exchange Act and certain written representations of our directors and officers, we are not aware of any director, officer or 10% or greater beneficial owner of common stock who failed to file on a timely basis any report required by Section 16(a) of the Exchange Act for calendar year 2006, other than a former executive officer who made a late Form 4 filing in 2006.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Background

Our compensation programs are designed to motivate, attract, reward, and retain management to achieve long-term stockholder value. Our compensation programs are designed to encourage the achievement of annual and longer-term goals by providing appropriate incentives to our executive officers, as well as to align the financial interests of management and our stockholders.

Our compensation practices and philosophies have evolved since our initial public offering in July 2004, and will continue to evolve in the next few years as we move toward more performance-based compensation, both on an annual basis and a long-term basis. We established certain key strategic objectives after our initial public offering (including growth in number of branches, improvement in branch operations, enhanced infrastructure and managing loan losses), and our executive compensation in 2005 and 2006 was tied primarily to the efforts of our executive officers relative to those strategic objectives. Now that those initial key strategic objectives have been attained, we believe that it is desirable to tie executive compensation more directly to the achievement of certain financial objectives, which we believe are attainable in view of the strategic efforts of the company since our initial public offering.

Historically and continuing through today, compensation of our executive officers has consisted primarily of the following components:

- base salary;
- discretionary bonuses;
- performance-based incentive compensation;
- equity-based compensation; and
- perquisites and other personal benefits.

In the discussion that follows, we state the objective of and explain each compensation element. Our compensation committee previously considered a targeted mix of compensation elements as approximately one-third for base salary, one-third for annual bonus (assuming strong overall performance for the year), and one-third in some form of long-term equity compensation (initially stock options). While we did not pay our executive officers based on that formula in the first three years after our initial public offering for a variety of reasons, including less than expected earnings and a desire to work toward this identified target over time, that was a stated framework for evaluating the components of executive compensation in 2004 and 2005. As discussed further below, our compensation committee has commenced a more comprehensive review of overall executive compensation, with the assistance of a global compensation consulting firm, and this historical view of our compensation committee regarding the relative weighting of the three key components of executive compensation may change as a result of that process.

2006 Executive Compensation

Since our initial public offering, our compensation committee has reviewed executive compensation annually in either December or January of the succeeding year, in conjunction with the review of our year-end financial results. All stock option and restricted stock awards for executive officers, as well as base salary adjustments and bonus determinations, have been made at these year-end financial and compensation review meetings. Stock option and restricted stock awards have been made at those meetings without regard to the timing of the release of fourth quarter and year-end financial results. We anticipate that our compensation committee will continue this practice of year-end review of financial results and executive compensation.

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Our compensation committee consults with our chief executive officer, our vice chairman and our president regarding all compensation matters, including specifically recommendations for compensation of other executive officers. Our compensation committee also confers with our chief executive officer concerning the evaluation of the performance of our president. Our chief executive officer does not make any recommendations to the compensation committee regarding any component of his compensation or the compensation of the vice chairman. Due to family relationships, our vice chairman does not participate in those deliberations. While our compensation committee receives input from these three executives concerning executive compensation matters, all deliberations regarding final compensation decisions occur in executive sessions of the compensation committee.

Base Salaries.

The objective of base salary is to reflect job responsibility, value to the company and individual performance. The compensation committee reviews base salary of executives annually, and since the initial public offering has normally adjusted base salaries on a bi-annual basis. The compensation committee evaluates base salary based primarily upon an assessment of market requirements for similarly positioned executives. While the compensation committee has reviewed executive compensation data from a number of industry competitors and other retail companies, for calendar year end 2006 and prior years, the compensation committee has not identified a specific set of peer companies against which to benchmark executive compensation, including base salaries. The base salaries for our chief executive officer and our vice chairman have not changed since our initial public offering in July 2004. Base salaries did not change for other executive officers during 2006, other than for adjustments resulting from promotion of two officers of the company to executive officer positions.

In December 2006, the compensation committee reviewed the executive officer group s base salaries for 2007. For the chief executive officer and vice chairman, no changes were made to their base salaries of $500,000 and $400,000, respectively. Annual base salaries were increased to $450,000 for Mr. Andersen, $300,000 for Mr. Nickerson and $200,000 for each of Mr. Walrod and Mr. Wood. Increases for these executive officers were designed to bring their base salaries in line with executives at competitor companies (including primarily Advance America, Cash Advance Centers, Inc., Cash America International, Inc., First Cash Financial Services, Inc., EZ CORP, Inc., Dollar Financial Corp. and CompuCredit Corp.) and other retail companies.

The compensation committee has recently retained Hay Group, a global compensation consulting firm, primarily to assist the compensation committee in designing annual and long-term incentive compensation. In the course of its review, the compensation consultant will be providing the compensation committee with certain information regarding all components of executive compensation, including base salary levels. The compensation committee anticipates that it will use the information from the compensation consultant in evaluating base salary levels for all executive officers in December 2007.

Discretionary Bonuses.

Historically, our compensation committee has paid year-end discretionary bonuses based primarily upon our financial results and the satisfaction of certain strategic objectives of the company established for the preceding fiscal year. For each of the years 2004, 2005 and 2006, the committee considered and weighed the progress in growing the company s branch base, the reduced level of earnings based on that significant growth strategy, the higher loan loss experience in 2005, the lower loan loss experience in 2006, work on other strategic initiatives, individual performance during the year and company operational improvements. Our compensation committee considered these factors in the context of the overall financial results in 2005 and 2006 versus prior year results and internal and external expectations. From this evaluation, discretionary bonuses were awarded in 2005 and 2006 to each officer at a level intended to compensate for the varying levels of success in these various factors.

Our compensation committee has taken initial steps at the end of 2006 and early 2007 to introduce meaningful elements of performance-based compensation into the mix of overall executive compensation. We anticipate that bonuses for 2007 will be significantly dependent upon the achievement of certain performance measures, but we anticipate that the compensation committee will retain the ability to grant discretionary bonuses in the future for one or more executive officers.

Our compensation committee continues to believe that it is important for the committee to retain the ability to grant discretionary bonuses to executive officers, either in lieu of or as a supplement to performance-based compensation. There may arise a wide range of circumstances in which the committee may consider it important to grant discretionary bonuses in the future to one or more executive officers, including achievement of specified strategic goals by that officer or the company as a whole (irrespective of impact on performance measures), outstanding individual efforts beyond normal expectations for executive officers at a similar level, specific or unique projects and other similar situations.

Performance-based Incentive Compensation.

At its December 2006 compensation review meeting, our compensation committee granted restricted stock awards to four executive officers. Mr. Andersen received a grant of 40,000 shares, Mr. Nickerson received a grant of 20,000 shares, and each of Messrs. Walrod and Wood received a grant of 12,000 shares, with one half of the awards vesting over four years, 25% per year on each anniversary of the date of grant, and one half vesting if and when the compensation committee certifies that the equity-adjusted EBITDA of the company for calendar year 2007 equals or exceeds a designated target for the year. Equity-adjusted EBITDA is defined as our net income before interest expense, taxes, depreciation and amortization and before any equity-based compensation expense under Financial Accounting Standards Board 123(R). The equity-adjusted EBITDA measure for 2007 is our target for that performance measure for the year, which, while attainable, is a significant increase over the 2006 actual results, using that performance measure.

While the 2006 executive officer bonuses were entirely discretionary as discussed above, our compensation committee has expressed a strong desire to have a significant element of executive compensation for 2007 and future years be incentive-based and tied to achieving certain specific performance measures. As noted above, the compensation committee has retained Hay Group to assist it in establishing a performance-based incentive plan for 2007. As part of our work with the compensation consultant, we are also considering a long-term performance-based incentive compensation plan for certain executive officers.

Equity-based Compensation.

We have always considered equity-based compensation to be an important part of overall compensation of all executive officers and other key employees. We have historically granted stock options to all area managers and regional managers, other officers and executive officers and certain corporate office employees as a way to provide equity-based compensation to these key employees and to increase their identification of personal financial success with overall corporate financial success. We have granted stock options to our executive officers based on a general evaluation of stock option grant levels for executive officers at various competitors and retail companies, as well as the overall total direct compensation for the officer. While we have not attempted to target a specific dollar value of compensation with each option grant, we have generally considered the value of stock options to the executives in making annual awards.

In accordance with the terms of our 2004 Equity Incentive Plan (the 2004 Plan), all stock option grants are made with an option exercise price equal to fair market value, which is the closing price of our common stock on the Nasdaq Global Market on the date of the grant. Awards of stock options to executive officers have been made by the compensation committee at regular or special meetings of that committee, in conjunction with year-end review of financial results and executive performance, normally in December of that year or in January of the following year. Our compensation committee does not delegate the authority to grant options to any other committee or person, but for all employees other than executive officers (and their family members), has followed the recommendation of the president regarding option grants to those non-executive employees.

All options granted by the compensation committee to executive officers vest at a rate of 25% per year over the first four years of the ten-year option term. Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents.

Under the 2004 Plan, the compensation committee may award stock options, stock appreciation rights, restricted stock awards, performance share awards, cash bonuses or other incentive awards permitted by the plan. The committee determines (i) the times when option, restricted stock and other awards will be granted, (ii) the number of shares of our common stock subject to each award granted to the non-employee directors, officers and other employees of the company, and (iii) all terms, conditions (including performance requirements) and limitations of any award, including the exercise price and vesting for each award granted under the plan.

In January 2006, we made our first grants of restricted stock awards, all of which were made to employees other than executive officers. In December 2006, at the compensation committee s annual year-end financial and performance review, we granted restricted stock awards to certain executive officers. Our restricted stock grants provide the holder thereof with dividend and voting rights, even if the restricted stock has not yet vested. See the discussion under Performance-based Incentive Compensation above for a further discussion of these 2006 executive awards.

The 2004 Plan specifies certain change in control events, including (i) a person acquiring a majority of our voting securities, (ii) our merger or consolidation with another company, (iii) the sale of all or substantially all of our assets, or (iv) any other kind of a corporate reorganization or takeover where we are not the surviving company or where we are the surviving company and the members of the board immediately prior to the reorganization do not constitute a majority of the board of directors of the surviving company.

Awards granted under the 2004 Plan may, in the discretion of the compensation committee, provide that (a) the award is immediately vested, fully earned, exercisable, and, in the case of options, converted into SARs, as appropriate, upon a change in control event, and (b) we will make full payment to each such participant with respect to any performance share award, cash bonus or other incentive award, and permit the exercise of options or SARs, respectively, granted under the 2004 Plan to the participant.

To date, all stock options granted by the compensation committee under the 2004 Plan have included a provision that in connection with a change in control event, the option may be assumed, converted or replaced by the successor corporation (if any), which assumption, conversion or replacement will be binding on the optionee, or the successor corporation may substitute equivalent options. If the successor corporation (if any) does not assume or substitute options, the option will become exercisable in full immediately prior to the consummation of the change in control event, (provided, however, that no acceleration will occur if the optionee is part of the group that is attempting to initiate the change in control event), and if the option is not exercised at or prior to the consummation of the change in control event, the option will terminate immediately upon the consummation of that event.

To date, all time vesting restricted stock awards granted by the compensation committee under the 2004 Plan have provided that if there is a change in control, all restrictions on the unvested shares will lapse and thereafter the remaining unvested shares will vest, free of all restrictions.

Performance-based restricted stock awards will vest upon a change in control if the compensation committee determines in its discretion that the company was, as of the date of determination, on target to meet the performance conditions for that award.

Retirement and Other Benefits

All full-time employees are eligible to participate in our 401(k) profit sharing plan. Executive officers participate in that plan on the same basis as all other participants.

We recently adopted The QC Holdings, Inc. Executive Nonqualified Excess Plan (the Excess Plan), which permits any executive officer and certain other employees to make voluntary contributions to the Excess Plan. The objective of the Excess Plan is to permit executive officers and other employees whose contributions to our 401(k) plan are limited by the top-heavy rules under the Internal Revenue Code to elect to defer some or all of their base salary under the Excess Plan on a pre-tax basis. While the purpose of the Excess Plan is to permit those officers and employees to defer the portion of their base salary that they cannot otherwise contribute to the 401(k) plan, the Excess Plan permits a deferral of up to 100% of base salary of the covered employee. We will make matching contributions to the 401(k) Excess Plan on the same basis we would for all other employees under the 401(k) plan. We currently make matching contributions to the 401(k) plan equal to 50% of employee contribution up to 6% of base salary. The limits on company matching contributions are determined on an aggregate basis for the 401(k) plan and the Excess Plan.

Historically, we have provided very few additional retirement or similar benefits to our senior executives, other than benefits such as 401(k) matching contributions that are made available to executives on the same basis as provided to other employees. The compensation committee has noted the absence of these other types of traditional compensation arrangements when it has considered and approved executive base salaries, bonuses and equity-based awards in the past.

Perquisites and Other Personal Benefits

We provide our executive officers with only one perquisite, which is the use of a company automobile or a car allowance, and a tax-gross-up related to the compensation expense for the car allowance or company car. The direct cash cost of this personal benefit for each named executive officer for 2006, is included in column (i) of the Summary Compensation Table below.

Employment Agreements and Change in Control Arrangements

We do not have any employment agreements or employment arrangements with any of our executive officers or other key employees. All executive officers are employees at will.

We presently do not have any change in control arrangements with any of our executive officers, although we are considering the implementation of executive retention agreements with certain of our executive officers, which are likely to have certain change in control provisions. As of the date of this proxy statement, the compensation committee has not approved any executive retention agreements for any of our executive officers.

Our 2004 Plan has certain change in control features, as described above. To date, all stock option grants to our executive officers and non-employee directors have the change in control provision described above, and all time-vesting and performance-vesting restricted stock awards granted to our executive officers have the change in control provisions described above.

Tax and Accounting Implications

Deductibility of Executive Compensation.

Section 162(m) of the Internal Revenue Code provides that certain compensation in excess of $1,000,000 per year to our chief executive officer or an employee whose total compensation is required to be reported to stockholders under the executive compensation disclosure rules under the Securities Exchange Act of 1934 (namely, the other executives listed each year in the Summary Compensation Table in our proxy statements) may not be deducted as a business expenses unless the compensation is made pursuant to a qualified performance-based award that is within the scope of Code Section 162(m).

The compensation committee historically has not considered the deductibility of executive compensation under Code Section 162(m) because to date we have not had any executive compensation that is subject to the

Code Section 162(m) limits. While we have begun to use certain performance-based awards under the 2004 Plan and under our annual bonus arrangements, those performance-based awards (other than stock option grants and restricted stock awards) are not designed to come within the scope of Code Section 162(m).

We have not considered any amendments to the 2004 Plan to allow for the grant of performance-based awards under that plan in a manner that is intended to allow for their full tax deductibility as a business expense in accordance with Section 162(m) of the Code. If executive compensation that is subject to the deductibility limits of Code Section 162(m) is reached or likely to be reached in the future, we will likely consider amending the 2004 Plan to permit the grant of performance-based awards that will be fully tax deductible in accordance with that section. Any Section 162(m) amendments to the 2004 Plan will be subject to stockholder approval.

Accounting for Stock-Based Compensation.

Beginning on January 1, 2006, we began accounting for stock-based payments, to date consisting of stock option grants and restricted stock awards, in accordance with the requirements of FASB Statement 123(R).

Compensation for the Year Ended December 31, 2006

The following table sets forth all compensation paid in 2006 to our principal executive officer, principal financial officer and our three most highly compensated executive officers (the named executive officers).

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(2)	Total ($)
Don Early Chairman and CEO	2006	490,385	320,000		200,122		9,352	1,019,859
Mary Lou Andersen Vice Chairman and Secretary	2006	392,308	162,000		166,769		16,898	737,975
Darrin J. Andersen President and COO	2006	294,231	205,000	15,604	166,769		24,117	705,721
Douglas E. Nickerson Chief Financial Officer	2006	220,673	153,000	7,802	50,031		34,251	465,757
Wayne S. Wood VP of Operations, Eastern U.S.	2006	152,019	123,000	4,681	50,031		67,220	396,951

(1) Reference is made to Note 12 Stock-Based Compensation of the notes to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006, which identifies the valuation assumptions made in the valuation of stock-based awards in accordance with SFAS 123R. Our stock-based compensation expense recognized under Statement of Financial Accounting Standards No. 123 (revised 2004) (SFAS 123R) reflects an estimated forfeiture rate of 5% in 2006. The values recognized in the Stock Awards and Option Awards columns do not reflect any expected forfeitures.

(2) Perquisites for each named executive officer include a car expense and a gross-up payments for related taxes, and our contribution to the employee s 401(k) plan. The reimbursement to the named executive officers for taxes related to car allowances in 2006 was $631 for Mr. Early, $3,911 for Ms. Andersen, $6,407 for Mr. Andersen, $3,651 for Mr. Nickerson, and $604 for Mr. Wood. For Mr. Nickerson, perquisites also include reimbursement for personal vacation expenses that were interrupted and cancelled due to work demands. For Mr. Wood, perquisites also include commercial air travel, lodging, parking and meal expenses related to business travel but allocated to personal benefit, and $54,500 in net payments we made to a company controlled by Mr. Wood as discussed in Certain Relationships and Related Transactions. All perquisites are valued at aggregate incremental cost, which is our direct cash cost.

The following table sets forth information concerning grants of stock options and restricted stock made to the named executive officers in the year ended December 31, 2006. All of the options were granted and the restricted stock awards made under our 2004 Plan. The options granted to the named executive officers are for 10-year terms and were all granted at an option exercise price equal to the fair market value of the common stock on the date of grant. The options are scheduled to vest at the rate of 25% per year over four years beginning one year after the date of grant.

On December 14, 2006, we awarded shares of restricted stock to certain of the named executive officers, as shown below. The awards were made at $14.98 per share, the closing price of our common stock on the date of grant. One-half of each award vests over time, 25% on each of the first four anniversaries of the grant date. One-half of each award vests if and when the compensation committee certifies that a designated performance goal for 2007, as described in Compensation Discussion and Analysis, was met.

Grants of Plan-Based Awards

During the Year Ended December 31, 2006

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards
Don Early	1/6/06					150,000	11.92	800,489
Mary Lou Andersen	1/6/06					125,000	11.92	667,074
Darrin J. Andersen	1/6/06					125,000	11.92	667,074
	12/14/06		20,000		20,000			599,200
Douglas E. Nickerson	1/6/06					37,500	11.92	200,122
	12/14/06		10,000		10,000			299,600
Wayne S. Wood	1/6/06					37,500	11.92	200,122
	12/14/06		6,000		6,000			179,760

In January 2006, our compensation committee completed its 2005 year-end financial results and performance review of our executive officers. Accordingly, the January 2006 stock option grants to the executive officers listed in the table above relate to calendar year 2005. The normal year-end review of financial results and executive performance for 2006 occurred in December 2006, as reflected in the restricted stock award grants in the above table.

On at least one occasion, the compensation committee has met and granted the option to purchase common stock or made an award of restricted stock on a date when the Nasdaq Global Market was not open. In these instances, the option and restricted stock awards were based on the closing market price of our common stock on the last business day prior to the date of grant.

For the named executive officers, an explanation of how their salary, bonus and equity awards are structured in proportion to total compensation is included in Compensation Discussion and Analysis.

Holdings of Equity-Related Interests

The following table sets forth information concerning unexercised stock options and unvested stock restricted stock awards held by the named executive officers on December 31, 2006. All information set forth below relates to the grant of stock options under the QC Holdings, Inc. 1999 Stock Option Plan or the 2004 Plan, and to the award of restricted stock under the 2004 Plan.

On May 9, 2005, the compensation committee approved accelerating the vesting of all then outstanding employee stock options that were subject to periodic vesting as of that date and that had an exercise price that exceeded the market price on May 9, 2005. As a result, all options granted to Ms. Andersen, Mr. Andersen, Mr. Nickerson and Mr. Wood prior to May 9, 2005, which options were originally scheduled to vest 25% over four years, became fully vested at the close of business on May 9, 2005.

Outstanding Equity Awards at Fiscal Year-End

December 31, 2006

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date(1)	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Don Early		150,000		11.92	1/5/2016				
Mary Lou Andersen	125,000			17.30	12/14/2014				
		125,000		11.92	1/5/2016				
Darrin J. Andersen	100,000			2.00	12/26/2009	20,000	319,200	20,000	319,200
	50,000			14.00	7/15/2014				
	100,000			17.30	12/14/2014				
		125,000		11.92	1/5/2016				
Douglas E. Nickerson	70,000			14.00	7/15/2014	10,000	159,600	10,000	159,600
	37,500			17.30	12/14/2014				
		37,500		11.92	1/5/2016				
Wayne S. Wood	50,000			14.00	7/15/2014	6,000	95,760	6,000	95,760
	10,000			17.30	12/14/2014				
		37,500		11.92	1/5/2016				

(1) Options expiring in 2016, vest 25% per year over four years beginning on the first anniversary of the grant date. All other options were fully vested as of December 31, 2006.

(2) Vests 25% per year over four years beginning on the first anniversary of the date of grant.

(3) Vests if and when the compensation committee certifies that a designated performance goal for 2007, as described in Compensation Discussion and Analysis, was met.

The following table provides information regarding the exercise of stock options and the vesting of stock awards during the fiscal year ended December 31, 2006, for each of the named executive officers.

Option Exercises and Stock Vested

During the Year Ended December 31, 2006

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)**
Don Early				
Mary Lou Andersen				
Darrin J. Andersen	100,000	953,000(1)		
Douglas E. Nickerson				
Wayne S. Wood				

(1) Mr. Andersen exercised his option to purchase 100,000 shares of our common stock on January 2, 2006. The closing market price of our common stock on December 30, the last business day prior to exercise, was $11.53 per share, and the exercise price of the option was $2.00 per share. Mr. Andersen continues to hold the shares of our common stock received upon exercise of this option.

Potential Payments Upon Termination or Change-in-Control

As described in Compensation Discussion and Analysis, our 2004 Plan has certain change in control features that apply equally to all executive officers and non-employee directors, and to all other employees that receive awards under that plan.

Director Compensation

The following table provides information regarding the compensation earned by our directors in the fiscal year ended December 31, 2006.

Director Compensation

For the Year Ended December 31, 2006

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)	Total ($)
Richard B. Chalker	47,000		46,673(2)			93,673
Gerald F. Lamberti	37,250		46,673(3)			83,923
Francis P. Lemery	46,500		46,673(4)			93,173
Mary V. Powell	45,500		46,673(5)			92,173
Kevin A. Richardson II	22,582		49,203(6)			71,785

(1) Represents the grant date fair value of the options granted to non-employee directors in 2006. All options granted to non-employee directors were fully vested on the date of grant. Reference is made to Note 12 Stock-Based Compensation of the notes to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006, which identifies the valuation assumptions made in the valuation of option awards in accordance with SFAS 123R. Our stock-based compensation expense for directors recognized under SFAS 123R does not reflect any expected forfeitures.

(2) As of December 31, 2006, Mr. Chalker had an aggregate of 27,500 shares of common stock underlying stock options, all of which were vested.

(3) As of December 31, 2006, Mr. Lamberti had an aggregate of 27,500 shares of common stock underlying stock options, all of which were vested.

(4) As of December 31, 2006, Mr. Lemery had an aggregate of 27,500 shares of common stock underlying stock options, all of which were vested.

(5) As of December 31, 2006, Ms. Powell had an aggregate of 27,500 shares of common stock underlying stock options, all of which were vested.

(6) As of December 31, 2006, Mr. Richardson had an aggregate of 7,500 shares of common stock underlying stock options, all of which were vested.

In 2006, each non-employee director received $25,000 for his or her service to the company. In 2006, it was policy of the board of directors to grant each non-employee director an option to purchase 7,500 shares of common stock upon joining the board, and 10,000 shares of common stock on an annual basis in consideration of his or her continued service on the board. In accordance with this policy, on January 3, 2006, each non-employee director, other than Mr. Richardson, received an option to purchase 10,000 shares of common stock at $11.68 per share, the closing price for the common stock on the Nasdaq Global Market on that date. On April 18, 2006, Mr. Richardson received an option to purchase 7,500 shares of common stock at $14.03 per share, the closing price for the common stock on the Nasdaq Global Market on that date, in connection with his initial appointment to the board. Mr. Richardson also received a pro-rated portion of the annual retainer for his service to the company.

Beginning in 2007, we established a new policy to award approximately $40,000 of equity value to each non-employee director on an annual basis in consideration of his or her continued service on the board. In accordance with this policy, on January 2, 2007, each non-employee director received an award of 2,500 shares of restricted stock at $15.96 per share. Because the markets were closed on the date of grant, the award reflects the closing price of our common stock on the last business day prior to the date of grant. Restricted stock awarded to non-employee directors vests immediately but may not be sold for six months after the date of grant.

Our non-employee directors currently receive the following fees for board and committee participation:

Annual restricted stock award	$ 40,000
Annual retainer	25,000
Board meeting fee	1,000
Executive Committee meeting fee	750
Audit Committee	
Annual retainer, chairman	6,000
Annual retainer, member	3,000
Committee meeting fee	750
Compensation Committee	
Annual retainer, chairman	3,000
Annual retainer, member	2,000
Committee meeting fee	750

Following our initial public offering in July 2004, we ceased compensating our employee directors for their service on the board other than reimbursement provided to all directors for reasonable out-of-pocket expenses incurred in attending board and committee meetings.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On April 18, 2006, we entered into a registration rights agreement with Mr. Early, a director and our chairman and chief executive officer, and Prides Capital Fund I, LP, a Delaware limited partnership (Prides). As of April 20, 2007, Prides, directly or through its affiliated funds, is the holder of 2,633,407 shares of our common stock. Mr. Richardson, a director throughout 2006, is a managing member of the sole general partner of Prides. Mr. Indick, a nominee for director, is also a managing member of the sole general partner of Prides.

The registration rights agreement provides that, upon written request by Mr. Early, Prides, the estate of Mr. Early, any trust, testamentary or otherwise, that is funded in whole or in part with shares of common stock from Mr. Early or the estate of Mr. Early, or any affiliate of Mr. Early or Prides, or any assignee of Mr. Early or Prides (individually, a holder), who is at the time of the request, individually or as a group, a holder of at least 5% of our outstanding common stock, we will prepare and file with the SEC, as soon as practicable, a registration statement to enable the reoffer and resale by the requesting holders of the shares of common stock of the company on a delayed or continuous basis under Rule 415 of the Securities Act, and use its best efforts to cause the registration statement to become effective as soon as reasonably practicable after the filing of the registration statement. We are required to keep the registration statement effective until the holder or holders have completed the distribution described in the registration statement relating thereto, but for no more than 120 days or such lesser period until all the registered securities are sold. We have granted two demand registration rights under the agreement to each of Mr. Early and Prides.

The registration rights agreement also provides for certain piggyback registration rights, whereby any holder who did not initiate the registration request will have an opportunity to have their shares of common stock registered in conjunction with the initiating holders registration.

We are obligated to pay customary registration expenses associated with the exercise of demand or piggyback registration rights by either Mr. Early or Prides or their permitted designees, other than underwriting fees and expenses, which will be the responsibility of the selling stockholders. The agreement includes certain other customary provisions for a registration rights agreement, including various obligations of the company to facilitate the filing and effectiveness of the demand registrations.

We and Mr. Early were parties to a registration rights agreement dated as of June 22, 2004, which granted to the estate of Mr. Early certain registration rights for the common stock of the company held by the estate of Mr. Early and certain other persons. We and Mr. Early terminated the 2004 registration rights agreement as of April 18, 2006, without any material early termination penalties incurred by us. We continue to maintain $15 million of key man life insurance on Mr. Early, but have no obligation to use any life insurance proceeds to purchase any stock from Mr. Early s estate.

In 2006, Mr. Wood, an executive officer of the company, was the part owner of three separate limited liability companies that owned buildings that are leased by the company for three payday loan branches in Virginia. Mr. Wood was the 50% owner of one company, the 100% owner (with his spouse) of the second company, and a 33% owner of the third company. We made rental payments to those limited liability companies in 2006 for those branches equal to $20,029, $48,795, and $50,833, respectively. The first location has since been sold by that limited liability company to an unaffiliated owner, but we continue to lease that branch at the same annual rental payment. In 2006, Mr. Wood, through a controlled company with his spouse, provided certain managerial, invoicing, planning, bookkeeping and back office services to a contractor who provided renovation services to the company at various branches in Virginia. We made construction-related payments to that contractor through the company controlled by Mr. Wood, which resulted in net payments to Mr. Wood s company of approximately $54,500 in 2006. That relationship was terminated in 2006.

The compensation committee approves the salary and bonus paid to Mike Waters, our vice president of governmental affairs. Mr. Waters is the brother of Mary Lou Andersen and the uncle of Darrin J. Andersen. In

2006, we paid Mr. Waters salary and bonus totaling in excess of $120,000. As part of our annual compensation review of all employees, we also awarded Mr. Waters 3,500 shares of restricted stock in 2006, and 3,000 shares in 2007.

The compensation committee reviews and approves all compensation of family members of executive officers. Pursuant to its written charter, the audit committee reviews with our independent auditors and management all material transactions involving related persons or entities, with discussion of arrangements that may involve transaction terms or other aspects that differ from those which would likely be negotiated with clearly independent parties.

CORPORATE GOVERNANCE

Board and Committee Meetings

During 2006, the board of directors met seven times. The board of directors has established an executive committee, an audit committee and a compensation committee. The independent members of the board of directors oversee our procedures regarding nominations and corporate governance. In 2006, each director attended more than 75% of the meetings of the board of directors and of the board committees on which he or she served. All of the directors attended the 2006 annual meeting of stockholders, other than Mr. Richardson who attended the stockholders meeting of another company on whose board he serves. We anticipate that each of the directors and nominees will attend the 2007 annual meeting of stockholders.

The following table provides membership and meeting information for each of the board committees:

	Executive Committee	**Audit Committee**	**Compensation Committee**
Don Early	x(1)		
Mary Lou Andersen			
Richard B. Chalker		x(1),(2)	x
Gerald F. Lamberti			x
Francis P. Lemery	x	x(2)	x(1)
Mary V. Powell	x	x(2)	x
Kevin A. Richardson II			
# of Meetings in 2006	2	5	3

(1) Committee chairman
(2) Audit committee financial expert

Director Independence

The board has determined that all of the members of the audit committee and the compensation committee, and each of the members of the executive committee, other than Mr. Early, are independent directors as defined in Nasdaq Rule 4200(a)(15), and that each of those directors was independent throughout 2006. A copy of the independence standards can be found on our corporate website, www.qcholdings.com.

Mr. Richardson was elected to the board effective April 18, 2006, expanding our board to seven directors. Mr. Richardson is a managing member of the sole general partner of Prides Capital Partners, L.L.C. (Prides), which owns approximately 13.5% of our common stock. Mr. Indick, a nominee for election at the 2007 annual meeting of stockholders, is also a managing member of Prides. Mr. Richardson was elected to the board of directors at his request in order to facilitate an investment in the company by Prides in excess of its approximately 10% ownership level held by Prides as of December 31, 2005, and was reelected by the stockholders at the 2006 annual meeting. Mr. Richardson is not seeking re-election as a director of the company. Although Mr. Richardson is deemed to be a 10% owner of common stock of the company, we consider Mr. Richardson to be an independent director under the Nasdaq Global Market rules. If elected, the board of directors has also determined that Mr. Indick would be an independent director under those rules.

Executive Committee

The executive committee was formed in December 2004 to act on behalf of the board of directors between the regularly scheduled and special meetings of the full board. The executive committee has the power and authority to act on all matters that can be brought before the full board of directors other than certain actions that are reserved to the board in the our bylaws.

Nominating Procedures

On June 15, 2004, our board adopted procedures regarding nominations and corporate governance. The policy can be found on our website, www.qcholdings.com, by selecting Corporate Governance under the heading Investment Center. Directors of the company meeting the independence standards set forth in Nasdaq Rule 4200(a)(15) are charged with enforcement of the policy.

The independent directors evaluate and select nominees to the board based on their ability to fulfill the duties of care and loyalty to the company s stockholders. To be considered for nomination to the board of directors, an individual should:

- Be of the highest character and integrity and have an inquiring mind, the willingness to ask hard questions and the ability to work with others;

- Be free of any conflict of interest that would violate applicable laws or regulations or otherwise interfere with the individual s ability to perform properly his or her duties as a director;

- Be willing to devote sufficient time to the company s affairs and diligently fulfill his responsibilities as a director;

- Have substantial experience in the one or more areas of business, education or government service that will provide value to the overall board of directors; and

- Have the capacity and desire to represent the best interests of the stockholders as a whole.

The seven nominees for election at the 2007 annual meeting of stockholders were nominated pursuant to these nominating procedures. All nominees, other than Mr. Indick, are already serving as directors of the company. Mr. Indick was nominated by Mr. Richardson.

The board of directors will consider nominees recommended by stockholders for the 2008 annual meeting of stockholders, provided that the name of each nominee is submitted in writing, no later than January 2, 2008, to the corporate secretary or the nominating committee, QC Holdings, Inc., 9401 Indian Creek Parkway, Suite 1500, Overland Park, Kansas 66210. Each submission must include a statement of the qualifications of the nominee, the consent of the nominee evidencing a willingness to serve as a director, if elected, and a commitment by the nominee to meet personally with the board of directors. Additional submission requirements are contained in the company s bylaws, a copy of which may be obtained from the company s secretary at the address shown above.

Other than the submission requirements set forth above, there are no differences in the way the non-employee directors evaluate their own nominees for director and the way they evaluate a nominee recommended by a stockholder.

Audit Committee

The audit committee of the board of directors is responsible for overseeing management s financial reporting practices and internal controls. The audit committee acts under a written charter that was adopted by the board of directors on June 15, 2004. A copy of the audit committee s charter can be found on the company s corporate website, www.qcholdings.com, by selecting Corporate Governance under the heading Investment Center. The board of directors has determined that each member of the audit committee is an audit committee financial expert as defined by the rules of the Securities and Exchange Commission (SEC). The audit committee was established in accordance with all applicable rules of the SEC, including Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended.

Audit and Other Service Fees

Grant Thornton LLP has audited the financial statements of the company for 2006 and 2005, and the audit committee has reappointed Grant Thornton LLP as independent registered public accounting firm for 2007. A representative of Grant Thornton LLP will be present at the annual meeting with the opportunity to make a statement if he or she desires and will be available to respond to questions.

The following table sets forth the aggregate fees billed to the company for fiscal years ended December 31, 2006, and 2005 by the company s principal accounting firm, Grant Thornton LLP:

	2006	2005
Audit fees(1)	$ 357,570	$ 359,131
Audit-related fees(2)	15,750	8,400
Tax fees(3)	68,236	122,088
All other fees		
Total	$ 441,556	$ 489,619

(1) Includes services rendered for the audit of the company s annual financial statements, attestation work required by Section 404 of the Sarbanes-Oxley Act of 2002 in order to issue an opinion on management s assessment of the effectiveness of internal controls over financial reporting, work on SEC registration statements, filings and consents, and review of financial statements included in quarterly reports on Form 10-Q.

(2) Includes services rendered for the audit of certain of the company s employee benefit plans.

(3) Includes tax return preparation and other tax consulting.

The audit committee has considered whether the provision of non-audit services is compatible with maintaining Grant Thornton s independence. Additionally, the audit committee approved all non-audit and tax services performed by Grant Thornton LLP in 2006 in accordance with the pre-approval policy of the audit committee described below.

In August 2004, the audit committee adopted a pre-approval policy under which audit, non-audit and tax services to be rendered by our independent public accountants are pre-approved by the audit committee. Pursuant to this policy, the audit committee pre-approves audit, non-audit and tax services to be provided by the independent registered public accounting firm, at specified dollar levels, which dollar levels are reviewed by the committee periodically, and no less often than annually. Any proposed services exceeding the pre-approved fee level or budgeted amount requires specific pre-approval by the audit committee. Additionally, the audit committee may provide explicit prior approval of specific engagements not within the scope of a previous pre-approval resolution. The pre-approval policy also specifies certain services (consistent with the SEC rules and regulations) that may not be provided by the company s independent registered public accounting firm in any circumstance.

The fee for attestation work provided by Grant Thorton in 2005 in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, which amount is included in audit fees, exceeded the pre-approval limits adopted by the audit committee. The audit committee subsequently approved the increased audit fee.

Audit Committee Report

In connection with the consolidated financial statements for the fiscal year ended December 31, 2006, the audit committee has:

- reviewed and discussed the audited financial statements with management and with representatives of Grant Thornton LLP, independent registered public accounting firm;

- discussed with the independent registered public accounting firm the matters required to be discussed by *Statement On Auditing Standards No. 61, as amended (Communications with Audit Committees)*; and

- received from the independent registered public accounting firm the written disclosures and letter regarding Grant Thornton LLP s independence as required by *Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees)*, and discussed the independence of Grant Thornton LLP with representatives of the independent registered public accounting firm.

Based on these actions, the audit committee recommended to the board of directors that the company s audited financial statements be included in its annual report on Form 10-K for the year ended December 31, 2006, for filing with the SEC.

Richard B. Chalker, Chairman

Francis P. Lemery

Mary V. Powell

Audit Committee of the Board of Directors

Compensation Committee

The compensation committee of the board of directors was formed on June 15, 2004, and consists of four independent members of the board of directors. The compensation committee acts under a written charter that was adopted by the board of directors on June 15, 2004. A copy of the compensation committee s charter can be found on the company s corporate website, www.qcholdings.com, by selecting Corporate Governance under the heading Investment Center. The compensation committee is responsible for approving the compensation of the chief executive officer and, in consultation with the chief executive officer, the compensation of the other executive officers of the company, and the non-employee members of the board of directors. The compensation committee also administers our equity incentive plan, and as such, has approved all stock option grants and restricted stock awards to non-employee directors, officers and all other employees of the company under the plan.

The compensation committee is responsible for overseeing and evaluating the compensation of the executive officers, including the chief executive officer, of the company and its subsidiaries, and their performance relative to compensation, in order to assure that they are compensated in a manner consistent with our stated compensation strategy, internal equity considerations, competitive practices and the requirements of applicable regulatory bodies. In addition, the committee evaluates and makes recommendations regarding the compensation of non-employee directors, including their compensation for service on board committees and the terms of any stock compensation awards.

The compensation committee periodically evaluates our annual and long-term incentive plans, equity-related plans and certain employee benefit programs. The compensation committee administers our 2004 Plan and exercises all other rights granted to the committee or the board of directors under our 2004 Plan. The compensation committee does not delegate authority to grant options or other awards, or other forms of executive or director compensation, to any other committee or person. Certain executive officers participate with the compensation committee in certain compensation-related discussions, as discussed in Compensation Discussion and Analysis.

As discussed in Compensation Discussion and Analysis, the compensation committee initially engaged the Hay Group, a global compensation consulting firm, in 2007 to assist the committee in developing an annual incentive plan. This engagement has been expanded to include a general review of all elements of executive compensation, including base salary and bonus, and the possibility of a long-term incentive plan.

Compensation Committee Interlocks and Insider Participation

No interlocking relationship exists between the company s board of directors or compensation committee and the board of directors or compensation committee of any other company.

Compensation Committee Report

In connection with its duty to review and approve executive compensation, the compensation committee has:

- reviewed and discussed the Compensation Discussion and Analysis section of this proxy statement with management; and
- based on this review and discussion, recommended to the board of directors that the Compensation Disclosure and Analysis be included in this proxy statement on Schedule 14A.

Francis P. Lemery, Chairman

Richard B. Chalker

Gerald F. Lamberti

Mary V. Powell

Compensation Committee of the Board of Directors

Corporate Governance Policies

We maintain a corporate website, www.qcholdings.com. The following corporate policies of the company and our board of directors are available on our website by selecting Corporate Governance under the heading Investment Center :

- Code of Ethics
- Procedures Regarding Nominations and Corporate Governance
- Charter of the Audit Committee
- Charter of the Compensation Committee
- Standard for Director Independence

Our Code of Ethics applies to all employees, officers and directors, and specifically our chief executive officer and chief financial/accounting officer.

STOCKHOLDER COMMUNICATIONS WITH DIRECTORS

Stockholders may communicate with the board generally or with a specific director at any time by writing to our corporate secretary at 9401 Indian Creek Parkway, Suite 1500, Overland Park, Kansas 66210. The secretary will review all messages received and will forward any message that reasonably appears to be a communication from a stockholder about a matter of stockholder interest that is intended for communication to the board.

STOCKHOLDER PROPOSALS

Proposals of stockholders intended to be presented at the annual meeting of stockholders to be held in 2008 must be received by the secretary of the company at QC Holdings, Inc., 9401 Indian Creek Parkway, Suite 1500, Overland Park, Kansas 66210, no later than January 2, 2008, to be eligible for inclusion in the company s proxy statement and proxy related to that meeting. Additionally, if properly requested, a stockholder may submit a proposal for consideration at the 2008 annual meeting of stockholders, but not for inclusion in the company s proxy statement. Under the company s bylaws, for a stockholder to properly request that business be brought before an annual meeting of stockholders, the secretary of the company must receive the request from a stockholder of record entitled to vote at the meeting. Notice of matters proposed to be brought before the 2008 annual meeting of stockholders must be received on or before February 8, 2008. A copy of the company s bylaws, which include additional conditions, may be obtained without charge from the secretary of the company at the address shown above.

ANNUAL REPORT

The 2006 annual report to stockholders of the company, which includes our annual report on Form 10-K, is included with this proxy statement. Stockholders sharing an address and receiving multiple copies of annual reports and proxy statements can contact the secretary of the company at QC Holdings, Inc., 9401 Indian Creek Parkway, Suite 1500, Overland Park, Kansas 66210, to request future delivery of a single copy of annual reports and proxy statements to the shared address.

OTHER MATTERS

The board of directors is not aware of any other matters that will be presented for action at the annual meeting. If other matters properly come before the meeting, it is intended that the holders of the proxies hereby solicited will vote thereon in accordance with their best judgment.

Dated: April 30, 2007

QC HOLDINGS, INC.

ANNUAL MEETING OF STOCKHOLDERS

Thursday, June 7, 2007

10:00 a.m.

Doubletree Hotel

10100 College Boulevard

Overland Park, Kansas 66210

QC Holdings, Inc.
9401 Indian Creek Parkway
Suite 1500
Overland Park, KS 66210 **proxy**
This proxy is solicited by the Board of Directors for use at the Annual Meeting on June 7, 2007.

The undersigned hereby appoints Don Early and Darrin Andersen, and each of them in the order named, proxies with full power of substitution to vote all shares of Common Stock of QC Holdings, Inc. of record in the name of the undersigned at the close of business on April 20, 2007, at the Annual Meeting of Stockholders of QC Holdings, Inc. to be held on June 7, 2007, or at any adjournment or adjournments, hereby revoking all former proxies.

(Continued and to be signed on reverse side)

(Fold and Detach Here)

MARK, SIGN AND DATE YOUR PROXY CARD AND RETURN IT IN THE POSTAGE-PAID

ENVELOPE PROVIDED.

The Board of Directors Recommends a Vote FOR Item 1.

1.	Election of Directors:	01 Don Early	05 Gerald F. Lamberti	¨	Vote FOR all nominees	¨	Vote WITHHELD
		02 Mary Lou Andersen	06 Francis P. Lemery		(except as marked)		from all nominees
		03 Richard B. Chalker	07 Mary V. Powell				
		04 Murray A. Indick					

(Instructions: To withhold authority to vote for any indicated nominee, write the number(s) of the nominee(s) in the box provided to the right.)

2. Transact any other business properly introduced at the meeting.

(PLEASE SEE REVERSE SIDE FOR PROPOSALS TO BE VOTED)

(Fold and Detach Here)

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR EACH PROPOSAL.

Address Change? Mark Box ¨ Indicate changes below:

Date ___________________________________

Signature(s) in Box
Please sign name(s) exactly as shown at left. When signing as executor, administrator, trustee or guardian, give full title as such; when shares have been issued in names of two or more persons, all should sign.