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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the Fiscal Year Ended September 30, 2016**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

Commission File No. 000-19424



**EZCORP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

**74-2540145**

(State or other jurisdiction of incorporation or organization)

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

**2500 Bee Cave Road, Bldg One, Suite 200, Rollingwood, Texas**

**78746**

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(512) 314-3400**

Securities Registered Pursuant to Section 12(b) of the Act

Title of Each Class

Name of Each Exchange on Which Registered

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**Class A Non-voting Common Stock, \$.01 par value per share**

**The NASDAQ Stock Market  
(NASDAQ Global Select Market)**

Securities Registered Pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosures of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The only class of voting securities of the registrant issued and outstanding is the Class B Voting Common Stock, par value \$.01 per share, all of which is owned by a single stockholder. There is no trading market for the Class B Voting Common Stock. The aggregate market value of the Class A Non-Voting Common Stock held by non-affiliates of the registrant was \$161 million, based on the closing price on the NASDAQ Stock Market on March 31, 2016.

As of November 30, 2016, 51,108,575 shares of the registrant's Class A Non-Voting Common Stock, par value \$.01 per share, and 2,970,171 shares of the registrant's Class B Voting Common Stock, par value \$.01 per share, were outstanding.

Documents incorporated by reference: None

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**EZCORP, INC.**  
**YEAR ENDED SEPTEMBER 30, 2016**  
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## PART I

This report contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. Our actual results may differ materially from those currently anticipated and expressed or implied by those forward-looking statements because of a number of risks and uncertainties, including those discussed under “Part I, Item 1A — Risk Factors.” We caution that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results, and the differences can be material. See also “Part II, Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations — Cautionary Statement Regarding Risks and Uncertainties That May Affect Future Results.”

Unless otherwise specified, references to the “company,” “we,” “our,” “us” and “EZCORP” refer to EZCORP, Inc. and its consolidated subsidiaries. References to a “fiscal” year refer to our fiscal year ended September 30 of the specified year. For example, “fiscal 2016” refers to the fiscal year ended September 30, 2016. All currency amounts preceded with “\$” are stated in U.S. dollars, except otherwise indicated.

### ITEM 1 — BUSINESS

#### Overview

EZCORP, Inc. is a Delaware corporation headquartered in Austin, Texas. We are a leading provider of pawn loans in the United States and Mexico with approximately 5,600 team members.

Our vision is to be the market leader in North America in responsibly and respectfully meeting our customers’ desire for access to cash when they want it. That vision is supported by four key imperatives:

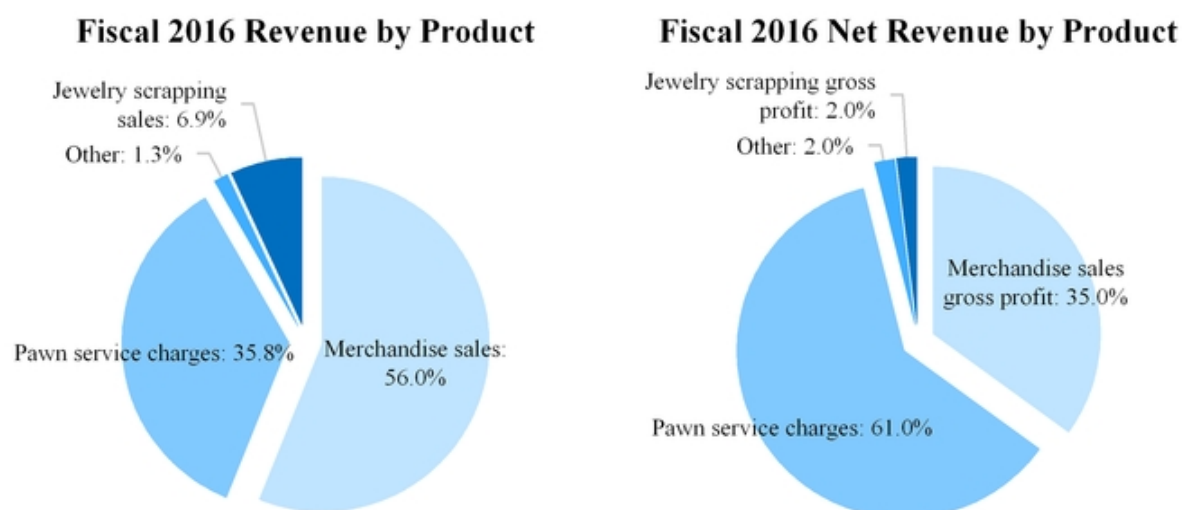
- Market Leading Customer Satisfaction;
- Exceptional Staff Engagement;
- Attractive Shareholder Returns; and
- Most Efficient Provider of Cash.

At our pawn stores (520 in the U.S. and 239 in Mexico), we offer pawn loans, which are non-recourse loans collateralized by tangible property, and we sell merchandise, primarily collateral forfeited from pawn lending operations and used merchandise purchased from customers.

In addition to our core pawn business in the U.S. and Mexico, we operate 27 CASHMAX financial services locations in Canada and own 31% of Cash Converters International Limited (“Cash Converters International”), based in Australia, which franchises and operates a worldwide network of nearly 700 locations that provide financial services and also buy and sell second-hand goods.

During fiscal 2016, we disposed of our 94%-owned subsidiary, Prestaciones Finmart, S.A.P.I. de C.V., SOFOM, E.N.R. (“Grupo Finmart”), and recast all results of its operations as discontinued operations. During fiscal 2015, we announced and implemented a plan to exit our U.S. Financial Services business (“USFS”), ceasing all payday, installment and auto title lending in the U.S and recast all results of USFS’s operations as discontinued operations. For additional information about our discontinued operations and restructuring plans, see Note 3 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

Revenue and net revenue for fiscal 2016 from continuing operations was comprised of the following:



### Segment and Geographic Information

Our business consists of three reportable segments: “U.S. Pawn,” which includes our EZPAWN, Value Pawn & Jewelry and other branded pawn operations in the United States; “Mexico Pawn,” which includes our Empeño Fácil pawn operations in Mexico; and “Other International,” which primarily includes our CASHMAX financial services operations in Canada and our equity interest in the net income (loss) of Cash Converters International. The following tables present store data by segments included in our continuing operations:

	Company-owned Stores			Consolidated	Franchises
	U.S. Pawn	Mexico Pawn	Other International		
As of September 30, 2013	502	258	39	799	8
New locations opened	9	3	—	12	—
Locations sold, combined or closed	(7)	—	—	(7)	(3)
As of September 30, 2014	504	261	39	804	5
New locations opened	5	3	—	8	—
Locations acquired	25	—	—	25	—
Locations sold, combined or closed	(12)	(27)	(12)	(51)	(4)
As of September 30, 2015	522	237 *	27	786	1
New locations opened	—	3	—	3	—
Locations acquired	6	—	—	6	—
Locations sold, combined or closed	(8)	(1)	—	(9)	(1)
As of September 30, 2016	520	239	27	786	—

\* Includes five buy/sell stores reflected in fiscal 2015 ending count which were converted to Mexico Pawn stores during the three-months ended March 31, 2016.

For additional information about our discontinued operations and segments and geographic areas, see Note 3 and Note 18, respectively, of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

## Pawn Activities

At our pawn stores, we offer secured loans, which are typically small, non-recourse loans collateralized by tangible personal property. As of September 30, 2016, we had a closing pawn loan principal balance of \$167.3 million. We earn pawn service charge revenue on our pawn loans. In fiscal 2016, pawn service charges accounted for approximately 36% of our total revenues and 61% of our net revenues.

While allowable service charges vary by state and loan size, our United States pawn loans primarily earn 13% to 25% per month as permitted by applicable law, excluding forfeitures. The total United States pawn loan term generally ranges between 30 and 90 days. Individual loans vary depending on the valuation of each item pawned, but United States pawn loans made typically average approximately \$100 to \$120.

In Mexico, pawn loans earn 15% to 21% per month as permitted by applicable law, excluding forfeitures. The Mexico pawn loan primary term is 30 days. Individual loans are made in Mexican pesos and vary depending on the valuation of each item pawned, but Mexico pawn loans typically average approximately 1,000 Mexican pesos, or approximately \$56 using the average exchange rate for fiscal 2016.

Collateral for our pawn loans consists of tangible personal property, generally jewelry, consumer electronics, power tools, sporting goods and musical instruments. Security for our pawn loans is provided via the estimated resale value of the collateral and the perceived probability of the loan's redemption. We generally lend from 40% to 70% of the collateral's estimated resale value depending on an evaluation of these factors, and may additionally offer to purchase the product outright.

If a customer chooses not to repay, renew or extend a loan, the collateral is forfeited and becomes inventory available for sale. We do not record loan losses or charge-offs of pawn loans because the principal amount of an unpaid loan becomes the inventory carrying cost of the forfeited collateral. If the subsequent sale of the forfeited collateral is less than the loan value, this is reflected in gross margin.

The following table presents our pawn loan redemption rates by segment:

	Fiscal Year Ended September 30,		
	2016	2015	2014
U.S. Pawn loan redemption rate*	84%	84%	83%
Mexico Pawn loan redemption rate*	78%	77%	77%

\* Our pawn loan redemption rate represents the percentage of loans made that are repaid, renewed or extended at a point in time as opposed to the life of the loan.

Our ability to offer quality second-hand goods at prices significantly lower than original retail prices attracts value-conscious customers. The gross profit on sales of inventory depends primarily on our assessment of the loan or purchase value at the time the property is either accepted as loan collateral or purchased. As a significant portion of our inventory and sales in the U.S. involve gold and jewelry, our results can be heavily influenced by the market price of gold.

Customers may purchase a product protection plan that allows them to return or exchange certain general merchandise (non-jewelry) sold through our retail pawn operations within three to six months of purchase. We also offer a jewelry VIP package, which guarantees customers a minimum future pawn loan amount on the item sold, allows them full credit if they trade in the item to purchase a more expensive piece of jewelry, and provides minor repair service on the item sold. Customers may also purchase an item on layaway by paying a minimum layaway deposit of typically 10% to 20% of the item's sale price. We hold the item for a 60 to 180-day period, during which the customer is required to pay the balance of the sales price.

Our inventory is stated at the lower of cost or market. We record a valuation allowance for obsolete or slow-moving inventory based on the type and age of merchandise. We generally establish a higher allowance percentage on general merchandise, as it is more susceptible to obsolescence, and establish a lower allowance percentage on jewelry, as it retains much greater commodity value. The total allowance was 4.2% of gross inventory as of September 30, 2016 compared to 5.4% as of September 30, 2015 due to the lower levels of aged inventory outstanding at the end of fiscal 2016. Our reserve for estimated unrealized inventory shrinkage, included in the above allowance, was flat compared to the prior-year at 1.0% of gross inventory as of September 30, 2016.

## Other

We also operate financial services stores in Canada under the CASHMAX brand, all located in the Ontario province. These small footprint locations offer payday loan services.

## **Operations**

Our pawn operations structure is built to provide the optimum level of support to the store team, providing coaching, mentoring and problem solving to identify opportunities to better serve our customers and position us to be the leader in customer service and satisfaction.

Our asset protection and compliance departments monitor the inventory system, lending practices, regulatory compliance and compliance with our policies and procedures. We perform full physical audits of active inventory and pawn collateral at each store at least on an annual basis. Cycle counts are completed daily for jewelry and firearms, and targeted high risk inventory categories are cycle counted multiple times annually. We record shrink adjustments for known losses at the conclusion of the annual full physical audit and as estimates during interim periods, and as discovered during cycle counts. Asset protection monitors all shrink adjustments for exceptions.

Our success is dependent upon our team members' ability to provide prompt and courteous customer service and to execute our operating procedures and standards. To achieve our long-range personnel goals, we offer a structured career development program for all of our field team members. This program includes computer-based training, formal structured classroom training and supervised on-the-job training. Generally, we expect that store team members, including managers, will meet certain competency criteria prior to hire or promotion and participate in on-going training classes and formal instructional programs. Our career development program develops and advances our employees and provides training for the efficient integration of experienced managers and team members from outside the company.

## **Seasonality and Quarterly Results**

Historically, pawn service charges are highest in our fourth fiscal quarter (July through September) due to a higher average loan balance during the summer lending season. Merchandise sales are highest in the first and second fiscal quarters (October through March) due to the holiday season, jewelry sales surrounding Valentine's Day and the availability of tax refunds in the United States.

## **Growth and Expansion**

We plan to expand the number of locations we operate through opening new ("de novo") locations and through acquisitions. We believe there are growth opportunities with de novo stores in Mexico and pawn store acquisitions in both Mexico and in the U.S. Our ability to add new stores is dependent on several variables, such as the availability of acceptable sites or acquisition candidates, the regulatory environment, local zoning ordinances, access to capital and the availability of qualified personnel.

For information about our acquisitions, see Note 4 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

## **Competition**

We encounter significant competition in connection with all of our activities. These competitive conditions may have an impact on our revenues, profitability and ability to expand. We compete with other pawn stores, credit service organizations, banks, credit unions and other financial institutions, such as consumer finance companies. We believe that the primary elements of competition are the quality of customer service and relationship management, convenience, store location and a customer friendly environment. In addition, we believe the ability to compete effectively will be based increasingly on strong general management, regional focus, automated management information systems, access to capital and superior customer service.

Our competitors for merchandise sales include numerous retail and wholesale stores, such as jewelry stores, discount retail stores, consumer electronics stores, other pawn stores, other resale stores, electronic commerce retailers and auction sites. Competitive factors in our retail operations include the ability to provide the customer with a variety of merchandise at an exceptional value coupled with exceptional customer service and convenient locations.

The pawn industry in the United States is large and highly fragmented. The industry consists of pawn stores owned primarily by independent operators who own one to three locations, and the industry is relatively mature. We are the second largest of two public operators of pawn stores in the United States.

The pawn industry in Mexico is also fragmented, but less so than in the United States. The industry consists of pawn stores owned by independent operators and chains, including some not-for-profit organizations. The pawn industry, particularly full-line stores offering general merchandise and jewelry loans and resale, remains in an expansion stage in Mexico.

## Trademarks and Trade Names

We operate our U.S. pawn stores principally under the names “EZPAWN” or “Value Pawn” and the Mexico pawn stores under the name “EMPEÑO FÁCIL.” Our financial services stores in Canada operate under the name “CASHMAX.” We have registered with the United States Patent and Trademark Office the names EZPAWN and EZCORP, among others. We hold a trademark in Mexico for the name “EMPEÑO FÁCIL.”

## Regulation

Compliance with federal, state and local laws and regulations is an integral part of how we manage our business, and we conduct our business in material compliance with all of these rules. The following is a general description of significant regulations affecting our business. For a geographic breakdown of our operating locations, see “Part I, Item 2 — Properties.”

### *U.S. Regulations*

*Pawn Regulations* — Our pawn stores are regulated by the states in which they are located and, in some cases, by individual municipalities or other local authorities. The applicable statutes, ordinances and regulations vary from location to location and typically impose licensing requirements for pawn stores or individual pawn store employees. Licensing requirements typically relate to financial responsibility and character, and may establish restrictions on where pawn stores can operate. Additional rules regulate various aspects of the day-to-day pawn operations, including the pawn service charges that a pawn store may charge, the maximum amount of a pawn loan, the minimum or maximum term of a pawn loan, the content and format of the pawn ticket and the length of time after a loan default that a pawn store must hold a pawned item before it can be offered for sale. Failure to observe applicable regulations could result in a revocation or suspension of pawn licenses, the imposition of fines or requirements to refund service charges and fees, and other civil or criminal penalties. We must also comply with various federal requirements regarding the disclosure of the annual percentage rate, finance charge, amount financed, total of payments and payment schedule related to each pawn loan transaction. Additional federal regulations applicable to our pawn lending business are described in “Other Regulations” below.

A number of our pawn stores, voluntarily or pursuant to applicable laws, provide periodic (generally daily) reports to local law enforcement agencies. These reports provide local law enforcement with information about the items received from customers (whether through pawn or purchase), including a detailed description of the goods involved and the name and address of the customer. If we accept as collateral or purchase merchandise from a customer and it is determined that our customer was not the rightful owner, the merchandise is subject to recovery by the rightful owner and those losses are included in our shrinkage. Historically, we have not experienced a material number of claims of this nature.

Some of our pawn stores in the U.S. handle firearms and each of those stores maintains a federal firearms license as required by federal law. The federal Gun Control Act of 1968 and regulations issued by the Bureau of Alcohol, Tobacco, and Firearms also require each pawn store dealing in firearms to maintain a permanent written record of all receipts and dispositions of firearms. In addition, we must comply with the Brady Handgun Violence Prevention Act, which requires us to conduct a background check before releasing, selling or otherwise disposing of firearms.

*Other Regulations* — Our pawn lending activities are subject to other state and federal statutes and regulations, including the following:

- We are subject to the federal Gramm-Leach-Bliley Act and its underlying regulations, as well as various state laws and regulations relating to privacy and data security. Under these regulations, we are required to disclose to our customers our policies and practices relating to the protection and sharing of customers’ nonpublic personal information. These regulations also require us to ensure that our systems are designed to protect the confidentiality of customers’ nonpublic personal information, and many of these regulations dictate certain actions that we must take to notify customers if their personal information is disclosed in an unauthorized manner. We are subject to the Fair Credit Reporting Act, which was enacted, in part, to address privacy concerns associated with the sharing of consumers’ financial information and credit history contained in consumer credit reports and limits our ability to share certain consumer report information. We are subject to the Federal Fair and Accurate Credit Transactions Act, which amended the Fair Credit Reporting Act, and requires us to adopt written guidance and procedures for detecting, preventing and mitigating identity theft, and to adopt various policies and procedures (including employee training) that address and aid in detecting and responding to suspicious activity or identify theft “red flags.”
- Under the USA PATRIOT Act, we must maintain an anti-money laundering compliance program that includes the development of internal policies, procedures and controls; the designation of a compliance officer; an ongoing employee training program; and an independent audit function to test the program.

- We are subject to the Bank Secrecy Act and its underlying regulations, which require us to report and maintain records of certain high-dollar transactions. In addition, federal laws and regulations prohibit us from doing business with terrorists and require us to report certain suspicious transactions to the Financial Crimes Enforcement Network of the Treasury Department (“FinCen”). Generally, a transaction is considered to be suspicious if we know, suspect or have reason to suspect that the transaction (a) involves funds derived from illegal activity or is intended to hide or disguise such funds, (b) is designed to evade the requirements of the Bank Secrecy Act or (c) appears to serve no legitimate business or lawful purpose.
- The Foreign Corrupt Practices Act (“FCPA”) was enacted for the purpose of making it unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business. Specifically, the anti-bribery provisions of the FCPA prohibit the willful use of mail or any means of instrumentality of interstate commerce corruptly in furtherance of any offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person.

#### *Mexico Pawn Regulations*

*Federal Regulation* — Federal law in Mexico provides for administrative regulation of the pawnshop industry by Procuraduría Federal del Consumidor (PROFECO), Mexico’s primary federal consumer protection agency. PROFECO regulates the form and terms of pawn loan contracts (but not interest or service charge rates) and defines certain operating standards and procedures for pawnshops, including retail operations, and establishes registration, disclosure, bonding and reporting requirements. There are significant fines and sanctions, including operating suspensions, for failure to comply with PROFECO’s rules and regulations. We believe that we comply with the rules and regulations, as currently administered, and believe that when fully implemented, the PROFECO registration requirements should have limited impact on our operations or profitability.

PROFECO requires that we report certain transactions (or series of transactions) that exceed certain monetary limits. Anti-money laundering regulations restrict the use of cash in certain transactions. Relevant aspects of the law specifically affecting the pawn industry include monthly reporting on “vulnerable activities,” which includes certain high-value pawn and precious metal transactions.

The Federal Personal Information Protection Law requires us to protect our customers’ personal information. Specifically, the law requires us to inform customers if we share customer personal information with third parties and to post (both on-line and in-store) our privacy policy.

*State and Local Regulation* — Our pawn business in Mexico is also subject to regulation at the state and local level through state laws and local zoning and permitting ordinances. For example, some states require permits for pawn stores to operate, certification of employees as trained in the valuation of merchandise, and strict customer identification controls. State and local agencies often have authority to suspend store operations pending resolution of actual or alleged regulatory, licensing and permitting issues.

*General Regulation* — In addition to the above, our pawn business in Mexico is subject to various general business regulations in the areas of tax compliance, customs, consumer protections, money laundering, public safety and employment matters, among others, by various federal, state and local governmental agencies.

#### **Available Information**

We maintain an Internet website at [www.ezcorp.com](http://www.ezcorp.com). All of our reports filed with the Securities and Exchange Commission (the “SEC”), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and Section 16 filings, are accessible, free of charge, through the Investor Relations section of our website as soon as reasonably practicable after electronic filing. The public may read and copy any materials that we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov). Information on our website is not incorporated by reference into this report.



## ITEM 1A — RISK FACTORS

There are many risks and uncertainties that may affect our operations, performance, development and results. Many of these risks are beyond our control. The following is a description of the important risk factors that may affect our business. If any of these risks were to actually occur, our business, financial condition or results of operations could be materially adversely affected. Additional risks and uncertainties not currently known to us or that we currently consider to be immaterial may also materially adversely affect our business, financial condition or results of operations.

***We have exposure to Grupo Finmart through promissory notes that we received as part of the divestiture transaction. Our ability to recover those notes is heavily dependent on the success and performance of the Grupo Finmart business and the guarantee of AlphaCredit.***

As described in Note 3 and Note 7 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplemental Data,” we received various promissory notes, having an aggregate principal amount of approximately \$89.8 million, in connection with the completion of the sale of Grupo Finmart in September 2016. Some, but not all, of these promissory notes are guaranteed by Alpha Holding, S.A. de C.V. (“AlphaCredit”), and some are secured by specific portfolios of consumer loans. These promissory notes are repayable in various amounts through September 2019. Our ability to recover full payment of these promissory notes over the next three years is dependent on AlphaCredit’s and Grupo Finmart’s ability to pay the notes, which is heavily dependent on the success and performance of the Grupo Finmart business. To the extent that AlphaCredit and Grupo Finmart do not repay the promissory notes, our financial performance and cash flows would be adversely affected.

If our assessment of and expectations concerning various factors affecting the collectability of these notes receivable change in the future, we may be required to record an allowance for losses or otherwise impair the carrying value the notes, which could adversely affect our financial performance in the period of recordation or impairment. These notes receivable were recorded at fair value on the date of the sale of Grupo Finmart, which initially accounted for the risk of default. See Note 7 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

***Changes in laws and regulations affecting our products and services could have a material adverse effect on our operations and financial performance.***

Our products and services are subject to regulation under various federal, state and local laws and regulations. Adverse legislation or regulations could be adopted in any country, state or municipality in which we operate. If such legislation or regulation is adopted in any particular jurisdiction, we generally evaluate our business in the context of the new rules and determine whether we can continue to operate in that jurisdiction with new or modified products or whether it is feasible to enhance our business with additional product offerings. In any case, if we are unable to continue to operate profitably under the new rules, we may decide to close or consolidate stores, resulting in decreased revenues, earnings and assets.

The U.S. Department of Defense has issued rules that expand certain protections under the Military Lending Act, including a 36% APR rate cap, to a wider range of credit products, including pawn loans. These rules became effective in October 2016. The effective interest rate on our pawn loans varies by state, but in all cases, exceeds 36% APR. Consequently, active military personnel are unable to access our pawn loans. The implementation of this rule could have a significant adverse impact on our business at certain locations, but is not expected to have a material adverse impact on the Company as a whole.

***Litigation and regulatory proceedings could have a material adverse impact on our business.***

We are currently subject to various litigation and regulatory actions, including those described in Note 17 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.” These matters are subject to inherent uncertainties and unfavorable rulings could occur, which could include monetary damages or other relief. Any unfavorable ruling or outcome could have a material adverse effect on our results of operations and could negatively affect our reputation.

We have procured management liability insurance policies that should protect us from much of the potential exposure related to the shareholder derivative litigation and the federal securities litigation described in Note 17 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.” However, under the terms of those policies, we bear the first \$1 million of costs or liability associated with each claim, and there are elements of the defense costs that are not covered under the insurance policies. In addition, to the extent that our ultimate liability in the current litigation or any subsequent litigation that is included in the same policy year exceeds the management liability policy limits, our results of operations could be adversely affected.

***One person beneficially owns all of our voting stock and controls the outcome of all matters requiring a vote of stockholders, which may influence the value of our publicly-traded non-voting stock.***

Phillip E. Cohen is the beneficial owner of all of our Class B Voting Common Stock. As a result of his equity ownership stake, Mr. Cohen controls the outcome of all issues requiring a vote of stockholders and has the ability to appoint or remove directors and officers who control our policies and operations. All of our publicly-traded stock is non-voting stock. Consequently, stockholders other than Mr. Cohen have no vote with respect to the election of directors or any other matter requiring a vote of stockholders except as required by law. This lack of voting rights may adversely affect the market value of our publicly-traded Class A Non-Voting Common Stock.

***A significant portion of our business is concentrated in Texas.***

As of September 30, 2016, a significant portion of our U.S. pawn stores were located in Texas, and those stores account for a significant portion of our revenues and profitability. The legislative, regulatory and general business environment in Texas has been relatively favorable for our pawn business activities, but a negative legislative or regulatory change in Texas could have a material adverse effect on our overall operations and financial performance.

***A significant or sudden decrease in gold values or the volume of gold transactions may have a material impact on our earnings and financial position.***

Gold jewelry comprises a large portion of the collateral security for our pawn loans and our inventory. Pawn service charges, sales proceeds and our ability to liquidate excess jewelry inventory at an acceptable margin are dependent upon gold values and the volume of gold transactions. A decline in the availability of gold or our customers' willingness or ability to sell us gold or use gold as collateral for pawn loans could impact our business. Over the fiscal 2013 to 2015 periods and into fiscal 2016, we experienced a significant softening of gold prices and volumes in the aggregate, which had a negative impact on our profitability. The impact on our financial position and results of operations of a continued decrease in gold values or volumes or a change in customer behavior cannot be reasonably estimated because the market and customer response to changes in gold values is not known; however, a significant decline in gold values or gold volumes could result in decreases in sales, sales margins and pawn service charge revenues.

***A significant change in foreign currency exchange rates could have a material adverse impact on our earnings and financial position.***

We have foreign operations in Mexico and Canada and an equity investment in Australia. Our assets and investments in, and earnings and dividends from, each of these must be translated to U.S. dollars from their respective functional currencies. A significant weakening of any of these foreign currencies could result in lower assets and earnings in U.S. dollars, resulting in a potentially material adverse impact on our financial position, results of operations and cash flows.

***In part, achievement of our growth objectives is dependent upon our ability to open and acquire new stores.***

Our expansion strategy includes acquiring existing stores and opening de novo store locations. Our acquisition strategy is dependent upon the availability of attractive acquisition candidates, while the success of our de novo store strategy is contingent upon numerous factors that cannot be predicted or controlled, such as the availability of acceptable locations with a desirable customer base, the negotiation of acceptable lease terms, the ability to obtain required government permits and licenses and the existence of a suitable competitive environment. The achievement of our growth objectives is also subject to our ability to attract, train and retain qualified team members. Failure to achieve our expansion goals could adversely affect our prospects and future results of operations.

***Changes in the business, regulatory or political climate in Mexico could adversely affect our operations there, which could adversely affect our growth plans.***

Our growth plans include potential expansion in Latin America. Changes in the business, regulatory or political climate in Mexico, or significant fluctuations in currency exchange rates, could affect our ability to expand or continue our operations there, which could have a material adverse impact on our prospects, results of operations and cash flows.

***Fluctuations in our sales, pawn loan balances, sales margins and pawn redemption rates could have a material adverse impact on our operating results.***

We regularly experience fluctuations in a variety of operating metrics. Changes in any of these metrics, as might be caused by changes in the economic environment, competitive pressures, changes in customers' tastes and preferences or a significant decrease in gold prices could materially and adversely affect our profitability and ability to achieve our planned results of operations.

***Changes in our liquidity and capital requirements or in banks' abilities or willingness to lend to us could limit our ability to achieve our plans.***

A significant reduction in cash flows from operations or the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating results. During fiscal 2014, we completed the sale of \$230 million principal amount of 2.125% Cash Convertible Senior Notes Due 2019 and used the proceeds to, among other things, pay all outstanding amounts under, and terminate, our revolving credit facility with a syndicate of banks. During fiscal 2016, we obtained a term loan facility of \$100 million principal amount, at variable interest, of which we have drawn \$50 million. Our ability to obtain additional credit or alternative financing, if needed, will depend upon market conditions, our financial condition and banks' or other lenders' willingness to lend capital at acceptable rates. The inability to access capital at acceptable rates and terms could restrict or limit our ability to achieve our growth objectives, which could adversely affect our financial condition and results of operations.

***Changes in competition from various sources could have a material adverse impact on our ability to achieve our plans.***

We encounter significant competition from other pawn stores, other consumer lending companies and other retailers, many of which have significantly greater financial resources than we do. Increases in the number or size of competitors or other changes in competitive influences could adversely affect our operations.

***Infrastructure failures and breaches in data security could harm our business.***

We depend on our information technology infrastructure to achieve our business objectives. If a problem, such as a computer virus, intentional disruption by a third party, natural disaster, telecommunications system failure or lost connectivity impairs our infrastructure, we may be unable to process transactions or otherwise carry on our business. An infrastructure disruption could damage our reputation and cause us to lose customers and revenue, result in the unintentional disclosure of company or customer information and require us to incur significant expense to eliminate these problems and address related data security concerns.

***We invest in companies for strategic reasons and may not realize a return on our investments.***

We currently have a significant investment in Cash Converters International Limited, which is a publicly-traded company based in Australia. We have made this investment, and may in the future make additional investments in this or other companies, to further our strategic objectives. The success of these strategic investments is dependent on a variety of factors, including the business performance of the companies in which we invest and the market's assessment of that performance. If the business performance of any of these companies suffers, then the value of our investment may decline. We wrote down a portion of our investment in Cash Converters International Limited during the fourth quarter of both fiscal 2016 and fiscal 2015. See Note 6 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplemental Data." If we determine that any future other-than-temporary declines in the fair value exist for one of our equity investments, we will be required to write down that investment to its fair value and recognize the related write-down as an investment loss. Any future realized investment loss would adversely affect our results of operations.

***We may incur property, casualty or other losses not covered by insurance.***

We maintain a program of insurance coverage for various types of property, casualty and other risks. The types and amounts of insurance that we obtain vary from time to time, depending on availability, cost and our decisions with respect to risk retention. The policies are subject to deductibles and exclusions that result in our retention of a level of risk on a self-insurance basis. Losses not covered by insurance could be substantial and may increase our expenses, which could harm our results of operations and financial condition.

***Our acquisitions, investments and other transactions could disrupt our ongoing business and harm our results of operations.***

In pursuing our business strategy, we routinely conduct discussions, evaluate opportunities and enter into agreements regarding possible acquisitions, investments and other transactions. These transactions may involve significant challenges and risks, including risks that we may not realize the expected return on an acquisition or investment, that we may not be able to retain key personnel of an acquired business, or that we may experience difficulty in integrating acquired businesses into our business systems and processes. If we do enter into agreements with respect to acquisitions, investments or other transactions, we may fail to complete them due to inability to obtain required regulatory or other approvals or other factors. Furthermore, acquisitions, investments and other transactions require substantial management resources and have the potential to divert our attention from our existing business. These factors could harm our business and results of operations.

***We could be subject to changes in tax rates, the adoption of new tax laws in the U.S. or other countries, or exposure to additional tax liabilities.***

We are subject to taxes in the U.S. and several foreign jurisdictions. Current economic and political conditions make tax rates in any of these jurisdictions subject to significant change. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or their interpretation.

***Events beyond our control could result in business interruption or other adverse effects on our operations and growth.***

Our business or operations could be subject to interruption or damage due to inclement weather, natural disaster, power loss, acts of violence, terrorist attacks, war or similar events. Such events could impair our customers' access to our business, impact our ability to expand or continue our operations or otherwise have an adverse effect on our financial condition.

***Goodwill comprises a significant portion of our total assets. We assess goodwill for impairment at least annually, which could result in a material, non-cash write-down and could have a material adverse effect on our results of operations and financial conditions.***

The carrying value of our goodwill is \$254 million, or approximately 26% of our total assets, as of September 30, 2016. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-20-35 *Goodwill — Subsequent Measurement*, we test goodwill and intangible assets with an indefinite useful life for potential impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, a change in strategic direction, legal factors, operating performance indicators, a change in the competitive environment, the sale or disposition of a significant portion of a reporting unit, or future economic factors such as unfavorable changes in the estimated future discounted cash flows of our reporting units. Our annual goodwill impairment test is performed in the fourth quarter utilizing the income approach. This approach uses future cash flows and estimated terminal values for each of our reporting units (discounted using a market participant perspective) to determine the fair value of each reporting unit, which is then compared to the carrying value of the reporting unit to determine if there is an impairment. The income approach includes assumptions about revenue growth rates, operating margins and terminal growth rates discounted by an estimated weighted-average cost of capital derived from other publicly-traded companies that are similar but not identical from an operational and economic standpoint. See Note 9 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data" for a discussion of the impairment of goodwill and indefinite-lived intangible assets during fiscal 2016.

***We may be exposed to liabilities under applicable anti-corruption laws, and any determination that we violated these laws could have a material adverse effect on our business.***

We are subject to various anti-corruption laws that prohibit improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business. We have business in countries and regions that are less developed and are generally recognized as potentially more corrupt business environments. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of various anti-corruption laws, including the Foreign Corrupt Practices Act (the "FCPA"). We have implemented safeguards and policies to discourage these practices by our employees and agents. However, our existing safeguards and any future improvements may prove to be less than effective, and our employees or agents may engage in conduct for which we might be held responsible. If employees violate our policies or we fail to maintain adequate record-keeping and internal accounting practices to accurately record our transactions, we may be subject to regulatory sanctions. Violations of the FCPA or other anti-corruption laws may result in severe criminal or civil sanctions and penalties, and we may be subject to other liabilities that could have a material adverse effect on our business, results of operations and financial condition. We engage professional service firms with relevant expertise to perform certain reviews of our compliance under the FCPA.

We face other risks discussed under "Part II, Item 7A — Quantitative and Qualitative Disclosures about Market Risk."

#### **ITEM 1B — UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 2 — PROPERTIES**

Our typical pawn store is a freestanding building or part of a retail strip center with contiguous parking. Store interiors are designed to resemble small retail operations and attractively display merchandise by category. Distinctive exterior design and

attractive in-store signage provide an appealing atmosphere to customers. We maintain property and general liability insurance for each of our stores. Our stores are open six or seven days a week.

We generally lease our locations with terms of three to ten years with one or more renewal options. Our existing leases expire on dates ranging between October 2016 and February 2030, with a small number of leases on month-to-month terms. All leases provide for specified periodic rental payments at market rates. Most leases require us to maintain the property and pay the cost of insurance and taxes. We believe the termination of any one of our leases would not have a material adverse effect on our operations. Our strategy generally is to lease rather than own space for our stores unless we find what we believe is a superior location at an attractive price.

On an ongoing basis, we may close or consolidate under-performing store locations. For additional information about our discontinued operations and restructuring plans, see Note 3 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

The following table presents the number of store locations by state or province as of September 30, 2016:

United States:	
Texas	218
Florida	98
Colorado	37
Illinois	22
Oklahoma	21
Arizona	20
Nevada	16
Indiana	16
Tennessee	13
Iowa	11
Utah	10
Georgia	8
Minnesota	7
Alabama	5
Oregon	5
Virginia	4
Wisconsin	3
New York	2
Pennsylvania	2
Mississippi	1
Arkansas	1
Total United States Locations	520
Mexico:	
Distrito Federal	42
Estado de Mexico	41
Veracruz	31
Jalisco	16
Guanajuato	15
Puebla	11
Tabasco	8
Nuevo León	7
Chiapas	7
Guerrero	7
Michoacán	7
Tamaulipas	6
Hidalgo	6
Queretaro	6
Coahuila	5
Quintana Roo	4
Oaxaca	4
Campeche	4
Morelos	4
Aguascalientes	4
Tlaxcala	3
San Luis Potosí	1
Total Mexico Locations	239
Canada:	
Ontario	27
Total Canada Locations	27
Total Company	786

In addition to our store locations, we lease corporate office space primarily in Austin, Texas (179,400 square feet, of which 71,916 square feet has been subleased to other tenants), Querétaro, Mexico (8,400 square feet) and Ontario, Canada (8,400 square feet).

For additional information about store locations during fiscal 2016, 2015 and 2014, see “Segment and Geographic Information” included in “Part I, Item 1 — Business.”

**ITEM 3 — LEGAL PROCEEDINGS**

For a discussion of legal proceedings, see Note 17 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

**ITEM 4 — MINE SAFETY DISCLOSURES**

Not applicable.

**PART II****ITEM 5 — MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

Our Class A Non-Voting Common Stock ("Class A Common Stock") is traded on the NASDAQ Stock Market under the symbol "EZPW." As of November 30, 2016, there were 85 stockholders of record of our Class A Common Stock. There is no trading market for our Class B Voting Common Stock ("Class B Common Stock"), which was held by one stockholder as of November 30, 2016.

The high and low per share sales price for our Class A Common Stock for the past two fiscal years, as reported by the NASDAQ Stock Market, were as follows:

	<u>High</u>	<u>Low</u>
Fiscal 2016:		
Fourth quarter ended September 30, 2016	\$ 11.12	\$ 7.19
Third quarter ended June 30, 2016	7.59	2.94
Second quarter ended March 31, 2016	5.15	2.44
First quarter ended December 31, 2015	7.14	4.68
Fiscal 2015:		
Fourth quarter ended September 30, 2015	\$ 7.58	\$ 5.29
Third quarter ended June 30, 2015	9.88	7.10
Second quarter ended March 31, 2015	12.35	9.08
First quarter ended December 31, 2014	12.08	8.25

As of September 30, 2016, the closing sales price of our Class A Common Stock, as reported by the NASDAQ Stock Market, was \$11.06 per share.

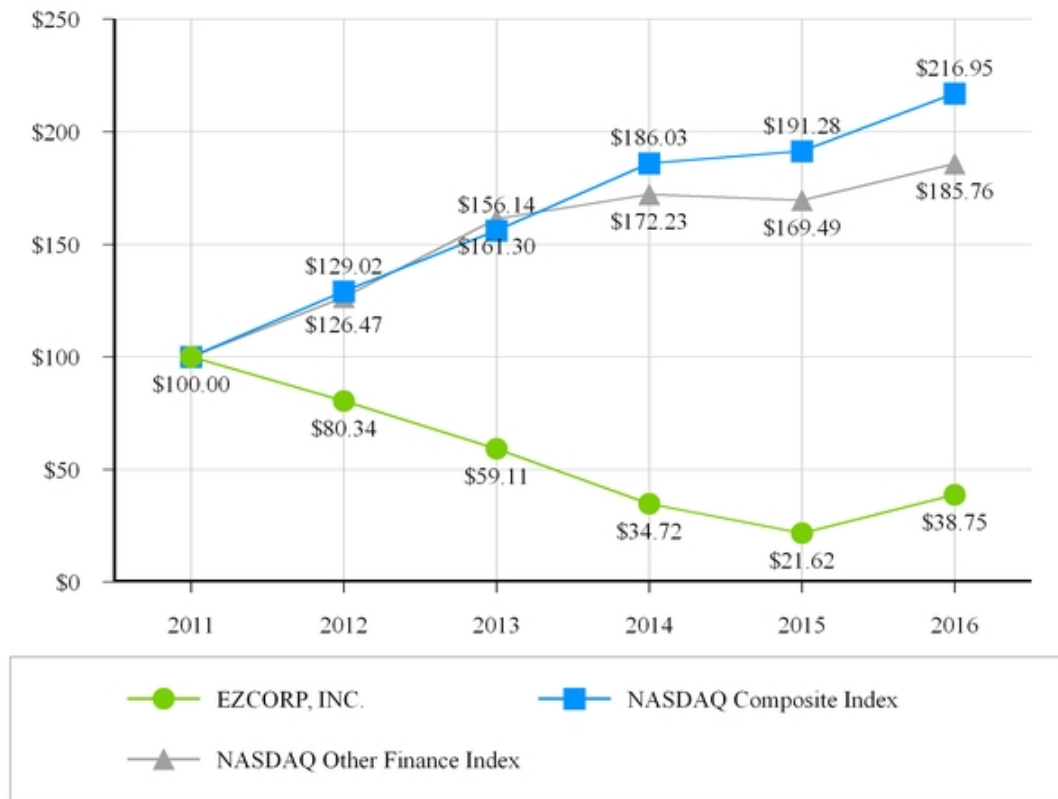
We have not declared or paid any dividends and currently do not anticipate paying any dividends in the immediate future. As described in Note 10 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data," payment of a dividend requires an adjustment to the conversion rate of our 2.125% Cash Convertible Senior Notes due 2019. In addition, our Financing Agreement with Fortress Credit Co LLC (described in Note 10 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data") limits our ability to pay dividends and other distributions. Should we pay dividends in the future, our certificate of incorporation provides that cash dividends on common stock, when declared, must be declared and paid at the same per share amounts on both classes of stock. Any future determination to pay cash dividends will be at the discretion of our Board of Directors (subject to the limitations described above).



### Stock Performance Graph

The following Stock Performance Graph and related information shall not be deemed to be “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The following table compares cumulative total stockholder returns for our Class A Common Stock for the last five fiscal years, with the cumulative total return on the NASDAQ Composite Index (ticker symbol: IXIC) and the NASDAQ Other Financial Index (ticker symbol: IXFN) over the same period. The graph shows the value, at the end of each of the last five fiscal years, of \$100 invested in our Class A Common Stock or the indices on September 30, 2011. The graph depicts the change in the value of our Class A Common Stock relative to the indices at the end of each fiscal year and not for any interim period. Historical stock price performance is not necessarily indicative of future stock price performance.



**ITEM 6 — SELECTED FINANCIAL DATA**

The following selected financial information should be read in conjunction with, and is qualified in its entirety by, the accompanying consolidated financial statements and related notes. Amounts shown in the tables below include the impact of revisions to prior period financial statements, as discussed in Note 2 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplemental Data.”

**Operating Data**

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013 (a)	2012 (a)
	<i>(in thousands, except per share and store figures)</i>				
<b>Operating data:</b>					
Total revenues	\$ 730,505	\$ 720,000	\$ 745,770	\$ 765,039	\$ 778,870
Net revenues	428,230	403,020	421,857	447,661	455,839
Restructuring	1,921	17,080	6,664	—	—
Impairment of investments	10,957	26,837	7,940	43,198	—
(Loss) income from continuing operations, net of tax	(8,998)	(52,182)	3,438	13,583	85,317
(Loss) income from discontinued operations, net of tax	(79,432)	(42,045)	(77,474)	4,045	45,129
Net (loss) income	(88,430)	(94,227)	(74,036)	17,628	130,446
Net loss from continuing operations attributable to noncontrolling interest	(1,025)	(884)	(1,038)	(927)	(29)
Net (loss) income from discontinued operations attributable to redeemable noncontrolling interest	(6,661)	(4,151)	(5,281)	951	5,751
Net (loss) income attributable to EZCORP, Inc.	(80,744)	(89,192)	(67,717)	17,604	124,724
<b>Basic (loss) earnings per share attributable to EZCORP, Inc.:</b>					
Continuing operations	\$ (0.15)	\$ (0.94)	\$ 0.08	\$ 0.27	\$ 1.68
Discontinued operations	(1.34)	(0.70)	(1.33)	0.06	0.77
Basic (loss) earnings per share	<u>\$ (1.49)</u>	<u>\$ (1.64)</u>	<u>\$ (1.25)</u>	<u>\$ 0.33</u>	<u>\$ 2.45</u>
<b>Diluted (loss) earnings per share attributable to EZCORP, Inc.:</b>					
Continuing operations	\$ (0.15)	\$ (0.94)	\$ 0.08	\$ 0.27	\$ 1.67
Discontinued operations	(1.34)	(0.70)	(1.33)	0.06	0.77
Diluted (loss) earnings per share	<u>\$ (1.49)</u>	<u>\$ (1.64)</u>	<u>\$ (1.25)</u>	<u>\$ 0.33</u>	<u>\$ 2.44</u>
<b>Weighted average shares outstanding:</b>					
Basic	54,427	54,369	54,148	53,657	50,877
Diluted	54,427	54,369	54,292	53,737	51,133
Stores attributable to continuing operations at end of period	786	786	804	799	775

(a) We acquired a controlling interest in Grupo Finmart in January 2012 and began consolidating its results of operations. In September 2016, we disposed of our entire interest and recast all historical operating data pertaining to Grupo Finmart as discontinued operations. Further, certain corrections and revisions to the fiscal 2013 and 2012 consolidated financial statements have been made. See Note 2 and Note 3 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplemental Data.” The effects of these corrections and revisions to the fiscal 2013 and 2012 operating data presented above are as follows:

<b>Fiscal Year Ended September 30, 2013</b>			
	<b>As Previously Reported</b>	<b>Corrections and Reclassifications</b>	<b>As Corrected and Reclassified</b>
<i>(in thousands, except per share figures)</i>			
<b>Operating data:</b>			
Total revenues	\$ 809,525	\$ (44,486)	\$ 765,039
Net revenues	480,433	(32,772)	447,661
Impairment of investments	43,198	—	43,198
Income from continuing operations, net of tax	22,527	(8,944)	13,583
Income (loss) from discontinued operations, net of tax	(1,517)	5,562	4,045
Net income	21,010	(3,382)	17,628
Net loss from continuing operations attributable to noncontrolling interest	(1,222)	295	(927)
Net income (loss) from discontinued operations attributable to redeemable noncontrolling interest	(76)	1,027	951
Net income attributable to EZCORP, Inc.	22,308	(4,704)	17,604
<b>Basic earnings (loss) per share attributable to EZCORP, Inc.:</b>			
Continuing operations	\$ 0.44	\$ (0.17)	\$ 0.27
Discontinued operations	(0.03)	0.09	0.06
Basic earnings per share	<u>\$ 0.41</u>	<u>\$ (0.08)</u>	<u>\$ 0.33</u>
<b>Diluted earnings (loss) per share attributable to EZCORP, Inc.:</b>			
Continuing operations	\$ 0.44	\$ (0.17)	\$ 0.27
Discontinued operations	(0.03)	0.09	0.06
Diluted earnings per share	<u>\$ 0.41</u>	<u>\$ (0.08)</u>	<u>\$ 0.33</u>
<b>Fiscal Year Ended September 30, 2012</b>			
	<b>As Previously Reported</b>	<b>Corrections and Reclassifications</b>	<b>As Corrected and Reclassified</b>
<i>(in thousands, except per share figures)</i>			
<b>Operating data:</b>			
Total revenues	\$ 805,653	\$ (26,783)	\$ 778,870
Net revenues	474,512	(18,673)	455,839
Income from continuing operations, net of tax	110,819	(25,502)	85,317
Income from discontinued operations, net of tax	30,296	14,833	45,129
Net income	141,115	(10,669)	130,446
Net (loss) income from continuing operations attributable to noncontrolling interest	4,119	(4,148)	(29)
Net income from discontinued operations attributable to redeemable noncontrolling interest	151	5,600	5,751
Net income attributable to EZCORP, Inc.	136,845	(12,121)	124,724
<b>Basic earnings per share attributable to EZCORP, Inc.:</b>			
Continuing operations	\$ 2.10	\$ (0.42)	\$ 1.68
Discontinued operations	0.59	0.18	0.77
Basic earnings per share	<u>\$ 2.69</u>	<u>\$ (0.24)</u>	<u>\$ 2.45</u>
<b>Diluted earnings per share attributable to EZCORP, Inc.:</b>			
Continuing operations	\$ 2.09	\$ (0.42)	\$ 1.67
Discontinued operations	0.59	0.18	0.77
Diluted earnings per share	<u>\$ 2.68</u>	<u>\$ (0.24)</u>	<u>\$ 2.44</u>

**Balance Sheet Data**

	September 30,				
	2016	2015	2014	2013 (b)	2012 (b)
	<i>(in thousands)</i>				
<b>Balance sheet data:</b>					
Pawn loans	\$ 167,329	\$ 159,964	\$ 162,444	\$ 156,637	\$ 157,648
Inventory, net	140,224	124,084	138,175	145,200	109,214
Working capital (a)	387,165	318,107	370,247	325,263	329,535
Total assets (a)	983,244	898,908	1,023,982	1,044,136	950,995
Long-term debt, less current maturities (a)	283,611	197,976	213,265	139,894	128,452
Total equity	594,205	656,031	812,346	879,027	815,690

(a) Amounts exclude assets and liabilities held for sale as discussed in note (b) below.

(b) We acquired a controlling interest in Grupo Finmart in January 2012 and began consolidating its results of operations. In September 2016, we disposed of our entire interest and recast all historical balance sheet data pertaining to Grupo Finmart as held for sale. Further, certain corrections and revisions to the fiscal 2014, 2013 and 2012 consolidated financial statements have been made. See Note 2 and Note 3 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplemental Data." The effects of these corrections and revisions to the fiscal 2014, 2013 and 2012 balance sheet data presented above are as follows:

	September 30, 2014		
	As Previously Reported	Corrections and Reclassifications	As Corrected and Reclassified
	<i>(in thousands)</i>		
<b>Balance sheet data:</b>			
Pawn loans	\$ 162,444	\$ —	\$ 162,444
Inventory, net	138,175	—	138,175
Working capital	486,649	(116,402)	370,247
Total assets	1,410,544	(386,562)	1,023,982
Long-term debt, less current maturities	392,054	(178,789)	213,265
Total equity	832,304	(19,958)	812,346

	September 30, 2013		
	As Previously Reported	Corrections and Reclassifications	As Corrected and Reclassified
	<i>(in thousands)</i>		
<b>Balance sheet data:</b>			
Pawn loans	\$ 156,637	\$ —	\$ 156,637
Inventory, net	145,200	—	145,200
Working capital	376,360	(51,097)	325,263
Total assets	1,332,968	(288,832)	1,044,136
Long-term debt, less current maturities	215,939	(76,045)	139,894
Total equity	895,883	(16,856)	879,027

	September 30, 2012		
	As Previously Reported	Corrections and Reclassifications	As Corrected and Reclassified
	<i>(in thousands)</i>		
<b>Balance sheet data:</b>			
Pawn loans	\$ 157,648	\$ —	\$ 157,648
Inventory, net	109,214	—	109,214
Working capital	381,567	(52,032)	329,535
Total assets	1,209,075	(258,080)	950,995
Long-term debt, less current maturities	198,836	(70,384)	128,452
Total equity	827,791	(12,101)	815,690

**ITEM 7 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The discussion in this section contains forward-looking statements that are based on our current expectations. Actual results could differ materially from those expressed or implied by the forward-looking statements due to a number of risks, uncertainties and other factors, including those identified in “Part I, Item 1A — Risk Factors.” See also “Cautionary Statement Regarding Risks and Uncertainties That May Affect Future Results” below.

This discussion and analysis should be read in conjunction with the consolidated financial statements and the accompanying notes included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

**Overview and Fiscal 2016 Financial Highlights**

	Fiscal Year Ended September 30,				
	2016 (GAAP)	2015 (GAAP)	Change (GAAP)	2016 (Constant Currency)	Change (Constant Currency)
	<i>(in USD thousands)</i>			<i>(in USD thousands)</i>	
Consolidated pawn loans outstanding	\$ 167,329	\$ 159,964	5%	\$ 169,688	6%
Consolidated pawn service charges	261,800	247,204	6%	267,717	8%
U.S. pawn service charges	229,893	216,211	6%	229,893	6%
Mexico pawn service charges	31,907	30,993	3%	37,824	22%
Consolidated merchandise sales gross profit	150,836	134,329	12%	154,420	15%
Consolidated gross margin on merchandise sales	37%	33%	400 bps	37%	400 bps
Consolidated monthly average return on pawn earning assets (a)	11%	12%	(100) bps	11%	(100) bps
Consolidated monthly average yield on inventory (b)	10%	10%	—	10%	—
U.S. pawn loan redemption rate (c)	84%	84%	—	84%	—
Mexico pawn loan redemption rate (c)	78%	77%	100 bps	78%	100 bps
U.S. aged general merchandise inventory (d)	5%	5%	—	5%	—
U.S. aged jewelry inventory (d)	11%	15%	(400)bps	11%	(400)bps
Mexico aged general merchandise inventory (d)	4%	4%	—	4%	—
Mexico aged jewelry inventory (d)	—	—	—	—	—

(a) Calculated as average monthly merchandise and scrap sales gross profit and pawn service charges, divided by average pawn loans and inventory balances outstanding.

(b) Calculated as average monthly merchandise and scrap sales gross profit, divided by inventory balances outstanding as of the applicable period end.

(c) Our pawn loan redemption rate represents the percentage of loans made that are repaid, renewed or extended at a point in time as opposed to the life of the loan.

(d) Calculated as inventory aged greater than 360 days as a percentage of total inventory as of the applicable period end.

- Core pawn revenue (pawn service charges and merchandise sales) from the U.S. Pawn segment increased 5% from fiscal 2015, while core pawn revenue from the Mexico Pawn segment decreased 4% on a GAAP basis but increased 13% on a constant currency basis. See “Results of Operations — Non-GAAP Financial Information” below.
- We acquired an additional six pawn stores in the Houston, Texas area. The stores reinforce our market-leading presence in that market.

- We completed the disposition of Grupo Finmart, with a base purchase price for the sale of 100% of Grupo Finmart of \$50 million less certain working capital and other adjustments. We also received promissory notes with a total principal amount of \$89.8 million.
- We entered into a financing agreement for a senior secured credit facility for an aggregate principal amount of \$100 million, the proceeds of which will allow us to continue to focus on growing our core pawn operations in the United States and Mexico.

On September 27, 2016, we completed the previously announced sale of all of our interests in Grupo Finmart to Alpha Holding, S.A. de C.V. (“AlphaCredit”), pursuant to a definitive agreement (the “Purchase Agreement”) entered into effective July 1, 2016. The purchase price payable to EZCORP was \$40.9 million after application of purchase price adjustments specified in the Purchase Agreement and, subject to a 10% escrow holdback, was paid in cash at closing. In connection with the closing of the transaction, we also received promissory notes, having an aggregate principal amount of approximately \$89.8 million, repayable in various principal amounts through September 2019. For additional information about the sale of Grupo Finmart, see Note 3 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.” See also “Item I, Part 1A — Risk Factors.”

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”) requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and judgments, including those related to revenue recognition, inventory, long-lived and intangible assets, income taxes, contingencies and litigation. We base our estimates on historical experience, observable trends and various other assumptions that we believe to be reasonable under the circumstances. We use this information to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates under different assumptions or conditions.

The critical accounting policies and estimates that could have a significant impact on our results of operations, as well as relevant recent accounting pronouncements, are described in Note 1 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplemental Data.” Certain accounting policies regarding the quantification of the sensitivity of certain critical estimates are discussed further below.

#### ***Pawn Loan and Sales Revenue Recognition***

We record pawn service charges using the interest method for all pawn loans we believe to be collectible. We base our estimate of collectible loans on several inputs, including recent redemption rates, historical trends in redemption rates and the amount of loans due in the following months. Unexpected variations in any of these factors could change our estimate of collectible loans, affecting our earnings and financial condition.

As of September 30, 2016, the balance of our pawn service charges receivable was \$31.1 million. Assuming the pawn loan fees and service charges receivable balance as of September 30, 2016 was overestimated or underestimated by 10%, pawn service charges revenue would decrease or increase by approximately \$3.1 million in 2016 and net income attributable to the Company would decrease or increase by approximately \$2.0 million.

#### ***Inventory and Cost of Goods Sold***

We consider our estimates of obsolete or slow moving inventory and shrinkage critical estimates in determining the appropriate overall valuation allowance for inventory. We monitor our sales margins for each type of inventory on an ongoing basis and compare to historical margins. Significant variances in those margins may require a revision to future inventory reserve estimates. We have historically revised our reserve estimates pertaining to jewelry inventory depending on the current price of gold. Future declines in gold prices may cause an increase in reserve rates pertaining to jewelry inventory.

As of September 30, 2016, the gross balance of our inventory was \$146.4 million for which we have included reserves of \$6.1 million. Assuming the inventory reserve balance as of September 30, 2016 was overestimated or underestimated by 10%, merchandise cost of goods sold would decrease or increase by approximately \$0.6 million in 2016 and net income attributable to the Company would decrease or increase by approximately \$0.4 million.

### ***Realization of Notes Receivable***

We review the payment history, creditworthiness, projected cash flows and related assumptions of Grupo Finmart and AlphaCredit as applicable in determining whether our net notes receivable of \$83.1 million are collectible. Through the date of this report, we have received all payments on these notes receivable as contractually obligated.

### ***Goodwill and Other Intangible Assets***

We perform our impairment analyses utilizing the income approach. This approach uses future cash flows and estimated terminal values for each of our reporting units (discounted using a market participant perspective) to determine the fair value of each reporting unit, which is then compared to the carrying value of the reporting unit to determine if there is an impairment. We have determined that our reporting units are equivalent to our operating segments for fiscal 2016. The income approach includes assumptions about revenue growth rates, operating margins and terminal growth rates discounted by an estimated weighted-average cost of capital derived from other publicly-traded companies that are similar but not identical from an operational and economic standpoint. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our fiscal 2016 goodwill and other intangible asset valuations ranged from 10% to 14%, down from 16% to 25% for fiscal 2015, representing an overall decrease in our weighted-average cost of capital as a result of improving business fundamentals in fiscal 2016 from 2015, as well as a result of our exit from Grupo Finmart. In testing other intangible assets for potential impairment, we apply key assumptions which are consistent with those utilized in our goodwill impairment test. Changes in the economic conditions or regulatory environment could negatively affect our key assumptions.

We may perform a qualitative assessment in making our determination of whether it is more likely than not goodwill and other intangible assets are impaired under appropriate accounting guidance on an annual basis in future reporting periods. In addition to the assumptions discussed above pertaining to the income approach, we consider the assessment of potential triggering events to be a critical estimate.

### ***Income Taxes***

Management believes that it is more likely than not that forecasted income, including income that may be generated as a result of certain tax planning strategies, together with future reversals of existing taxable temporary differences, will be sufficient to fully recover the deferred tax assets. In the event that we determine all or part of the net deferred tax assets are not realizable in the future, we will make an adjustment to the valuation allowance that would be charged to earnings in the period such determination is made.

We consider the earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the United States on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs and our specific plans for reinvestment of those subsidiary earnings. We have not recorded a deferred tax liability related to the U.S. federal and state income taxes and foreign withholding taxes of our undistributed earnings of foreign subsidiaries indefinitely invested outside the U.S.

The Company may be subject to income tax audits by the respective tax authorities in any or all of the jurisdictions in which the Company operates or has operated within a relevant period. Significant judgment is required in determining uncertain tax positions. We utilize the required two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes. We adjust these reserves in light of changing facts and circumstances, such as the closing of an audit or the refinement of an estimate. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. We believe adequate provisions for income taxes have been made for all periods.

## Results of Operations

### Fiscal 2016 vs. Fiscal 2015

#### Summary Financial Data

The following table presents selected summary consolidated financial data for our fiscal years ended September 30, 2016 and 2015. This table, as well as the discussion that follows, should be read with the consolidated financial statements and related notes included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

	<u>Fiscal Year Ended September 30,</u>		<u>Change</u>
	<u>2016</u>	<u>2015</u>	
	<i>(in thousands)</i>		
<b>Net revenues:</b>			
Pawn service charges	\$ 261,800	\$ 247,204	6%
Merchandise sales	409,107	402,118	2%
Merchandise sales gross profit	150,836	134,329	12%
Gross margin on merchandise sales	37%	33%	400 bps
Jewelry scrapping sales	50,113	57,973	(14)%
Jewelry scrapping gross profit	8,074	11,907	(32)%
Gross margin on jewelry scrapping sales	16%	21%	(500) bps
Other revenues, net	7,520	9,580	(22)%
Net revenues	428,230	403,020	6%
Operating expenses	399,057	418,623	(5)%
Other non-operating expenses	28,810	50,604	(43)%
Income (loss) from continuing operations before income taxes	363	(66,207)	*
Income tax expense (benefit)	9,361	(14,025)	*
Loss from continuing operations, net of tax	(8,998)	(52,182)	(83)%
Loss from discontinued operations, net of tax	(79,432)	(42,045)	89%
Net loss	(88,430)	(94,227)	(6)%
Net loss attributable to noncontrolling interest	(7,686)	(5,035)	53%
Net loss attributable to EZCORP, Inc.	\$ (80,744)	\$ (89,192)	(9)%
<b>Net pawn earning assets:</b>			
Pawn loans	\$ 167,329	\$ 159,964	5%
Inventory, net	140,224	124,084	13%
Total net pawn earning assets	\$ 307,553	\$ 284,048	8%

\* Represents an increase or decrease in excess of 100% or not meaningful.

Total revenues for fiscal 2016 were \$730.5 million compared to \$720.0 million in the prior year. Excluding jewelry scrapping sales, total revenues increased \$18.4 million, driven by increased merchandise sales and pawn service charge growth.

Total operating expenses decreased from \$418.6 million in the prior year to \$399.1 million in the current year. This \$19.6 million, or 5%, decrease was primarily due to:

- A \$15.2 million decrease in restructuring expense from our fiscal 2015 restructuring plan aimed to streamline our structure and operating model to improve overall efficiency and reduce costs;



- A \$4.9 million decrease in administrative expense due primarily to a \$3.6 million decrease in salaries and related costs, a \$3.4 million decrease in litigation and related costs and \$5.8 million in various other individually small reductions in corporate costs as we continue to work towards corporate overhead reduction goals, offset by a \$8.0 million increase in short-term and long-term incentive programs. Administrative expenses include \$4.2 million of fiscal 2015 restatement related expenses recorded in fiscal 2016;
- A \$4.4 million decrease in depreciation and amortization expense as a result of ongoing savings realized from a lower depreciable fixed asset base as a result of our strategic review completed in fiscal 2015; and
- A \$1.6 million decrease in loss on sale or disposal of assets due to a reduction in asset disposals in the current year; partially offset by
- A \$6.4 million increase in operations expense primarily as a result of staffing enhancements and an increased participation in incentive compensation plans in our field organization and an increase in short-term and long-term incentive programs, as well as costs associated with new stores acquired. The largest component of this increase, which was offset by other items, was increased bonuses due to the substantial improvement in U.S. and Mexico Pawn operating results in fiscal 2016 as compared to fiscal 2015.

Total non-operating expenses decreased by \$21.8 million from the prior year. This decrease was primarily due to:

- Impairment of our investment in Cash Converters International in fiscal 2016 in the amount of \$11.0 million (\$7.2 million, net of taxes), as compared to an impairment of our investment in fiscal 2015 in the amount of \$26.8 million (\$17.4 million, net of taxes);
- A \$5.2 million decrease in loss from our unconsolidated affiliate due to improvement in performance of Cash Converters International; and
- A \$1.0 million decrease in other expense primarily due to net foreign currency transaction losses in the current year as a result of movement in exchange rates affecting the revaluation of intercompany amounts and foreign currency debt outstanding.

Income taxes increased \$23.4 million, to a \$9.4 million expense in the current year, primarily due to the \$66.6 million decrease in loss from continuing operations before income taxes, in addition to various permanent differences.

In fiscal 2016, we sold our Grupo Finmart business. As a result, loss from discontinued operations, net of tax includes a gain of \$34.2 million and a \$2.1 million loss, which we expect to recoup through receipt of future note receivable payments, on assumption of existing Grupo Finmart debt, before taxes. The gain does not take into consideration the total costs associated with the transaction, which were \$9.8 million, approximately \$8.0 million of which were recorded under "Loss from discontinued operations, net of tax" in our consolidated statements of operations in fiscal 2016 and the remaining \$1.8 million of which will be recorded under "Loss from discontinued operations, net of tax" in our consolidated statements of operations in future periods due to ongoing employee service requirements. See "Results of Operations — Grupo Finmart" below for additional information.

**U.S. Pawn**

The following table presents selected summary financial data from continuing operations for the U.S. Pawn segment:

	Fiscal Year Ended September 30,		Change
	2016	2015	
<i>(in thousands)</i>			
<b>Net revenues:</b>			
Pawn service charges	\$ 229,893	\$ 216,211	6%
Merchandise sales	348,771	334,635	4%
Merchandise sales gross profit	131,503	115,682	14%
Gross margin on merchandise sales	38%	35%	300 bps
Jewelry scrapping sales	47,810	54,343	(12)%
Jewelry scrapping sales gross profit	7,672	11,498	(33)%
Gross margin on jewelry scrapping sales	16%	21%	(500) bps
Other revenues	331	945	(65)%
Net revenues	369,399	344,336	7%
<b>Segment operating expenses:</b>			
Operations	255,321	244,232	5%
Depreciation and amortization	12,242	15,227	(20)%
Segment operating contribution	101,836	84,877	20%
Other segment expenses	1,780	5,029	(65)%
Segment contribution	\$ 100,056	\$ 79,848	25%
<b>Other data:</b>			
Net earning assets — continuing operations	\$ 270,974	\$ 251,068	8%
Inventory turnover — general merchandise (a)	2.6	2.8	(7)%
Inventory turnover — jewelry (a)	1.1	1.1	—
Average monthly ending pawn loan balance per store (b)	\$ 270	\$ 252	7%
Monthly average yield on pawn loans outstanding	14%	14%	—
Pawn loan redemption rate	84%	84%	—

(a) Calculation of inventory turnover excludes the effects of scrapping.

(b) Balance is calculated based on the average of the monthly ending balance averages during the applicable period.

Net revenue increased 7% (\$25.1 million), with core pawn revenue increasing \$27.8 million, or 5%, from the prior-year. The increase in core pawn revenue attributable to same stores and new stores added during the current year is summarized as follows:

	Pawn Service Charges	Merchandise Sales	Core Pawn Revenue
	<i>(in millions)</i>		
Same stores	\$ 10.0	\$ 12.3	\$ 22.3
New stores and other	3.7	1.8	5.5
Total	\$ 13.7	\$ 14.1	\$ 27.8

Pawn service charges increased 6%, with the monthly average yield remaining consistent at 14%, offset by the increase in average monthly ending pawn loans outstanding of 7% due to continued focus on customer experience.

Gross margin on merchandise sales increased to 38% from 35% in the prior year as a result of improved execution in disposing of aged inventory, as well as ongoing discipline in pawn loan valuation and retail pricing cadences. These positive operating developments drove an increase in merchandise sales gross profit of \$15.8 million. We reduced total aged inventory (as a percentage of total inventory) to 8% from 10%. This reduction is primarily attributable to a reduction of aged jewelry inventory to 11% from 15% in the prior year, while our aged general merchandise inventory remained consistent at 5%.

Gross margin on jewelry scrapping sales decreased to 16% from 21%. Jewelry scrapping sales gross profit decreased to 2% of net revenues from 3% in the prior year primarily as a result of our strategy to sell rather than scrap jewelry during our peak selling season, as margins on scrapping are lower than those on sales.

Total segment expenses increased to \$269.3 million (43% of revenues) in the current year from \$264.5 million (44% of revenues) in the prior year primarily due to:

- An \$11.1 million, or 5%, net increase in operations expense primarily due to increased wages due to staffing enhancements and an increased participation in incentive compensation plans in our field organization to better serve and satisfy our customers amounting to \$16.2 million, comprised of a \$8.4 million increase in bonuses due to the substantial improvement in operating results in fiscal 2016 as compared to fiscal 2015 and a \$7.8 million increase in salaries and related costs, in addition to costs associated with new stores acquired and other small items. The wage increases were partially offset by a \$5.3 million reduction due to fiscal 2015 impairment of long-lived intangible and fixed assets; partially offset by
- A \$3.0 million, or 20%, decrease in depreciation and amortization expense as a result of ongoing savings realized from a lower depreciable fixed asset base as a result of our strategic review completed in fiscal 2015; and
- A \$3.0 million decrease in restructuring costs pertaining to our fiscal 2015 restructuring plan initiated in the fourth quarter of our fiscal 2015.

***Non-GAAP Financial Information***

In addition to the financial information prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP"), we provide certain other non-GAAP financial information on a constant currency basis ("constant currency"). We use constant currency and ongoing segment contribution results to evaluate results of our Mexico Pawn operations, which are denominated in Mexican pesos and believe that presentation of constant currency results are meaningful and useful in understanding the activities and business metrics of our Mexico Pawn operations and reflect an additional way of viewing aspects of our business that, when viewed with GAAP results, provide a more complete understanding of factors and trends affecting our business. We provide non-GAAP financial information for informational purposes and to enhance understanding of our GAAP consolidated financial statements. We use this non-GAAP financial information to evaluate and compare operating results across accounting periods. Readers should consider the information in addition to, but not instead of or superior to, our financial statements prepared in accordance with GAAP. This non-GAAP financial information may be determined or calculated differently by other companies, limiting the usefulness of those measures for comparative purposes.

Constant currency results reported herein are calculated by translating consolidated balance sheet and consolidated statement of operations items denominated in Mexican pesos to U.S. dollars using the exchange rate from the prior-year comparable period, as opposed to the current period, in order to exclude the effects of foreign currency rate fluctuations. We used the end-of-period rate for balance sheet items and the average closing daily exchange rate during the appropriate period for statement of operations items. The end-of-period exchange rate as of September 30, 2016 and 2015 was 19.4 to 1 and 17.1 to 1, respectively. The average exchange rate for the years ended September 30, 2016, 2015 and 2014 was 17.9 to 1, 15.1 to 1, and 13.1 to 1, respectively. Constant currency results, where presented, also exclude the foreign currency gain or loss and the related foreign currency derivative gain or loss impact.

### Mexico Pawn

The following table presents selected summary financial data from continuing operations for the Mexico Pawn segment, including constant currency results, after translation to U.S. dollars from its functional currency of the Mexican peso. See “Results of Operations — Non-GAAP Financial Information” above.

	Fiscal Year Ended September 30,				
	2016 (GAAP)	2015 (GAAP)	Change (GAAP)	2016 (Constant Currency)	Change (Constant Currency)
	(in thousands)			(in thousands)	
<b>Net revenues:</b>					
Pawn service charges	\$ 31,907	\$ 30,993	3%	\$ 37,824	22%
Merchandise sales	60,331	65,408	(8)%	71,518	9%
Merchandise sales gross profit	19,329	18,037	7%	22,913	27%
Gross margin on merchandise sales	32%	28%	400 bps	32%	400 bps
Jewelry scrapping sales	2,282	3,267	(30)%	2,705	(17)%
Jewelry scrapping sales gross profit	397	313	27%	470	50%
Gross margin on jewelry scrapping sales	17%	10%	700 bps	17%	700 bps
Other revenues	385	1,021	(62)%	456	(55)%
Net revenues	52,018	50,364	3%	61,663	22%
<b>Segment operating expenses:</b>					
Operations	38,481	43,927	(12)%	45,617	4%
Depreciation and amortization	2,965	4,440	(33)%	3,515	(21)%
Segment operating contribution	10,572	1,997	*	12,531	*
Other segment expenses (a)	2,064	2,982	(31)%	907	*
Segment contribution (loss)	\$ 8,508	\$ (985)	*	\$ 11,624	*
<b>Other data:</b>					
Net earning assets — continuing operations	\$ 36,576	\$ 32,966	11%	\$ 41,496	26%
Inventory turnover (b)	2.5	2.7	(7)%	2.5	(7)%
Average monthly ending pawn loan balance per store (c)	\$ 70	\$ 65	8%	\$ 82	26%
Monthly average yield on pawn loans outstanding	16%	16%	—	16%	—
Pawn loan redemption rate	78%	77%	100 bps	78%	100 bps

\* Represents an increase or decrease in excess of 100% or not meaningful.

(a) Fiscal 2016 constant currency amount excludes \$1.3 million of net GAAP basis foreign currency transaction losses resulting from movement in exchange rates. The net foreign currency transaction losses for fiscal 2015 were \$2.0 million and are not excluded from the above results.

(b) Calculation of inventory turnover excludes the effects of scrapping.

(c) Balance is calculated based upon the average of the monthly ending balance averages during the applicable period.

The average exchange rate used to translate current year Mexico Pawn results from Mexican pesos to U.S. dollars was 17.9 to 1, a 19% change from the prior-year rate of 15.1 to 1. We have experienced a prolonged weakening of the Mexican peso to the U.S. dollar and may continue to experience further weakening in future reporting periods, which may adversely impact our future operating results when stated on a GAAP basis.

Our Mexico Pawn operations continued to grow significantly, with the positive constant currency results largely offset by changes in foreign currency exchange rates. Core pawn revenue decreased \$4.2 million, or 4%, on a GAAP basis, but increased \$12.9 million, or 13%, on a constant currency basis. The change in core pawn revenue attributable to same store and new stores added since the prior-year is summarized as follows:

	Change in Core Pawn Revenue (GAAP)		
	Pawn Service Charges	Merchandise Sales	Total
	<i>(in millions)</i>		
Same stores	\$ 0.7	\$ (1.2)	\$ (0.5)
New stores and other	0.3	0.8	1.1
Buy/sell stores	(0.1)	(4.7)	(4.8)
Total	\$ 0.9	\$ (5.1)	\$ (4.2)

	Change in Core Pawn Revenue (Constant Currency)		
	Pawn Service Charges	Merchandise Sales	Total
	<i>(in millions)</i>		
Same stores	\$ 6.5	\$ 9.6	\$ 16.1
New stores and other	0.4	1.0	1.4
Buy/sell stores	(0.1)	(4.5)	(4.6)
Total	\$ 6.8	\$ 6.1	\$ 12.9

Pawn service charges increased 3% (22% increase on a constant currency basis) primarily as a result of continued focus on pawn loan growth. The average monthly ending pawn loan balances outstanding increased 8% (26% increase on a constant currency basis) from the prior year.

Gross margin on merchandise sales increased to 32% from 28% in the prior year as a result of improved execution in disposing of aged inventory from the prior year, as well as ongoing discipline in pawn loan valuation and retail pricing cadences. These positive operating developments drove an increase in merchandise sales gross profit of \$1.3 million (\$4.9 million increase on a constant currency basis).

Total segment expenses in the current year were \$43.5 million or 46% of revenues (\$50.0 million or 44% of revenues on a constant currency basis), compared to \$51.3 million (51% of revenues) in the prior year. These changes were primarily due to:

- A \$1.9 million decrease (\$0.7 million increase on a constant currency basis) in operations expense due to staffing realignments and an increased participation in incentive compensation plans due to the substantial improvement in operating results in fiscal 2016 as compared to fiscal 2015;
- A \$1.8 million decrease in rent expense primarily due to currency impacts (\$0.1 million decrease in constant currency);
- A \$1.4 million decrease in impairment charges from the prior year on both a GAAP and constant currency basis;
- A \$1.5 million decrease in depreciation and amortization (\$0.9 million decrease on a constant currency basis) expense as a result of ongoing savings realized from a lower depreciable fixed asset base as a result of our strategic review completed in fiscal 2015; and
- A \$1.1 million decrease in licenses and fees (\$1.1 million reduction on a constant currency basis) in addition to other smaller items and additional foreign currency impacts.

**Grupo Finmart**

The following table presents selected summary financial data from discontinued operations for Grupo Finmart, including constant currency results, after translation to U.S. dollars from its functional currency of the Mexican peso. See “Results of Operations — Non-GAAP Financial Information” above.

	Fiscal Year Ended September 30,				
	2016 (GAAP)	2015 (GAAP)	Percentage Change GAAP	2016 (Constant Currency)	Percentage Change (Constant Currency)
	(in thousands)			(in thousands)	
Revenues	\$ 45,256	\$ 68,369	(34)%	\$ 53,648	(22)%
Consumer loan bad debt	30,081	26,446	14%	35,659	35%
Net revenues	15,175	41,923	(64)%	17,989	(57)%
<b>Expenses (income):</b>					
Operations	38,740	32,664	19%	45,924	41%
Impairment of goodwill (a)	73,244	—	*	73,244	*
Depreciation, amortization and other (b)	12,732	7,008	82%	4,544	(35)%
Interest expense, net	16,464	24,487	(33)%	19,517	(20)%
Gain on disposition (a)	(34,237)	—	*	(34,237)	*
Loss from discontinued operations before income taxes	<u>\$ (91,768)</u>	<u>\$ (22,236)</u>	*	<u>\$ (91,003)</u>	*

\* Represents an increase or decrease in excess of 100% or not meaningful.

(a) Amount not adjusted on a constant currency basis as charge occurred at a single point in time.

(b) Fiscal 2016 constant currency amount excludes a \$8.6 million loss from net GAAP basis foreign currency transaction losses, including forward currency forwards, resulting from movement in exchange rates. The net foreign currency transaction losses including foreign currency forwards for fiscal 2015 were \$4.4 million and are not excluded from the above results.

The average exchange rate used to translate current year Grupo Finmart results from Mexican pesos to U.S. dollars was 17.9 to 1, a 19% change from the prior-year rate of 15.1 to 1.

During January 2012, we acquired a 60% controlling interest in Grupo Finmart and began consolidating its results of operations. As of September 30, 2015 and prior to its disposition in September 2016, we owned a 94% controlling interest in Grupo Finmart. The results presented above and discussed below include the noncontrolling interest portion of Grupo Finmart’s loss. Amounts discussed below are on a GAAP basis and include the impact of foreign currency effects as presented above.

We received net proceeds of \$40.9 million from the disposition of Grupo Finmart in September 2016 in addition to certain notes receivable. See Note 3 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplemental Data” for further discussion of the disposition of Grupo Finmart.

Total revenues decreased \$23.1 million, or 34%, in fiscal 2016 to \$45.3 million. Consumer loan bad debt increased \$3.6 million in fiscal 2016 to \$30.1 million. The overall decrease in net revenue was as a result of delays in collections and other factors.

Total expenses increased to \$106.9 million in fiscal 2016 from \$64.2 million in fiscal 2015 primarily due to:

- A \$73.2 million goodwill impairment charge in fiscal 2016;
- An \$8.0 million increase in business and professional fees primarily due to transaction and other costs related to the disposition of Grupo Finmart, partially offset by other decreases;
- A \$4.2 million increase in foreign currency losses due to fluctuations in foreign currency exchange rates during fiscal 2016 as compared to fiscal 2015; and
- A \$2.1 million loss on prepayment of outstanding notes payable in conjunction with the disposition of Grupo Finmart; partially offset by

- A \$34.2 million gain on disposition of Grupo Finmart in fiscal 2016; and
- An \$8.0 million decrease in net interest expense due to a decrease in weighted-average third-party debt outstanding during fiscal 2016 as compared to fiscal 2015.

Loss from discontinued operations, net of tax for fiscal 2016 includes a \$12.9 million income tax benefit associated with Grupo Finmart operations presented above.

### **Other International**

The following table presents selected summary financial data from continuing operations for the Other International segment after translation to U.S. dollars from its functional currency of primarily Canadian and Australian dollars:

	<u>Fiscal Year Ended September 30,</u>		<u>Percentage Change</u>
	<u>2016</u>	<u>2015</u>	
	<i>(in thousands)</i>		
<b>Net revenues:</b>			
Consumer loan fees and interest	\$ 8,769	\$ 10,739	(18)%
Consumer loan bad debt	(1,965)	(3,125)	(37)%
Other revenues, net	9	706	(100)%
<b>Net revenues</b>	<b>6,813</b>	<b>8,320</b>	<b>(18)%</b>
<b>Segment operating expenses:</b>			
Operating expenses	7,803	7,396	6%
Loss from investment in unconsolidated affiliates	255	5,473	(95)%
<b>Segment operating loss</b>	<b>(1,245)</b>	<b>(4,549)</b>	<b>(73)%</b>
<b>Other segment expenses</b>	<b>11,165</b>	<b>29,406</b>	<b>(62)%</b>
<b>Segment loss</b>	<b>\$ (12,410)</b>	<b>\$ (33,955)</b>	<b>(63)%</b>

Segment loss from the Other International segment was \$12.4 million, a decrease of \$21.5 million, or 63%, from the prior-year. This decrease was primarily due to:

- A \$15.9 million decrease in impairment of investments due to the current fiscal year impairment of our investment in Cash Converters International in the amount of \$11.0 million (\$7.2 million, net of taxes) as compared to the prior-year impairment of \$26.8 million (\$17.4 million, net of taxes);
- A \$5.2 million decrease in loss from our unconsolidated affiliate. The loss of \$0.3 million presented above for fiscal 2016 includes pre-tax charges totaling \$11.8 million including restructuring costs, compliance provision and other, translated using applicable exchange rates in effect for EZCORP's year ended September 30, 2016;
- A \$2.4 million decrease in restructuring costs due to substantial costs in the prior-year pertaining to our fiscal 2015 restructuring plan initiated in the fourth quarter of our fiscal 2015, which included the closure of 12 underperforming Canadian Cash Converters stores during fiscal 2015; partially offset by
- A \$1.5 million decrease in segment net revenues due partially to wind down of certain Canadian operations; and
- A \$0.4 million increase in segment operating expenses as a result of \$2.6 million invested in building an IT marketing platform to provide targeted solutions for our pawn customers, offset by a \$2.2 million overall decrease in expenses associated with the wind down of certain Canadian operations.



### Other Items

The following table reconciles our consolidated segment contribution discussed above to net loss attributable to EZCORP, Inc., including items that affect our consolidated financial results but are not allocated among segments:

	Fiscal Year Ended September 30,		Percentage Change
	2016	2015	
	<i>(in thousands)</i>		
Segment contribution	\$ 96,154	\$ 44,908	*
Corporate expenses (income):			
Administrative	68,101	72,986	(7)%
Depreciation and amortization	11,117	10,676	4%
Loss on sale or disposal of assets	269	1,407	(81)%
Restructuring	183	9,702	(98)%
Interest expense	16,243	16,310	—
Interest income	(49)	(158)	(69)%
Other (income) expense	(73)	192	*
Income (loss) from continuing operations before income taxes	363	(66,207)	*
Income tax expense (benefit)	9,361	(14,025)	*
Loss from continuing operations, net of tax	(8,998)	(52,182)	(83)%
Loss from discontinued operations, net of tax	(79,432)	(42,045)	89%
Net loss	(88,430)	(94,227)	(6)%
Net loss attributable to noncontrolling interest	(7,686)	(5,035)	53%
Net loss attributable to EZCORP, Inc.	\$ (80,744)	\$ (89,192)	(9)%

\* Represents an increase or decrease in excess of 100% or not meaningful.

Net income from continuing operations before income taxes increased \$66.6 million from the prior-year to income of \$0.4 million in the current year primarily due to:

- A \$51.2 million increase in segment contributions of \$20.2 million, \$21.5 million and \$9.5 million from the U.S. Pawn, Other International and Mexico Pawn segments, respectively;
- A \$9.5 million decrease in restructuring expense primarily due to restructuring actions initiated in prior fiscal years which have wound down; and
- A \$4.9 million decrease in administrative expense due primarily to a \$3.6 million decrease in salaries and related costs, a \$3.4 million decrease in litigation and related costs and \$5.8 million in various other individually small reductions in corporate costs, including a reduction in restatement related costs, offset by a \$8.0 million increase in short-term and long-term incentive programs. Administrative expenses include \$4.2 million of fiscal 2015 restatement related expenses recorded in fiscal 2016; partially offset by
- A \$0.4 million increase in depreciation and amortization expense.

Income taxes increased \$23.4 million, to a \$9.4 million expense in the current year, primarily due to the \$66.6 million decrease in loss from continuing operations before income taxes, in addition to various permanent differences.

In fiscal 2016, we sold our Grupo Finmart business. As a result, loss from discontinued operations, net of tax includes a gain of \$34.2 million and a \$2.1 million loss, which we expect to recoup through receipt of future note receivable payments, on assumption of existing Grupo Finmart debt, before taxes. The gain does not take into consideration the total costs associated with the transaction, which were \$9.8 million, approximately \$8.0 million of which were recorded under "Loss from discontinued operations, net of tax" in our consolidated statements of operations in fiscal 2016 and the remaining \$1.8 million of which will be recorded under "Loss from discontinued operations, net of tax" in our consolidated statements of operations in future periods due to ongoing employee service requirements. See "Results of Operations — Grupo Finmart" above for additional information.

**Fiscal 2015 vs. Fiscal 2014**
**Summary Financial Data**

The following table presents selected summary consolidated financial data for our fiscal years ended September 30, 2015 and 2014. This table, as well as the discussion that follows, should be read with the consolidated financial statements and related notes included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

	<b>Fiscal Year Ended September 30,</b>		<b>Change</b>
	<b>2015</b>	<b>2014</b>	
<i>(in thousands)</i>			
<b>Net revenues:</b>			
Pawn service charges	\$ 247,204	\$ 248,378	—
Merchandise sales	402,118	388,022	4%
Merchandise sales gross profit	134,329	139,385	(4)%
Gross margin on merchandise sales	33%	36%	(300) bps
Jewelry scrapping sales	57,973	96,241	(40)%
Jewelry sales gross profit	11,907	23,411	(49)%
Gross margin on jewelry scrapping sales	21%	24%	(300) bps
Other revenues, net	9,580	10,683	(10)%
Net revenues	403,020	421,857	(4)%
Operating expenses	418,623	403,763	4%
Non-operating expenses	50,604	10,205	*
(Loss) income from continuing operations before income taxes	(66,207)	7,889	*
Income tax (benefit) expense	(14,025)	4,451	*
(Loss) income from continuing operations, net of tax	(52,182)	3,438	*
Loss from discontinued operations, net of tax	(42,045)	(77,474)	(46)%
Net loss	(94,227)	(74,036)	27%
Net loss attributable to noncontrolling interest	(5,035)	(6,319)	(20)%
Net loss attributable to EZCORP, Inc.	\$ (89,192)	\$ (67,717)	32%
<b>Net pawn earning assets:</b>			
Pawn loans	\$ 159,964	\$ 162,444	(2)%
Inventory, net	124,084	138,175	(10)%
Total net pawn earning assets	\$ 284,048	\$ 300,619	(6)%

\* Represents an increase or decrease in excess of 100% or not meaningful.

Total revenues for fiscal 2015 were \$720.0 million compared to \$745.8 million for fiscal 2014, a 3% decrease. Excluding jewelry scrapping sales, total revenues increased \$12.5 million, driven by increased merchandise sales and pawn service charges.

Total operating expenses increased \$14.9 million, or 4%, from fiscal 2014. This increase was primarily due to:

- A \$10.4 million increase in restructuring expense related to our fiscal 2015 restructuring plan aimed to streamline our structure and operating model to improve overall efficiency and reduce costs;
- An \$8.5 million decrease in gain on sale or disposal of assets, primarily due to the sale of seven U.S. pawn stores during fiscal 2014; and
- A \$1.4 million increase in depreciation expense primarily attributable to assets placed in service as we continue to invest in the infrastructure to support our growth; partially offset by

- A \$7.0 million decrease in administrative expense due to a \$15.3 million decrease in labor expenses and associated costs primarily attributable to the discontinuance of USFS operations. The decrease in labor and associated costs was partially offset by a \$3.2 million increase in professional fees as a result of the review of our Grupo Finmart loan portfolio and the restatement of previously-issued financial statements. The overall cost of the Grupo Finmart loan review and restatement that had been incurred as of September 30, 2015 was \$4.1 million.

Total non-operating expenses increased \$40.4 million from fiscal 2014. This increase was primarily due to:

- Impairment of our investment in Cash Converters International in fiscal 2015 in the amount of \$26.8 million (\$17.4 million, net of taxes), as compared to an impairment of our investment in Albemarle & Bond in fiscal 2014 in the amount of \$7.9 million (\$5.4 million, net of taxes);
- An \$8.5 million increase in interest expense in fiscal 2015 due to increased interest on our 2.125% Cash Convertible Notes as a result of the full year inclusion of such notes, which were issued in June and July 2014 and the payment of additional interest during a portion of fiscal 2015 due to our delinquency in filing quarterly reports for the second and third quarters of fiscal 2015, which was cured on November 9, 2015;
- An \$11.4 million decrease in income from our unconsolidated affiliates primarily due to after-tax charges of \$5.4 million due to a contract termination, \$3.7 million due to a class-action litigation settlement and \$1.2 million due to impairments of goodwill and long-lived assets recorded by our unconsolidated affiliate; and
- A \$1.6 million increase in other expense primarily due to net foreign currency transaction losses in fiscal 2015 as a result of movement in exchange rates affecting the revaluation of intercompany amounts and foreign currency debt outstanding.

Income taxes increased \$18.5 million to a benefit of \$14.0 million, primarily due to the \$74.1 million increase in loss from continuing operations before income taxes.

In fiscal 2016, we sold our Grupo Finmart business. As a result, we have recast the operating results of Grupo Finmart for fiscal 2015 and 2014 as discontinued operations. Our fiscal 2015 and 2014 loss from discontinued operations, net of tax includes a \$22.2 million and \$19.1 million loss, respectively, from Grupo Finmart operations before income taxes.

In fiscal 2015, we announced our exit from the USFS business. We incurred \$42.4 million in pre-tax termination costs in fiscal 2015 which includes \$10.6 million in goodwill impairment charges, \$1.7 million in long-lived asset impairments, \$21.0 million estimated costs related to regulatory compliance, employee severance and accelerated amortization of prepaid expenses and other assets, \$7.4 million in asset write-downs to liquidation value and \$1.7 million in lease termination costs.

In fiscal 2014, we announced our exit from the online lending markets in United States and the United Kingdom. As a result we incurred \$103.1 million in pre-tax termination costs from our discontinued operations which includes \$84.2 million in goodwill impairment charges, \$11.8 million in long-lived assets impairments, \$7.6 million of estimated costs related to regulatory compliance, employee severance and accelerated amortization of prepaid expenses and other assets, \$2.9 million in asset write-downs to liquidation value and \$1.5 million in lease termination costs, partially offset by a \$4.8 million reversal of contingent consideration payable.

**U.S. Pawn**

The following table presents selected summary financial data from continuing operations for the U.S. Pawn segment:

	<b>Fiscal Year Ended September 30,</b>		<b>Change</b>
	<b>2015</b>	<b>2014</b>	
<i>(in thousands)</i>			
<b>Net revenues:</b>			
Pawn service charges	\$ 216,211	\$ 217,891	(1)%
Merchandise sales	334,635	325,337	3%
Merchandise sales gross profit	115,682	120,193	(4)%
Gross margin on merchandise sales	35%	37%	(200) bps
Jewelry scrapping sales	54,343	89,471	(39)%
Jewelry scrapping sales gross profit	11,498	22,758	(49)%
Gross margin on jewelry scrapping sales	21%	25%	(400) bps
Other revenues, net	945	1,372	(31)%
Net revenues	344,336	362,214	(5)%
<b>Segment operating expenses:</b>			
Operations	244,232	236,225	3%
Depreciation and amortization	15,227	13,333	14%
Segment operating contribution	84,877	112,656	(25)%
Other segment expenses (income)	5,029	(6,823)	*
Segment contribution	\$ 79,848	\$ 119,479	(33)%
<b>Other data:</b>			
Net earning assets — continuing operations	\$ 251,068	\$ 260,065	(3)%
Inventory turnover — general merchandise (a)	2.8	2.5	12%
Inventory turnover — jewelry (a)	1.1	1.7	(35)%
Average monthly ending pawn loan balance per store (b)	\$ 252	\$ 270	(7)%
Monthly average yield on pawn loans outstanding	14%	13%	100 bps
Pawn loan redemption rate	84%	83%	100 bps

\* Represents an increase or decrease in excess of 100% or not meaningful.

(a) Calculation of inventory turnover excludes the effects of scrapping.

(b) Balance is calculated based on the average of the monthly ending balance averages during the applicable period.

Net revenue decreased 5% (\$17.9 million), with core pawn revenue increasing \$7.6 million, or 1%, from fiscal 2014. The increase in core pawn revenue attributable to same stores and new stores added during fiscal 2015 is summarized as follows:

	<b>Change in Core Pawn Revenue</b>		
	<b>Pawn Service Charges</b>	<b>Merchandise Sales</b>	<b>Total</b>
<i>(in millions)</i>			
Same stores	\$ (2.8)	\$ 5.2	\$ 2.4
New stores and other	1.1	4.1	5.2
Total	\$ (1.7)	\$ 9.3	\$ 7.6

Pawn service charges decreased 1%, with the monthly average yield increasing to 14% (13% in fiscal 2014), offset by the reduction in average monthly ending pawn loans outstanding of 7%.

Gross margin on merchandise sales decreased to 35% from 37% in fiscal 2014 as a result of liquidating approximately 50% of aged inventory. We reduced aged general merchandise inventory to 5% from 8% and aged jewelry inventory to 15% from 31% in fiscal 2014. This decrease caused a 3% increase in merchandise sales of \$9.3 million, with a reduction in merchandise sales gross profit of \$4.5 million.

Gross margin on jewelry scrapping sales decreased to 21% from 25% in fiscal 2014 as a result of an 8% decrease in proceeds realized per gram of gold jewelry scrapped, coupled with a 33% decrease in gold volume, primarily as a result of our continued strategy to sell rather than scrap jewelry.

Total segment expenses increased to \$264.5 million (44% of revenues) in fiscal 2015 from \$242.7 million (38% of revenues) in fiscal 2014 primarily due to:

- An \$8.0 million, or 3%, increase in operations expense primarily attributable to a \$3.3 million increase in rent expense due to the addition of 25 new and acquired stores during fiscal 2015 and a \$5.3 million impairment of long-lived intangible and fixed assets attributable to the underperformance of certain U.S. Pawn store locations, partially offset by a \$1.3 million decrease in advertising expense;
- A \$1.9 million, or 14%, increase in depreciation and amortization expense primarily attributable to assets placed in service as we continue to invest in the infrastructure to support our growth;
- A \$7.8 million decrease in gain on sale or disposal of assets attributable to a \$6.8 million gain realized on the sale of seven U.S. pawn stores during fiscal 2014; and
- A \$4.0 million increase in restructuring expense related to our fiscal 2015 restructuring plan aimed to streamline our structure and operating model to improve overall efficiency and reduce costs, which included the closure of 12 underperforming U.S. Pawn stores during fiscal 2015.

### Mexico Pawn

The following table presents selected summary financial data from continuing operations for the Mexico Pawn segment after translation to U.S. dollars from its functional currency of the Mexican peso:

	Fiscal Year Ended September 30,				
	2015 (GAAP)	2014 (GAAP)	Change (GAAP)	2015 (Constant Currency)	Change (Constant Currency)
	<i>(in thousands)</i>			<i>(in thousands)</i>	
<b>Net revenues:</b>					
Pawn service charges	\$ 30,993	\$ 30,487	2%	\$ 35,725	17%
Merchandise sales	65,408	60,302	8%	75,394	25%
Merchandise sales gross profit	18,037	18,258	(1)%	20,791	14%
Gross margin on merchandise sales	28%	30%	(200) bps	28%	(200) bps
Jewelry scrapping sales	3,267	6,302	(48)%	3,766	(40)%
Jewelry scrapping sales gross profit	313	495	(37)%	361	(27)%
Gross margin on jewelry scrapping sales	10%	8%	200 bps	10%	200 bps
Other revenues	1,021	1,016	—	1,177	16%
Net revenues	50,364	50,256	—	58,054	16%
<b>Segment operating expenses:</b>					
Operations	43,927	48,907	(10)%	50,633	4%
Depreciation and amortization	4,440	5,374	(17)%	5,118	(5)%
Segment operating contribution (loss)	1,997	(4,025)	*	2,303	*
Other segment expenses (a)	2,982	165	*	1,145	*
Segment (loss) contribution	\$ (985)	\$ (4,190)	(76)%	\$ 1,158	*
<b>Other data:</b>					
Net earning assets — continuing operations	\$ 32,966	\$ 39,976	(18)%	\$ 41,993	5%
Inventory turnover (b)	2.7	2.4	13%	2.6	8%
Average monthly ending total pawn loan balances per store (c)	\$ 65	\$ 64	2%	\$ 82	28%
Monthly average yield on pawn loans outstanding	16%	16%	—	16%	—
Pawn loan redemption rate	77%	77%	—	77%	—

\* Represents an increase or decrease in excess of 100% or not meaningful.

(a) Fiscal 2015 constant currency amount excludes \$2.0 million of net GAAP basis foreign currency transaction losses resulting from movement in exchange rates. The net foreign currency transaction losses for fiscal 2014 were \$0.1 million and are not excluded from the above results.

(b) Calculation of inventory turnover excludes the effects of scrapping.

(c) Balance is calculated based on the average of the monthly ending balance averages during the applicable period.

The average exchange rate used to translate fiscal 2015 Mexico Pawn results from Mexican pesos to U.S. dollars was 15.1 to 1, a 15% change from the fiscal 2014 rate of 13.1 to 1. We have experienced a prolong weakening of the Mexican peso to the U.S. dollar and may continue to experience such weakening in future reporting periods.

Our Mexico Pawn operations continued to grow significantly, with core pawn revenue increasing \$5.6 million, or 6% (increasing \$20.3 million, or 22% on a constant currency basis) from fiscal 2014. The increase in core pawn revenue attributable to same store and new stores added in fiscal 2015 is summarized as follows:

<b>Change in Core Pawn Revenue (GAAP)</b>			
	<b>Pawn Service Charges</b>	<b>Merchandise Sales</b>	<b>Total</b>
<i>(in millions)</i>			
Same stores	\$ 2.1	\$ 8.2	\$ 10.3
New stores and other	(1.8)	(4.4)	(6.2)
Buy/sell stores	0.2	1.3	1.5
Total	<u>\$ 0.5</u>	<u>\$ 5.1</u>	<u>\$ 5.6</u>

<b>Change in Core Pawn Revenue (Constant Currency)</b>			
	<b>Pawn Service Charges</b>	<b>Merchandise Sales</b>	<b>Total</b>
<i>(in millions)</i>			
Same stores	\$ 6.5	\$ 9.6	\$ 16.1
New stores and other	0.4	1.0	1.4
Buy/sell stores	(1.7)	4.5	2.8
Total	<u>\$ 5.2</u>	<u>\$ 15.1</u>	<u>\$ 20.3</u>

Pawn service charges increased 2% (17% on a constant currency basis), with the actual yield remaining constant at 16% on both a GAAP and constant currency basis and average monthly ending pawn loan balance per store increasing 2% (28% on a constant currency basis).

Gross margin on merchandise sales decreased to 28% from 30% in fiscal 2014. We reduced aged general merchandise inventory to 4% from 23% and aged jewelry inventory to a nominal amount from 15% in fiscal 2014.

Total segment expenses decreased to \$51.3 million or 51% of revenues (\$56.9 million or 49% of revenues on a constant currency basis) in fiscal 2015 from \$54.4 million or 55% of revenues in fiscal 2014. The decrease was primarily due to foreign currency impacts, offset by a \$1.7 million impairment in goodwill associated with our Tuyto reporting unit.

**Grupo Finmart**

The following table presents selected summary financial data from discontinued operations for Grupo Finmart, including constant currency results, after translation to U.S. dollars from its functional currency of the Mexican peso. See “Results of Operations — Non-GAAP Financial Information” above.

	Fiscal Year Ended September 30,				
	2015 (GAAP)	2014 (GAAP)	Percentage Change (GAAP)	2015 (Constant Currency)	Percentage Change (Constant Currency)
	<i>(in thousands)</i>			<i>(in thousands)</i>	
Revenues	\$ 68,369	\$ 54,522	25%	\$ 78,807	45%
Consumer loan bad debt	26,446	19,605	35%	30,484	55%
Net revenues	41,923	34,917	20%	48,323	38%
<b>Expenses:</b>					
Operations	32,664	32,184	1%	37,651	17%
Depreciation, amortization and other (a)	7,008	2,382	*	2,979	25%
Interest expense, net	24,487	19,479	26%	28,226	45%
Loss from discontinued operation before income taxes	\$ (22,236)	\$ (19,128)	16%	\$ (20,533)	7%

\* Represents an increase or decrease in excess of 100% or not meaningful.

(a) Fiscal 2015 constant currency amount excludes \$4.4 million of net GAAP basis foreign currency transaction losses resulting from movement in exchange rates. The net foreign currency transaction gains for fiscal 2014 were \$0.1 million and are not excluded from the above results.

The average exchange rate used to translate fiscal 2015 Grupo Finmart results from Mexican pesos to U.S. dollars was 15.1 to 1, a 15% change from the fiscal 2014 rate of 13.1 to 1.

During January 2012 we acquired a 60% controlling interest in Grupo Finmart and began consolidating its results of operations. As of September 30, 2015 and 2014 we owned a 94% and 76% controlling interest, respectively, in Grupo Finmart. The results presented above and discussed below include the noncontrolling interest portion of Grupo Finmart’s segment loss. For information about our ownership in Grupo Finmart, see Note 4 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.” Amounts discussed below are on a GAAP basis and include the impact of foreign currency effects as presented above.

Grupo Finmart total revenues increased \$13.8 million, or 25%, in fiscal 2015 to \$68.4 million, primarily due to an increase in consumer loan fees and interest. This increase was attributable to income amortized from previously originated loans, coupled with an increase in the consumer loan originations during fiscal 2015.

Consumer loan bad debt increased \$6.8 million, or 35%, from fiscal 2014 to \$26.4 million due to an increase in the number of loans becoming non-performing during fiscal 2015.

Total expenses increased to \$64.2 million (94% of revenues) in fiscal 2015 from \$54.0 million (99% of revenues) in fiscal 2014 primarily due to:

- A \$5.0 million, or 26%, increase in net interest expense due to a similar increase in weighted-average debt outstanding during fiscal 2015 from fiscal 2014; and
- A \$4.3 million increase in foreign currency losses due to fluctuations in foreign currency exchange rates during fiscal 2015 as compared to fiscal 2014.



### Other International

The following table presents selected summary financial data from continuing operations for the Other International segment after translation to U.S. dollars from its functional currency of primarily Canadian and Australian dollars:

	Fiscal Year Ended September 30,		Percentage Change
	2015	2014	
<i>(in thousands)</i>			
<b>Net revenues:</b>			
Consumer loan fees and interest	\$ 10,739	\$ 10,736	—%
Consumer loan bad debt	(3,125)	(2,441)	28%
Other revenues, net	706	1,092	(35)%
<b>Net revenues</b>	<b>8,320</b>	<b>9,387</b>	<b>(11)%</b>
<b>Segment operating expenses (income):</b>			
Operating expenses	7,396	9,422	(22)%
Loss (income) from investments in unconsolidated affiliates	5,473	(5,948)	*
Segment operating (loss) contribution	(4,549)	5,913	*
<b>Other segment expenses</b>	<b>29,406</b>	<b>8,026</b>	<b>*</b>
<b>Segment loss</b>	<b>\$ (33,955)</b>	<b>\$ (2,113)</b>	<b>*</b>

\* Represents an increase or decrease in excess of 100% or not meaningful.

Segment loss from the Other International segment increased \$31.8 million from fiscal 2014 to a loss of \$34.0 million in fiscal 2015 primarily due to:

- An \$11.4 million decrease in income from our unconsolidated affiliates primarily due to a \$40.2 million decrease in Cash Converters International's profit attributable to owners of the company during its fiscal year ended June 30, 2015, mainly attributable to charges of \$26.4 million (\$5.4 million after-tax financial impact to EZCORP) in contract termination charges, \$17.7 million (\$3.7 million after-tax financial impact to EZCORP) for class-action litigation settlement and \$5.9 million (\$1.2 million financial impact to EZCORP) for impairments of goodwill and long-lived assets;
- An \$18.9 million increase in impairment of investments due to the fiscal 2015 impairment of our investment in Cash Converters International in the amount of \$26.8 million (\$17.4 million, net of taxes), as compared to the fiscal 2014 impairment of our investment in Albemarle & Bond in the amount of \$7.9 million (\$5.4 million, net of taxes), which brought our carrying value of this investment to zero; and
- A \$2.6 million increase in restructuring expense related to our fiscal 2015 restructuring plan aimed to streamline our structure and operating model to improve overall efficiency and reduce costs, which included the closure of 12 underperforming Canadian Cash Converters stores during fiscal 2015.

### Other Items

The following table reconciles our consolidated segment contribution discussed above to net loss attributable to EZCORP, Inc., including items that affect our consolidated financial results but are not allocated among segments:

	Fiscal Year Ended September 30,		Percentage Change
	2015	2014	
	<i>(in thousands)</i>		
Segment contribution	\$ 44,908	\$ 113,176	(60)%
Corporate expenses (income):			
Administrative	72,986	79,944	(9)%
Depreciation and amortization	10,676	9,735	10%
Loss on sale or disposal of assets	1,407	964	46%
Restructuring	9,702	6,664	46%
Interest expense	16,310	7,883	*
Interest income	(158)	(278)	(43)%
Other expense	192	375	(49)%
(Loss) income from continuing operations before income taxes	(66,207)	7,889	*
Income tax (benefit) expense	(14,025)	4,451	*
Loss from continuing operations, net of tax	(52,182)	3,438	*
Loss from discontinued operations, net of tax	(42,045)	(77,474)	(46)%
Net loss	(94,227)	(74,036)	27%
Net loss attributable to noncontrolling interest	(5,035)	(6,319)	(20)%
Net loss income attributable to EZCORP, Inc.	\$ (89,192)	\$ (67,717)	32%

\* Represents an increase or decrease in excess of 100% or not meaningful.

Net income from continuing operations before income taxes decreased \$74.1 million from fiscal 2014 to a loss of \$66.2 million in fiscal 2015 primarily due to:

- A \$68.3 million, or 60%, decrease in segment contribution primarily due to a \$39.6 million and \$31.8 million decrease in segment contribution from the U.S. Pawn and Other International segments, respectively, offset by a \$3.2 million increase in segment contribution from the Mexico Pawn segment;
- A \$3.0 million increase in restructuring expense related to our fiscal 2015 restructuring plan aimed to streamline our structure and operating model to improve overall efficiency and reduce costs; and
- An \$8.4 million increase in interest expense primarily due to increased interest on our 2.125% Cash Convertible Notes as a result of the full year inclusion of such notes, which were issued in June and July 2014, and the payment of additional interest during a portion of fiscal 2015 due to our delinquency in filing quarterly reports for the second and third quarters of fiscal 2015, which was cured on November 9, 2015; partially offset by
- A \$7.0 million decrease in administrative expense due to a \$15.3 million decrease in labor expenses and associated costs primarily attributable to the discontinuance of USFS operations. Professional fees primarily associated with the review of our Grupo Finmart loan portfolio and the restatement of previously-issued financial statements increased by \$3.2 million.

Income tax benefit increased \$18.5 million to \$14.0 million, primarily due to the \$74.1 million increase in loss from continuing operations before income taxes.

In fiscal 2016, we sold our Grupo Finmart business. As a result, we have recast the operating results of Grupo Finmart for fiscal 2015 and 2014 as discontinued operations. Our fiscal 2015 and 2014 loss from discontinued operations, net of tax includes a \$22.2 million and \$19.1 million loss, respectively, from Grupo Finmart operations before income taxes.

In fiscal 2015, we announced our exit from the USFS business. We incurred \$42.4 million in pre-tax termination costs in fiscal 2015, which includes \$10.6 million in goodwill impairment charges, \$1.7 million in long-lived asset impairments, \$21.0

million estimated costs related to regulatory compliance, employee severance and accelerated amortization of prepaid expenses and other assets, \$7.4 million in asset write-downs to liquidation value and \$1.7 million in lease termination costs.

In fiscal 2014, we announced our exit from the online lending markets in United States and the United Kingdom. As a result we incurred \$103.1 million in pre-tax termination costs from our discontinued operations, which includes \$84.2 million in goodwill impairment charges, \$11.8 million in long-lived assets impairments, \$7.6 million of estimated costs related to regulatory compliance, employee severance and accelerated amortization of prepaid expenses and other assets, \$2.9 million in asset write-downs to liquidation value and \$1.5 million in lease termination costs, partially offset by a \$4.8 million reversal of contingent consideration payable.

## Liquidity and Capital Resources

### Cash Flows

The table below presents a summary of the selected sources and uses of our cash:

	Fiscal Year Ended September 30,		Percentage Change
	2016	2015	
	<i>(in thousands)</i>		
Cash flows from operating activities	\$ 64,403	\$ 79,398	(19)%
Cash flows from investing activities	6,716	(67,693)	*
Cash flows from financing activities	(63,156)	2,402	*
Effect of exchange rate changes on cash and cash equivalents	(1,350)	(10,308)	87%
Net increase in cash and cash equivalents	\$ 6,613	\$ 3,799	74%

\* Represents an increase or decrease in excess of 100% or not meaningful.

### Change in Cash and Cash Equivalents for Fiscal 2016 vs. Fiscal 2015

The decrease in cash flows from operating activities was primarily due to a \$39.4 million decrease in net loss plus several non-cash items, a \$3.1 million increase in restructuring payments and a \$2.6 million decrease in dividends received from our unconsolidated affiliate, partially offset by a \$30.1 million increase in changes in operating assets and liabilities, including \$34.2 million received in March 2016 as a result of the carryback of fiscal 2015 tax net operating losses.

The increase in cash flows from investing activities was primarily due to \$35.3 million in net cash proceeds from disposition of Grupo Finmart, a \$11.0 million increase in net proceeds related to loan activities, a \$1.8 million decrease in acquisitions, net of cash acquired, a \$12.1 million increase as a result of no additional investments in Cash Converters International in fiscal 2016 and a \$14.7 million decrease in additions to property and equipment, offset by a \$0.6 million decrease in proceeds from sale of assets.

The decrease in cash flows from financing activities was primarily due to a \$45.6 million increase in net payments on borrowings, a \$32.8 million decrease in restricted cash, a \$9.0 million increase in payout of deferred consideration as we finalized payments on a previous acquisition and an \$11.8 million repurchase of common stock issued in connection with a previous acquisition, partially offset by a \$32.4 million decrease in purchases of subsidiary shares from noncontrolling interests.

The effect of exchange rates on cash and cash equivalents was substantial as a result of the decline in the value of the Mexican peso against the United States dollar during fiscal 2016.

The net effect of these and other smaller items was a \$6.6 million increase in cash on hand during fiscal 2016, providing a \$65.7 million ending cash balance, \$3.9 million of which was held by foreign subsidiaries and was not available to fund domestic operations as we intend to indefinitely earnings from foreign operations.

Cash flows from discontinued operations are aggregated with cash flows from continuing operations in the statements of cash flows. We are unable to bifurcate consolidated cash flows into cash flows attributable to continuing operations and discontinued operations prior to fiscal 2016 as certain of these cash flows pertain to consolidated operations. Grupo Finmart cash flows are presented separately in Note 3 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

## **Cash Overview**

As of September 30, 2016, our primary source of liquidity was \$65.7 million in cash and cash equivalents. Of this amount, approximately 6%, or \$3.9 million, was held by foreign subsidiaries, portions of which we may be unable to repatriate without incurring United States income taxes. We actively manage our cash in order to fund operating needs, make scheduled interest and principal payments on our borrowings and make acquisitions.

## **Sources and Uses of Cash**

### *Sale of Grupo Finmart*

On September 27, 2016, we completed the previously announced sale of all of our equity interests in Grupo Finmart to AlphaCredit. The sale was completed substantially in accordance with the terms set forth in the Purchase Agreement. Pursuant to the Purchase Agreement, AlphaCredit purchased all of EZCORP's equity interests in Grupo Finmart, representing 93.78% of the issued and outstanding equity interests of Grupo Finmart, as well as a portion of the remaining interests held by the minority shareholders. The aggregate base price for 100% of Grupo Finmart was \$50.0 million, subject to certain adjustments specified in the Purchase Agreement. Certain of the minority shareholders retained their equity interests in Grupo Finmart by entering into a shareholder agreement negotiated with AlphaCredit, and the portion of the purchase price attributable to such equity interests has been retained by AlphaCredit. Taking into consideration the \$2.7 million attributable to the interests of the minority shareholders and following application of the purchase price adjustments (principally, working capital and non-operating debt adjustments), the purchase price payable to EZCORP was \$40.9 million and, subject to the escrow amount described below, was paid in cash at closing. The purchase price is subject to final balance sheet adjustments within 90 days of closing.

An amount equal to 10% of the adjusted purchase price (\$4.1 million) is subject to indemnification claims and is held in escrow for up to 18 months. AlphaCredit may also elect to withdraw funds from the escrow account to recover any amounts owed to it by reason of any post-closing purchase price adjustment. An additional \$11.5 million was placed in a separate escrow account for tax purposes and was released to us on September 29, 2016 upon the filing and delivery of certain required tax documentation.

The amount of intercompany indebtedness owed by Grupo Finmart to EZCORP at the time of closing (\$60.2 million) was restructured into two notes issued by Grupo Finmart and guaranteed by AlphaCredit. Each note provides for quarterly interest payments and accrued principal repayments in installments over three years on the anniversary dates of the closing (30% on the first anniversary, 40% on the second anniversary and 30% on the third anniversary). The note governing the Mexican Peso denominated debt (principal amount of \$8.2 million) is payable in Mexican Pesos at a 7.5% per annum interest rate, and the note governing the U.S. Dollar denominated debt (principal amount of \$52.0 million) is payable in U.S. Dollars at a 4% per annum interest rate.

The Purchase Agreement provides for certain indemnification obligations of both EZCORP and AlphaCredit, subject to certain limitations. Generally, the maximum amount of our indemnification obligations is (1) 15% of the adjusted purchase price for general representations and warranties, (2) 25% of the adjusted purchase price for Special Representations (as defined in the Purchase Agreement) and (3) 100% of the proceeds received from AlphaCredit for all other indemnification obligations, including Fundamental Representations (as defined in the Purchase Agreement).

In addition, in connection with the closing, we paid a total of \$31.1 million, including future interest payments and penalties, to existing Grupo Finmart lenders and stepped into the position of those lenders, including related collateral, and assumed the receivable from Grupo Finmart with no change in terms. All of this debt is scheduled to be repaid to us through December 2017.

This debt includes \$25.3 million in total future payments pertaining to consolidated variable interest entity ("VIE") debt supported by certain foreign currency hedge obligations of Grupo Finmart. We had previously guaranteed Grupo Finmart's obligations under those hedge contracts, and our guarantee was unaffected by the sale. However, because our guarantee relates to underlying debt that is now owed to us, we do not anticipate any losses arising from the guarantee. Further, AlphaCredit, subject to certain exceptions, has agreed to reimburse us for any amounts we are required to pay under the guarantee. Although these guarantees offset each other, each is shown separately on our consolidated balance sheet at September 30, 2016 (our guarantee as a liability and the AlphaCredit backup guarantee as an asset).

All debt held by Grupo Finmart and its previously consolidated VIEs has been deconsolidated and is no longer included in the consolidated accounts of EZCORP as of September 30, 2016. For an additional description of the disposition of Grupo Finmart, see Note 3 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

*Term Loan Facility up to \$100 Million*

On September 12, 2016 (the “Closing Date”), EZCORP, Inc. (as Borrower) and certain of its subsidiaries (as Guarantors) entered into a “Financing Agreement” with certain lenders (the “Lenders”) and Fortress Credit Co LLC (as collateral and administrative agent for the Lenders).

The Financing Agreement provides for a senior secured credit facility in an aggregate principal amount of \$100 million, subject to various terms and conditions contained in the Financing Agreement. The credit facility (“Term Loan Facility”) consists of an initial Term Loan of \$50 million (“Initial Term Loan”) that was drawn on the Closing Date, and one or more “Delayed Draw Term Loans” of up to \$50 million in the aggregate that may be drawn in whole or in part at any time and from time to time during the first 18 months from the Closing Date.

Borrowings under the new facility bear interest at an annual rate initially equal to the London Interbank Offered Rate (“LIBOR”) plus 7.5% or, at our election, a “Reference Rate” plus 6.5%, but will be reduced to LIBOR plus 6.5% or, at our election, the Reference Rate plus 5.5% upon the later of December 31, 2017 or the occurrence of a specified investment return event. In any case, the LIBOR rate is subject to a floor of 1% and the Reference Rate is subject to a floor of 3%. We will also pay a monthly fee of 2.75% per annum on the average daily unused portion of the Delayed Draw Term Loan facility and a quarterly loan servicing fee of \$15,000. On the Closing Date, we paid a closing fee of 1.75% of the Initial Term Loan and a commitment fee equal to 0.875% of the Delayed Draw Term Loan commitment which were capitalized and will be amortized over the expected term of the Financing Agreement. At the time of each draw under the Delayed Draw Term Loan Facility, we will pay a funding fee of 0.875% of the funded Delayed Draw Term Loan.

All amounts outstanding under the new facility must be repaid on the Final Maturity Date, which will occur on September 12, 2022 (six years after the Closing Date); provided, however, that the Final Maturity Date will occur on May 15, 2019 if, on that date, more than 10% of our 2.125% Cash Convertible Senior Notes Due 2019 (“Cash Convertible Notes”) remain outstanding or there is no lender-approved plan to refinance any lesser outstanding amount of the Cash Convertible Notes. The new facility is subject to mandatory prepayments upon the occurrence of certain specified events, such as asset sales, certain debt issuances, certain equity issuances, casualty and condemnation events and receipt of tax refunds or proceeds of settlements or judgments (subject to customary exceptions, materiality thresholds and reinvestment rights). We may voluntarily prepay the facility at any time subject to a prepayment premium of 2% during the first year after the Closing Date and 1% during the second year after the Closing Date.

Borrowings under the new facility are secured by first priority security interests in and liens on substantially all of the tangible and intangible personal property and assets of EZCORP and its domestic subsidiaries, including equity interests in EZCORP’s domestic subsidiaries and certain of its foreign subsidiaries (subject to customary exceptions and exclusions).

The Financing Agreement contains affirmative and negative covenants, indemnities, representations and warranties, and other terms and conditions customary for financings of this type, including limitations on certain indebtedness, liens, acquisitions and other investments, fundamental changes (including mergers, consolidations and dissolutions), asset dispositions, dividends and other distributions, prepayments of other indebtedness, sale and leaseback transactions, and transactions with affiliates. The Financing Agreement also contains quarterly financial covenants consisting of a maximum Senior Leverage Ratio and a minimum Fixed Charge Coverage Ratio, as well as customary events of default.

Upon the occurrence, and during the continuance, of an Event of Default, including nonpayment of principal when due, failure to perform or observe certain terms, covenants or agreements under the Financing Agreement, and certain defaults of other indebtedness, the Administrative Agent may (and at the request of Lenders holding more than 50% of the outstanding Term Loans, shall) take any or all of the following actions: terminate the obligation of the Lenders to make advances, declare any outstanding obligations under the Financing Agreement immediately due and payable, and charge default interest on the outstanding Term Loans. In addition, in the event of certain bankruptcy proceedings and other insolvency events, the obligations of each Lender to make advances will automatically terminate and any outstanding obligations under the Financing Agreement will immediately become due and payable.

For an additional information about the Term Loan Facility, see Note 10 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.”

*Other*

We received \$34.2 million in March 2016 as a result of the carryback of fiscal 2015 tax net operating losses.

On February 1, 2016, we acquired six pawn stores in the Houston, Texas area doing business under the "Pawn One" brand. The aggregate purchase price was \$6.2 million in cash, inclusive of all ancillary arrangements. There was no additional deferred or contingent consideration

In February 2015, we completed the acquisition of 12 pawn stores in Central Texas doing business under the "Cash Pawn" brand. The aggregate purchase price for the acquisition was \$16.5 million, comprised of \$5.0 million cash and 1,168,456 shares of our Class A Non-Voting Common Stock (the "Shares"), valued at \$10.06 per share (the average closing sales price of the stock on The Nasdaq Stock Market for the five trading days immediately preceding the closing). Under the terms of the transaction, on the first anniversary of the closing date, the Sellers had the right to require us to repurchase the Shares for an aggregate price of \$11.8 million (the "Put Option"). On the first anniversary of the closing date, the Sellers exercised their right to require us to repurchase the Shares for an aggregate price of \$11.8 million (the "Put Option").

Through September 30, 2016, we have issued payments for the full \$10.5 million associated with the settlement of outstanding issues with the U.S. Consumer Financial Protection Bureau.

In June and July 2014, we issued \$230.0 million aggregate principal amount of Cash Convertible Notes. All of the Cash Convertible Notes were issued pursuant to an indenture dated June 23, 2014 (the "Indenture") by and between us and Wells Fargo Bank, National Association as the trustee. The Cash Convertible Notes were issued in a private offering and resold pursuant to Rule 144A under the Securities Act of 1933. The Cash Convertible Notes pay interest semi-annually in arrears at a rate of 2.125% per annum on June 15 and December 15 of each year, commencing on December 15, 2014, and will mature on June 15, 2019 (the "Maturity Date"). Upon conversion or maturity, the Cash Convertible Notes will be settled only in cash (including, in the case of conversion, an amount of cash representing the net value attributable to certain increases in the price of our Class A Non-Voting Common Stock).

Prior to December 15, 2018, the Cash Convertible Notes will be convertible only upon the occurrence of certain events and during certain periods, and thereafter, at any time prior to the close of business on the second scheduled trading day immediately preceding the Maturity Date, as described in the indenture. The Cash Convertible Notes are convertible into cash based on an initial conversion rate of 62.2471 shares of Class A Non-Voting Common Stock per \$1,000 principal amount of Cash Convertible Notes (equivalent to an initial conversion price of approximately \$16.065 per share of our Class A Non-Voting Common Stock). The conversion rate will not be adjusted for any accrued and unpaid interest.

We entered into hedges in connection with the issuance of the Cash Convertible Notes with counterparties to limit our exposure to the additional cash payments above the \$230.0 million aggregate principal amount of the Cash Convertible Notes that may be due to the holders upon conversion. In separate transactions, we sold warrants with a strike price of \$20.83 per share.

The Cash Convertible Notes are our unsubordinated unsecured obligations and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Cash Convertible Notes, equal in right of payment with all of our other unsecured unsubordinated indebtedness, and effectively junior to all debt or other obligations (including trade payables) of our wholly-owned subsidiaries. The Indenture governing the Convertible Notes does not contain any financial covenants.

As of September 30, 2016 the Cash Convertible Notes were not convertible because the conversion conditions have not been met. Accordingly, the net balance of the Cash Convertible Notes of \$198.0 million was classified as a non-current liability in our consolidated balance sheets as of September 30, 2016.

For an additional description of the Cash Convertible Notes, the conversion terms thereof and the hedges and warrants transactions, see Note 10 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplementary Data."

We anticipate that cash flow from operations, cash on hand and available credit facilities will be adequate to fund our contractual obligations, planned store growth, capital expenditures and working capital requirements during fiscal 2017. Our ability to repay our longer-term debt obligations (including the Cash Convertible Notes) will likely require us to refinance those obligations through the issuance of new debt securities or through new credit facilities.

## Contractual Obligations

Below is a summary of our cash needs to meet future aggregate contractual obligations as of September 30, 2016:

Contractual Obligations	Total	Payments due by Period				Additional Borrowing Capacity (a)
		Less than 1 year	1-3 years	3-5 years	More than 5 years	More than 5 years
<i>(in thousands)</i>						
Long-term debt obligations (b)	\$ 280,000	\$ —	\$ 230,000	\$ —	\$ 50,000	\$ 50,000
Interest on long-term debt obligations (c)	47,621	10,666	19,915	11,558	5,482	—
Operating and other lease obligations	265,156	52,097	82,145	55,065	75,849	—
Total (d)	\$ 592,777	\$ 62,763	\$ 332,060	\$ 66,623	\$ 131,331	\$ 50,000

(a) Amount represents additional borrowing capacity that has not been drawn and the anticipated maturity period if such borrowings had occurred as of September 30, 2016.

(b) Excludes debt discount and deferred financing costs as well as convertible feature related to the Cash Convertible Notes.

(c) Future interest on long-term obligations calculated on interest rates effective at the balance sheet date. Amount includes annual unused commitment fees on the undrawn portion of our senior secured credit facility which was \$50 million as of September 30, 2016.

(d) No provision for uncertain tax benefits has been included as the timing of any such payment is uncertain. See Note 13 of Notes to Consolidated Financial Statements included in "Part II, Item 8 — Financial Statements and Supplemental Data."

In addition to the operating lease obligations in the table above, we are responsible for the maintenance, property taxes and insurance at most of our locations. During the fiscal year ended September 30, 2016 these collectively amounted to \$21.3 million.

### Cautionary Statement Regarding Risks and Uncertainties That May Affect Future Results

This Annual Report on Form 10-K, including Management's Discussion and Analysis of Financial Condition and Results of Operations, includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend that all forward-looking statements be subject to the safe harbors created by these laws. All statements, other than statements of historical facts, regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives are forward-looking statements. The words "may," "can," "should," "could," "will," "would," "predict," "anticipate," "believe," "estimate," "expect," "intend," "plan," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such statements are only predictions of the outcome and timing of future events based on our current expectations and currently available information. Actual results could differ materially from those expressed in the forward-looking statements due to a number of risks and uncertainties, many of which are beyond our control. Accordingly, you should not regard any forward-looking statement as a representation that the expected results will be achieved. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this report. Such risks and uncertainties include, among other things:

- Exposure to Grupo Finmart financial performance through promissory notes received in divestiture transaction;
- Changes in laws and regulations;
- The outcome of current or future litigation and regulatory proceedings;
- Our controlled ownership structure;
- Concentration of business in Texas;
- Changes in gold prices or volumes;
- Changes in foreign currency exchange rates;
- Our ability to continue growing our store count through acquisitions and de novo openings;
- Changes in the business, regulatory or political climate in Mexico;

- Changes in pawn redemption rates, loan default and collection rates or other important operating metrics;
- Changes in liquidity, capital requirements or access to debt and capital markets;
- Changes in the competitive landscape;
- Potential infrastructure failures or data security breaches;
- Failure to achieve adequate return on our investments;
- Potential uninsured property, casualty or other losses;
- Potential disruptive effect of acquisitions, investments and new businesses;
- Changes in U.S. or international tax laws;
- Events beyond our control;
- Financial statement impact of potential impairment of goodwill; and
- Potential exposure under anti-corruption laws.

For a discussion of these important risk factors, see "Part I, Item 1A — Risk Factors."

In addition, we cannot predict all of the risks and uncertainties that could cause our actual results to differ from those expressed in the forward-looking statements. You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs, forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Accordingly, you should not regard any forward-looking statements as a representation that the expected results will be achieved.

We specifically disclaim any responsibility to publicly update any information contained in a forward-looking statement except as required by law. All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement.

## **ITEM 7A — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

### **Market Risk Disclosures**

We are exposed to market risk related to interest rates, gold values and changes in foreign currency exchange rates.

Our earnings are affected by changes in interest rates as our Term Loan Facility has a variable rate. A 50 basis point change in the interest rate on our Term Loan Facility would cause an approximately \$0.3 million change in interest expense. This amount is determined by considering the impact of the hypothetical interest rate change on our Term Loan Facility, had that facility been outstanding during the entire fiscal year ended September 30, 2016.

Our earnings and financial position are affected by changes in gold values, and to a lesser extent silver and stone values, and the resulting impact on pawn lending, jewelry sales and jewelry cost of goods sold. The proceeds of scrap sales and our ability to sell jewelry inventory at an acceptable margin depend on gold values. The impact on our financial position and results of operations of a hypothetical change in gold values cannot be reasonably estimated. We use insignificant short-duration derivative financial instruments in order to manage our commodity price risk associated with the forecasted sales of gold scrap. These derivatives are not designated as hedges and changes in their fair value are recorded directly in earnings.

Our earnings and financial position are affected by foreign exchange rate fluctuations related to our equity investments and our foreign operations. Cash Converters International's functional currency is the Australian dollar, Empeño Fácil's functional currency is the Mexican peso and our Canadian operations' functional currency is the Canadian dollar. The impact on our results of operations and financial position of hypothetical changes in foreign currency exchange rates cannot be reasonably estimated due to the interrelationship of operating results and exchange rates.

The translation adjustment from Cash Converters International Limited through June 30, 2016 (included in our September 30, 2016 results on a three-month lag) was a \$5.6 million decrease to stockholders' equity, excluding income tax impacts. During the fiscal year ended September 30, 2016, the Australian dollar strengthened to \$1.00 Australian to \$0.7636 U.S. from \$0.6976 U.S. as of September 30, 2015.



The translation adjustment from Latin America representing the weakening of the Mexican peso during the year ended September 30, 2016 was a \$7.5 million decrease to stockholders' equity, exclusive of impacts from Grupo Finmart. We have currently assumed indefinite reinvestment of earnings and capital in Mexico. Accumulated translation gains or losses related to any future repatriation of earnings or capital would impact our earnings in the period of repatriation. During the fiscal year ended September 30, 2016, the Mexican peso weakened to \$1.00 Mexican to \$0.05150 U.S. from \$0.05854 U.S. as of September 30, 2015. We have calculated the impact of foreign currency effects on our fiscal 2016 Mexico Pawn results of operations and determined that revenues and operating contribution would have been \$112.5 million and \$11.6 million, respectively, as compared to actual revenues and operating contribution of \$94.9 million and \$8.5 million, respectively, had foreign currency exchange rates remained consistent in fiscal 2016 with those in effect during fiscal 2015.

The translation adjustment from our Canadian operations representing the strengthening of the Canadian dollar during the year ended September 30, 2016 was a \$0.1 million increase to stockholders' equity. During the fiscal year ended September 30, 2016, the Canadian dollar strengthened to \$1.00 Canadian to \$0.7610 U.S. from \$0.7456 U.S. as of September 30, 2015.

We cannot predict the future valuation of foreign currencies or how further movements in exchange rates could affect our future earnings or financial position.

**ITEM 8 — FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**Index to Consolidated Financial Statements**

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## Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders  
EZCORP, Inc.  
Austin, Texas

We have audited the accompanying consolidated balance sheets of EZCORP, Inc. as of September 30, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of EZCORP, Inc. at September 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), EZCORP, Inc.'s internal control over financial reporting as of September 30, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated December 14, 2016, expressed an unqualified opinion thereon.

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for discontinued operations in 2016, due to the adoption of Financial Accounting Standards Board's ("FASB") Accounting Standard Update No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity."

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for debt issuance costs in 2016 and 2015, due to the adoption of FASB ASU No. 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs."

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for deferred taxes in 2016 and 2015, due to the adoption of FASB ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes."

We also have audited the adjustments to the 2014 consolidated financial statements to retrospectively report the results of Grupo Finmart within discontinued operations, as described in Note 3. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2014 consolidated financial statements of the Company other than with respect to these adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2014 consolidated financial statements taken as a whole.

/s/ BDO USA, LLP  
Dallas, Texas

December 14, 2016

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of  
EZCORP, Inc.  
Austin, Texas

We have audited, before the effects of the retrospective adjustments for the adoption of FASB Accounting Standards Update, Presentation of Financial Statements and Property, Plant, and Equipment (ASU 2014-08) discussed in Note 1 to the consolidated financial statements, the consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows of EZCORP, Inc. and subsidiaries (the "Company") for the year ended September 30, 2014 (the 2014 consolidated financial statements before the effects of the retrospective adjustments relating to the adoption of ASU 2014-08 discussed in Note 1 to the consolidated financial statements are not presented herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 2014 consolidated financial statements, before the effects of the retrospective adjustments for the adoption of ASU 2014-08 discussed in Note 1 to the consolidated financial statements, present fairly, in all material respects, the results of operations and cash flows of EZCORP, Inc. and subsidiaries for the year ended September 30, 2014, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 22 to the consolidated financial statements, the 2014 consolidated financial statements (not presented herein) have been restated to correct errors.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments for the adoption of ASU 2014-08 discussed in Note 1 to the consolidated financial statements and, accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

*/s/ DELOITTE & TOUCHE LLP*  
Austin, Texas

November 26, 2014 (November 9, 2015 as to the effects of the restatement discussed in Note 22; December 23, 2015 as to Note 3 (relating to the adjustments for discontinued operations arising in 2015) and Note 18 (relating to the change in reportable segments in 2015); December 14, 2016 as to the effects of the restatement discussed in Note 2)

**EZCORP, Inc.**  
**CONSOLIDATED BALANCE SHEETS**  
*(in thousands, except share and per share amounts)*

	<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>As Corrected</b>	
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 65,737	\$ 56,244
Pawn loans	167,329	159,964
Pawn service charges receivable, net	31,062	30,852
Inventory, net	140,224	124,084
Notes receivable, net	41,946	—
Income taxes receivable	2,533	42,231
Current assets held for sale	—	72,849
Prepaid expenses and other current assets	33,312	25,077
Total current assets	482,143	511,301
Investment in unconsolidated affiliate	37,128	56,182
Property and equipment, net	58,455	73,938
Goodwill	253,976	251,646
Intangible assets, net	30,681	30,778
Non-current notes receivable, net	41,119	—
Deferred tax asset, net	35,303	34,176
Non-current assets held for sale	—	217,233
Other assets, net	44,439	13,736
<b>Total assets</b>	<b>\$ 983,244</b>	<b>\$ 1,188,990</b>
<b>Liabilities, temporary equity and equity:</b>		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 84,285	\$ 109,875
Current liabilities held for sale	—	87,329
Customer layaway deposits	10,693	10,470
Total current liabilities	94,978	207,674
Long-term debt, net	283,611	197,976
Non-current liabilities held for sale	—	101,644
Deferred gains and other long-term liabilities	10,450	9,929
Total liabilities	389,039	517,223
Commitments and contingencies (Note 17)		
Temporary equity:		
Class A Non-Voting Common Stock, subject to possible redemption at \$10.06 per share; none as of September 30, 2016 and 1,168,456 shares issued and outstanding at redemption value as of September 30, 2015	—	11,696
Redeemable noncontrolling interest	—	4,040
Total temporary equity	—	15,736
Stockholders' equity:		
Class A Non-Voting Common Stock, par value \$.01 per share; shares authorized: 100 million as of September 30, 2016 and 2015; issued and outstanding: 51,129,144 as of September 30, 2016 and 50,726,289 as of September 30, 2015	511	507
Class B Voting Common Stock, convertible, par value \$.01 per share; 3 million shares authorized; issued and outstanding: 2,970,171	30	30
Additional paid-in capital	318,723	310,038
Retained earnings	319,808	400,552
Accumulated other comprehensive loss	(44,089)	(55,096)
EZCORP, Inc. stockholders' equity	594,983	656,031
Noncontrolling interest	(778)	—
Total equity	594,205	656,031
<b>Total liabilities, temporary equity and equity</b>	<b>\$ 983,244</b>	<b>\$ 1,188,990</b>

See accompanying notes to consolidated financial statements.

**EZCORP, Inc.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Fiscal Year Ended September 30,		
	2016	2015	2014
	<b>As Corrected</b> <i>(in thousands, except per share amounts)</i>		
<b>Revenues:</b>			
Merchandise sales	\$ 409,107	\$ 402,118	\$ 388,022
Jewelry scrapping sales	50,113	57,973	96,241
Pawn service charges	261,800	247,204	248,378
Other revenues	9,485	12,705	13,129
Total revenues	730,505	720,000	745,770
Merchandise cost of goods sold	258,271	267,789	248,637
Jewelry scrapping cost of goods sold	42,039	46,066	72,830
Other cost of revenues	1,965	3,125	2,446
Net revenues	428,230	403,020	421,857
<b>Operating expenses (income):</b>			
Operations	301,387	294,939	293,737
Administrative	68,101	72,986	79,944
Depreciation and amortization	26,542	30,959	29,259
Loss (gain) on sale or disposal of assets	1,106	2,659	(5,841)
Restructuring	1,921	17,080	6,664
Total operating expenses	399,057	418,623	403,763
Operating income (loss)	29,173	(15,603)	18,094
Interest expense	16,477	16,385	7,911
Interest income	(81)	(278)	(299)
Loss (income) from investments in unconsolidated affiliates	255	5,473	(5,948)
Impairment of investments	10,957	26,837	7,940
Other expense	1,202	2,187	601
Income (loss) from continuing operations before income taxes	363	(66,207)	7,889
Income tax expense (benefit)	9,361	(14,025)	4,451
(Loss) income from continuing operations, net of tax	(8,998)	(52,182)	3,438
Loss from discontinued operations, net of tax	(79,432)	(42,045)	(77,474)
Net loss	(88,430)	(94,227)	(74,036)
Net loss attributable to noncontrolling interest	(7,686)	(5,035)	(6,319)
Net loss attributable to EZCORP, Inc.	\$ (80,744)	\$ (89,192)	\$ (67,717)
<b>Basic (loss) income per share attributable to EZCORP, Inc. — continuing operations</b>			
	\$ (0.15)	\$ (0.94)	\$ 0.08
<b>Diluted (loss) income per share attributable to EZCORP, Inc. — continuing operations</b>			
	\$ (0.15)	\$ (0.94)	\$ 0.08
<b>Weighted-average basic shares outstanding</b>			
	54,427	54,369	54,148
<b>Net (loss) income from continuing operations attributable to EZCORP, Inc.</b>			
	\$ (7,973)	\$ (51,298)	\$ 4,476
<b>Loss from discontinued operations attributable to EZCORP, Inc.</b>			
	(72,771)	(37,894)	(72,193)
<b>Net loss attributable to EZCORP, Inc.</b>			
	\$ (80,744)	\$ (89,192)	\$ (67,717)

See accompanying notes to consolidated financial statements.

**EZCORP, Inc.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

	Fiscal Year Ended September 30,		
	2016	2015	2014
	As Corrected (in thousands)		
Net loss	\$ (88,430)	\$ (94,227)	\$ (74,036)
Other comprehensive loss:			
Foreign currency translation loss, net of income tax benefit (expense) for our investment in unconsolidated affiliate of \$1,975, \$4,408 and (\$1,157) for the years ended September 30, 2016, 2015 and 2014, respectively	(14,580)	(50,667)	(4,147)
Foreign currency translation reclassification adjustment realized upon impairment	—	—	375
Loss on effective portion of cash flow hedge:			
Other comprehensive loss before reclassifications	—	—	(453)
Amounts reclassified from accumulated other comprehensive loss	22	457	49
Amounts reclassified from accumulated other comprehensive loss	—	—	540
Reclassification adjustment for gain on available-for-sale securities	—	—	(540)
Other comprehensive loss, net of tax	(14,558)	(50,210)	(4,176)
Comprehensive loss	<u>\$ (102,988)</u>	<u>\$ (144,437)</u>	<u>\$ (78,212)</u>
Attributable to noncontrolling interest:			
Net loss	(7,686)	(5,035)	(6,319)
Foreign currency translation loss	(393)	(5,341)	(301)
Amounts reclassified from accumulated other comprehensive loss	1	29	(154)
Comprehensive loss attributable to noncontrolling interest	(8,078)	(10,347)	(6,774)
Comprehensive loss attributable to EZCORP, Inc.	<u>\$ (94,910)</u>	<u>\$ (134,090)</u>	<u>\$ (71,438)</u>

See accompanying notes to consolidated financial statements.

**EZCORP, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Fiscal Year Ended September 30,		
	2016	2015	2014
	<b>As Corrected</b> <i>(in thousands)</i>		
<b>Operating activities:</b>			
Net loss	\$ (88,430)	\$ (94,227)	\$ (74,036)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	28,651	37,034	38,627
Amortization of debt discount	9,474	8,888	2,611
Amortization of deferred financing costs	2,901	4,150	5,137
Amortization of prepaid commissions	13,083	13,702	14,525
Consumer loan loss provision	27,917	51,966	45,014
Deferred income taxes	2,674	(2,124)	(24,377)
Impairment of goodwill	73,244	12,253	84,158
Reversal of contingent consideration	—	—	(4,792)
Impairment of long-lived assets	—	18,529	10,308
Other adjustments	7,289	13,925	(2,251)
Gain on disposition of Grupo Finmart, net of loss on extinguishment	(32,172)	—	—
Loss (gain) on sale or disposal of assets	1,106	2,893	(5,371)
Stock compensation	5,346	2,374	6,845
Loss (income) from investments in unconsolidated affiliates	255	5,473	(5,948)
Impairment of investments	10,957	26,837	7,940
Changes in operating assets and liabilities, net of business acquisitions:			
Service charges and fees receivable	7,677	(9,987)	(2,212)
Inventory	(3,735)	433	346
Prepaid expenses, other current assets and other assets	(15,397)	(11,980)	(28,807)
Accounts payable and other, deferred gains and other long-term liabilities	(17,819)	20,940	15,073
Customer layaway deposits	329	1,997	(499)
Tax provision from stock compensation	—	—	609
Income taxes receivable	37,334	(23,144)	(13,328)
Payments of restructuring charges	(8,478)	(5,376)	—
Dividends from unconsolidated affiliate	2,197	4,842	5,129
Net cash provided by operating activities	64,403	79,398	74,701
<b>Investing activities:</b>			
Loans made	(676,375)	(842,074)	(959,540)
Loans repaid	428,196	574,353	658,986
Recovery of pawn loan principal through sale of forfeited collateral	235,168	243,692	246,053
Additions to property and equipment	(9,550)	(24,286)	(22,964)
Acquisitions, net of cash acquired	(6,000)	(7,802)	(13,226)
Investments in unconsolidated affiliate	—	(12,140)	—
Proceeds from disposition of Grupo Finmart, net of cash disposed	35,277	—	—
Proceeds from sale of assets	—	564	10,631
Net cash provided by (used in) investing activities	6,716	(67,693)	(80,060)
<b>Financing activities:</b>			
Taxes paid related to net share settlement of equity awards	(172)	(210)	(1,982)
Tax benefit from stock compensation	—	—	(609)
Debt issuance costs	(740)	(556)	(14,017)
Payout of deferred consideration	(15,000)	(6,000)	(23,000)
Proceeds from issuance of convertible notes	—	—	230,000
Purchase of convertible notes hedges	—	—	(46,454)
Proceeds from issuance of warrants	—	—	25,106
Purchase of subsidiary shares from noncontrolling interest	—	(32,411)	(29,775)
Proceeds from settlement of forward currency contracts	3,557	2,313	—
Change in restricted cash	8,199	40,949	(57,891)
Proceeds from borrowings and line of credit	64,873	70,686	535,913
Payments on borrowings, line of credit and capital lease obligations	(112,123)	(72,369)	(572,873)



Repurchase of common stock	(11,750)	—	(11,903)
Net cash (used in) provided by financing activities	(63,156)	2,402	32,515
Effect of exchange rate changes on cash and cash equivalents	(1,350)	(10,308)	(931)
Net increase in cash and cash equivalents	6,613	3,799	26,225
Cash and cash equivalents at beginning of period	59,124	55,325	29,100

**EZCORP, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Cash and cash equivalents at end of period	\$ 65,737	\$ 59,124	\$ 55,325
Cash paid (refunded) during the period for:			
Interest	\$ 18,722	\$ 16,472	\$ 16,361
Income taxes, net	2,962	(8,042)	30,194
Non-cash investing and financing activities:			
Pawn loans forfeited and transferred to inventory	\$ 249,316	\$ 230,998	\$ 241,696
Issuance of common stock due to acquisitions	—	11,696	—
Deferred consideration	—	9,500	2,674
Change in accrued additions to property and equipment	3,179	(1,337)	(420)
Issuance of common stock to 401(k) plan	—	—	557
Equity adjustment due to noncontrolling interest purchase	—	23,251	6,609
Deferred finance costs payable	740	—	1,092

*See accompanying notes to consolidated financial statements.*

**EZCORP, Inc.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		EZCORP, Inc. Stockholders' Equity
	Shares	Par Value				Shares	Par Value	
			As Corrected	As Corrected	As Corrected			As Corrected
			<i>(in thousands)</i>					
Balances as of October 1, 2013	54,240	\$ 543	\$ 320,537	\$ 564,424	\$ (6,477)	—	\$ —	\$ 879,027
Issuance of common stock related to 401(k) match	45	—	557	—	—	—	—	557
Stock compensation	—	—	6,845	—	—	—	—	6,845
Purchase of subsidiary shares from noncontrolling interest	—	—	(13,260)	—	(15)	—	—	(13,275)
Release of restricted stock	300	3	—	—	—	—	—	3
Excess tax deficiency from stock compensation	—	—	(609)	—	—	—	—	(609)
Taxes paid related to net share settlement of equity awards	—	—	(1,982)	—	—	—	—	(1,982)
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—	(250)	—	—	(250)
Net proceeds from sale of warrants	—	—	25,106	—	—	—	—	25,106
Foreign currency translation adjustment	—	—	—	—	(3,831)	—	—	(3,831)
Foreign currency translation reclassification adjustment realized upon impairment	—	—	—	—	375	—	—	375
Purchase of treasury stock	—	—	—	—	—	(1,000)	—	—
Retirement of treasury stock	(1,000)	(10)	(4,930)	(6,963)	—	1,000	—	(11,903)
Net loss attributable to EZCORP, Inc.	—	—	—	(67,717)	—	—	—	(67,717)
<b>Balances as of September 30, 2014</b>	<b>53,585</b>	<b>\$ 536</b>	<b>\$ 332,264</b>	<b>\$ 489,744</b>	<b>\$ (10,198)</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 812,346</b>
Stock compensation	—	—	(1,558)	—	—	—	—	(1,558)
Release of restricted stock	111	1	—	—	—	—	—	1
Purchase of subsidiary shares from noncontrolling interest	—	—	(20,222)	—	(71)	—	—	(20,293)
Excess tax deficiency from stock compensation	—	—	(236)	—	—	—	—	(236)
Taxes paid related to net share settlement of equity awards	—	—	(210)	—	—	—	—	(210)
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—	428	—	—	428
Foreign currency translation adjustment	—	—	—	—	(45,255)	—	—	(45,255)
Net loss attributable to EZCORP, Inc.	—	—	—	(89,192)	—	—	—	(89,192)
<b>Balances as of September 30, 2015</b>	<b>53,696</b>	<b>\$ 537</b>	<b>\$ 310,038</b>	<b>\$ 400,552</b>	<b>\$ (55,096)</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 656,031</b>
Stock compensation	—	—	9,152	—	—	—	—	9,152
Release of restricted stock	403	4	—	—	—	—	—	4
Excess tax deficiency from stock compensation	—	—	(295)	—	—	—	—	(295)
Taxes paid related to net share settlement of equity awards	—	—	(172)	—	—	—	—	(172)
Amounts reclassified from accumulated other comprehensive loss	—	—	—	—	21	—	—	21
Foreign currency translation adjustment	—	—	—	—	(14,187)	—	—	(14,187)
Foreign currency translation reclassification upon disposition of Grupo Finmart	—	—	—	—	25,173	—	—	25,173
Net loss attributable to EZCORP, Inc.	—	—	—	(80,744)	—	—	—	(80,744)
<b>Balances as of September 30, 2016</b>	<b>54,099</b>	<b>\$ 541</b>	<b>\$ 318,723</b>	<b>\$ 319,808</b>	<b>\$ (44,089)</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 594,983</b>

See accompanying notes to consolidated financial statements.

**EZCORP, Inc.**

**Notes to Consolidated Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Business***

We are a leading provider of pawn loans in the United States and Mexico. We offer pawn loans, which are non-recourse loans collateralized by tangible property, and we sell merchandise, primarily collateral forfeited from pawn lending operations and used merchandise purchased from customers.

As further discussed in Note 3, we have classified all of the assets and liabilities of our previously-owned 94% subsidiary, Prestaciones Finmart, S.A.P.I. de C.V., SOFOM, E.N.R. ("Grupo Finmart"), which we sold in September 2016, as held for sale in all previous periods and recast all results of operations of Grupo Finmart as discontinued operations for the years ended September 30, 2016, 2015 and 2014.

As of September 30, 2016, we operated a total of 786 locations, consisting of:

- 520 United States pawn stores (operating primarily as EZPAWN or Value Pawn & Jewelry);
- 239 Mexico pawn stores (operating primarily as Empeño Fácil); and
- 27 financial services stores in Canada (operating as CASHMAX)

We also own approximately 31% of Cash Converters International Limited ("Cash Converters International"), based in Australia and publicly-traded on the Australian Stock Exchange, which franchises and operates a worldwide network of over 700 locations that provide pawn loans, short-term unsecured loans and other consumer finance products, and buy and sell second-hand goods.

***Principles of Consolidation***

The consolidated financial statements include the accounts of EZCORP, Inc. and its consolidated subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation.

To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity ("VIE") model to the entity; otherwise, the entity is evaluated under the voting interest model. Where we hold current or potential rights that give us the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, combined with a variable interest that gives us the right to receive potentially significant benefits or the obligation to absorb potentially significant losses, we have a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally.

In evaluating whether we have the power to direct the activities of a VIE that most significantly impact its economic performance, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

In determining whether we have the right to receive benefits or the obligation to absorb losses that could potentially be significant to a VIE, we evaluate all of our economic interests in the entity, regardless of form (debt, equity, management and servicing fees and other contractual arrangements). This evaluation considers all relevant factors of the entity's design, including the entity's capital structure, contractual rights to earnings or losses, subordination of our interests relative to those of other investors, as well as any other contractual arrangements that might exist that could have the potential to be economically significant. The evaluation of each of these factors in reaching a conclusion about the potential significance of our economic interests is a matter that requires the exercise of professional judgment.

***Pawn Loan and Sales Revenue Recognition***

We record pawn service charges using the interest method for all pawn loans we believe to be collectible. We base our estimate of collectible loans on several inputs, including recent redemption rates, historical trends in redemption rates and the amount of loans due in the following months. Unexpected variations in any of these factors could change our estimate of collectible loans,

affecting our earnings and financial condition. If a pawn loan is not repaid, we value the forfeited collateral (inventory) at the lower of cost (pawn loan principal) or market value of the item.

The United States pawn loan term generally ranges between 30 and 90 days. The maximum Mexico pawn loan term is 30 days.

We record sales revenue and the related cost when merchandise inventory is sold, or when we receive the final payment on a layaway sale. We record sales revenue and the related cost when scrap inventory is sold and the proceeds to be received are fixed and determinable and ownership is transferred. Sales tax collected on the sale of inventory is excluded from the amount recognized as sales and instead recorded as a liability in "Accounts payable, accrued expenses and other current liabilities" in our consolidated balance sheets until remitted to the appropriate governmental authorities.

Customers may purchase a product protection plan that allows them to return or exchange certain general merchandise (non-jewelry) sold through our retail pawn operations within three to six months of purchase. We recognize the fees for this service as revenue ratably over the three to six month period of the plan. We also offer a jewelry VIP package, which guarantees customers a minimum future pawn loan amount on the item sold, allows them full credit if they trade in the item to purchase a more expensive piece of jewelry, and provides minor repair service on the item sold. These fees are recognized upon sale. Customers may also purchase an item on layaway by paying a minimum layaway deposit of typically 10% to 20% of the item's sale price. We hold the item for a 60 to 180-day period, during which the customer is required to pay the balance of the sales price. The initial deposit and subsequent payments are recorded as customer layaway deposits. Layaways are recorded as sales when paid in full. We record product protection, jewelry VIP and layaway fees as merchandise sales revenue, as they are incidental to sales of merchandise.

### ***Inventory and Cost of Goods Sold***

If a pawn loan is not redeemed, we record the forfeited collateral at cost (the principal amount of the pawn loan) in "Inventory, net" in our consolidated balance sheets. We do not record loan loss allowances or charge-offs on the principal portion of pawn loans, as they are fully collateralized. We record our inventory using the specific identification method of accounting.

In order to state inventory at the lower of cost or market value, we record an allowance for excess, obsolete or slow moving inventory based on the type and age of merchandise. Our inventory consists primarily of general merchandise and jewelry. Our "Merchandise cost of goods sold" includes the historical cost of inventory sold, inventory shrinkage and any change in the allowance for inventory shrinkage and valuation. We include the cost of operating our central jewelry processing unit under "Jewelry scrapping cost of goods sold," as it relates directly to sales of precious metals to refiners.

We consider our estimates of obsolete or slow moving inventory and shrinkage critical estimates in determining the appropriate overall valuation allowance for inventory. We monitor our sales margins for each type of inventory on an ongoing basis and compare to historical margins. Significant variances in those margins may require a revision to future inventory reserve estimates. We have historically revised our reserve estimates pertaining to jewelry inventory depending on the current price of gold. Future declines in the value of gold prices may cause an increase in reserve rates pertaining to jewelry inventory.

With respect to our Mexico pawn operations, we do not own the forfeited collateral; however, we assume the risk of loss on such collateral and are solely responsible for its care and disposition and as such, record such collateral under "Inventory, net" in our consolidated balance sheet. The amount of inventory from our Mexico pawn operations classified as "Inventory, net" in our consolidated balance sheets was \$19.0 million and \$16.5 million as of September 30, 2016 and 2015, respectively.

### ***Cash and Cash Equivalents and Cash Concentrations***

Cash and cash equivalents consist primarily of cash on deposit or highly liquid investments with original contractual maturities of three months or less, or money market mutual funds. We hold cash at major financial institutions that often exceed FDIC insured limits. We manage our credit risk associated with cash and cash equivalents and cash concentrations by concentrating our cash deposits in high quality financial institutions and by periodically evaluating the credit quality of the primary financial institutions issuing investments or holding such deposits. Historically, we have not experienced any losses due to such cash concentrations. Restricted cash amounts included in "Prepaid expenses and other current assets" of \$3.0 million and \$0.1 million as of September 30, 2016 and 2015, respectively, primarily pertain to insurance letters of credit and collateralization of company credit cards. In addition, \$4.1 million in restricted cash is held under an escrow arrangement in connection with the closing of the Grupo Finmart sale transaction (as further described in Note 3) and is included in "Other assets, net" as of September 30, 2016.

### ***Notes Receivable***

We review the payment history, creditworthiness, projected cash flows and related assumptions of Grupo Finmart and AlphaCredit as applicable in determining whether our notes receivable are collectible. We amortize the discount on our notes

receivable into “Interest income” under the effective interest method over the life of the notes receivable and accrue interest under the terms of the repayment schedules. These items are included in our “Corporate items” within our segment disclosure. As of September 30, 2016, we have included no impairment due to non-collectability on our notes receivable. See Note 7 for additional details.

### ***Equity Method Investments***

We account for our investment in Cash Converters International using the equity method. Since Cash Converters International’s fiscal year ends three months prior to ours, we report the income from this investment on a three-month lag. Thus, income reported for our fiscal years ended September 30, 2016, 2015 and 2014 represents our percentage interest in the results of Cash Converters International’s operations from July 1, 2015 to June 30, 2016, July 1, 2014 to June 30, 2015 and July 1, 2013 to June 30, 2014, respectively. Because Cash Converters International publicly files semi-annual financial reports with the Australian Securities & Investments Commission as of and for the periods ended June 30 and December 31, we make estimates for our equity in Cash Converters International’s net income (loss) for Cash Converters International three-month periods ended March 31 (our reporting period ended June 30) and September 30 (our reporting period ended December 31). Those estimates may vary from actual results. We adjust our estimates as necessary in our reporting periods ended March 31 and September 30 to conform to Cash Converters International actual results as shown in their published semi-annual reports. We record all other-than-temporary impairments as of the date of our reporting period.

Cash Converters International records its results of operations under International Financial Reporting Standards (“IFRS”). There have historically been no material differences between Cash Converters International results of operations based upon IFRS versus results of operations as converted to accounting principles generally accepted in the United States of America (“GAAP”). We will continue to monitor for any potential IFRS to GAAP differences.

We have accounted for the negative basis in our investment in Cash Converters International of \$19.6 million generated as a result of impairments and other items, using exchange rates in effect as of September 30, 2016, as a reduction in our portion of Cash Converters International goodwill. We will increase our equity in Cash Converters International’s net income in future reporting periods for our portion of any impairments of goodwill recorded by Cash Converters International until such negative basis is restored.

### ***Goodwill and Other Intangible Assets***

Goodwill and other intangible assets having indefinite lives are not subject to amortization. We test goodwill and intangible assets with indefinite useful lives for potential impairment annually as of September 30, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The goodwill impairment test consists of two steps: in step one, the carrying value of the reporting unit is compared with its fair value; in step two, which is applied when the carrying value is more than its fair value, the amount of goodwill impairment, if any, is derived by deducting the fair value of the reporting unit’s assets and liabilities from the fair value of its equity, and comparing that amount with the carrying amount of goodwill.

We perform our impairment analyses utilizing the income approach. This approach uses future cash flows and estimated terminal values for each of our reporting units (discounted using a market participant perspective) to determine the fair value of each reporting unit, which is then compared to the carrying value of the reporting unit to determine if there is an impairment. We have determined that our reporting units are equivalent to our operating segments for fiscal 2016. The income approach includes assumptions about revenue growth rates, operating margins and terminal growth rates discounted by an estimated weighted-average cost of capital derived from other publicly-traded companies that are similar but not identical from an operational and economic standpoint. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our fiscal 2016 goodwill and other intangible asset valuations ranged from 10% to 14%. In testing other intangible assets for potential impairment, we apply key assumptions that are consistent with those utilized in our goodwill impairment test. Changes in the economic conditions or regulatory environment could negatively affect our key assumptions.

In addition to the assumptions discussed above pertaining to the income approach, we consider the assessment of potential triggering events to be a critical estimate.

### ***Property and Equipment***

We record property and equipment at cost. We depreciate these assets on a straight-line basis using estimated useful lives of 30 years for buildings and two to seven years for furniture, equipment and software development costs. We depreciate leasehold improvements over the shorter of their estimated useful life (typically 10 years) or the reasonably assured lease term at the inception of the lease.

### ***Valuation of Tangible Long-Lived Assets***

We assess the impairment of tangible long-lived assets whenever events or changes in circumstances indicate that the net recorded amount may not be recoverable. The following factors could trigger an impairment review: significant underperformance relative to historical or projected future cash flows, significant changes in the manner of use of the assets or the strategy for the overall business, or significant negative industry trends or legislative changes prohibiting us from offering our loan products. An impairment loss is recognized if the future undiscounted cash flows associated with the asset and the estimated fair value of the asset are less than the asset's carrying value.

In addition to the assumptions associated with the determination of projected future cash flows, we consider the assessment of potential triggering events to be a critical estimate.

### ***Software Development Costs***

We capitalize certain costs incurred in connection with developing or obtaining software for internal use and amortize the costs on a straight-line basis over the estimated useful lives of each system, typically five years.

### ***Customer Layaways***

Customer layaway deposits are recorded as deferred revenue until we collect the entire related sales price and deliver the related merchandise to the customer. Nonrefundable customer layaway fees are charged upfront and recognized when collected.

### ***Insurance Recoveries***

We incur legal costs with respect to a variety of issues on an ongoing basis. To the extent that such costs are reimbursable under applicable insurance policies, we believe it is probable such costs will be reimbursed and such reimbursements can be reasonably estimated, we record a receivable from the insurance enterprise and a recovery of the costs in our statements of operations. All loss contingencies are recorded gross of the insured recoveries as applicable.

### ***Fair Value of Financial Instruments***

We have elected not to measure at fair value any eligible items for which fair value measurement is optional. We determine the fair value of financial instruments by reference to various market data and other valuation techniques, as appropriate.

### ***Acquisitions***

We allocate the total acquisition price to the fair value of assets and liabilities acquired and immediately expense transaction costs. We early adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Accounting Standards Updates ("ASU") 2015-16, Business Combinations (Topic 805) during the three-months ended March 31, 2016 to reduce the cost and complexity of accounting for and reporting business combinations. This ASU requires recognition of adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, with the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. There was no material impact of adopting FASB ASU 2015-16 on our consolidated financial position, results of operations or cash flows.

### ***Foreign Currency Translation***

Our equity investment in Cash Converters International is translated from Australian dollars into United States dollars at the exchange rates as of Cash Converters International's balance sheet date each reporting period. The related interest in Cash Converters International's net income is translated at the average exchange rate for each six-month period reported by Cash Converters International.

The functional currency of Mexico Pawn and Grupo Finmart is the Mexican peso. The functional currency of our wholly owned foreign subsidiary in Canada is the Canadian dollar. Our foreign subsidiaries' balance sheet accounts are translated from their respective functional currencies into United States dollars at the exchange rate at the end of each quarter, and their earnings are translated into United States dollars at the average exchange rate each quarter. We present resulting translation adjustments as a separate component of stockholders' equity.

Foreign currency transaction gains and losses not accounted for as translations as discussed above are included under "Other expense" in our consolidated statements of operations. These costs included in continuing operations were \$1.1 million, \$2.2 million and \$1.0 million for fiscal 2016, 2015 and 2014, respectively.

### ***Operations Expense***

Included in operations expense are costs related to operating our stores and any direct costs of support offices. These costs include labor, other direct expenses such as utilities, supplies and banking fees and indirect expenses such as store rent, building repairs and maintenance, advertising, store property taxes and insurance and regional and area management expenses.

### ***Administrative Expense***

Included in administrative expense are costs related to our executive and administrative offices. This includes executive and administrative salaries, wages, stock and incentive compensation, professional fees, license fees, costs related to the operation of our administrative offices such as rent, property taxes, insurance, information technology and other corporate costs.

### ***Advertising***

Advertising costs are expensed as incurred and included under “Administrative” expense in our consolidated statements of operations. These costs included in continuing operations were \$2.1 million, \$3.1 million and \$5.0 million for fiscal 2016, 2015 and 2014, respectively.

### ***Restructuring Charges***

We record a liability for costs associated with an exit or disposal activity at fair value in the period in which the liability is incurred, except for liabilities for certain employee termination benefit charges that are accrued over time. Employee termination benefits associated with an exit or disposal activity are accrued when the obligation is probable and estimable as a post-employment benefit obligation, when local statutory requirements stipulate minimum involuntary termination benefits or, in the absence of local statutory requirements, termination benefits to be provided are similar to benefits provided in prior restructuring activities. Specifically for termination benefits under a one-time benefit arrangement, the timing of recognition and related measurement of a liability depends on whether employees are required to render service until they are terminated in order to receive the termination benefits and, if so, whether employees will be retained to render service beyond a minimum retention period. For employees who are not required to render service until they are terminated in order to receive the termination benefits or employees who will not provide service beyond the minimum retention period, we record a liability for the termination benefits at the communication date. If employees are required to render service until they are terminated in order to receive the termination benefits and will be retained to render service beyond the minimum retention period, we measure the liability for termination benefits at the communication date and recognize the expense and liability ratably over the future service period.

For contract termination costs, we record a liability for costs to terminate a contract before the end of its term when we terminate the agreement in accordance with the contract terms or when we cease using the rights conveyed by the contract. Liabilities related to termination of an operating lease or contract are measured and recognized at fair value when the contract does not have any future economic benefit and the fair value of the liability is determined based on the present value of the remaining lease obligations, adjusted for the effects of deferred items recognized under the lease, and reduced by estimated sublease rentals that could be reasonably obtained for the property. The assumptions in determining such estimates include anticipated timing of sublease rentals and estimates of sublease rental receipts and related costs based on market conditions. These estimates may vary from actual receipts, causing a change in the balance of accrued lease termination charges in future reporting periods. We record a liability for other costs associated with an exit or disposal activity in the period in which the liability is incurred.

### ***Stock Compensation***

We measure stock-based compensation expense at the grant date based on the fair value of the award and recognize it as expense, net of estimated forfeitures, ratably over the vesting or service period, as applicable, of the stock award. When we grant options and performance-based awards or market-conditioned awards, our policy is to estimate the grant-date fair value of the awards using the Black-Scholes-Merton model or Monte Carlo model, respectively, and amortize that fair value to compensation expense on a ratably basis over the awards' vesting period. We recognize expense on awards that only have service requirements on a straight-line basis. We early adopted FASB ASU 2014-12, Compensation — Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period during the three-months ended March 31, 2016 and applied the amendments prospectively to all awards granted or modified after the effective date. This ASU requires recognition of compensation costs for share-based awards with performance targets in the period in which it becomes probable that the performance targets will be achieved and should represent the compensation cost attributable to the periods for which the requisite service has already been rendered. There was no material impact of adopting FASB ASU 2014-12 on our consolidated financial position, results of operations or cash flows.



## ***Income Taxes***

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value of assets and liabilities and their tax basis and for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted.

We consider the earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the United States on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs and our specific plans for reinvestment of those subsidiary earnings. We have not recorded a deferred tax liability related to the U.S. federal and state income taxes and foreign withholding taxes of our undistributed earnings of foreign subsidiaries indefinitely invested outside the U.S.

We may be subject to income tax audits by the respective tax authorities in any or all of the jurisdictions in which we operate or have operated within a relevant period. Significant judgment is required in determining uncertain tax positions. We utilize the required two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes. We adjust these reserves in light of changing facts and circumstances, such as the closing of an audit or the refinement of an estimate. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. We believe adequate provisions for income taxes have been made for all periods.

We recognize interest and penalties related to unrecognized tax benefits as "Income tax expense" in our consolidated statements of operations, which were \$0.2 million, \$0.1 million and nil during fiscal 2016, 2015 and 2014, respectively.

We early adopted FASB ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes during the three-months ended December 31, 2015 on a retrospective basis. This ASU requires classification of deferred income taxes as non-current on the consolidated balance sheets. Deferred income taxes were previously required to be classified as current or non-current on the consolidated balance sheets. The impact of adopting FASB ASU 2015-17 on our current period consolidated financial statements was the classification of all deferred tax assets as non-current within the consolidated balance sheets to conform to the current period presentation. Other than these reclassifications, the adoption of FASB ASU 2015-17 did not have an impact on our consolidated financial position, results of operations or cash flows.

We consider our assessment of the recognition of deferred tax assets as well as estimates of uncertain tax positions to be critical estimates.

## ***Earnings per Share and Common Stock***

We compute basic earnings per share on the basis of the weighted average number of shares of common stock outstanding during the period. We compute diluted earnings per share on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options, restricted stock awards and warrants. Potential common shares are required to be excluded from the computation of diluted earnings per share if the assumed proceeds upon exercise or vest are greater than the cost to re-acquire the same number of shares at the average market price, and therefore the effect would be anti-dilutive. There were no participating securities outstanding during the years ended September 30, 2016, 2015 and 2014 requiring the application of the two-class method.

Our capital stock consists of two classes of common stock designated as Class A Non-Voting Common Stock ("Class A Common Stock") and Class B Voting Common Stock ("Class B Common Stock"). The rights, preferences and privileges of the Class A and Class B Common Stock are similar except that each share of Class B Common Stock has one vote and each share of Class A Common Stock has no voting privileges, except as required by law. All Class A Common Stock is publicly held. Holders of Class B Common Stock may, individually or as a class, convert some or all of their shares into Class A Common Stock on a one-to-one basis. Class A Common Stock becomes voting common stock upon the conversion of all Class B Common Stock to Class A Common Stock. We are required to reserve the number of authorized but unissued shares of Class A Common Stock that would be issuable upon conversion of all outstanding shares of Class B Common Stock.

### ***Use of Estimates and Assumptions***

The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, inventory, collectability of notes receivable, loan loss allowances, long-lived and intangible assets, income taxes, contingencies and litigation. We base our estimates on historical experience, observable trends and various other assumptions that we believe are reasonable under the circumstances. We use this information to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from the estimates under different assumptions or conditions.

### ***Presentation of Debt Issuance Costs***

In April 2015, the FASB issued ASU 2015-03, Interest — Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires reporting entities to record costs paid to third parties that are directly related to issuing debt, and that otherwise would not be incurred, as a deduction to the corresponding debt for presentation purposes. The provisions of the ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. A reporting entity should apply the amendment retrospectively. We early adopted FASB ASU 2015-03 during the three-months ended December 31, 2015 on a retrospective basis. The impact of adopting FASB ASU 2015-03 on our current period consolidated financial statements was the classification of all deferred financing costs as a deduction to the corresponding debt in addition to the reclassification of deferred financing costs in "Intangible assets, net" to "Long-term debt less current maturities, net" as of September 30, 2015 of \$9.2 million, inclusive of Grupo Finmart amounts presented in Note 3, within the consolidated balance sheets to conform to the current period presentation.

### ***Reporting Discontinued Operations***

In April 2014, the FASB issued ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) — Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This ASU provides guidance for the reporting of discontinued operations if (1) a component or group of components of an entity meets the criteria in FASB ASC Paragraph 205-20-45-1E to be classified as held for sale; (2) the component of an entity or group of components of an entity is disposed of by sale; or (3) the component of an entity or group of components of an entity is disposed of other than by sale (for example, by abandonment or in a distribution to owners in a spinoff). Among other disclosures, FASB ASU 2014-08 requires presentation of, for each comparative period, the assets and liabilities of a disposal group that includes a discontinued operation separately in the asset and liability sections, respectively, of the statement of financial position. FASB ASU 2014-08 is effective prospectively for (1) all disposals of components that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years; and (2) all businesses or nonprofit activities that, on acquisition, are classified as held for sale that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. There was no impact of adopting FASB ASU 2014-08 on our consolidated financial position, results of operations or cash flows. However subsequent to adoption we have classified our Grupo Finmart segment as held for sale.

We have presented our Grupo Finmart segment classified as a discontinued operation as held for sale under FASB ASU 2014-08, including separate presentation of assets and liabilities held for sale in our consolidated balance sheets, with historical amounts recast to conform to current period presentation. We have presented our operations discontinued prior to adoption of FASB ASU 2014-08 during the three-months ended December 31, 2015 including our U.S. Financial Services business ("USFS") and our online lending businesses in the United States ("EZOnline") and the United Kingdom ("Cash Genie") under the accounting guidance in effect before the adoption of FASB ASU 2014-08.

### ***Accounting Policies Associated with Discontinued Operations***

Grupo Finmart entered into agreements with employers that permit it to market consumer loans to employees with such payments withheld by the employers through payroll deductions and remitted to Grupo Finmart. Prior to its discontinuance in fiscal 2014, USFS provided a variety of short-term consumer loans, including single-payment and multiple-payment unsecured loans and single-payment and multiple-payment auto title loans, with fee-based credit services to customers seeking loans provided in Texas. Consumer loans and interest and fees receivable were carried in the consolidated balance sheets net of an allowance, which was based on recent loan default experience adjusted for seasonal variations and collection percentages.

Loans to Grupo Finmart customers whose employment was continuing were referred to as “in-payroll” loans, while loans to Grupo Finmart customers whose employment was discontinued were referred to as “out-of-payroll” loans. A customer was generally considered to have discontinued their employment if they are no longer employed by the employer that is responsible for the payroll withholding. We established reserves for Grupo Finmart loans as follows:

- We reserved 100% of non-performing loans, which for this purpose we consider to be:
  - Out-of-payroll loans for which Grupo Finmart is not receiving payments; and
  - In-payroll loans for which Group Finmart has not received any payments for 180 consecutive days.
- We also established additional reserves on loan principal and accrued interest reserves for performing loans based on historical experience.

When we reserved 100% of a Grupo Finmart loan, we charged the loan principal to consumer loan bad debt expense, reduced interest revenue by the amount of unpaid interest theretofore accrued on the loan and ceased accruing interest revenue. Future collections were recorded as a reduction of consumer loan bad debt expense (in the case of written-off principal) and an increase in consumer loan fee revenue (in the case of written-off accrued interest) after principal had been recovered. Grupo Finmart provided an allowance for losses on performing, in-payroll loans and related interest receivable based on historical collection experience.

### ***Recently Issued Accounting Pronouncements***

In November 2016, the FASB issues ASU 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash. This ASU requires the inclusion of restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The provisions of this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted, including within interim periods. A reporting entity should apply the amendment on a retrospective basis as of the beginning of the fiscal year for which the amendments are effective. We are in the process of evaluating the impact of adopting FASB ASU 2016-18 on our consolidated financial position, results of operations and cash flows.

In August 2016, the FASB issued ASU 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This ASU provides guidance on eight specific cash flow issues. The provisions of this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted, including within interim periods. A reporting entity should apply the amendment on a retrospective basis as of the beginning of the fiscal year for which the amendments are effective. We are in the process of evaluating the impact of adopting FASB ASU 2016-15 on our consolidated financial position, results of operations and cash flows.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. The provisions of this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted as of fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A reporting entity should generally apply the amendment on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting periods in which the amendment is effective. We are in the process of evaluating the impact of adopting FASB ASU 2016-13 on our consolidated financial position, results of operations and cash flows.

In March 2016, the FASB issued ASU 2016-09, Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. This ASU simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The provisions of this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted. A reporting entity should apply the amendment using transition guidance for each aspect of the ASU. We are in the process of evaluating the impact of adopting FASB ASU 2016-09 on our consolidated financial position, results of operations and cash flows.

In March 2016, the FASB issued ASU 2016-06, Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments a consensus of the FASB Emerging Issues Task Force. This ASU clarifies what steps are required when assessing whether the economic characteristics and risks of call (put) options are clearly and closely related to the economic characteristics and risks of their debt hosts, which is one of the criteria for bifurcating an embedded derivative. The provisions

of this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted. A reporting entity should apply the amendment on a modified retrospective basis to existing debt instruments as of the beginning of the fiscal year for which the amendments are effective. We are in the process of evaluating the impact of adopting FASB ASU 2016-06 on our consolidated financial position, results of operations and cash flows.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires companies to generally recognize on the balance sheet operating and financing lease liabilities and corresponding right-of-use assets. The provisions of this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted based upon guidance issued within the ASU. We are in the process of evaluating the impact of adopting FASB ASU 2016-02 on our consolidated financial position, results of operations and cash flows and anticipate providing further disclosure of that impact in fiscal 2017.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. This ASU makes targeted improvements to the accounting for, and presentation and disclosure of, financial assets and liabilities. The ASU further requires separate presentation of financial assets and financial liabilities by measurement category on the balance sheet or the accompanying notes to the financial statements. The provisions of this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted based upon guidance issued within the ASU. A reporting entity should apply the amendment prospectively, with a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. We are in the process of evaluating the impact of adopting FASB ASU 2016-01 on our consolidated financial position, results of operations and cash flows.

In July 2015, the FASB issued ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. This ASU requires reporting entities measuring inventories under the first-in, first-out or average cost methods to measure inventory at the lower of cost or net realizable value, where net realizable value is "estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation." Inventory was previously required to be measured at the lower of cost or market value, where the measurement of market value had several potential outcomes. The provisions of this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted provided that presentation is applied to the beginning of the fiscal year of adoption. A reporting entity may apply the amendment prospectively. We have not completed the process of evaluating the impact that will result from adopting FASB ASU 2015-11. Therefore we are unable to disclose the impact that adopting FASB ASU 2015-11 will have on our financial position, results of operations and cash flows when such standard is adopted.

In April 2015, the FASB issued ASU 2015-05, Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. This ASU provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The provisions of this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. A reporting entity may apply the amendment prospectively or retrospectively. We are in the process of evaluating the impact of adopting FASB ASU 2015-05 on our consolidated financial position, results of operations and cash flows.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements — Going Concern (Subtopic 205-40). This update provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. FASB ASU 2014-15 requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term "substantial doubt," (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). FASB ASU 2014-15 is effective prospectively for fiscal years beginning after December 15, 2016, and interim periods within those years. We do not anticipate that the adoption of FASB ASU 2014-15 will have a material effect on our financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). On August 12, 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606) to defer the effective date to December 15, 2017 for annual reporting periods beginning after that date. The FASB also permitted early adoption of the standard, but not

before the original effective date of December 15, 2016. The amendments in FASB ASU 2014-09 will be added to the Accounting Standards Codification as Topic 606, Revenue from Contracts with Customers, and will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, as well as some cost guidance in Subtopic 605-35, Revenue Recognition - Construction-Type and Production-Type Contracts. The core principle of FASB ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the guidance provides that an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Notably, the existing requirements for the recognition of a gain or loss on the transfer of non-financial assets that are not in a contract with a customer (e.g., assets within the scope of Topic 360, Property, Plant, and Equipment, and intangible assets within the scope of Topic 350, Intangibles — Goodwill and Other) are amended to be consistent with the guidance on recognition and measurement in FASB ASU 2014-09. The new standard allows for two methods of adoption: (a) full retrospective adoption, meaning the standard is applied to all periods presented, or (b) modified retrospective adoption, meaning the cumulative effect of applying the new standard is recognized as an adjustment to the fiscal 2017 opening retained earnings balance. In March 2016 through May 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), FASB ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Consensus of the FASB Emerging Issues Task Force and FASB ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients. FASB ASU 2016-08, 2016-10 and 2016-12 clarify implementation guidance and introduce practical expedients, and are effective upon adoption of FASB ASU 2014-09. We are evaluating the impact that will result from adopting FASB ASU 2014-09 and related ASUs on our consolidated financial position, results of operations, and cash flows and anticipate providing further disclosure of that impact in fiscal 2017.

## **NOTE 2: CORRECTIONS AND REVISIONS TO PRIOR PERIOD FINANCIAL STATEMENTS**

Subsequent to the issuance of our Annual Report on Form 10-K for the fiscal year ended September 30, 2015, we identified errors in our historical financial statements, including the years ended September 30, 2015 and 2014. These prior year errors were identified as part of the current year remediation efforts associated with the income tax control deficiency described in our fiscal 2015 Annual Report. The errors identified relate primarily to the deferred tax balances associated with equity method investments, stock compensation, foreign acquisitions, true up of tax receivable accounts and the recognition of liabilities for uncertain tax positions. These errors resulted in an overstatement of October 1, 2013 and 2014 beginning retained earnings of \$16.8 million and \$19.8 million, respectively and an understatement of October 1, 2013 and 2014 beginning accumulated other comprehensive loss of nil and \$0.1 million, respectively. There were no net changes to consolidated cash flows from operating, investing or financing activities for fiscal 2015 and 2014, however, revisions were made between net loss, deferred income taxes and income taxes receivable. The prior period amounts within the consolidated financial statements for the years ended September 30, 2015 and 2014 have been corrected.

In addition, certain reclassifications of prior period amounts have been made to conform to the current period presentation. These reclassifications, other than those pertaining to discontinued operations discussed in Note 3 and the adoption of FASB ASUs discussed in Note 1, primarily include the following, and are labeled "Other" in the tables below:

- Reclassification of "Consumer loans, net" and "Consumer loan fees and interest receivable, net," exclusive of Grupo Finmart amounts presented in Note 3, which are solely attributable to our Other International segment, to "Prepaid expenses and other current assets" to conform to current period presentation.
- Reclassification of "Consumer loan fees and interest," exclusive of Grupo Finmart amounts presented in Note 3, which are solely attributable to our Other International segment, to "Other revenues" to conform to current period presentation.
- Reclassification of "Consumer loan bad debt," exclusive of Grupo Finmart amounts presented in Note 3, which are solely attributable to our Other International segment, to "Other cost of revenues" to conform to current period presentation.
- Reclassification of "Other current liabilities" to "Accounts payable, accrued expenses and other current liabilities" as of September 30, 2015 to conform to current period presentation.
- Reclassification of other immaterial items to conform to current period presentation.

The following tables show the impact of the foregoing.

**EZCORP, Inc.**  
**CONSOLIDATED BALANCE SHEET**  
*(in thousands, except share and per share amounts)*

	September 30, 2015				
	As Previously Reported	Corrections of Errors	Discontinued Operations	Other	As Corrected and Reclassified
<b>Assets:</b>					
Current assets:					
Cash and cash equivalents	\$ 59,124	\$ —	\$ (2,880)	\$ —	\$ 56,244
Restricted cash	15,137	—	(14,993)	(144)	—
Pawn loans	159,964	—	—	—	159,964
Consumer loans, net	36,533	—	(31,824)	(4,709)	—
Pawn service charges receivable, net	30,852	—	—	—	30,852
Consumer loan fees and interest receivable, net	19,802	—	(19,105)	(697)	—
Inventory, net	124,084	—	—	—	124,084
Deferred tax asset, net	44,134	—	—	(44,134)	—
Prepaid income taxes	7,945	(7,945)	—	—	—
Income taxes receivable	37,230	7,499	(2,498)	—	42,231
Current assets held for sale	—	—	72,849	—	72,849
Prepaid expenses and other current assets	21,076	—	(1,549)	5,550	25,077
<b>Total current assets</b>	<b>555,881</b>	<b>(446)</b>	<b>—</b>	<b>(44,134)</b>	<b>511,301</b>
Investment in unconsolidated affiliate	56,182	—	—	—	56,182
Property and equipment, net	75,594	—	(1,656)	—	73,938
Restricted cash, non-current	2,883	—	(2,883)	—	—
Goodwill	327,460	3,319	(79,133)	—	251,646
Intangible assets, net	50,434	—	(10,485)	(9,171)	30,778
Non-current consumer loans, net	75,824	—	(75,824)	—	—
Deferred tax asset, net	24,987	(16,942)	(18,003)	44,134	34,176
Non-current assets held for sale	—	—	217,233	—	217,233
Other assets, net	42,985	—	(29,249)	—	13,736
<b>Total assets</b>	<b>\$ 1,212,230</b>	<b>\$ (14,069)</b>	<b>\$ —</b>	<b>\$ (9,171)</b>	<b>\$ 1,188,990</b>
<b>Liabilities, temporary equity and equity:</b>					
Current liabilities:					
Current maturities of long-term debt	\$ 74,345	\$ —	\$ (74,345)	\$ —	\$ —
Accounts payable, accrued expenses and other current liabilities	107,871	(396)	(12,984)	15,384	109,875
Current liabilities held for sale	—	—	87,329	—	87,329
Other current liabilities	15,384	—	—	(15,384)	—
Customer layaway deposits	10,470	—	—	—	10,470
<b>Total current liabilities</b>	<b>208,070</b>	<b>(396)</b>	<b>—</b>	<b>—</b>	<b>207,674</b>
Long-term debt, net	306,337	—	(99,190)	(9,171)	197,976
Non-current liabilities held for sale	—	—	101,644	—	101,644
Deferred gains and other long-term liabilities	6,157	6,226	(2,454)	—	9,929
<b>Total liabilities</b>	<b>520,564</b>	<b>5,830</b>	<b>—</b>	<b>(9,171)</b>	<b>517,223</b>
<b>Commitments and contingencies</b>					
<b>Temporary equity:</b>					
Class A Non-voting Common Stock, subject to possible redemption at \$10.06 per share; 1,168,456 shares issued and outstanding at redemption value as of September 30, 2015	11,696	—	—	—	11,696
Redeemable noncontrolling interest	3,235	805	—	—	4,040
<b>Total temporary equity</b>	<b>14,931</b>	<b>805</b>	<b>—</b>	<b>—</b>	<b>15,736</b>
<b>Stockholders' equity:</b>					
Class A Non-voting Common Stock, par value \$.01 per share; shares authorized: 100 million as of September 30, 2015; issued and outstanding: 50,726,289 as of September 30, 2015	507	—	—	—	507
Class B Voting Common Stock, convertible, par value \$.01 per share; 3 million shares authorized; issued and outstanding: 2,970,171	30	—	—	—	30
Additional paid-in capital	307,080	2,958	—	—	310,038
Retained earnings	423,137	(22,585)	—	—	400,552
Accumulated other comprehensive loss	(54,019)	(1,077)	—	—	(55,096)

EZCORP, Inc. stockholders' equity

676,735

(20,704)

—

—

656,031

Total liabilities, temporary equity and equity

\$ 1,212,230

\$ (14,069)

\$ —

\$ (9,171)

\$ 1,188,990

**EZCORP, Inc.**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

	Fiscal Year Ended September 30, 2015				
	As Previously Reported	Corrections of Errors	Discontinued Operations	Other	As Corrected and Reclassified
	<i>(in thousands, except per share amounts)</i>				
<b>Revenues:</b>					
Merchandise sales	\$ 402,118	\$ —	\$ —	\$ —	\$ 402,118
Jewelry scrapping sales	57,973	—	—	—	57,973
Pawn service charges	247,204	—	—	—	247,204
Consumer loan fees and interest	78,066	—	(68,114)	(9,952)	—
Other revenues	3,008	—	(255)	9,952	12,705
<b>Total revenues</b>	<b>788,369</b>	<b>—</b>	<b>(68,369)</b>	<b>—</b>	<b>720,000</b>
Merchandise cost of goods sold	267,789	—	—	—	267,789
Jewelry scrapping cost of goods sold	46,066	—	—	—	46,066
Consumer loan bad debt	29,571	—	(26,446)	(3,125)	—
Other cost of revenues	—	—	—	3,125	3,125
<b>Net revenues</b>	<b>444,943</b>	<b>—</b>	<b>(41,923)</b>	<b>—</b>	<b>403,020</b>
<b>Operating expenses:</b>					
Operations	327,603	—	(32,664)	—	294,939
Administrative	72,986	—	—	—	72,986
Depreciation and amortization	33,543	—	(2,584)	—	30,959
Loss on sale or disposal of assets	2,659	—	—	—	2,659
Restructuring	17,080	—	—	—	17,080
<b>Total operating expenses</b>	<b>453,871</b>	<b>—</b>	<b>(35,248)</b>	<b>—</b>	<b>418,623</b>
<b>Operating loss</b>	<b>(8,928)</b>	<b>—</b>	<b>(6,675)</b>	<b>—</b>	<b>(15,603)</b>
Interest expense	42,202	—	(25,817)	—	16,385
Interest income	(1,608)	—	1,330	—	(278)
Loss from investments in unconsolidated affiliates	5,473	—	—	—	5,473
Impairment of investments	29,237	(2,400)	—	—	26,837
Other expense	6,611	—	(4,424)	—	2,187
<b>Loss from continuing operations before income taxes</b>	<b>(90,843)</b>	<b>2,400</b>	<b>22,236</b>	<b>—</b>	<b>(66,207)</b>
<b>Income tax benefit</b>	<b>(26,695)</b>	<b>5,163</b>	<b>7,507</b>	<b>—</b>	<b>(14,025)</b>
<b>Loss from continuing operations, net of tax</b>	<b>(64,148)</b>	<b>(2,763)</b>	<b>14,729</b>	<b>—</b>	<b>(52,182)</b>
<b>Loss from discontinued operations, net of tax</b>	<b>(27,316)</b>	<b>—</b>	<b>(14,729)</b>	<b>—</b>	<b>(42,045)</b>
<b>Net loss</b>	<b>(91,464)</b>	<b>(2,763)</b>	<b>—</b>	<b>—</b>	<b>(94,227)</b>
<b>Net loss attributable to noncontrolling interest</b>	<b>(5,015)</b>	<b>(20)</b>	<b>—</b>	<b>—</b>	<b>(5,035)</b>
<b>Net loss attributable to EZCORP, Inc.</b>	<b>\$ (86,449)</b>	<b>\$ (2,743)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (89,192)</b>
<b>Basic loss per share attributable to EZCORP, Inc.:</b>					
Continuing operations	\$ (1.09)	\$ (0.05)	\$ 0.20	\$ —	\$ (0.94)
Discontinued operations	(0.50)	—	(0.20)	—	(0.70)
<b>Basic loss per share</b>	<b>\$ (1.59)</b>	<b>\$ (0.05)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1.64)</b>
<b>Diluted loss per share attributable to EZCORP, Inc.:</b>					
Continuing operations	\$ (1.09)	\$ (0.05)	\$ 0.20	\$ —	\$ (0.94)
Discontinued operations	(0.50)	—	(0.20)	—	(0.70)
<b>Diluted loss per share</b>	<b>\$ (1.59)</b>	<b>\$ (0.05)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1.64)</b>
<b>Weighted average shares outstanding:</b>					
Basic	54,369	—	—	—	54,369
Diluted	54,369	—	—	—	54,369
<b>Loss from continuing operations attributable to EZCORP, Inc.</b>	<b>\$ (59,133)</b>	<b>\$ (2,743)</b>	<b>\$ 10,578</b>	<b>\$ —</b>	<b>\$ (51,298)</b>
<b>Loss from discontinued operations attributable to EZCORP, Inc.</b>	<b>(27,316)</b>	<b>—</b>	<b>(10,578)</b>	<b>—</b>	<b>(37,894)</b>
<b>Net loss attributable to EZCORP, Inc.</b>	<b>\$ (86,449)</b>	<b>\$ (2,743)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (89,192)</b>



**EZCORP, Inc.**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

Fiscal Year Ended September 30, 2014

	As Previously Reported	Corrections of Errors	Discontinued Operations	Other	As Corrected and Reclassified
<i>(in thousands, except per share amounts)</i>					
<b>Revenues:</b>					
Merchandise sales	\$ 388,022	\$ —	\$ —	\$ —	\$ 388,022
Jewelry scrapping sales	96,241	—	—	—	96,241
Pawn service charges	248,378	—	—	—	248,378
Consumer loan fees and interest	63,702	—	(53,377)	(10,325)	—
Other revenues	3,949	—	(1,145)	10,325	13,129
<b>Total revenues</b>	<b>800,292</b>	<b>—</b>	<b>(54,522)</b>	<b>—</b>	<b>745,770</b>
Merchandise cost of goods sold	248,637	—	—	—	248,637
Jewelry scrapping cost of goods sold	72,830	—	—	—	72,830
Consumer loan bad debt	22,051	—	(19,605)	(2,446)	—
Other cost of revenues	—	—	—	2,446	2,446
<b>Net revenues</b>	<b>456,774</b>	<b>—</b>	<b>(34,917)</b>	<b>—</b>	<b>421,857</b>
<b>Operating expenses:</b>					
Operations	325,921	—	(32,184)	—	293,737
Administrative	79,944	—	—	—	79,944
Depreciation and amortization	31,762	—	(2,503)	—	29,259
Loss on sale or disposal of assets	(5,841)	—	—	—	(5,841)
Restructuring	6,664	—	—	—	6,664
<b>Total operating expenses</b>	<b>438,450</b>	<b>—</b>	<b>(34,687)</b>	<b>—</b>	<b>403,763</b>
<b>Operating income</b>	<b>18,324</b>	<b>—</b>	<b>(230)</b>	<b>—</b>	<b>18,094</b>
Interest expense	28,389	—	(20,478)	—	7,911
Interest income	(1,298)	—	999	—	(299)
Income from investments in unconsolidated affiliates	(5,948)	—	—	—	(5,948)
Impairment of investments	7,940	—	—	—	7,940
Other expense	480	—	121	—	601
<b>Income (loss) from continuing operations before income taxes</b>	<b>(11,239)</b>	<b>—</b>	<b>19,128</b>	<b>—</b>	<b>7,889</b>
<b>Income tax expense (benefit)</b>	<b>(7,246)</b>	<b>3,956</b>	<b>7,741</b>	<b>—</b>	<b>4,451</b>
<b>Income (loss) from continuing operations, net of tax</b>	<b>(3,993)</b>	<b>(3,956)</b>	<b>11,387</b>	<b>—</b>	<b>3,438</b>
<b>Loss from discontinued operations, net of tax</b>	<b>(68,093)</b>	<b>2,006</b>	<b>(11,387)</b>	<b>—</b>	<b>(77,474)</b>
<b>Net loss</b>	<b>(72,086)</b>	<b>(1,950)</b>	<b>—</b>	<b>—</b>	<b>(74,036)</b>
<b>Net loss attributable to noncontrolling interest</b>	<b>(7,387)</b>	<b>1,068</b>	<b>—</b>	<b>—</b>	<b>(6,319)</b>
<b>Net loss attributable to EZCORP, Inc.</b>	<b>\$ (64,699)</b>	<b>\$ (3,018)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (67,717)</b>
<b>Basic loss per share attributable to EZCORP, Inc.:</b>					
Continuing operations	\$ 0.05	\$ (0.08)	\$ 0.11	\$ —	\$ 0.08
Discontinued operations	(1.25)	0.03	(0.11)	—	(1.33)
<b>Basic loss per share</b>	<b>\$ (1.20)</b>	<b>\$ (0.05)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1.25)</b>
<b>Diluted loss per share attributable to EZCORP, Inc.:</b>					
Continuing operations	\$ 0.06	\$ (0.09)	\$ 0.11	\$ —	\$ 0.08
Discontinued operations	(1.25)	0.03	(0.11)	—	(1.33)
<b>Diluted loss per share</b>	<b>\$ (1.19)</b>	<b>\$ (0.06)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1.25)</b>
<b>Weighted average shares outstanding:</b>					
Basic	54,148	—	—	—	54,148
Diluted	54,292	—	—	—	54,292
<b>Income from continuing operations attributable to EZCORP, Inc.</b>	<b>\$ 3,394</b>	<b>\$ (5,024)</b>	<b>\$ 6,106</b>	<b>\$ —</b>	<b>\$ 4,476</b>
<b>Loss from discontinued operations attributable to EZCORP, Inc.</b>	<b>(68,093)</b>	<b>2,006</b>	<b>(6,106)</b>	<b>—</b>	<b>(72,193)</b>
<b>Net loss attributable to EZCORP, Inc.</b>	<b>\$ (64,699)</b>	<b>\$ (3,018)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (67,717)</b>

**NOTE 3: DISCONTINUED OPERATIONS AND RESTRUCTURING*****Fiscal 2016***

On February 8, 2016 in conjunction with ongoing evaluation of our strategic direction, we announced that we were conducting a comprehensive review of strategic options for Grupo Finmart to be completed by the end of the third quarter of fiscal 2016. In April 2016, a special committee of our board of directors comprised entirely of independent directors, after reviewing a variety of strategic alternatives with management and our financial advisors, concluded that a sale of the business was the preferred alternative and authorized management to proceed with a process to solicit proposals from interested buyers. Effective July 1, 2016 we entered into a definitive agreement (the "Purchase Agreement") with Alpha Holding, S.A. de C.V. ("AlphaCredit"), pursuant to which AlphaCredit agreed to acquire Grupo Finmart.

On September 27, 2016, we completed the previously announced sale of all of our interests in Grupo Finmart to AlphaCredit. The sale was completed substantially in accordance with the terms set forth in the Purchase Agreement. Pursuant to the Purchase Agreement, AlphaCredit purchased all of our equity interests in Grupo Finmart, representing 93.78% of the issued and outstanding equity interests of Grupo Finmart, as well as a portion of the remaining interests held by the minority shareholders. The aggregate base price for 100% of Grupo Finmart was \$50.0 million, subject to certain adjustments specified in the Purchase Agreement. Certain of the minority shareholders retained their equity interests in Grupo Finmart by entering into a shareholder agreement negotiated with AlphaCredit, and the portion of the purchase price attributable to such equity interests has been retained by AlphaCredit. Taking into consideration the \$2.7 million attributable to the interests of the minority shareholders and following application of the purchase price adjustments (principally, working capital and non-operating debt adjustments), the purchase price payable to EZCORP was \$40.9 million and, subject to the escrow amount described below, was paid in cash at closing. The purchase price is subject to final balance sheet adjustments within 90 days of closing.

An amount equal to 10% of the adjusted purchase price (\$4.1 million) is subject to indemnification claims and is held in escrow for up to 18 months. AlphaCredit may also elect to withdraw funds from the escrow account to recover any amounts owed to it by reason of any post-closing purchase price adjustment. An additional \$11.5 million was placed in a separate escrow account for tax purposes and was released to us on September 29, 2016 upon the filing and delivery of certain required tax documentation.

The amount of intercompany indebtedness owed by Grupo Finmart to EZCORP at the time of closing (\$60.2 million) was restructured into two notes issued by Grupo Finmart and guaranteed by AlphaCredit. Each note provides for quarterly interest payments and principal repayments in installments over three years on the anniversary dates of the closing (30% on the first anniversary, 40% on the second anniversary and 30% on the third anniversary). The note governing the Mexican Peso denominated debt (principal amount of \$8.2 million) is payable in Mexican Pesos at a 7.5% per annum interest rate, and the note governing the U.S. Dollar denominated debt (principal amount of \$52.0 million) is payable in U.S. Dollars at a 4% per annum interest rate. These notes receivable were recorded at fair market value as further discussed in Note 7.

The Purchase Agreement provides for certain indemnification obligations of both EZCORP and AlphaCredit, subject to certain limitations. Generally, the maximum amount of our indemnification obligations is (1) 15% of the adjusted purchase price for general representations and warranties, (2) 25% of the adjusted purchase price for Special Representations (as defined in the Purchase Agreement) and (3) 100% of the proceeds received from AlphaCredit for all other indemnification obligations, including Fundamental Representations (as defined in the Purchase Agreement).

In addition, in connection with the closing, we paid a total of \$31.1 million, including future interest payments and penalties, to existing Grupo Finmart lenders and stepped into the position of those lenders, including related collateral, and assumed the receivable from Grupo Finmart with no change in terms. All of this debt is scheduled to be repaid to EZCORP through December 2017. These notes receivable were recorded at fair market value as further discussed in Note 7.

This debt includes \$25.3 million in total future payments pertaining to consolidated VIE debt supported by certain foreign currency hedge obligations of Grupo Finmart. We had previously guaranteed Grupo Finmart's obligations under those hedge contracts, and our guarantee was unaffected by the sale. However, because our guarantee relates to underlying debt that is now owed to us, we do not anticipate any losses arising from the guarantee. Further, AlphaCredit, subject to certain exceptions, has agreed to reimburse us for any amounts we are required to pay under the guarantee. Although these guarantees offset each other, each is shown separately on our consolidated balance sheet at September 30, 2016 (our guarantee as a liability and the AlphaCredit backup guarantee as an asset).

During the fourth quarter of fiscal 2016 as a result of the Grupo Finmart disposition, we recorded a gain of \$34.2 million and a \$2.1 million loss on assumption of existing Grupo Finmart debt, before taxes. The gain, which is recorded in our consolidated statement of operations under "Loss from discontinued operations, net of tax," does not take into consideration the total costs

associated with the transaction. Those costs were \$9.8 million, approximately \$8.0 million of which were recorded in fiscal 2016 and the remaining \$1.8 million of which will be recorded in future periods due to ongoing employee service requirements.

The amount of gain recorded, in thousands, as a result of the disposition of Grupo Finmart was calculated under FASB ASC 810-10-40-5 as follows:

Fair value of consideration received	\$	123,949
Carrying amount of noncontrolling interest in Grupo Finmart at the date of deconsolidation		(3,014)
Carrying amount of Grupo Finmart's assets and liabilities at the date of deconsolidation		(61,525)
Accumulated other comprehensive loss reclassified into income		(25,173)
	\$	<u>34,237</u>

As a result of the decision to sell the Grupo Finmart business, we classified Grupo Finmart as held for sale as of June 30, 2016 and recast all segment operations of Grupo Finmart as discontinued operations. We recognized no loss on classification as held for sale during the three-months ended June 30, 2016. All historical assets and liabilities of Grupo Finmart have been presented as current or non-current based on their historical presentation.

As of the completion of the disposition transaction as described above, Grupo Finmart is no longer a subsidiary of EZCORP and neither Grupo Finmart nor AlphaCredit is considered to be a related party to EZCORP. See Note 7 for additional information regarding our continuing involvement with Grupo Finmart.

The following table presents the reconciliation of the major line items constituting "Loss from discontinued operations, net of tax" of Grupo Finmart and other operations discontinued prior to the adoption of ASU 2014-08 that are presented in the consolidated statements of operations:

	Fiscal Year Ended September 30,		
	2016	2015	2014
	<i>(in thousands)</i>		
Revenues	\$ 45,256	\$ 68,369	\$ 54,522
Consumer loan bad debt	(30,081)	(26,446)	(19,605)
Operations expense	(38,740)	(32,664)	(32,184)
Impairment of goodwill	(73,244)	—	—
Interest expense, net	(16,464)	(24,487)	(19,479)
Depreciation, amortization and other	(12,732)	(7,008)	(2,382)
Gain on disposition	34,237	—	—
Loss from discontinued operations before income taxes of Grupo Finmart	(91,768)	(22,236)	(19,128)
Income tax benefit	12,896	7,508	7,741
Loss from discontinued operations, net of tax of operations discontinued prior to the adoption of ASU 2014-08	(560)	(27,317)	(66,087)
Loss from discontinued operations, net of tax	<u>\$ (79,432)</u>	<u>\$ (42,045)</u>	<u>\$ (77,474)</u>
Loss from discontinued operations, net of tax of Grupo Finmart	\$ (78,872)	\$ (14,728)	\$ (11,387)
Loss from discontinued operations, net of tax of Grupo Finmart attributable to noncontrolling interest	6,661	4,150	5,281
Loss from discontinued operations, net of tax of Grupo Finmart attributable to EZCORP, Inc.	<u>\$ (72,211)</u>	<u>\$ (10,578)</u>	<u>\$ (6,106)</u>

Cash flows from Grupo Finmart operating activities for the years ended September 30, 2016, 2015 and 2014 were \$2.2 million, \$11.1 million and \$(7.4) million, respectively. Cash flows from Grupo Finmart investing activities for the years ended September 30, 2016, 2015 and 2014 were \$42.7 million, \$(41.1) million and \$(33.5) million, respectively.

The following table presents the reconciliation of the carrying amounts of major classes of assets and liabilities of Grupo Finmart that are classified as held for sale presented in the consolidated balance sheet as of September 30, 2015:

	September 30, 2015
	<i>(in thousands)</i>
Cash and cash equivalents	\$ 2,880
Restricted cash (1) (3)	14,993
Consumer loans, net (1) (3)	31,824
Consumer loan fees and interest receivable, net (1) (3)	19,105
Prepaid expenses, income taxes and other current assets	4,047
Restricted cash, non-current (3)	2,883
Goodwill, intangible assets, and property and equipment, net	91,272
Non-current consumer loans, net (1) (3)	75,824
Deferred tax and other assets, net	47,254
Total assets classified as held for sale	<u>\$ 290,082</u>
Current maturities of long-term debt (2)	\$ 74,345
Accounts payable, accrued expenses and other current liabilities (2)	12,984
Long-term debt, less current maturities, net and other long-term liabilities (2) (4)	101,644
Total liabilities classified as held for sale	<u>\$ 188,973</u>

(1) These amounts include the following assets of our previously consolidated VIEs:

	<b>September 30, 2015</b>
	<i>(in thousands)</i>
Restricted cash	\$ 1,361
Consumer loans, net	5,846
Consumer loan fees and interest receivable, net	6,399
Non-current consumer loans, net	27,162
<b>Total assets of consolidated VIEs</b>	<b>\$ 40,768</b>

(2) These amounts include the following liabilities of our previously consolidated VIEs:

	<b>September 30, 2015</b>
	<i>(in thousands)</i>
Current maturities of long-term debt	\$ 42,017
Accounts payable, accrued expenses and other current liabilities	4,313
Long-term debt, less current maturities	31,247
<b>Total liabilities of consolidated VIEs</b>	<b>\$ 77,577</b>

(3) These amounts include the following assets of Grupo Finmart's securitization trust that can only be used to settle its liabilities:

	<b>September 30, 2015</b>
	<i>(in thousands)</i>
Restricted cash	\$ 12,033
Consumer loans*	36,845
Consumer loan fees and interest receivable, net	6,067
Restricted cash, non-current	197
<b>Total assets of Grupo Finmart's securitization trust</b>	<b>\$ 55,142</b>

\* These amounts include the current and non-current portions of active consumer loans considered to be performing under the terms of the Grupo Finmart securitization trust. These balances, which represent the total collateral that can be used to settle the liabilities of the securitization trust, exclude loan loss allowances as described in Note 19, and are presented on a net basis in the consolidated balance sheets including allowances.

(4) This amount includes the following liabilities for which the creditors of Grupo Finmart's securitization trust do not have recourse to the general credit of EZCORP, Inc.:

	<b>September 30, 2015</b>
	<i>(in thousands)</i>
Long-term debt, less current maturities	\$ 40,493

Assets and liabilities classified as held for sale and presented above are exclusive of net intercompany liabilities totaling \$19.7 million as of September 30, 2015.

During fiscal 2014 and the first quarter of fiscal 2015, Grupo Finmart completed six transfers of consumer loans to various securitization trusts. Prior to the sale of Grupo Finmart as discussed above, we consolidated those securitization trusts under the VIE model as we had the power to direct the activities that significantly affect each VIE's economic performance and had the right to receive benefits or the obligation to absorb losses that could potentially be significant to each VIE. Each VIE issued its notes to third party investors and used the related net proceeds to purchase the loans from Grupo Finmart at a premium over their principal amount. We have de-consolidated these VIEs in conjunction with the disposition of Grupo Finmart. Income (principally interest and fees on loans) earned by our consolidated VIEs was \$12.6 million and \$34.4 million for the years ended September 30, 2016 and 2015. Related expenses, consisting primarily of interest expense, foreign exchange losses and consumer loan bad debt expense, were \$9.7 million and \$30.4 million for the years ended September 30, 2016 and 2015, respectfully. These amounts do not include intercompany transactions which were eliminated in our consolidated financial statements.

**Fiscal 2015 and 2014**

During the fourth quarter of fiscal 2015, in the context of a transformational change in strategy following an intensive six-month review of all Company activities, we implemented a plan that included:

- Exiting our USFS business and ceasing the employment of the employees related to that business; and
- Streamlining our structure and operating model to improve overall efficiency and reduce costs, which includes additional store closures, consolidations and relocations; additional headcount reductions in the remaining business and in the corporate support center; termination of various real property leases; and write-down and write-offs of various assets no longer to be used in the business.

Under that new strategy, we (a) focused on growing our core pawn operations in the United States and Mexico and our Grupo Finmart business in Mexico and (b) simplified our operating structure by moving from a divisional to a functional business model. The costs of exiting of our USFS business are included under "Loss from discontinued operations, net of tax" and the cost of streamlining of our structure and operating model are included under "Restructuring" expenses in our consolidated statements of operations. Accrued charges are included under "Accounts payable, accrued expenses and other current liabilities" in our consolidated balance sheets.

During the fourth quarter of fiscal 2014, as part of a strategy to concentrate on an integrated, customer-centric financial services model focused on our core businesses of pawn and unsecured payroll lending, we implemented a plan to exit our online lending businesses in the United States and the United Kingdom. As a result of this plan, our online lending operations in the United States (EZOnline) and in the United Kingdom (Cash Genie) have been included as discontinued operations.

*Discontinued Operations*

The following table summarizes the pre-tax charges (gains) pertaining to the above discontinued operations:

	<b>Fiscal Year Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
	<i>(in thousands)</i>	
Goodwill impairment	\$ 10,550	\$ 84,158
Long-lived assets impairment	1,685	11,795
Other (a)	21,045	7,590
Asset disposals	7,443	2,882
Lease termination costs	1,720	1,504
Reversal of contingent consideration payable	—	(4,792)
	<u>\$ 42,443</u>	<u>\$ 103,137</u>

(a) Includes estimated costs related to regulatory compliance, employee severance and accelerated amortization of prepaid expenses and other assets. The amount shown for fiscal 2015 includes a \$10.5 million one-time charge associated with the settlement of outstanding issues with the U.S. Consumer Financial Protection Bureau and a \$4.0 million charge related to the resolution of regulatory compliance issues in our Cash Genie U.K online lending business, which is a part of fiscal 2014 discontinued operations.

Total revenue included in "Loss from discontinued operations, net of tax" was \$2.1 million, \$124.7 million and \$188.8 million during fiscal 2016, 2015 and 2014, respectively, exclusive of Grupo Finmart revenue presented in our fiscal 2016 action above.

### Restructuring

During the fourth quarter of fiscal 2015 we streamlined our structure and operating model to improve overall efficiency and reduce costs included in our transformational change in strategy as discussed above. Restructuring charges related to this action are allocated to certain of our segments. See Note 18. The following table summarizes the pre-tax charges, inclusive of the charges presented in the changes in the balance of restructuring costs rollforward below, which have been recorded under "Restructuring" expense in our consolidated statements of operations:

	Fiscal Year Ended September 30,	
	2016	2015
	<i>(in thousands)</i>	
Long-lived assets impairment	\$ —	\$ 2,346
Other (a)	779	3,447
Asset disposals	323	3,650
Lease termination costs	819	7,637
	<u>\$ 1,921</u>	<u>\$ 17,080</u>

(a) Includes costs related to employee severance and other.

Changes in the balance of these restructuring costs are summarized as follows:

	Fiscal Year Ended September 30,	
	2016	2015
	<i>(in thousands)</i>	
Beginning balance	\$ 8,076	\$ —
Charged to expense	1,594	9,469
Cash payments	(5,577)	(1,393)
Other (a)	1,024	—
Ending balance (b)	<u>\$ 5,117</u>	<u>\$ 8,076</u>

(a) Includes other individually immaterial adjustments as well as adjustments to our estimate of lease termination costs.

(b) Ending balance as of September 30, 2016 is comprised of accrued lease termination costs that we expect to be partially offset by future sublease payments through 2029. We consider future changes in this accrual to be attributable to continuing operations.

### Fiscal 2014

During the fourth quarter of fiscal 2014, we conducted a company-wide operational review to realign our organization to streamline operations and create synergies and efficiencies. Restructuring charges related to this action are considered corporate costs and therefore are not allocated to a specific segment. Changes in the balance of these restructuring costs are summarized as follows:

	Fiscal Year Ended September 30,	
	2016	2015
	<i>(in thousands)</i>	
Beginning balance	\$ 2,901	\$ 6,121
Charged to expense	—	763
Cash payments	(2,901)	(3,983)
Ending balance	<u>\$ —</u>	<u>\$ 2,901</u>

## NOTE 4: ACQUISITIONS

### Pawn One

On February 1, 2016, we acquired six pawn stores in the Houston, Texas area doing business under the "Pawn One" brand. The aggregate purchase price was \$6.2 million in cash, inclusive of all ancillary arrangements, of which \$3.2 million was recorded as goodwill in the U.S. Pawn segment. We have concluded that this acquisition was immaterial to our overall consolidated financial results and, therefore, have omitted the information that would otherwise be required by FASB ASC 805-10-50-2(h).

### ***USA Pawn & Jewelry***

On August 17, 2015, we completed the acquisition of 13 pawn stores in Oregon and Arizona doing business under the "USA Pawn" brand. The aggregate purchase price was \$12.3 million in cash, inclusive of a \$0.2 million reduction for imputed interest and all ancillary arrangements. Of the total purchase price, \$3.0 million was paid at closing, \$3.0 million was paid in December 2015, and \$6.5 million was paid in February 2016. The total deferred consideration was recorded in the consolidated balance sheets under "Accounts payable, accrued expenses and other current liabilities." We have concluded that this acquisition was immaterial to our overall consolidated financial results and, therefore, have omitted the information required by FASB ASC 805-10-50-2(h).

### ***Cash Pawn***

On February 19, 2015, we completed the acquisition of 12 pawn stores in Central Texas doing business under the "Cash Pawn" brand. The aggregate purchase price for the acquisition was \$16.5 million, comprised of \$5.0 million cash and 1,168,456 shares of our Class A Common Stock (the "Shares"), valued at \$10.01 per share less a \$0.2 million "Holding Period Adjustment." The Shares were issued in an unregistered private placement transaction pursuant to Section 4(a)(2) of the Securities Act of 1933 to a small number of related individuals and entities (the "Sellers") who were either "accredited investors" or "sophisticated investors." We have concluded that this acquisition was immaterial to our overall consolidated financial results and, therefore, have omitted the information required by FASB ASC 805-10-50-2(h). On the first anniversary of the closing date, the Sellers exercised their right to require us to repurchase the Shares for an aggregate price of \$11.8 million (the "Put Option").

The Shares were measured at fair value and classified as temporary equity as they featured certain redemption rights that were considered by the Company to be outside of the Company's control and subject to the occurrence of uncertain future events. These shares were redeemed in the second quarter of fiscal 2016 and are no longer outstanding.

The Put Option was not accounted for separately from the Shares and did not require bifurcation. The Shares were accounted for as common stock, subject to possible redemption and were included in temporary equity in our consolidated balance sheets prior to March 31, 2016. The Holding Period Adjustment was accounted for as a contingent consideration asset, was adjusted to fair value each reporting period and recorded under "Other assets, net" in our consolidated balance sheets prior to March 31, 2016.

### ***TUYO***

On April 1, 2015, we completed the acquisition of the remaining 41% outstanding equity interest in TUYO for \$2.8 million in cash and a \$0.3 million note payable. Prior to this acquisition, we owned a 59% interest in TUYO, included their results in our consolidated financial statements and included redeemable noncontrolling interest (related to the minority ownership) in temporary equity. Following our acquisition of the remaining outstanding equity interest in TUYO, we accounted for TUYO as a wholly-owned subsidiary. We accounted for this transaction as an equity transaction with no adjustments to purchase price accounting in accordance with FASB ASC 810. TUYO operations have been eliminated during fiscal 2016.

### ***Grupo Finmart***

On January 30, 2012, we acquired a 60% interest in Grupo Finmart. On April 1, 2013, Grupo Finmart completed an equity offering to its existing shareholders. We invested \$9.2 million, which maintained our ownership at 60%. On June 30, 2014, we acquired an additional 16% of the ordinary shares outstanding of Grupo Finmart for \$28.7 million, increasing our ownership percentage to 76%. These shares were acquired from the minority shareholders of Grupo Finmart pursuant to contractual put obligations entered into as part of the original acquisition.

On August 31, 2015, we acquired an additional 18% of the outstanding ordinary shares of Grupo Finmart for \$29.6 million, increasing our ownership percentage to 94%. These shares were acquired from the minority shareholders of Grupo Finmart pursuant to contractual put obligations entered into as part of the original acquisition. We accounted for this transaction as an equity transaction with no adjustments to purchase price accounting in accordance with FASB ASC 810.

See Note 3 for discussion of our disposition of Grupo Finmart. As a result of the disposition of Grupo Finmart during September 2016, there was no redeemable noncontrolling interest remaining as of September 30, 2016.



**NOTE 5: EARNINGS PER SHARE**

Components of basic and diluted loss per share and excluded anti-dilutive potential common shares are as follows:

	<b>Fiscal Year Ended September 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<i>(in thousands, except per share amounts)</i>		
Net (loss) income from continuing operations attributable to EZCORP (A)	\$ (7,973)	\$ (51,298)	\$ 4,476
Loss from discontinued operations, net of tax (B)	(72,771)	(37,894)	(72,193)
Net loss attributable to EZCORP (C)	<u>\$ (80,744)</u>	<u>\$ (89,192)</u>	<u>\$ (67,717)</u>
Weighted average outstanding shares of common stock (D)	54,427	54,369	54,148
Dilutive effect of restricted stock*	—	—	144
Weighted average common stock and common stock equivalents (E)	<u>54,427</u>	<u>54,369</u>	<u>54,292</u>
<b>Basic (loss) income per share attributable to EZCORP:</b>			
Continuing operations (A / D)	\$ (0.15)	\$ (0.94)	\$ 0.08
Discontinued operations (B / D)	(1.34)	(0.70)	(1.33)
Basic loss per share (C / D)	<u>\$ (1.49)</u>	<u>\$ (1.64)</u>	<u>\$ (1.25)</u>
<b>Diluted (loss) income per share attributable to EZCORP:</b>			
Continuing operations (A / E)	\$ (0.15)	\$ (0.94)	\$ 0.08
Discontinued operations (B / E)	(1.34)	(0.70)	(1.33)
Diluted loss per share (C / E)	<u>\$ (1.49)</u>	<u>\$ (1.64)</u>	<u>\$ (1.25)</u>
<b>Potential common shares excluded from the calculation of diluted loss per share:</b>			
Restricted stock**	840	—	208
Warrants***	14,317	14,317	14,317
Total potential common shares excluded	<u>15,157</u>	<u>14,317</u>	<u>14,525</u>

\* As required by FASB ASC 260-10-45-19, amount excludes all potential common shares for periods when there is a loss from continuing operations.

\*\* Includes antidilutive share-based awards as well as performance-based and market conditioned share-based awards that are contingently issuable, but for which the condition for issuance has not been met as of the end of the reporting period.

\*\*\* See Note 10 for discussion of the terms and conditions of these potential common shares.

Weighted-average outstanding shares of common stock for fiscal 2016 include the impact of redeemable common stock repurchased as discussed in Note 4.

**NOTE 6: STRATEGIC INVESTMENTS**
***Cash Converters International Limited***

As of September 30, 2016, we owned 151,948,000 shares, or approximately 31% of Cash Converters International shares. Our total investment in Cash Converters International was acquired between November 2009 and December 2014 for approximately \$80.9 million.

In fiscal 2016 and 2015 our equity in Cash Converters International's net loss was \$0.3 million and \$5.5 million, respectively. In fiscal 2014 our equity in Cash Converters International's net income was \$7.1 million. Additionally, in fiscal 2016, 2015 and 2014, we recorded dividends from Cash Converters International of \$2.2 million, \$4.8 million and \$5.1 million, respectively. Cash Converters International's accumulated undistributed after-tax earnings included in our consolidated retained earnings were \$6.5 million as of September 30, 2016.

The following tables present summary financial information for Cash Converters International's most recently reported results as of September 30, 2016, 2015 and 2014 as applicable after translation to United States dollars:

	June 30,		
	2016	2015	
	<i>(in thousands)</i>		
Current assets	\$ 173,830	\$	186,472
Non-current assets	141,028		151,287
<b>Total assets</b>	<b>\$ 314,858</b>	<b>\$</b>	<b>337,759</b>
Current liabilities	\$ 83,275	\$	86,374
Non-current liabilities	51,873		51,044
Shareholders' equity:			
Equity attributable to owners of the parent	\$ 179,709	\$	200,340
Noncontrolling interest	1		1
<b>Total liabilities and shareholders' equity</b>	<b>\$ 314,858</b>	<b>\$</b>	<b>337,759</b>
	Fiscal Year Ended June 30,		
	2016	2015	2014
	<i>(in thousands)</i>		
Gross revenues*	\$ 221,973	\$ 241,584	\$ 304,432
Gross profit*	158,952	174,101	195,325
(Loss) profit attributable to:			
Owners of the company	\$ (3,839)	\$ (17,980)	\$ 22,206
Noncontrolling interest	—	(169)	(2,809)
<b>(Loss) profit for the year</b>	<b>\$ (3,839)</b>	<b>\$ (18,149)</b>	<b>\$ 19,397</b>

\* Cash Converters International announced during its fiscal 2016 that certain of its United Kingdom operations would be discontinued, including a historical recasting of such operations as discontinued operations. We have recast the above information pertaining to the year ended June 30, 2015 to reflect this historical recasting. We have not recast the above information pertaining to the year ended June 30, 2014, however, as such historical results including discontinued operations have not been reported by Cash Converters International.

The loss of \$3.8 million presented above for fiscal 2016 includes total discrete charges before allocation to EZCORP for restructuring costs of \$24.5 million, the compliance accrual discussed below of \$9.2 million and other items totaling \$4.2 million, translated using applicable exchange rates in effect for EZCORP's year ended September 30, 2016.

We monitor the fair value of our investment in Cash Converters International as compared to its carrying value each reporting period and consider the guidance in FASB ASC 320-10-S99-1 FASB ASC 323-10-35 in evaluating whether any impairments are other-than-temporary and whether to measure and recognize any other-than-temporary impairment.

As of September 30, 2016, the fair value of our investment in Cash Converters International continued to decline from September 30, 2015 and remained below its carrying value as of September 30, 2016. As of September 30, 2016, we determined that our investment was impaired and that such impairment was other-than-temporary. In reaching this conclusion,

we considered all available evidence, including the following: (i) Cash Converters International continued to be negatively impacted by current regulatory requirements in the United Kingdom during its fiscal 2016; (ii) Cash Converters International announced in August 2016 an accrual ultimately totaling \$9.2 million using applicable exchange rates in effect for EZCORP's year ended September 30, 2016 pertaining to potential compliance issues in its credit assessment processes under the National Consumer Credit Protection Act; (iii) Cash Converters International released its results for the six-months ended June 30, 2016 in August 2016 including substantial restructuring and other one-time costs; and (v) there has been a prolonged drop in Cash Converters International's stock price primarily as a result of the above factors. As a result, we recognized an other-than-temporary impairment in Cash Converters International of \$11.0 million (\$7.2 million, net of taxes) in fiscal 2016, which increased the difference between the amount at which the investment was carried and the amount of underlying equity in net assets of Cash Converters International as discussed in Note 1. This impairment charge was recorded under "Impairment of investment" in the consolidated statements of operations in the "Other International" segment.

As of September 30, 2015, the fair value of our investment in Cash Converters International was below the carrying value. We determined that our investment was impaired and that such impairment was other-than-temporary. In reaching this conclusion, we considered all available evidence, including the following: (i) Cash Converters International had been negatively impacted by current regulatory requirements in the United Kingdom during its fiscal 2015; (ii) Cash Converters International reached an agreement in June 2015 to pay \$17.7 million toward settlement of a class-action lawsuit brought by its customers alleging that Cash Converters International charged excessive interest on short-term loans; (iii) Cash Converters International's primary banking facility, Westpac Banking Corporation, informed Cash Converters International that it was ceasing to provide services to the company in August 2015, and as of September 30, 2015 Cash Converters International had yet to find an alternative funding source; (iv) Cash Converters International failed to declare its final year-end dividend; and (v) there has been a prolonged drop in Cash Converters International's stock price primarily as a result of the above factors. As a result, we recognized an other-than-temporary impairment in Cash Converters International of \$26.8 million (\$17.4 million, net of taxes) in fiscal 2015, which caused a difference between the amount at which the investment was carried and the amount of underlying equity in net assets of Cash Converters International as discussed in Note 1. This impairment charge was recorded under "Impairment of investment" in the consolidated statements of operations in the "Other International" segment.

We continue to monitor the fair value of our investment in Cash Converters International for other-than-temporary impairments in future reporting periods and may record additional impairment charges should the fair value of our investment in Cash Converters International further decline below its carrying value for an extended period of time. See Note 7 for the fair value and carrying value of our investment in Cash Converters International.

#### ***Albemarle & Bond Holdings, PLC***

Prior to its bankruptcy reorganization, Albemarle & Bond was primarily engaged in pawnbroking, retail jewelry sales, check cashing and lending in the United Kingdom. In fiscal 2014 we owned 16,644,640 ordinary shares of Albemarle & Bond, representing almost 30% of its total outstanding shares.

In fiscal 2014 our equity in Albemarle & Bond's net loss was \$1.2 million and we received no dividends.

In March 2014, Albemarle & Bond entered into bankruptcy reorganization in the United Kingdom, and on April 15, 2014 Albemarle & Bond announced that the majority of its business and assets had been sold. In fiscal 2014 we recognized other-than-temporary impairments of \$7.9 million (\$5.4 million, net of taxes), which brought our carrying value of this investment to zero as of September 30, 2014.

#### **NOTE 7: FAIR VALUE MEASUREMENTS, DERIVATIVES AND OTHER**

In accordance with FASB ASC 820-10, our assets and liabilities discussed below are classified in one of the following three categories based on the inputs used to develop their fair values:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Other observable inputs other than quoted market prices.
- Level 3: Unobservable inputs that are not corroborated by market data.

### Recurring Fair Value Measurements

The tables below present our financial assets (liabilities) that were measured at fair value on a recurring basis as of September 30, 2016 and 2015:

Financial (liabilities) assets:	September 30, 2016	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
		<i>(in thousands)</i>		
Guarantee asset	\$ 1,209	\$ —	\$ —	\$ 1,209
Guarantee liability	(1,258)	—	—	(1,258)
Convertible Notes Hedges	37,692	—	37,692	—
Convertible Notes Embedded Derivative	(37,692)	—	(37,692)	—
Net financial liabilities	<u>\$ (49)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (49)</u>

Financial assets (liabilities):	September 30, 2015	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
		<i>(in thousands)</i>		
Foreign currency forwards — discontinued operations*	\$ 14,169	\$ —	\$ 14,169	\$ —
Holding Period Adjustment	4	—	4	—
Cash Convertible Notes Hedges	10,505	—	10,505	—
Cash Convertible Notes Embedded Derivative	(10,505)	—	(10,505)	—
Phantom share-based awards	(3,932)	—	—	(3,932)
Contingent consideration — discontinued operations*	(2,601)	—	—	(2,601)
Net financial assets (liabilities)	<u>\$ 7,640</u>	<u>\$ —</u>	<u>\$ 14,173</u>	<u>\$ (6,533)</u>

\* See Note 1 for discussion of operations discontinued subsequent to the adoption of FASB ASU 2014-08.

We measured the fair value of the guarantee asset and liability under a probability-weighted discounted cash flow approach for the expected cash flows underlying the guarantees utilizing expected forward currency rates, risk-free interest rates and a calculated probability of default, considering the synthetic credit ratings for EZCORP, Grupo Finmart and AlphaCredit. Certain of the significant inputs used for the valuation were not observable in the market and thus were Level 3 inputs. The guarantee asset and liability were recorded in the consolidated balance sheets under "Prepaid expenses and other current assets" and "Accounts payable, accrued expenses and other current liabilities," respectively.

We measured the fair value of the Cash Convertible Notes Hedges and the Cash Convertible Notes Embedded Derivative using an option pricing model based on observable Level 1 and Level 2 inputs such as conversion price of underlying shares, current share price, implied volatility, risk free interest rate and other factors. The Cash Convertible Notes Hedges were recorded in the consolidated balance sheets under "Other assets, net." The Cash Convertible Notes Embedded Derivative was recorded in the consolidated balance sheets under "Long-term debt, less current maturities."

We previously measured the value of the forward currency forwards using Level 2 inputs such as estimations of expected cash flows, appropriately risk-adjusted discount rates and available observable inputs (term of the forward, notional amount, discount rates based on local and foreign rate curves, and a credit value adjustment to consider the likelihood of nonperformance). Forward contracts were recorded in the consolidated balance sheets under "Current assets held for sale" and "Non-current assets held for sale."

We previously measured the fair value of the Holding Period Adjustment using an option pricing model based on observable Level 1 and Level 2 inputs such as conversion price of underlying shares, current share price, implied volatility, risk free interest rate and other factors. The Holding Period Adjustment was recorded in the consolidated balance sheets under "Other assets, net."

On April 26, 2013, Grupo Finmart purchased 100% of the outstanding shares of Fondo ACH, S.A. de C.V., a specialty consumer finance company. The total purchase price was performance-based and was to be determined over a period of four years from the date of purchase and was initially due on January 2, 2017 based on interest income generated by the acquired portfolios and new loans made through Fondo ACH's contractual relationships. We previously used an income approach to measure the fair value of the contingent consideration using a probability-weighted discounted cash flow approach. Some of

the significant inputs used for the valuation were not observable in the market and thus were Level 3 inputs. Contingent consideration was recorded in the consolidated balance sheets under "Current liabilities held for sale" and "Non-current liabilities held for sale." During the three-months ended June 30, 2016, we negotiated a final settlement amount of the contingent consideration and recorded a valuation adjustment of \$1.1 million, included under "Loss from discontinued operations, net of tax" in our consolidated statements of operations, to arrive at the \$1.5 million balance of the contingent consideration liability, which was paid during the three-months ended September 30, 2016.

During fiscal 2015, we granted awards to employees based upon underlying shares that were not issued, and therefore we accounted for these as phantom share-based awards under FASB ASC 718-30. These awards are recorded in the consolidated balance sheets under "Accounts payable, accrued expenses and other current liabilities" for unvested share-based payment awards. The fair value of fiscal 2015 phantom share-based awards that were estimated using the Monte Carlo simulation model incorporated the closing share price of our Class A Common Stock on the date of grant (considered, for this purpose, to be October 1, 2014), as well as the following assumptions, which we consider to be Level 3 inputs under the fair value hierarchy:

Expected volatility of EZCORP, Inc. Class A Common Stock	49.7%
Risk-free interest rate	1.9%
Expected term in years	6
Cost of equity	11.5%
Dividend yield	—

During fiscal 2016, we settled and released \$0.1 million of phantom share-based awards and reclassified \$3.8 million of phantom share-based awards from liability awards to equity awards under "Additional paid-in capital," reducing our balance in phantom share-based awards to zero as of March 31, 2016.

There were no transfers in or out of Level 1 or Level 2 for financial assets or liabilities measured at fair value on a recurring basis during the periods presented.

#### Financial Assets, Temporary Equity and Liabilities Not Measured at Fair Value

Our financial assets, temporary equity and liabilities as of September 30, 2016 and 2015 that were not measured at fair value in our consolidated balance sheets, inclusive of Grupo Finmart balances as discussed in Note 3, are as follows:

	Carrying Value		Estimated Fair Value		
	September 30, 2016	September 30, 2016	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
<i>(in thousands)</i>					
<b>Financial assets:</b>					
Cash and cash equivalents	\$ 65,737	\$ 65,737	\$ 65,737	\$ —	\$ —
Restricted cash	7,089	7,089	7,089	—	—
Pawn loans	167,329	167,329	—	—	167,329
Pawn service charges receivable, net	31,062	31,062	—	—	31,062
Notes receivable, net	41,946	41,946	—	—	41,946
Non-current notes receivable, net	41,119	41,119	—	—	41,119
Investment in unconsolidated affiliate	37,128	37,128	37,128	—	—
	<u>\$ 391,410</u>	<u>\$ 391,410</u>	<u>\$ 109,954</u>	<u>\$ —</u>	<u>\$ 281,456</u>
<b>Financial liabilities:</b>					
Cash Convertible Notes	\$ 197,954	\$ 227,332	\$ —	\$ 227,332	\$ —
Term Loan Facility	47,965	—	—	—	48,688
	<u>\$ 245,919</u>	<u>\$ 227,332</u>	<u>\$ —</u>	<u>\$ 227,332</u>	<u>\$ 48,688</u>

	Carrying Value		Estimated Fair Value		
	September 30, 2015	September 30, 2015	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
<i>(in thousands)</i>					
<b>Financial assets:</b>					
Cash and cash equivalents	\$ 56,244	\$ 56,244	\$ 56,244	\$ —	\$ —
Cash and cash equivalents — discontinued operations*	2,880	2,880	2,880		
Restricted cash	144	144	144	—	—
Restricted cash — discontinued operations*	14,993	14,993	14,993		
Pawn loans	159,964	159,964	—	—	159,964
Consumer loans, net — discontinued operations*	31,824	43,731	—	—	43,731
Pawn service charges receivable, net	30,852	30,852	—	—	30,852
Consumer loan fees and interest receivable, net — discontinued operations*	19,105	19,105	—	—	19,105
Investment in unconsolidated affiliate	56,182	56,182	56,182	—	—
Restricted cash, non-current — discontinued operations*	2,883	2,883	2,883	—	—
Non-current consumer loans, net — discontinued operations*	75,824	104,194	—	—	104,194
	<u>\$ 450,895</u>	<u>\$ 491,172</u>	<u>\$ 133,326</u>	<u>\$ —</u>	<u>\$ 357,846</u>
<b>Temporary equity:</b>					
Common stock, subject to possible redemption	\$ 11,696	\$ 11,438	\$ —	\$ —	\$ 11,438
Redeemable noncontrolling interest — discontinued operations*	4,040	5,467	—	—	5,467
	<u>\$ 15,736</u>	<u>\$ 16,905</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,905</u>
<b>Financial liabilities:</b>					
Cash Convertible Notes	\$ 187,471	\$ 169,050	\$ —	\$ 169,050	\$ —
Foreign currency debt — discontinued operations*	18,505	19,851	—	19,851	—
Consumer loans facility due 2019 — discontinued operations*	40,493	40,774	—	40,774	—
Foreign currency unsecured notes — discontinued operations*	20,987	20,477	—	20,477	—
Foreign currency secured notes — discontinued operations*	20,286	22,476	—	22,476	—
Secured notes consolidated from VIEs — discontinued operations*	73,264	68,685	—	68,685	—
	<u>\$ 361,006</u>	<u>\$ 341,313</u>	<u>\$ —</u>	<u>\$ 341,313</u>	<u>\$ —</u>

\* See Note 1 for discussion of operations discontinued subsequent to the adoption of FASB ASU 2014-08.

Based on the short-term nature of cash and cash equivalents, restricted cash, pawn loans and pawn service charges receivable, we estimate that their respective carrying values approximate their fair values. Significant increases or decreases in the underlying assumptions used to value the pawn loans and pawn service charges receivable could significantly increase or decrease the fair value estimates disclosed above.

We measured the fair value of the notes receivable under a discounted cash flow approach considering the synthetic credit ratings for Grupo Finmart and AlphaCredit, as applicable, with discount rates ranging from 9% to 22%. Certain of the significant inputs used for the valuation were not observable in the market and thus were Level 3 inputs. The notes receivable were recorded in the consolidated balance sheets under “Notes receivable, net” and “Non-current notes receivable, net.”

The inputs used to generate the fair value of our investment in unconsolidated affiliate Cash Converters International were considered Level 1 inputs. These inputs are comprised of (a) the quoted stock price on the Australian Stock Exchange multiplied by (b) the number of shares we owned multiplied by (c) the applicable foreign currency exchange rate as of the end of our reporting period. We included no control premium for owning a large percentage of outstanding shares. See Note 6 for discussion of the fair value compared to the carrying value of our investment in Cash Converters International.

We measured the fair value of our Cash Convertible Notes using quoted price inputs from Bloomberg. The Cash Convertible Notes are not actively traded and thus the price inputs represent a Level 2 measurement. As the Cash Convertible Notes are not actively traded, the quoted price inputs obtained from Bloomberg are highly variable from day to day and thus the fair value estimates disclosed above could significantly increase or decrease.

The fair value of our Term Loan Facility approximated its carrying value, inclusive of issuance costs and exclusive of deferred financing costs, given the short duration between funding and September 30, 2016. The fair value is based on Level 3 inputs that are not observable in the market.

We estimated the fair value of the Grupo Finmart consumer loans by applying an income approach (the present value of future cash flows). Key assumptions included an annualized probability of default as well as a discount rate based on the funding rate plus the portfolio liquidity risk.

The fair value of the redeemable noncontrolling interest was estimated by applying an income approach based on significant Level 3 inputs that are not observable in the market. Key assumptions included discount rates of 5% to 10%, representing the discount that market participants would consider when estimating the fair value of the noncontrolling interest.

The fair value of the common stock, subject to possible redemption was estimated by applying an income approach. This fair value measurement was based on significant Level 3 inputs that were not observable in the market. Key assumptions included a discount rate of 7%, which approximated the Company's incremental borrowing rate.

We utilize credit quality-related zero rate curves, quoted price and yield inputs for Mexican Pesos built by a price vendor authorized by the Comisión Nacional Bancaria y de Valores to determine the fair value measurements of the remaining financial liabilities that are classified as Level 2 measurements.

#### ***Notes Receivable from Grupo Finmart Divestiture***

Subsequent to the sale of Grupo Finmart in September 2016, we determined that we retained a variable interest in Grupo Finmart, including notes receivable and a guarantee liability of the future cash outflows of certain Grupo Finmart foreign exchange forward contracts with a backup guarantee provided by AlphaCredit for any payments we make under the our guarantee. We determined that we are not the primary beneficiary of Grupo Finmart subsequent to its disposition as we lack a controlling financial interest in Grupo Finmart.

We recorded a \$60.2 million gross notes receivable balance, comprising two notes payable by Grupo Finmart and guaranteed by AlphaCredit, which provide for quarterly interest payments and principal repayment in annual installments over three years on the anniversary dates of the closing (30% on the first anniversary, 40% on the second anniversary and 30% on the third anniversary). The note governing Mexican Peso denominated debt (principal amount of approximately \$8.2 million) is payable in Mexican Pesos at a 7.5% per annum interest rate with an effective interest rate of 15%, and the note governing the U.S. Dollar denominated debt (principal amount of \$52.0 million) is payable in U.S. Dollars at a 4% per annum interest rate with an effective interest rate of 10%. These notes receivable are net of total issuance discounts of \$5.8 million as of September 30, 2016 resulting from below market interest rates.

We further recorded a \$29.6 million gross notes receivable balance, comprising six notes payable by Grupo Finmart for which EZCORP stepped into the position of previous lenders, including related collateral. Two of these notes receivable totaling \$5.5 million gross are payable in monthly installments of principal and interest through May 2017 in Mexican Pesos at per annum interest rates of 14% to 15%. These notes receivable, including the four discussed below, are net of total discounts of \$0.9 million, with effective interest rates between 19% and 25%, as of September 30, 2016.

The other four notes relate to previously consolidated VIE debt supported by certain foreign currency hedge obligations of Grupo Finmart. We had previously guaranteed Grupo Finmart's obligations under those hedge contracts, and our guarantee was unaffected by the sale. However, because our guarantee relates to underlying debt that is now owed to us, we do not anticipate any losses arising from the guarantee. Further, AlphaCredit, subject to certain exceptions, has agreed to reimburse us for any amounts we are required to pay under the guarantee. These notes receivable had a face value, plus future interest, of \$25.3 million and were recorded as \$24.0 million gross. They are scheduled to be repaid to us in biweekly principal and interest payments through December 2017, including interest at 11% per annum.

The guarantee liability represented by our guarantee of the Grupo Finmart obligations and the guarantee asset represented by AlphaCredit's backup guarantee to us are in effect through our first quarter of fiscal 2018, and are revalued to fair market value each reporting period with the net amount recorded under "Other expense" in our consolidated statements of operations. We neither received nor made cash payments pertaining to these notes receivable or our guarantee during fiscal 2016.

The following table presents the carrying amount and classification of the assets and liabilities compared to the maximum exposure to loss for each asset and liability:

Instrument	Balance Sheet Location	September 30, 2016	
		Asset (Liability) Recorded in Consolidated Balance Sheet	Maximum Exposure to Loss
		<i>(in thousands)</i>	
Notes receivable	Notes receivable, net (including discount of \$3.8 million)	\$ 41,946	\$ 41,946
Guarantee asset	Prepaid expenses and other current assets	1,209	—
Notes receivable	Non-current notes receivable, net (including discount of \$2.9 million)	41,119	41,119
Guarantee liability	Accounts payable, accrued expenses and other current liabilities	(1,258) *	—

\* Maximum exposure to loss under the guarantee liability is \$25.3 million. However such amount is included within the maximum exposure to loss for the notes receivable above, as the guarantee liability is a guarantee by us of Grupo Finmart's repayment of our notes receivable owed by Grupo Finmart.

### Derivatives and Hedging

See Note 10 for a discussion of the Cash Convertible Notes Hedges and Cash Convertible Notes Embedded Derivative presented below. See above for discussion of the guarantee asset and liability presented below.

During fiscal 2015, Grupo Finmart entered into cross-currency forward contracts to hedge foreign exchange rate fluctuations in connection with the formation of VIEs and related transfer of certain loans. During the three-months ended June 30, 2013, Grupo Finmart completed a \$30.0 million cross-border debt offering for which it had to pay interest on a semiannual basis at a fixed rate. Grupo Finmart used derivative instruments (the "foreign currency forwards") to manage its exposure related to changes in foreign currency exchange rate on this instrument through its maturity on November 16, 2015. At the beginning of the quarter ended December 31, 2014, we discontinued hedge accounting for our foreign currency forwards due to a determination that repayment of the \$30.0 million cross-border debt was to occur prior to maturity. Grupo Finmart received proceeds of \$2.3 million from settlement of the portion of the foreign currency forwards attributable to the repaid cross-border debt during the three-months ended December 31, 2014. Grupo Finmart received proceeds of \$3.6 million, net with the settlement of remaining foreign currency forwards attributable to the cross-border debt which was repaid during the three-months ended December 31, 2015. As of June 30, 2016, Grupo Finmart was classified as held for sale and all segment operations of Grupo Finmart were classified as discontinued operations as discussed in Note 3.

The following tables set forth certain information regarding our derivative instruments not designated as hedging instruments:

Derivative Instrument	Balance Sheet Location	Fair Value Asset (Liability) of Derivative Instruments	
		September 30, 2016	September 30, 2015
		<i>(in thousands)</i>	
Foreign currency forwards — discontinued operations	Current and non-current assets held for sale	\$ —	\$ 14,169
Guarantee asset	Prepaid expenses and other current assets	1,209	—
Guarantee liability	Accounts payable, accrued expenses and other current liabilities	(1,258)	—
Convertible Notes Hedges	Other assets, net	37,692	10,505
Cash Convertible Notes Embedded Derivative	Long-term debt, less current maturities	(37,692)	(10,505)



Derivative Instrument	Income Statement Location	Amount of Unrealized (Loss) Gain on Derivatives		
		Fiscal Year Ended September 30,		
		2016	2015	2014
				<i>(in thousands)</i>
Foreign currency forwards — discontinued operations	Loss from discontinued operations, net of tax*	\$ (3,848)	\$ 9,529	\$ 1,152

\* Amount is partially offset by gains and losses caused by related foreign currency fluctuations. The fiscal 2016 amount represents the loss on derivative prior to disposition of Grupo Finmart discussed in Note 3.

## NOTE 8: PROPERTY AND EQUIPMENT

Major classifications of property and equipment were as follows:

	September 30,					
	2016			2015		
	Carrying Amount	Accumulated Depreciation	Net Book Value	Carrying Amount	Accumulated Depreciation	Net Book Value
<i>(in thousands)</i>						
Land	\$ 4	\$ —	\$ 4	\$ 4	\$ —	\$ 4
Buildings and improvements	77,160	(52,934)	24,226	77,278	(47,668)	29,610
Furniture and equipment	98,066	(67,191)	30,875	95,339	(56,538)	38,801
Software	33,279	(31,729)	1,550	33,454	(30,328)	3,126
Construction in progress	1,800	—	1,800	2,397	—	2,397
	<u>\$ 210,309</u>	<u>\$ (151,854)</u>	<u>\$ 58,455</u>	<u>\$ 208,472</u>	<u>\$ (134,534)</u>	<u>\$ 73,938</u>

During fiscal 2015, we recorded impairment charges of \$4.3 million and \$1.3 million related to long-lived assets of our U.S. Pawn and Mexico Pawn segments, respectively. These impairment charges were recorded under “Operations” expense in our consolidated statements of operations. Amounts above as of September 30, 2015 are exclusive of \$1.7 million of Grupo Finmart property and equipment classified as held for sale discussed in Note 3. We ceased depreciation of all long-lived assets classified as held for sale under FASB ASC 350-10-35-43 as of April 2016.

## NOTE 9: GOODWILL AND OTHER INTANGIBLE ASSETS

### *Goodwill and Intangible Asset Balances*

The following table presents the balance of each major class of indefinite-lived intangible assets:

	September 30,	
	2016	2015
	<i>(in thousands)</i>	
Pawn licenses	\$ 8,836	\$ 8,836
Trade name	4,000	4,000
	<u>\$ 12,836</u>	<u>\$ 12,836</u>

Amounts above as of September 30, 2015 are exclusive of a \$1.7 million Grupo Finmart trade name classified as held for sale further discussed in Note 3.

The following table presents the changes in the carrying value of goodwill by segment, in addition to discontinued operations, during the periods presented:

	U.S. Pawn	Mexico Pawn	Other International	Discontinued Operations	Consolidated Including Held for Sale
	<i>(in thousands)</i>				
Balances as of September 30, 2014	\$ 228,629	\$ 11,418	\$ —	\$ 110,731	\$ 350,778
Acquisitions	15,701	—	—	—	15,701
Goodwill impairment	—	(1,703)	—	(10,550)	(12,253)
Effect of foreign currency translation changes	—	(2,399)	—	(21,048)	(23,447)
Balances as of September 30, 2015	\$ 244,330	\$ 7,316	\$ —	\$ 79,133	\$ 330,779
Acquisitions	3,208	—	—	—	3,208
Goodwill impairment	—	—	—	(73,244)	(73,244)
Effect of foreign currency translation changes	—	(878)	—	(5,889)	(6,767)
Balances as of September 30, 2016	\$ 247,538	\$ 6,438	\$ —	\$ —	\$ 253,976

On February 19, 2015, we completed the acquisition of 12 pawn stores in Central Texas doing business under the "Cash Pawn" brand and recorded \$10.7 million in goodwill related to this acquisition. On August 17, 2015, we completed the acquisition of 13 pawn stores in Oregon and Arizona doing business under the "USA Pawn & Jewelry" brand and recorded \$5.0 million in goodwill related to this acquisition. On February 1, 2016, we acquired six pawn stores in the Houston, Texas area doing business under the "Pawn One" brand and recorded \$3.2 million in goodwill related to this acquisition. These acquisitions were made as part of our continuing strategy to enhance our earnings over the long-term. The factors contributing to the recognition of goodwill were based on several strategic and synergistic benefits we expect to realize from the acquisitions. These benefits include a greater presence in the Central Texas, Phoenix, Arizona, Oregon and Houston markets, as well as the ability to further leverage our expense structure through increased scale. Goodwill from these acquisitions was recorded in the U.S. Pawn segment. We expect substantially all of goodwill attributable to the "Cash Pawn" and "USA Pawn & Jewelry" acquisitions will be deductible and none of the goodwill attributable to the "Pawn One" acquisition will be deductible for tax purposes. See Note 4 for additional information regarding these acquisitions.

The following table presents the gross carrying amount and accumulated amortization for each major class of definite-lived intangible assets:

	September 30,					
	2016			2015		
	Carrying Amount	Accumulated Amortization	Net Book Value	Carrying Amount	Accumulated Amortization	Net Book Value
	<i>(in thousands)</i>					
Real estate finders' fees	\$ 1,902	\$ (796)	\$ 1,106	\$ 1,643	\$ (733)	\$ 910
Non-compete agreements	3,581	(2,920)	661	3,680	(2,919)	761
Favorable lease	909	(637)	272	1,001	(569)	432
Internally developed software	23,503	(8,674)	14,829	20,659	(4,959)	15,700
Other	1,362	(385)	977	502	(363)	139
	\$ 31,257	\$ (13,412)	\$ 17,845	\$ 27,485	\$ (9,543)	\$ 17,942

Amounts above as of September 30, 2015 are exclusive of an \$8.8 million net Grupo Finmart contractual relationship classified as held for sale discussed in Note 3. We ceased amortization of all long-lived assets classified as held for sale under FASB ASC 350-10-35-43 as of April 2016.

#### Impairment of Goodwill and Intangible Assets

We test goodwill and intangible assets with an indefinite useful life for potential impairment annually, or more frequently when there are events or circumstances that indicate that it is more likely than not that an impairment exists. During the fourth quarter ended September 30, 2016, we performed our required annual impairment test for all reporting units utilizing the income approach. The income approach uses future cash flows and estimated terminal values (discounted using a market participant perspective) to determine the fair value of each intangible asset. We performed a quantitative Step 1 analysis under FASB ASC 350-20-35 and determined that the fair value of each of our reporting units exceeded the carrying value. As of September 30,

2016, the calculated fair value of each of the reporting units in the U.S. Pawn and Mexico Pawn segments exceeded their carrying values by approximately 30% and 59%, respectively.

During the three-months ended March 31, 2016, we evaluated certain events and circumstances and concluded that there were indicators of impairment under FASB ASC 350-20-35-3C. These indicators of impairment primarily included a continued decline in our stock price, as well as negative developments in bad debt experience at our Grupo Finmart segment. We determined that the fair value of each of our reporting units exceeded their carrying value with the exception of Grupo Finmart, and performed a quantitative Step 1 analysis as of February 29, 2016 under FASB ASC 350-20-35 for our Grupo Finmart reporting unit. The fair values of each reporting unit were determined based on a discounted cash flow approach using significant unobservable inputs (Level 3) developed using company-specific information. The Step 1 analysis of our Grupo Finmart reporting unit yielded a valuation of \$46.5 million. Under Step 2 of FASB ASC 350-20-35, we compared the fair value of the reporting unit to the fair value of the reporting unit's net assets and determined that all of the goodwill attributable to the Grupo Finmart reporting unit (\$73.2 million) should be impaired. This impairment was included under "Loss from discontinued operations, net of tax" in the consolidated statements of operations during the three-months ended March 31, 2016. No other assets held by Grupo Finmart were determined to be impaired as of March 31, 2016. Our Grupo Finmart reporting unit was classified as a discontinued operation held for sale during the three-months ended June 30, 2016 as discussed in Note 3.

During the fourth quarter ended September 30, 2015, we performed our required annual impairment test for all reporting units utilizing the income approach. The income approach uses future cash flows and estimated terminal values (discounted using a market participant perspective) to determine the fair value of each intangible asset. We recorded an impairment of \$1.7 million included under "Operations" expense in our consolidated statements of operations as of September 30, 2015, the entire amount of the goodwill associated with our TUYO reporting unit.

During the three-month period ended June 30, 2015, we evaluated certain events and circumstances and concluded that there were indicators of impairment under FASB ASC 350-20-35-3C, including a continued decline in the market price of our Class A Common Stock and proposals issued by the U.S. Consumer Financial Protection Bureau in March 2015, whose impact was subsequently evaluated by management. We performed a quantitative Step 1 analysis under FASB ASC 350-20-35 and determined that the fair value of each of our reporting units exceeded the carrying value, with the exception of our USFS reporting unit. The fair values of each reporting unit were determined based upon a discounted cash flow approach in addition to information pertaining to the fair value of similar businesses (market approach). We further measured the impairment of goodwill associated with the USFS reporting unit under Step 2 and determined that \$10.6 million, the entire amount of goodwill associated with the USFS reporting unit, should be written-off during the three-month period ended June 30, 2015. The impairment was recorded under "Loss from discontinued operations, net of tax" on the consolidated statements of operations. No other long-term assets were determined to be impaired as of June 30, 2015. Our USFS reporting unit was classified as a discontinued operation during the three-months ended September 30, 2015 as discussed in Note 3.

In the fourth quarter of fiscal 2015 and in fiscal 2014, we recorded a \$3.7 million, and \$1.6 million impairment, respectively, of internally developed software, included under corporate "Administrative" expenses in our consolidated statements of operations.

### Amortization of Definite-Lived Intangibles

The amortization of most definite-lived intangible assets is recorded as amortization expense. The favorable lease asset and other intangibles are amortized to operations expense over the related lease terms.

The following table presents the amount and classification of amortization recognized as expense in each of the periods presented:

	Fiscal Year Ended September 30,		
	2016	2015	2014
	<i>(in thousands)</i>		
Amortization expense in continuing operations	\$ 4,742	\$ 3,875	\$ 3,426
Amortization expense in discontinued operations	2,055	2,397	3,867
Operations expense	87	103	111
	<u>\$ 6,884</u>	<u>\$ 6,375</u>	<u>\$ 7,404</u>

The following table presents our estimate of future amortization expense for definite-lived intangible assets:

Fiscal Year Ended September 30,	Amortization expense	Operations expense
	<i>(in thousands)</i>	
2017	\$ 3,556	\$ 91
2018	3,226	91
2019	2,979	62
2020	2,528	57
2021	1,427	56

As acquisitions and dispositions occur in the future, amortization expense may vary from these estimates.

### NOTE 10: LONG-TERM DEBT

The following tables present our long-term debt instruments outstanding as of September 30, 2016 and 2015, excluding debt of Grupo Finmart classified as held for sale as discussed in Note 3, as well as future principal payments due:

	September 30, 2016			September 30, 2015		
	Gross Amount	Debt Discount and Issuance Costs	Carrying Amount	Gross Amount	Debt Discount and Issuance Costs	Carrying Amount
	<i>(in thousands)</i>					
Recourse to EZCORP:						
2.125% Cash convertible senior notes due 2019	\$ 230,000	\$ (32,046)	\$ 197,954	\$ 230,000	\$ (42,529)	\$ 187,471
Cash convertible senior notes due 2019 embedded derivative	37,692	—	37,692	10,505	—	10,505
Term loan facility	50,000	(2,035)	47,965	—	—	—
	<u>\$ 317,692</u>	<u>\$ (34,081)</u>	<u>\$ 283,611</u>	<u>\$ 240,505</u>	<u>\$ (42,529)</u>	<u>\$ 197,976</u>

	Principal Payment Schedule				
	Total	Less Than 1 Year	1 - 3 Years	3 - 5 Years	More Than 5 Years
	<i>(in thousands)</i>				
2.125% Cash convertible senior notes due 2019 (a)	\$ 230,000	\$ —	\$ 230,000	\$ —	\$ —
Term loan facility (b)	50,000	—	—	—	50,000
	<u>\$ 280,000</u>	<u>\$ —</u>	<u>\$ 230,000</u>	<u>\$ —</u>	<u>\$ 50,000</u>

(a) Excludes the potential impact of the embedded derivative.

(b) See discussion regarding acceleration of maturity date below.

### **Term Loan Facility up to \$100 Million**

On September 12, 2016 (the “Closing Date”), EZCORP, Inc. (as Borrower) and certain of its subsidiaries (as Guarantors) entered into a “Financing Agreement” with certain lenders (the “Lenders”) and Fortress Credit Co LLC (as collateral and administrative agent for the Lenders).

The Financing Agreement provides for a senior secured credit facility in an aggregate principal amount of \$100 million, subject to various terms and conditions contained in the Financing Agreement. The credit facility (“Term Loan Facility”) consists of an initial Term Loan of \$50 million (“Initial Term Loan”) that was drawn on the Closing Date, and one or more “Delayed Draw Term Loans” of up to \$50 million in the aggregate that may be drawn in whole or in part at any time and from time to time during the first 18 months from the Closing Date.

Borrowings under the new facility bear interest at an annual rate initially equal to the London Interbank Offered Rate (“LIBOR”) plus 7.5% or, at our election, a “Reference Rate” plus 6.5%, but will be reduced to LIBOR plus 6.5% or, at our election, the Reference Rate plus 5.5% upon the later of December 31, 2017 or the occurrence of a specified investment return event. In any case, the LIBOR rate is subject to a floor of 1% and the Reference Rate is subject to a floor of 3%. We will also pay a monthly fee of 2.75% per annum on the average daily unused portion of the Delayed Draw Term Loan facility and a quarterly loan servicing fee of \$15,000. On the Closing Date, we paid a closing fee of 1.75% of the Initial Term Loan and a commitment fee equal to 0.875% of the Delayed Draw Term Loan commitment which were capitalized and will be amortized over the expected term of the Financing Agreement. At the time of each draw under the Delayed Draw Term Loan Facility, we will pay a funding fee of 0.875% of the funded Delayed Draw Term Loan.

All amounts outstanding under the new facility must be repaid on the Final Maturity Date, which will occur on September 12, 2022 (six years after the Closing Date); provided, however, that the Final Maturity Date will occur on May 15, 2019 if, on that date, more than 10% of our 2.125% Cash Convertible Senior Notes Due 2019 (“Cash Convertible Notes”) remain outstanding or there is no lender-approved plan to refinance any lesser outstanding amount of the Cash Convertible Notes. The new facility is subject to mandatory prepayments upon the occurrence of certain specified events, such as asset sales, certain debt issuances, certain equity issuances, casualty and condemnation events and receipt of tax refunds or proceeds of settlements or judgments (subject to customary exceptions, materiality thresholds and reinvestment rights). We may voluntarily prepay the facility at any time subject to a prepayment premium of 2% during the first year after the Closing Date and 1% during the second year after the Closing Date.

Borrowings under the new facility are secured by first priority security interests in and liens on substantially all of the tangible and intangible personal property and assets of EZCORP and its domestic subsidiaries, including equity interests in EZCORP’s domestic subsidiaries and certain of its foreign subsidiaries (subject to customary exceptions and exclusions).

The Financing Agreement contains affirmative and negative covenants, indemnities, representations and warranties, and other terms and conditions customary for financings of this type, including limitations on certain indebtedness, liens, acquisitions and other investments, fundamental changes (including mergers, consolidations and dissolutions), asset dispositions, dividends and other distributions, prepayments of other indebtedness, sale and leaseback transactions, and transactions with affiliates. The Financing Agreement also contains quarterly financial covenants consisting of a maximum Senior Leverage Ratio and a minimum Fixed Charge Coverage Ratio, as well as customary events of default. We were not in default of any of these covenants as of September 30, 2016.

Upon the occurrence, and during the continuance, of an Event of Default, including nonpayment of principal when due, failure to perform or observe certain terms, covenants or agreements under the Financing Agreement, and certain defaults of other indebtedness, the Administrative Agent may (and at the request of Lenders holding more than 50% of the outstanding Term Loans, shall) take any or all of the following actions: terminate the obligation of the Lenders to make advances, declare any outstanding obligations under the Financing Agreement immediately due and payable, and charge default interest on the

outstanding Term Loans. In addition, in the event of certain bankruptcy proceedings and other insolvency events, the obligations of each Lender to make advances will automatically terminate and any outstanding obligations under the Financing Agreement will immediately become due and payable.

Total interest expense pertaining to the Term Loan Facility for fiscal 2016 was \$0.4 million. The effective interest rate for the fiscal year ended September 30, 2016, was approximately 14% after inclusion of deferred financing costs and unused commitment and quarterly servicing fees. As of September 30, 2016, the remaining unamortized issuance discount and financing costs will be amortized over the next five years assuming no early prepayment.

### ***2.125% Cash Convertible Senior Notes Due 2019***

In June 2014 ("Original Issuance Date"), we issued \$200 million aggregate principal amount of 2.125% Cash Convertible Senior Notes due 2019 (the "Cash Convertible Notes"). We granted the initial purchasers the option to purchase up to an additional \$30 million aggregate principal amount of Cash Convertible Notes. That option was exercised in full on June 27, 2014, and we issued an additional \$30 million principal amount of Cash Convertible Notes on July 2, 2014. All of the Cash Convertible Notes were issued pursuant to an indenture dated June 23, 2014 (the "Indenture") by and between us and Wells Fargo Bank, National Association, as the trustee. The Cash Convertible Notes were issued in a private offering under Rule 144A under the Securities Act of 1933. The Cash Convertible Notes pay interest semi-annually in arrears at a rate of 2.125% per annum on June 15 and December 15 of each year, commencing December 15, 2014, and will mature on June 15, 2019 (the "Maturity Date").

Prior to December 15, 2018, the Cash Convertible Notes will be convertible only upon the occurrence of certain events and during certain periods, and thereafter, at any time prior to the close of business on the second scheduled trading day immediately preceding the Maturity Date. At maturity, the holders of the Cash Convertible Notes will be entitled to receive cash equal to the principal amount of the Cash Convertible Notes plus unpaid accrued interest.

The Cash Convertible Notes are unsubordinated unsecured obligations and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Cash Convertible Notes, equal in right of payment with all of our other unsecured unsubordinated indebtedness, and effectively junior to all debt or other obligations (including trade payables) of our wholly-owned subsidiaries. The Indenture governing the Cash Convertible Notes does not contain any financial covenants.

We incurred transaction costs of approximately \$8.8 million related to the issuance of the Cash Convertible Notes, which we recorded as deferred financing costs and are included under "Long-term debt, net" in our consolidated balance sheets. Deferred financing costs are being amortized to interest expense using the effective interest method over the expected term of the Cash Convertible Notes.

Under the terms of our Cash Convertible Notes, payment of dividends requires a conversion rate adjustment equal to the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such dividend multiplied by the last reported sale price of the Class A Common Stock on the trading day immediately preceding the ex-dividend date for such dividend, divided by the difference between the last reported sale price of the Class A Common Stock on the trading day immediately preceding the ex-dividend date for such dividend and the amount in cash per share we distribute to all or substantially all holders of Class A Common Stock. Should we pay dividends in the future, our certificate of incorporation provides that cash dividends on common stock, when declared, must be declared and paid at the same per share amounts on both classes of stock. Any future determination to pay cash dividends will be at the discretion of our Board of Directors.

### ***Convertible Notes Embedded Derivative***

We account for the cash conversion feature of the Cash Convertible Notes as a separate derivative instrument (the "Convertible Notes Embedded Derivative"), which had a fair value of \$46.5 million on the Original Issuance Date that was recognized as the original issue discount of the Cash Convertible Notes. This original issue discount is amortized to interest expense over the term of the Cash Convertible Notes using the effective interest method. As of September 30, 2016, the Convertible Notes Embedded Derivative is recorded as a non-current liability under "Long-term debt, less current maturities" in our consolidated balance sheets, and will be marked to market in subsequent reporting periods. The classification of the Convertible Notes Embedded Derivative liability as current or non-current on the consolidated balance sheets corresponds with the classification of the net balance of the Cash Convertible Notes as discussed below.

The Cash Convertible Notes are convertible into cash, subject to satisfaction of certain conditions and during the periods described below, based on an initial "Conversion Rate" of 62.2471 shares of Class A Common Stock per \$1,000 principal amount of Cash Convertible Notes (equivalent to an initial "Conversion Price" of approximately \$16.065 per share of our Class A Common Stock). Upon conversion of a note, we will pay cash based on a daily conversion value calculated on a

proportionate basis for each trading day in the applicable 80 trading day observation period as described in the Indenture. The conversion rate will not be adjusted for any accrued and unpaid interest.

Holders may surrender their Cash Convertible Notes for conversion into cash prior to December 15, 2018 only under the following circumstances (the “Early Conversion Conditions”): (1) during any fiscal quarter commencing after the fiscal quarter ending on September 30, 2014 (and only during such fiscal quarter), if the last reported sale price of our Class A Common Stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the Conversion Price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the “measurement period”) in which the trading price, as defined in the Indenture, per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our Class A Common Stock and the conversion rate on such trading day; or (3) upon the occurrence of specified corporate events, as defined in the Indenture. On or after December 15, 2018 until the close of business on the second scheduled trading day immediately preceding the Maturity Date, holders may convert their notes into cash at any time, regardless of the foregoing circumstances.

If a holder elects to convert its Cash Convertible Notes in connection with certain make-whole fundamental changes, as that term is defined in the Indenture, that occur prior to the Maturity Date, we will, in certain circumstances, increase the conversion rate for Cash Convertible Notes converted in connection with such make-whole fundamental changes by a specified number of shares of Class A Common Stock. In addition, the conversion rate is subject to customary anti-dilution adjustments (for example, certain dividend distributions or tender or exchange offer of our Class A Common Stock).

Upon the occurrence of a fundamental change, as defined in the Indenture, holders may require us to repurchase for cash all or any portion of the then outstanding Cash Convertible Notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest.

In June 2014, in connection with the issuance of the Cash Convertible Notes, we repurchased 1.0 million shares of outstanding Class A Common Stock in privately negotiated transactions for an aggregate purchase price of \$11.9 million. We recognized the total amount of the repurchased shares in “Treasury Stock” on our consolidated balance sheets. In July 2014, we retired all 1.0 million of the previously repurchased shares.

#### *Impact of Early Conversion Conditions on Financial Statements*

As of September 30, 2016, the Cash Convertible Notes were not convertible because the Early Conversion Conditions described above have not been met. Accordingly, the net balance of the Cash Convertible Notes was classified as a non-current liability in our consolidated balance sheets as of September 30, 2016. The classification of the Cash Convertible Notes as current or non-current in the consolidated balance sheets is evaluated at each balance sheet date and may change from time to time depending on whether one of the Early Conversion Conditions has been met.

If one of the Early Conversion Conditions is met in any future fiscal quarter, we will classify our net liability under the Cash Convertible Notes as a current liability in the consolidated balance sheets as of the end of that fiscal quarter. If none of the Early Conversion Conditions have been met in a future fiscal quarter prior to the one-year period immediately preceding the Maturity Date, we will classify our net liability under the Cash Convertible Notes as a non-current liability in the consolidated balance sheets as of the end of that fiscal quarter. If the note holders elect to convert their Cash Convertible Notes prior to maturity, any unamortized discount and transaction costs will be expensed at the time of conversion. If the entire outstanding principal amount had been converted on September 30, 2016, we would have recorded an expense associated with the conversion, comprised of \$27.2 million of unamortized debt discount and \$4.8 million of unamortized debt issuance costs. As of September 30, 2016, none of the note holders had elected to convert their Cash Convertible Notes.

#### *Convertible Notes Hedges*

In connection with the issuance of the Cash Convertible Notes, we purchased cash-settled call options (the “Convertible Notes Hedges”) in privately negotiated transactions with certain of the initial purchasers or their affiliates (in this capacity, the “option counterparties”). The Convertible Notes Hedges provide us with the option to acquire, on a net settlement basis, approximately 14.3 million shares of our Class A Common Stock at a strike price of \$16.065, which is equal to the number of shares of our Class A Common Stock that notionally underlie the Cash Convertible Notes and corresponds to the Conversion Price of the Cash Convertible Notes. The Convertible Notes Hedges have an expiration date that is the same as the Maturity Date of the Cash Convertible Notes, subject to earlier exercise. The Convertible Notes Hedges have customary anti-dilution provisions similar to the Cash Convertible Notes. If we exercise the Convertible Notes Hedges, the aggregate amount of cash we will receive from the option counterparties to the Convertible Notes Hedges will cover the aggregate amount of cash that we would be required to pay to the holders of the converted Cash Convertible Notes, less the principal amount thereof. As of September 30, 2016, we have not purchased any shares under the Convertible Notes Hedges.

The aggregate cost of the Convertible Notes Hedges was \$46.5 million (or \$21.3 million net of the total proceeds from the Warrants sold, as discussed below). The Convertible Notes Hedges are accounted for as a derivative asset and are recorded on the consolidated balance sheets at their estimated fair value in "Other assets, net." The Convertible Notes Embedded Derivative liability and the Convertible Notes Hedges asset will be adjusted to fair value each reporting period and unrealized gains and losses will be reflected in the consolidated statements of operations. The Convertible Notes Embedded Derivative and the Convertible Notes Hedges are designed to have similar fair values. Accordingly, the changes in the fair values of these instruments are expected to offset and not have a net impact on the consolidated statements of operations.

The classification of the Convertible Notes Hedges asset as current or long-term on the consolidated balance sheet corresponds with the classification of the Cash Convertible Notes, which is evaluated at each balance sheet date and may change from time to time depending on whether one of the Early Conversion Conditions has been met.

#### *Convertible Notes Warrants*

In connection with the issuance of the Cash Convertible Notes, we also sold net-share-settled warrants (the "Warrants") in privately negotiated transactions with the option counterparties for the purchase of up to approximately 14.3 million shares of our Class A Common Stock at a strike price of \$20.83 per share, for total proceeds of \$25.1 million, net of issuance costs, which was recorded as an increase in stockholders' equity. The Warrants have customary anti-dilution provisions similar to the Cash Convertible Notes. As a result of the Warrants, we will experience dilution to our diluted earnings per share if our average closing stock price exceeds \$20.83 for any fiscal quarter. The Warrants expire on various dates from September 2019 through February 2020 and must be settled in net shares of our Class A Common Stock. Therefore, upon expiration of the Warrants, we will issue shares of Class A Common Stock to the purchasers of the Warrants that represent the value by which the price of the Class A Common Stock exceeds the strike price stipulated within the particular warrant agreement. As of September 30, 2016, there were 14.3 million warrants outstanding.

#### *Cash Convertible Notes Interest Expense*

Total interest expense pertaining to the Cash Convertible Notes for fiscal 2016, 2015 and 2014 was \$15.5 million, \$14.1 million and \$3.5 million, respectively, comprised of contractual interest expense and amortization of \$4.9 million and \$10.6 million, respectively for fiscal 2016, \$4.9 million and \$9.2 million, respectively for fiscal 2015 and \$1.4 million and \$2.1 million, respectively for fiscal 2014. The effective interest rate for the fiscal years ended September 30, 2016, 2015 and 2014 was approximately 8% after inclusion of deferred financing costs. As of September 30, 2016, the remaining unamortized issuance discount and financing costs will be amortized over the next three years assuming no early conversion.

#### **NOTE 11: STOCK COMPENSATION**

During fiscal 2015, we granted awards to employees based upon underlying shares that were not issued, and therefore we accounted for these as phantom share-based awards under FASB ASC 718-30. These awards were classified as a current liability and recorded at their fair value of \$3.9 million under "Accounts payable, accrued expenses and other current liabilities" in our consolidated balance sheets as of September 30, 2015. During the six-months ended March 31, 2016, we issued sufficient shares to allow treatment of these phantom share-based awards as equity awards under FASB ASC 718-20 and reclassified these awards to "Additional paid-in capital" in our consolidated balance sheets. We continue recognizing compensation costs for these awards based on the original grant date fair value as the fair value of these awards have declined since the issuance and thus there were no incremental compensation costs. See Note 7 for additional information regarding the phantom share-based awards.

On May 1, 2010 our Board of Directors approved the adoption of the EZCORP, Inc. 2010 Long-Term Incentive Plan (the "2010 Plan"). The 2010 Plan permits grants of options, restricted stock awards and stock appreciation rights covering up to 1,575,750 shares of our Class A Common Stock plus any shares that become available for issuance under either the 2010 Plan or prior plans as a result of forfeitures or cancellations of awards without delivery of shares or as a result of withholding shares to satisfy tax withholding obligations. In February 2015, March 2015 and March 2016, the Board of Directors and the voting stockholder approved the addition of 643,673 shares, 1,081,200 shares and 185,026, respectively, shares to the 2010 Plan.

In March 2016, we granted 961,718 restricted stock unit awards (exclusive of canceled and replaced awards discussed below) to employees which were allocated based on the October 1, 2015 price of \$6.17 per share and 130,000 restricted stock awards to non-employee directors with a grant date fair value of \$2.96 per share. The awards granted to employees vest on September 30, 2018 subject to the achievement of certain performance targets. As of September 30, 2016, we considered the achievement of these performance targets probable. The awards granted to non-employee directors vest over two years, 50% on September 30, 2016 and 50% on September 30, 2017.



In connection with the March 2016 grant discussed above, we canceled 720,000 previously issued restricted stock awards that were subject to vesting based on certain stock price levels and had a grant date fair value of \$3.4 million and replaced them with 421,394 performance-based restricted stock awards described above. The cancellation and replacement of these awards was treated as a modification with unrecognized compensation cost from the original awards of \$1.5 million plus incremental compensation costs resulting from the modification of \$0.8 million recognized over the new requisite service period through September 30, 2018.

In the first quarter of fiscal 2015, we determined the performance targets required for performance based awards issued prior to fiscal 2015 to vest (which were based on EBITDA growth) were improbable of being achieved, and therefore we reversed all expense previously recognized in prior periods in the quarter ended December 31, 2014. In the first quarter of fiscal 2016, the Compensation Committee of the Board of Directors approved certain adjustments to the calculation of EBITDA for purposes of measuring year-over-year EBITDA growth. With these adjustments, the fiscal 2015 performance target was probable of being achieved. This triggered a type III modification, as defined under FASB ASC 718, creating a change from an improbable to probable vesting condition. This required that we calculate a new fair value as of the date of the modification (considered to be September 30, 2015) and catch up expense for all probable performance based awards as of September 30, 2015 at the new fair-value. The expense recorded to true-up these awards was \$1.5 million.

In connection with the retirement of our Executive Chairman effective June 30, 2014, we agreed to accelerate the vesting of 270,000 shares of restricted stock and recorded \$2.2 million of the related gross compensation costs in the three-months ended March 31, 2014. Out of the 270,000 shares, 135,000 shares would have otherwise vested on October 2, 2014 and 135,000 shares would have otherwise vested on October 2, 2016.

As of September 30, 2016, the unamortized fair value, exclusive of forfeitures, of restricted stock awards to be amortized over their remaining vesting periods was approximately \$5.6 million and the fair value of all options had been fully amortized to expense. The weighted-average period over which these costs will be amortized is approximately two years.

Our non-employee directors are eligible for grants of restricted stock awards and non-qualified stock options. All options and restricted stock relate to our Class A Common Stock. No options have been granted to non-employee directors since fiscal 2007. The restricted stock awards that have been granted to non-employee directors in fiscal 2016, 2015 and 2014 vest over two years from the date of grant (50% on or about the first anniversary of the date of grant and 50% on or about the second anniversary).

Restricted stock awards, non-qualified options and incentive stock options have been granted to our officers and employees under our 1998, 2003, 2006 and 2010 incentive plans. A portion of the restricted stock awards granted in fiscal 2016, 2015 and 2014 contain both performance and time-based vesting provisions and generally vest over three years. Additionally, there are fiscal 2015 awards that are market-conditioned in which a certain number of shares vest in specified amounts if the per-share trading price of our Class A Common Stock achieves specified levels ranging from \$15 to \$80 within six years. These market-conditioned shares are also subject to a transfer restriction until the end of the vesting period. The derived service period on these shares as of the date of issuance was between 1.1 and 4 years and varies by tranche. The fair value of fiscal 2015 phantom share-based awards that were estimated using the Monte Carlo simulation model incorporated the closing share price of our Class A Common Stock on the date of grant (considered, for this purpose, to be October 1, 2014), as well as certain assumptions discussed in Note 7.

The following table presents the compensation costs related to our stock compensation arrangements:

	Fiscal Year Ended September 30,		
	2016	2015	2014
<i>(in thousands)</i>			
<b>Gross compensation costs:</b>			
Phantom stock	\$ —	\$ 3,932	\$ —
Restricted stock	5,346	(1,558)	6,845
Total gross compensation costs	5,346	2,374	6,845
<b>Income tax benefits:</b>			
Restricted stock	(963)	—	(3,576)
Total income tax benefits	(963)	—	(3,576)
Net compensation expense	\$ 4,383	\$ 2,374	\$ 3,269

The following table presents a summary of restricted stock award activity as of, and for the fiscal year ended September 30, 2016:

	Shares	Weighted Average Grant Date Fair Value
Outstanding as of September 30, 2015	583,161	\$ 18.94
Granted	1,612,062	3.53
Other (a)	1,701,750	5.53
Released (b)	(459,653)	6.76
Modified (c)	(720,000)	4.74
Forfeited	(305,820)	16.07
Outstanding as of September 30, 2016	2,411,500	\$ 5.77

(a) Includes remaining outstanding non-forfeited awards from 1,863,550 shares accounted for as phantom share-based awards for which \$3.9 million was accrued as of September 30, 2015 as discussed above.

(b) 36,598 shares were withheld to satisfy related federal income tax withholding.

(c) See discussion of modification of awards above.

The following table presents a summary of the fair values of shares granted:

	Fiscal Year Ended September 30,		
	2016	2015	2014
<i>(in millions except per share amounts)</i>			
Weighted average grant-date fair value per share granted (a)	\$ 3.53	\$ 10.34 (b)	\$ 14.58
Total grant date fair value of shares vested	\$ 2.3	\$ 1.8	\$ 7.6

(a) Awards with market-conditioned vesting provisions are valued using a Monte Carlo simulation model. See Note 7 for discussion of Monte Carlo simulation model fair value inputs. Awards with performance and time-based vesting provisions are generally valued based upon the underlying share price as of the issuance date.

(b) Fiscal 2015 shares granted exclude phantom share-based awards. Including these shares, weighted average grant-date fair value was \$5.69 per share.

On March 25, 2014, following the shareholders' approval, we filed with the Secretary of State of the State of Delaware a Certificate of Amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized Class A Common Stock from 55,550,000 to 100,000,000.

**NOTE 12: TEMPORARY EQUITY AND NONCONTROLLING INTEREST**

The following table provides a summary of the activity in our temporary equity balances:

	<u>Common Stock, Subject to Possible Redemption</u>	<u>Redeemable Noncontrolling Interest</u>	<u>Total Temporary Equity</u>	<u>Noncontrolling Interest</u>
	<i>(in thousands)</i>			
Balances as of September 30, 2014	\$ —	\$ 26,612	\$ 26,612	\$ —
Issuance of common stock, subject to possible redemption	11,696	—	11,696	—
Sale of additional shares to parent	—	(12,225)	(12,225)	—
Net loss attributable to noncontrolling interest	—	(5,035)	(5,035)	—
Foreign currency translation adjustment attributable to noncontrolling interest	—	(5,341)	(5,341)	—
Amounts reclassified from accumulated other comprehensive loss	—	29	29	—
Balances as of September 30, 2015	<u>\$ 11,696</u>	<u>\$ 4,040</u>	<u>\$ 15,736</u>	<u>\$ —</u>
Repurchase of redeemable common stock	(11,696)	—	(11,696)	—
Acquisition of noncontrolling interest	—	—	—	246
Net loss attributable to noncontrolling interest	—	(6,661)	(6,661)	(1,025)
Foreign currency translation adjustment attributable to noncontrolling interest	—	(394)	(394)	1
Amounts reclassified from accumulated other comprehensive loss	—	1	1	—
Disposition of Grupo Finmart	—	3,014	3,014	—
Balances as of September 30, 2016	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (778)</u>

See Note 4 for discussion of common stock subject to possible redemption issued in conjunction with an acquisition and redeemable noncontrolling interest comprised of the minority interest of Grupo Finmart and TUYO. See Note 3 for discussion of disposition of Grupo Finmart including redeemable noncontrolling interest.

***Noncontrolling Interest***

During the nine-months ended June 30, 2016, a consolidated subsidiary included in the Other International segment began operations in building an IT marketing platform to provide targeted solutions for our pawn customers. The noncontrolling interest is attributable to the 40% of this subsidiary held by the minority shareholder.

**NOTE 13: INCOME TAXES**

The following table presents the significant components of the income tax provision from continuing operations:

	Fiscal Year Ended September 30,		
	2016	2015	2014
	<i>(in thousands)</i>		
<b>Current:</b>			
Federal	\$ 11,120	\$ (42,001)	\$ 13,076
State and foreign	3,193	2,000	(11,132)
	<u>14,313</u>	<u>(40,001)</u>	<u>1,944</u>
<b>Deferred:</b>			
Federal	(3,766)	16,580	(278)
State and foreign	(1,186)	9,396	2,785
	<u>(4,952)</u>	<u>25,976</u>	<u>2,507</u>
<b>Total income tax expense (benefit)</b>	<u>\$ 9,361</u>	<u>\$ (14,025)</u>	<u>\$ 4,451</u>

The following table presents a reconciliation of income taxes calculated at the statutory rate and the provision for income taxes attributable to continuing operations:

	Fiscal Year Ended September 30,		
	2016	2015	2014
	<i>(in thousands)</i>		
Income tax expense (benefit) at the federal statutory rate	\$ 128	\$ (23,172)	\$ 2,761
State taxes, net of federal benefit	2,476	(701)	(909)
Captive insurance company	—	(393)	(410)
Non-deductible items	1,718	449	457
Foreign tax credit	2,788	(2,413)	(2,174)
Foreign rate differential	277	880	—
Change in valuation allowance	1,511	4,846	481
Uncertain tax positions	—	1,781	3,016
Tax basis balance sheet adjustment	—	2,516	941
Other	463	2,182	288
<b>Total income tax expense (benefit)</b>	<u>\$ 9,361</u>	<u>\$ (14,025)</u>	<u>\$ 4,451</u>
Effective tax rate	<u>2,579%</u>	<u>21%</u>	<u>56%</u>

The amount of income tax allocated to discontinued operations was a benefit of \$15.1 million, \$16.4 million, and \$17.0 million during fiscal 2016, 2015, and 2014, respectively.

The following table shows significant components of our deferred tax assets and liabilities:

	September 30,	
	2016	2015
<i>(in thousands)</i>		
<b>Deferred tax assets:</b>		
Cash Converters International	\$ 15,314	\$ 8,645
Tax over book inventory	5,113	4,521
Accrued liabilities	11,276	14,428
Pawn service charges receivable	11,521	12,588
Note receivable discount	2,427	—
Stock compensation	2,065	2,711
Foreign tax credit	2,706	4,249
Capital loss carryforward	8,017	8,017
State and foreign net operating loss carryforwards	12,891	10,715
Other	694	2,143
Total deferred tax assets before valuation allowance	72,024	68,017
Valuation allowance	(21,078)	(19,567)
Net deferred tax assets	50,946	48,450
<b>Deferred tax liabilities:</b>		
Tax over book amortization	14,060	12,690
Tax over book depreciation	445	417
Prepaid expenses	1,138	1,167
Total deferred tax liabilities	15,643	14,274
Net deferred tax asset	\$ 35,303	\$ 34,176

As of September 30, 2016, we had gross state net operating loss carryforwards of approximately \$89.0 million. These carryforwards begin to expire in 2017 if not utilized as well as foreign net operating loss carryforwards of \$18.5 million which will expire between 2030 and 2036 if not utilized. Additionally, we have a \$2.7 million foreign tax credit that will expire during the years 2024 to 2026 that we expect is more likely than not to be fully utilized based on the weight of available evidence.

Deferred tax assets and liabilities are recorded for the estimated tax impact of temporary differences between the tax basis and book basis of assets and liabilities. A valuation allowance is established against a deferred tax asset when it is more likely than not that the deferred tax asset will not be realized. The valuation allowance increased by \$1.5 million in fiscal 2016, primarily due to recording additional valuation allowances on losses in certain foreign jurisdictions due to the likelihood that they will expire unutilized because we do not expect to recognize sufficient income in the jurisdictions in which the tax attributes were created, offset by the utilization of Canadian net operating loss not previously benefitted. Management believes that our results from future operations will generate sufficient taxable income in the appropriate jurisdictions such that it is more likely than not that the remaining deferred tax assets will be realized.

Deferred taxes are not provided for undistributed earnings of foreign subsidiaries of approximately \$11.0 million which are intended to be reinvested outside of the U.S. Accordingly, no provision for U.S. federal income and foreign withholding taxes associated with a distribution of those earnings has been made. We estimate that, upon distribution of our share of these earnings, we would be subject to United States income taxes of approximately \$0.5 million as of September 30, 2016. We provided deferred income taxes on all undistributed earnings from Cash Converters International. Any taxes paid to foreign governments on these earnings may be used in whole or in part as credits against the United States tax on any dividends distributed from such earnings.

The following table presents a rollforward of unrecognized tax benefits:

	Fiscal Year Ended September 30,		
	2016	2015	2014
	<i>(in thousands)</i>		
Beginning balance	\$ 6,058	\$ 4,402	\$ 1,432
Tax positions taken during the current period	—	1,656	2,970
Ending balance	\$ 6,058	\$ 6,058	\$ 4,402

All of the above unrecognized tax benefits, if recognized, would impact our effective tax rate for the respective period of each ending balance.

We are subject to United States, Mexico and Canada income taxes as well as income taxes levied by various state and local jurisdictions. With few exceptions, we are no longer subject to examinations by tax authorities for years before the tax year ended September 30, 2013. Management believes that adequate provisions have been made for any adjustments that may result from tax examinations.

#### **NOTE 14: RELATED PARTY TRANSACTIONS**

##### ***Participation in Grupo Finmart Financing by Santiago Creel Miranda***

In August 2015, Grupo Finmart completed a \$3.5 million financing with a group of investors. The proceeds of this financing were used for general working capital purposes. As part of the financing, Grupo Finmart entered into a separate loan agreement with each investor pursuant to which the investor loaned a specified amount. The terms of each loan agreement call for an interest at a rate of 10% to 15% per annum. Santiago Creel Miranda (a member of our Board of Directors) was a participant in this financing and loaned Grupo Finmart approximately \$250,000 for one year at an interest rate of 15% per annum. This loan was paid off in December 2015. Through the final payoff, Grupo Finmart paid Mr. Creel a total of approximately \$14,000 in interest on the loan.

##### ***Agreements with Madison Park***

For fiscal 2014, we entered into a one-year advisory service agreement with Madison Park, LLC, a business and financial advisory firm wholly owned by Phillip E. Cohen, the beneficial owner of all of our outstanding Class B Common Stock, pursuant to which Madison Park provided advisory services related to our business and long-term strategic plan. Pursuant to the agreements, the annual fee for the services was \$7.2 million in fiscal 2014. On May 20, 2014 and as permitted by the agreement, we issued a 30-day notice of termination to Madison Park, and the advisory services agreement for fiscal 2014 was terminated effective June 19, 2014. During fiscal 2014, prior to the termination of the agreement on June 19, 2014, we paid \$5.2 million in fees pursuant to the agreement and recorded under “Administrative” expense in our consolidated statements of operations.

##### ***Agreements with LPG Limited***

For fiscal 2014, we entered into a one-year consulting agreement with LPG Limited (HK) (“LPG Limited”), a business and financial advisory firm wholly-owned by Lachlan P. Given, who is currently Executive Chairman and a director. Under the agreement, LPG Limited provided a variety of consulting and advisory services to the Company, and we paid LPG Limited total fees of \$259,000 in fiscal 2014 (prior to the termination of the agreement in June 2014). This agreement was entered into, and was terminated, prior to Mr. Given’s appointment to our Board of Directors in July 2014.

**NOTE 15: LEASES**

We lease and sublease various facilities and certain equipment under operating and capital leases. Future minimum rentals due under non-cancelable leases and annual future minimum rentals expected under subleases are as follows:

Fiscal Year Ended September 30,	September 30, 2016	
	Operating Lease Payments	Sublease Revenue
	<i>(in thousands)</i>	
2017	\$ 52,097	\$ 2,335
2018	44,789	2,873
2019	37,356	2,851
2020	31,202	2,931
2021	23,863	3,014
Thereafter	75,849	4,880
	\$ 265,156	\$ 18,884

After an initial lease term of generally three to 10 years, our real property lease agreements typically allow renewals in three to five-year increments. Our lease agreements generally include rent escalations throughout the initial lease term. Rent escalations are included in the above amounts, with certain future rental payments contingent on increases in a consumer price index. For financial reporting purposes, the aggregate rentals over the lease term, including lease renewal options that are reasonably assured, are expensed on a straight-line basis.

	Fiscal Year Ended September 30,		
	2016	2015	2014
	<i>(in thousands)</i>		
Gross rent expense from continuing operations	\$ 56,621	\$ 58,788	\$ 58,596
Sublease rent revenue from continuing operations	(156)	(479)	(263)
Net rent expense from continuing operations	\$ 56,465	\$ 58,309	\$ 58,333

In December 2014, we entered into a non-cancelable 13-year operating lease for our corporate offices, with rent payments beginning February 2016 and ending March 2029. Annual rent escalates from \$3.0 million at lease inception to \$4.6 million in the terminal year of the lease. The lease includes two five-year extension options at the end of the initial lease term. The estimated minimum future rental payments under the lease are approximately \$51.3 million. During fiscal 2016, we initiated subleases for a portion of our corporate operating office lease for estimated minimum future sublease payments of approximately \$12.2 million. Sublease payments are expected to partially offset our operating lease obligations over the ten-year period beginning March 2016 and ending September 2026.

During the second quarter of fiscal 2015, we entered into non-cancelable subleases for our Miami and Mexico City regional offices for estimated minimum future sublease payments of approximately \$6.7 million. Sublease payments are expected to partially offset our operating lease obligations over the nine-year period beginning March 2015 and ending September 2024 (in the case of the Miami lease) and the three-year period beginning March 2015 and ending June 2018 (in the case of the Mexico City lease).

**NOTE 16: EMPLOYMENT AGREEMENTS AND RETIREMENT PLANS**
***Employment Agreements***

We provide the following severance benefits to our executive officers:

- Each of our executive officers will receive salary continuation for one year if his or her employment is terminated without cause.
- Generally, restricted stock awards, including those granted to the executive officers, provide for accelerated vesting of some or all of the unvested shares in the event of the holder's death or disability.

**Retirement Plans**

We sponsor a 401(k) retirement savings plan under which eligible employees may contribute a portion of pre-tax earnings. In our sole discretion, we may match employee contributions in the form of either cash or our Class A Common Stock. A participant vests in the matching contributions pro rata over their first three years of service. All of a participant's matching contributions vest 100% in the event of the participant's death or disability or the termination of the plan due to a change in control.

The following table presents matching contribution information for our 401(k) Plan:

	Fiscal Year Ended September 30,		
	2016	2015	2014
	<i>(in thousands)</i>		
Matching contributions to EZCORP Inc. 401(k) Plan and Trust	\$ 468	\$ 547	\$ 570

We also provide a non-qualified Supplemental Executive Retirement Plan for selected executives. Funds in the Supplemental Executive Retirement Plan vest over three years from the grant date, with one-third vesting each year. All of a participant's Supplemental Executive Retirement Plan funds from all grants vest 100% in the event of the participant's death or disability or the termination of the plan due to a change in control. In addition, the Supplemental Executive Retirement Plan funds are 100% vested when a participant attains his or her normal retirement age (generally 60 years old and five years of active service) while actively employed by us. Expense of contributions to the Supplemental Executive Retirement Plan is recognized based on the vesting schedule.

The following table provides contribution and amortized expense amounts related to the Supplemental Executive Retirement Plan:

	Fiscal Year Ended September 30,		
	2016	2015	2014
	<i>(in thousands)</i>		
Contributions to the Supplemental Executive Retirement Plan	\$ 636	\$ 356	\$ 499
Amortized expense due to Supplemental Executive Retirement Plan	153	405	484

**NOTE 17: CONTINGENCIES**

We are involved in various claims, suits, investigations and legal proceedings, including those described below. We are unable to determine the ultimate outcome of any current litigation or regulatory actions. An unfavorable outcome could have a material adverse effect on our financial condition, results of operations or liquidity. We have not recorded a liability for any of these matters as of September 30, 2016 because we do not believe at this time that any loss is probable or that the amount of any probable loss can be reasonably estimated. The following is a description of significant proceedings.

*Shareholder derivative litigation* — On July 28, 2014, Lawrence Treppel, a purported holder of Class A Non-voting Common Stock, filed a derivative action in the Court of Chancery of the State of Delaware styled *Treppel v. Cohen, et al.* (C.A. No. 9962-VCP). The complaint, as originally filed and as amended on September 23, 2014, names as defendants Phillip E. Cohen, the beneficial owner of all of our outstanding Class B Voting Common Stock; several current and former members of our Board of Directors (Joseph J. Beal, Sterling B. Brinkley, John Farrell, Pablo Lagos Espinosa, William C. Love, Thomas C. Roberts and Paul E. Rothamel); three entities controlled by Mr. Cohen (MS Pawn Limited Partnership, the record holder of our Class B Voting Common Stock; MS Pawn Corporation, the general partner of MS Pawn Limited Partnership; and Madison Park LLC); and EZCORP, Inc., as nominal defendant. The amended complaint asserts the following claims:

- Claims against the current and former Board members for breach of fiduciary duties and waste of corporate assets in connection with the Board's decision to enter into advisory services agreements with Madison Park from October 2004 to June 2014 (Counts I and II, respectively);
- Claims against Mr. Cohen and MS Pawn Limited Partnership for aiding and abetting the breaches of fiduciary duties relating to the advisory services agreements with Madison Park (Count III); and
- Claims against Mr. Cohen and Madison Park for unjust enrichment for payments under the advisory services agreements (Count IV).



The plaintiff seeks (a) recovery for the Company in the amount of the damages the Company has sustained as a result of the alleged breach of fiduciary duties, waste of corporate assets and aiding and abetting, (b) disgorgement by Mr. Cohen and Madison Park of the benefits they received as a result of the related party transactions and (c) reimbursement of costs and expenses, including reasonable attorney's fees.

On November 13, 2014, pursuant to the parties' stipulation, the Court dismissed the action as to Mr. Brinkley, Mr. Rothamel and Mr. Lagos.

The remaining defendants filed motions to dismiss, and a hearing on those motions was held before the Court on September 8, 2015. Prior to that hearing, the plaintiff proposed a dismissal without prejudice for the claims against Mr. Beal, Mr. Love and Mr. Farrell. Those defendants continued to seek a dismissal with prejudice that would bind all potential plaintiffs. On January 15, 2016, the Court issued an opinion dismissing the action as to Mr. Beal, Mr. Love and Mr. Farrell with prejudice only as to the plaintiff.

On January 25, 2016, the Court issued a separate opinion granting in part and denying in part the motions to dismiss filed by the remaining defendants. Specifically, the Court granted the motion to dismiss Count IV (unjust enrichment) for failure to state a claim. The Court also dismissed Count III (aiding and abetting) as to Mr. Cohen, but interpreted Count I (breach of fiduciary duty) to state a claim against Mr. Cohen and MS Pawn, as well as Mr. Roberts. The Court otherwise denied the motions to dismiss, including the motion to dismiss Count III (aiding and abetting) against MS Pawn.

On February 4, 2016, the remaining defendants filed an Application for Certification of Interlocutory Appeal, which the plaintiff opposed on February 15, 2016, and the Court set a hearing on the application. On February 22, 2016, the Court denied the Application for Certification of Interlocutory Appeal and provided the plaintiff the opportunity to amend its complaint to add a fiduciary-duty claim as to Mr. Cohen and Madison Park, staying proceedings pending a ruling from the Delaware Supreme Court. After the Application for Certification of Interlocutory Appeal was denied, Mr. Roberts, MS Pawn Corporation and MS Pawn Limited Partnership filed notices of appeal from the interlocutory opinion and order denying the motions to dismiss. On March 10, 2016, the Delaware Supreme Court denied those petitions for an interlocutory appeal.

On March 4, 2016, the plaintiff filed a Second Amended Derivative Complaint against Mr. Roberts, Mr. Cohen, Madison Park, MS Pawn Corporation and MS Pawn Limited Partnership with EZCORP, Inc., as nominal defendant. The case has now moved into the discovery stage.

We intend to continue to defend vigorously against the claims asserted in this lawsuit. Although the lawsuit does not seek relief against the Company, we have certain indemnification obligations to the other defendants (including Madison Park and Mr. Cohen), which obligations include the payment of attorney's fees in advance of the outcome. We cannot predict the outcome of this lawsuit, or the amount of time and expense that will be required to resolve it.

*Federal securities litigation (SDNY)* — On August 22, 2014, Jason Close, a purported holder of Class A Non-voting Common Stock, for himself and on behalf of other similarly situated holders of Class A Non-voting Common Stock, filed a lawsuit in the United States District Court for the Southern District of New York styled *Close v. EZCORP, Inc., et al.* (Case No. 1:14-cv-06834-ALC). The complaint names as defendants EZCORP, Inc., Paul E. Rothamel (our former chief executive officer) and Mark Kuchenrither (our former chief financial officer and former chief operating officer) and asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. In general, the complaint alleges that the implementation of certain strategic and growth initiatives were less successful than represented by the defendants, that certain of the Company's business units and investments were not performing as well as represented by the defendants and that, as a result, the defendants' disclosures and statements about the Company's business and operations were materially false and misleading at all relevant times.

On October 17, 2014, the Automotive Machinists Pension Plan, also purporting to be the holder of Class A Non-voting Common Stock and acting for itself and on behalf of other similarly situated holders of Class A Non-voting Common Stock, filed a lawsuit in the United States District Court for the Southern District of New York styled *Automotive Machinists Pension Plan v. EZCORP, Inc., et al.* (Case No. 1:14-cv-8349-ALC). The complaint names EZCORP, Inc., Mr. Rothamel and Mr. Kuchenrither as defendants, but also names Mr. Cohen and MS Pawn Limited Partnership. The complaint likewise asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as well as Rule 10b-5 promulgated thereunder, alleging generally that (1) EZCORP and the officer defendants (Mr. Rothamel and Mr. Kuchenrither) issued false and misleading statements and omissions concerning the business and prospects, and compliance history, of the Company's online lending operations in the U.K. and the nature of the Company's consulting relationship with entities owned by Mr. Cohen and the process the Board of Directors used in agreeing to it, and (2) Mr. Cohen and MS Pawn Limited Partnership, as controlling persons of EZCORP, participated in the preparation and dissemination of the Company's disclosures and controlled the Company's business strategy and activities.

On October 21, 2014, the plaintiff in the Automotive Machinists Pension Plan action filed a motion to consolidate the Close action and the Automotive Machinists Pension Plan action and to appoint the Automotive Machinists Pension Plan as the lead plaintiff. On November 18, 2014, the court consolidated the two lawsuits under the caption *In Re EZCORP, Inc. Securities Litigation* (Case No. 1:14-cv-06834-ALC), and on January 26, 2015, appointed the lead plaintiff and lead counsel.

On March 12, 2015, the lead plaintiff filed a Consolidated Amended Class Action Complaint (the "Amended Complaint"). The Amended Complaint asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as well as Rule 10b-5 promulgated thereunder, alleging generally that:

- EZCORP and the officer defendants (Mr. Rothamel and Mr. Kuchenrither) issued false and misleading statements and omissions regarding the Company's online lending operations in the U.K. (Cash Genie) and Cash Genie's compliance history;
- EZCORP and the officer defendants issued false and misleading statements and omissions regarding the nature of the Company's consulting relationship with Madison Park LLC (as entity owned by Mr. Cohen) and the process the Board of Directors used in agreeing to it;
- EZCORP's financial statements were false and misleading, and violated GAAP and SEC rules and regulations, by failing to properly recognize impairment charges with respect to the Company's investment in Albemarle & Bond; and
- Mr. Cohen and MS Pawn Limited Partnership, as controlling persons of EZCORP, were aware of and controlled the Company's alleged false and misleading statements and omissions.

On April 27 2015, the defendants filed motions to dismiss, and the parties submitted their respective supporting and opposing briefs. On March 31, 2016, the Court granted in part and denied in part the defendants' motions to dismiss. Specifically, it dismissed the Section 10(b) and Rule 10b-5 claims insofar as they were based on (1) the alleged misstatements about the nature of and approval process related to the Company's consulting relationship with Madison Park, (2) the alleged misstatements regarding the impairment of the Company's investment in Albemarle & Bond, and (3) some of the alleged misstatements about Cash Genie. The Section 10(b) and Rule 10b-5 claims survived the motions to dismiss insofar as they were based on certain alleged misstatements about Cash Genie. The Section 20(a) claims also survived the motions to dismiss.

Subsequent to the Court's ruling on the motions to dismiss, the parties agreed to engage in mediation to determine if the remaining claims could be settled on an amicable basis. That mediation was held on November 18, 2016, and on November 23, 2016, the parties agreed to settle all remaining claims through the payment of \$5.9 million by the defendants (which will be covered by applicable directors' and officers' liability insurance). The settlement is subject to several conditions, including the execution of a mutually acceptable settlement agreement and court approval. The parties are now in the process of preparing the Stipulation of Settlement and related documents.

*Federal Securities Litigation (WDT)* — On July 20, 2015, Wu Winfred Huang, a purported holder of Class A Non-voting Common Stock, for himself and on behalf of other similarly situated holders of Class A Non-voting Common Stock, filed a lawsuit in the United States District Court for the Western District of Texas styled *Huang v. EZCORP, Inc., et al.* (Case No. 1:15-cv-00608-SS). The complaint names as defendants EZCORP, Inc., Stuart I. Grimshaw (our chief executive officer) and Mark E. Kuchenrither (our former chief financial officer) and asserts violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The original complaint related to the Company's announcement on July 17, 2015 that it will restate the financial statements for fiscal 2014 and the first quarter of fiscal 2015, and alleged generally that the Company issued materially false or misleading statements concerning the Company, its finances, business operations and prospects and that the Company misrepresented the financial performance of the Grupo Finmart business.

On August 14, 2015, a substantially identical lawsuit, styled *Rooney v. EZCORP, Inc., et al.* (Case No. 1:15-cv-00700-SS) was also filed in the United States District Court for the Western District of Texas. On September 28, 2015, the plaintiffs in these 2 lawsuits filed an agreed stipulation to be appointed co-lead plaintiffs and agreed that their two actions should be consolidated. On November 3, 2015, the Court entered an order consolidating the two actions under the caption *In re EZCORP, Inc. Securities Litigation* (Master File No. 1:15-cv-00608-SS), and appointed the two plaintiffs as co-lead plaintiffs, with their respective counsel appointed as co-lead counsel.

On January 11, 2016, the plaintiffs filed an Amended Class Action Complaint (the "Amended Complaint"). In the Amended Complaint, the plaintiffs seek to represent a class of purchasers of our Class A Common Stock between November 6, 2012 and October 20, 2015. The Amended Complaint asserts that the Company and Mr. Kuchenrither violated Section 10(b) of the Securities Exchange Act and Rule 10b-5, issued materially false or misleading statements throughout the proposed class period concerning the Company and its internal controls, specifically regarding the financial performance of Grupo Finmart. The plaintiffs also allege that Mr. Kuchenrither, as a controlling person of the Company, violated Section 20(a) of the Securities

Exchange Act. The Amended Complaint does not assert any claims against Mr. Grimshaw. On February 25, 2016, defendants filed a motion to dismiss the lawsuit. The plaintiff filed an opposition to the motion to dismiss on April 11, 2016, and the defendants filed their reply on May 11, 2016. The Court held a hearing on the motion to dismiss on June 22, 2016.

On October 18, 2016, the Court granted the defendants' motion to dismiss and dismissed the Amended Complaint without prejudice. The Court gave the plaintiffs 20 days (until November 7, 2016) to file a further amended complaint. On November 4, 2016, the plaintiffs filed a Second Amended Consolidated Class Action Complaint ("Second Amended Complaint"). The Second Amended Complaint raises the same claims dismissed by the Court on October 18, 2016, except plaintiffs now seek to represent a class of purchasers of EZCORP's Class A Common Stock between November 7, 2013 and October 20, 2015 (instead of between November 6, 2012 and October 20, 2015). On December 5, 2016, defendants filed a motion to dismiss the Second Amended Complaint. Under the terms of a recent stipulation, the plaintiffs' opposition is due on January 6, 2017 and the defendants' reply brief is due on January 20, 2017.

We cannot predict the outcome of the litigation, but we intend to defend vigorously against all allegations and claims.

*SEC Investigation* — On October 23, 2014, we received a notice from the Fort Worth Regional Office of the SEC that it was conducting an investigation into certain matters involving EZCORP, Inc. The notice was accompanied by a subpoena, directing us to produce a variety of documents, including all minutes and materials related to Board of Directors and Board committee meetings since January 1, 2009 and all documents and communications relating to our historical advisory services relationship with Madison Park (the business advisory firm owned by Mr. Cohen) and LPG Limited (a business advisory firm owned by Lachlan P. Given, our current Executive Chairman of the Board). The SEC has also issued subpoenas to current and former members of our Board of Directors requesting production of similar documents, as well as to certain third parties, and has conducted interviews with certain individuals. We continue to cooperate fully with the SEC in its investigation.

**NOTE 18: SEGMENT INFORMATION**

During the fourth quarter of fiscal 2015, our chief operating decision maker requested changes in the information that he regularly reviews for purposes of allocating resources and assessing performance. As a result, beginning in the fourth quarter of fiscal 2015, we reported our financial performance based on our new segments described below. In our previous Annual Report on Form 10-K for fiscal 2015, we recast certain prior period amounts to conform to the way we internally manage and monitor segment performance under the new segments.

Segment information is prepared on the same basis that our chief operating decision maker reviews financial information for operational decision-making purposes.

We currently report our segments as follows:

- U.S. Pawn — All pawn activities in the United States
- Mexico Pawn — All pawn activities in Mexico and other parts of Latin America
- Other International — Our equity interest in the net income of Cash Converters International, consumer finance activities in Canada and other international IT investment activities

There are no inter-segment revenues, and the amounts below were determined in accordance with the same accounting principles used in our consolidated financial statements. The following tables present operating segment information for the three years ending September 30, 2016, 2015 and 2014, including reclassifications discussed in Note 2 and adjustments to reflect reclassification of all discontinued operations including Grupo Finmart discussed in Note 3.

	Fiscal Year Ended September 30, 2016					
	U.S. Pawn	Mexico Pawn	Other International	Total Segments	Corporate Items	Consolidated
	<i>(in thousands)</i>					
<b>Revenues:</b>						
Merchandise sales	\$ 348,771	\$ 60,331	\$ 5	\$ 409,107	\$ —	\$ 409,107
Jewelry scrapping sales	47,810	2,282	21	50,113	—	50,113
Pawn service charges	229,893	31,907	—	261,800	—	261,800
Other revenues	331	385	8,769	9,485	—	9,485
Total revenues	626,805	94,905	8,795	730,505	—	730,505
Merchandise cost of goods sold	217,268	41,002	1	258,271	—	258,271
Jewelry scrapping cost of goods sold	40,138	1,885	16	42,039	—	42,039
Other cost of revenues	—	—	1,965	1,965	—	1,965
Net revenues	369,399	52,018	6,813	428,230	—	428,230
<b>Operating expenses (income):</b>						
Operations	255,321	38,481	7,585	301,387	—	301,387
Administrative	—	—	—	—	68,101	68,101
Depreciation and amortization	12,242	2,965	218	15,425	11,117	26,542
Loss on sale or disposal of assets	664	169	4	837	269	1,106
Restructuring	993	543	202	1,738	183	1,921
Interest expense	125	109	—	234	16,243	16,477
Interest income	(2)	(30)	—	(32)	(49)	(81)
Loss from investment in unconsolidated affiliate	—	—	255	255	—	255
Impairment of investment	—	—	10,957	10,957	—	10,957
Other expense (income)	—	1,273	2	1,275	(73)	1,202
Segment contribution (loss)	\$ 100,056	\$ 8,508	\$ (12,410)	\$ 96,154		
Income from continuing operations before income taxes				\$ 96,154	\$ (95,791)	\$ 363

## Fiscal Year Ended September 30, 2015

	U.S. Pawn	Mexico Pawn	Other International	Total Segments	Corporate Items	Consolidated
<i>(in thousands)</i>						
<b>Revenues:</b>						
Merchandise sales	\$ 334,635	\$ 65,408	\$ 2,075	\$ 402,118	\$ —	\$ 402,118
Jewelry scrapping sales	54,343	3,267	363	57,973	—	57,973
Pawn service charges	216,211	30,993	—	247,204	—	247,204
Other revenues	945	1,021	10,739	12,705	—	12,705
Total revenues	606,134	100,689	13,177	720,000	—	720,000
Merchandise cost of goods sold	218,953	47,371	1,465	267,789	—	267,789
Jewelry scrapping cost of goods sold	42,845	2,954	267	46,066	—	46,066
Other cost of revenues	—	—	3,125	3,125	—	3,125
Net revenues	344,336	50,364	8,320	403,020	—	403,020
<b>Operating expenses (income):</b>						
Operations	244,232	43,927	6,780	294,939	—	294,939
Administrative	—	—	—	—	72,986	72,986
Depreciation and amortization	15,227	4,440	616	20,283	10,676	30,959
Loss (gain) on sale or disposal of assets	995	258	(1)	1,252	1,407	2,659
Restructuring	4,016	799	2,563	7,378	9,702	17,080
Interest expense	60	15	—	75	16,310	16,385
Interest income	(42)	(78)	—	(120)	(158)	(278)
Loss from investment in unconsolidated affiliate	—	—	5,473	5,473	—	5,473
Impairment of investments	—	—	26,837	26,837	—	26,837
Other expense	—	1,988	7	1,995	192	2,187
Segment contribution (loss)	\$ 79,848	\$ (985)	\$ (33,955)	\$ 44,908		
Loss from continuing operations before income taxes				\$ 44,908	\$ (111,115)	\$ (66,207)

**Fiscal Year Ended September 30, 2014**

	<b>U.S. Pawn</b>	<b>Mexico Pawn</b>	<b>Other International</b>	<b>Total Segments</b>	<b>Corporate Items</b>	<b>Consolidated</b>
<i>(in thousands)</i>						
<b>Revenues:</b>						
Merchandise sales	\$ 325,337	\$ 60,302	\$ 2,383	\$ 388,022	\$ —	\$ 388,022
Jewelry scrapping sales	89,471	6,302	468	96,241	—	96,241
Pawn service charges	217,891	30,487	—	248,378	—	248,378
Other revenues	1,377	1,016	10,736	13,129	—	13,129
Total revenues	634,076	98,107	13,587	745,770	—	745,770
Merchandise cost of goods sold	205,144	42,044	1,449	248,637	—	248,637
Jewelry scrapping cost of goods sold	66,713	5,807	310	72,830	—	72,830
Other cost of revenues	5	—	2,441	2,446	—	2,446
Net revenues	362,214	50,256	9,387	421,857	—	421,857
<b>Operating expenses (income):</b>						
Operations	236,225	48,907	8,605	293,737	—	293,737
Administrative	—	—	—	—	79,944	79,944
Depreciation and amortization	13,333	5,374	817	19,524	9,735	29,259
(Gain) loss on sale or disposal of assets	(6,809)	27	(23)	(6,805)	964	(5,841)
Restructuring	—	—	—	—	6,664	6,664
Interest expense	3	25	—	28	7,883	7,911
Interest income	(18)	(3)	—	(21)	(278)	(299)
Income from investment in unconsolidated affiliates	—	—	(5,948)	(5,948)	—	(5,948)
Impairment of investments	—	—	7,940	7,940	—	7,940
Other expense	1	116	109	226	375	601
Segment contribution (loss)	\$ 119,479	\$ (4,190)	\$ (2,113)	\$ 113,176		
Income from continuing operations before income taxes				\$ 113,176	\$ (105,287)	\$ 7,889

The following table presents separately identified segment assets:

	<b>U.S. Pawn</b>	<b>Mexico Pawn</b>	<b>Other International</b>	<b>Total</b>
<i>(in thousands)</i>				
<b>Assets as of September 30, 2016</b>				
Cash and cash equivalents	\$ 2,547	\$ 3,724	\$ 1,530	\$ 7,801
Pawn loans	149,791	17,538	—	167,329
Pawn service charges receivable, net	28,368	2,694	—	31,062
Inventory, net	121,183	19,038	3	140,224
Prepaid expenses and other current assets*	—	—	2,241	2,241
Investment in unconsolidated affiliate	—	—	37,128	37,128
Property and equipment, net	33,326	8,995	622	42,943
Goodwill	247,538	6,438	—	253,976
Intangible assets, net	14,089	245	251	14,585
Total separately identified segment assets	\$ 596,842	\$ 58,672	\$ 41,775	\$ 697,289

\* Amount is comprised of consumer loans and accrued fees and interest.

	U.S. Pawn	Mexico Pawn	Other International	Total
<i>(in thousands)</i>				
<b>Assets as of September 30, 2015</b>				
Cash and cash equivalents	\$ 4,812	\$ 3,662	\$ 812	\$ 9,286
Pawn loans	143,500	16,464	—	159,964
Pawn service charges receivable, net	28,338	2,544	—	30,882
Inventory, net	107,568	16,502	14	124,084
Prepaid expenses and other current assets*	—	—	2,601	2,601
Investment in unconsolidated affiliate	—	—	56,182	56,182
Property and equipment, net	42,717	12,985	815	56,517
Goodwill	244,330	7,316	—	251,646
Intangible assets, net	14,208	338	8	14,554
<b>Total separately identified segment assets</b>	<b>\$ 585,473</b>	<b>\$ 59,811</b>	<b>\$ 60,432</b>	<b>\$ 705,716</b>

\* Amount is comprised of consumer loans and accrued fees and interest.

The following table reconciles separately identified recorded segment assets, as shown above, to our consolidated total assets:

	September 30,	
	2016	2015
<i>(in thousands)</i>		
Total separately identified recorded segment assets	\$ 697,289	\$ 705,716
Corporate assets*	285,955	483,274
<b>Total assets</b>	<b>\$ 983,244</b>	<b>\$ 1,188,990</b>

\* Amounts include assets included within discontinued operations. See Note 3 for further discussion.

The following tables provide geographic information required by FASB ASC 280-10-50-41:

	Fiscal Year Ended September 30,		
	2016	2015	2014
<i>(in thousands)</i>			
<b>Revenues:</b>			
United States	\$ 626,805	\$ 606,134	\$ 634,076
Mexico	94,905	100,689	98,128
Canada	8,795	13,177	13,566
<b>Total revenues</b>	<b>\$ 730,505</b>	<b>\$ 720,000</b>	<b>\$ 745,770</b>

	September 30,	
	2016	2015
<i>(in thousands)</i>		
<b>Long-lived assets:</b>		
United States	\$ 326,591	\$ 334,541
Mexico	15,893	20,995
Canada and Other	628	826
<b>Total long-lived assets</b>	<b>\$ 343,112</b>	<b>\$ 356,362</b>

See Note 3 for presentation of assets held by Grupo Finmart in Mexico as of September 30, 2015 and revenue earned for the years ended September 30, 2016, 2015 and 2014.

**NOTE 19: ALLOWANCE FOR LOSSES AND CREDIT QUALITY OF CONSUMER LOANS**

The following table presents changes in the allowance for credit losses, as well as the recorded investment in our financing receivables by portfolio segment for the periods presented and excludes items such as non-sufficient funds fees, repossession fees, auction fees and interest:

Description	Allowance Balance at Beginning of Period	Charge-offs	Recoveries	Provision	Translation Adjustment	Allowance Balance at End of Period (a)	Financing Receivable at End of Period
<i>(in thousands)</i>							
<b>Unsecured short-term consumer loans: (b)</b>							
Year ended September 30, 2016	\$ 11,498	\$ (6,435)	\$ 3,641	\$ 243	\$ (1,398)	\$ 7,549	\$ 9,661
Year ended September 30, 2015	14,645	(31,428)	16,315	12,744	(778)	11,498	15,919
Year ended September 30, 2014	2,928	(46,968)	26,865	31,817	3	14,645	31,747
<b>Secured short-term consumer loans: (c)</b>							
Year ended September 30, 2016	\$ 2,004	\$ (2,229)	\$ 436	\$ (211)	\$ —	\$ —	\$ —
Year ended September 30, 2015	1,049	(47,615)	43,292	5,278	—	2,004	2,292
Year ended September 30, 2014	1,804	(64,916)	58,453	5,708	—	1,049	8,173
<b>Unsecured long-term consumer loans: (a)</b>							
Year ended September 30, 2016	\$ 50,645	\$ (72,524)	(d) \$ —	\$ 29,844	\$ (7,965)	\$ —	\$ —
Year ended September 30, 2015	38,087	(3,162)	255	25,737	(10,272)	50,645	158,293
Year ended September 30, 2014	19,849	(307)	—	19,608	(1,063)	38,087	162,860

(a) These amounts are included in "Current assets held for sale" and "Non-current assets held for sale" in our consolidated balance sheets and pertain to Grupo Finmart consumer loans. See Note 3 for further detail on discontinued operations.

(b) No aging allowance disclosure provided for these amounts as our policy is to charge-off all amounts on the first day after the due date. These amounts primarily include activity pertaining to our Canadian operations in the Other International segment and are included in "Prepaid expenses and other current assets" in our consolidated balance sheets.

(c) As a result of our discontinuance of USFS, our secured short-term consumer loan balance was reduced to zero as of December 31, 2015. As such, no further aging allowance disclosure has been provided for these amounts. See Note 3 for further detail on discontinued operations. These amounts are included in "Prepaid expenses and other current assets" in our consolidated balance sheets.

(d) Includes \$70.2 million in allowance that was de-consolidated as a result of the disposition of Grupo Finmart as discussed in Note 3.

The following table presents an aging analysis of past due financing receivables held by Grupo Finmart and included under "Current assets held for sale" and "Non-current assets held for sale" in our consolidated balance sheets, which were deconsolidated during September 2016:

	Days Past Due				Total Past Due	Current Receivable	Translation Adjustment	Total Financing Receivable	Allowance Balance	Recorded Investment > 90 Days Accruing
	1-30	31-60	61-90	>90						
<i>(in thousands)</i>										
<b>Unsecured long-term consumer loans:</b>										
<b>September 30, 2015</b>										
Performing Loans	\$ 6,783	\$ 6,179	\$ 6,776	\$ 5,766	\$ 25,504	\$ 87,272	\$ —	\$ 112,776	\$ 5,128	\$ 5,766
Non-Performing Loans	553	701	613	41,670	43,537	1,980	—	45,517	45,517	—
	\$ 7,336	\$ 6,880	\$ 7,389	\$ 47,436	\$ 69,041	\$ 89,252	\$ —	\$ 158,293	\$ 50,645	\$ 5,766
<b>September 30, 2014</b>										
Performing Loans	\$ 4,942	\$ 3,546	\$ 2,035	\$ 1,600	\$ 12,123	\$ 116,870	\$ 2,230	\$ 131,223	\$ 6,450	\$ 1,600
Non-Performing Loans	1,854	907	884	25,674	29,319	2,318	—	31,637	31,637	—
	\$ 6,796	\$ 4,453	\$ 2,919	\$ 27,274	\$ 41,442	\$ 119,188	\$ 2,230	\$ 162,860	\$ 38,087	\$ 1,600



**NOTE 20: SUPPLEMENTAL CONSOLIDATED FINANCIAL INFORMATION****Supplemental Consolidated Balance Sheets Information**

The following table provides information on net amounts included in “Pawn service charges receivable, net,” “Inventory, net,” “Prepaid expenses and other current assets,” “Other assets, net” and “Accounts payable, accrued expenses and other current liabilities” in our consolidated balance sheets:

	September 30,	
	2016	2015
	<i>(in thousands)</i>	
Gross pawn service charges receivable	\$ 41,458	\$ 39,877
Allowance for uncollectible pawn service charges receivable	(10,396)	(9,025)
Pawn service charges receivable, net	<u>\$ 31,062</u>	<u>\$ 30,852</u>
Gross inventory	\$ 146,367	\$ 131,174
Inventory reserves	(6,143)	(7,090)
Inventory, net	<u>\$ 140,224</u>	<u>\$ 124,084</u>
Restricted cash	\$ 3,000	\$ 144
Consumer loans, net	2,111	4,709
Consumer loan fees and interest receivable, net	130	697
Guarantee asset	1,209	—
Accounts receivable	15,774	7,093
Prepaid expenses and other	11,088	12,434
Prepaid expenses and other current assets	<u>\$ 33,312</u>	<u>\$ 25,077</u>
Other assets	\$ 2,658	\$ 3,231
Restricted cash	4,089	—
Convertible Notes Hedges	37,692	10,505
Other assets, net	<u>\$ 44,439</u>	<u>\$ 13,736</u>
Trade accounts payable	\$ 21,953	\$ 36,134
Accrued payroll	4,638	10,955
Bonus accrual	17,946	6,823
Other payroll related expenses	3,485	3,545
Accrued interest	1,856	1,500
Accrued rent and property taxes	11,201	11,491
Deferred revenues	2,852	2,867
Other accrued expenses*	17,345	9,692
Guarantee liability	1,258	—
Restructuring reserve	1,751	11,484
Deferred consideration payable	—	15,384
Accounts payable, accrued expenses and other current liabilities	<u>\$ 84,285</u>	<u>\$ 109,875</u>

\*Includes provision for closed stores and accrued lease termination costs, exclusive of stores closed associated with restructuring actions, of \$5.2 million and \$1.5 million as of September 30, 2016 and 2015, respectively. There was an additional \$8.1 million provision for closed stores as of September 30, 2015 included in “Restructuring reserve” above.

### Valuation and Qualifying Accounts

The following table provides information on our valuation and qualifying accounts not disclosed elsewhere:

Description	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Expense	Charged to Revenue		
<i>(in thousands)</i>					
Allowance for valuation of inventory:					
Year Ended September 30, 2016	\$ 7,090	\$ —	\$ —	\$ 947	\$ 6,143
Year Ended September 30, 2015	16,043	—	—	8,953	7,090
Year Ended September 30, 2014	4,246	11,797	—	—	16,043
Allowance for uncollectible pawn service charges receivable:					
Year Ended September 30, 2016	\$ 9,025	\$ —	\$ 1,371	\$ —	\$ 10,396
Year Ended September 30, 2015	10,307	—	—	1,282	9,025
Year Ended September 30, 2014	9,974	—	333	—	10,307
Allowance for uncollectible consumer loan fees and interest receivable:					
Year Ended September 30, 2016	\$ 12,045	\$ —	\$ —	\$ 10,163	* \$ 1,882
Year Ended September 30, 2015	13,685	—	—	1,640	12,045
Year Ended September 30, 2014	462	—	13,223	—	13,685
Allowance for valuation of deferred tax assets:					
Year Ended September 30, 2016	\$ 19,567	\$ 1,511	\$ —	\$ —	\$ 21,078
Year Ended September 30, 2015	14,721	4,846	—	—	19,567
Year Ended September 30, 2014	14,240	481	—	—	14,721

\* Includes \$9.2 million in allowance that was deconsolidated as a result of the disposition of Grupo Finmart as discussed in Note 3.

**NOTE 21: QUARTERLY INFORMATION (UNAUDITED)**

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
<i>(in thousands, except per share amounts)</i>				
<b>Year Ended September 30, 2016</b>				
Total revenues	\$ 187,557	\$ 188,213	\$ 170,150	\$ 184,585
Net revenues	112,610	108,365	100,394	106,861
(Loss) income from continuing operations, net of tax	3,419	2,307	2,778	(17,502)
Income (loss) from discontinued operations, net of tax	(11,685)	(78,250)	(9,133)	19,636
Net income (loss)	(8,266)	(75,943)	(6,355)	2,134
Net loss attributable to noncontrolling interest	(792)	(5,131)	(666)	(1,097)
Net income (loss) attributable to EZCORP, Inc.	<u>\$ (7,474)</u>	<u>\$ (70,812)</u>	<u>\$ (5,689)</u>	<u>\$ 3,231</u>
<b>Basic income (loss) per share attributable to EZCORP, Inc.:</b>				
Continuing operations	\$ 0.06	\$ 0.05	\$ 0.05	\$ (0.31)
Discontinued operations	(0.19)	(1.34)	(0.16)	0.37
Basic income (loss) per share	<u>\$ (0.13)</u>	<u>\$ (1.29)</u>	<u>\$ (0.11)</u>	<u>\$ 0.06</u>
<b>Diluted income (loss) per share attributable to EZCORP, Inc.:</b>				
Continuing operations	\$ 0.06	\$ 0.05	\$ 0.05	\$ (0.31)
Discontinued operations	(0.19)	(1.34)	(0.16)	0.37
Diluted income (loss) per share	<u>\$ (0.13)</u>	<u>\$ (1.29)</u>	<u>\$ (0.11)</u>	<u>\$ 0.06</u>
Cash flows from operating activities — year to date	\$ (4,468)	\$ 55,739	\$ 57,937 *	\$ 64,403
Cash flows from investing activities — year to date	(9,363)	14,038	(11,537) *	6,716
Cash flows from financing activities — year to date	(21,675)	(49,945)	(67,910) *	(63,156)

\* Cash flows as originally reported in our Quarterly Report on Form 10-Q for the nine-months ended June 30, 2016 and 2015 have been reclassified to conform to the presentation in this Annual Report on Form 10-K. The cash flow amounts for the nine months ended June 30, 2016 previously reported as discontinued operations related to our disposition of Grupo Finmart were \$10,926 for operating activities, \$4,590 for investing activities, and \$(41,237) for financing activities.

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
<i>(in thousands, except per share amounts)</i>				
<b>Year Ended September 30, 2015</b>				
Total revenues	\$ 196,355	\$ 188,735	\$ 164,619	\$ 170,291
Net revenues	108,427	101,238	93,808	99,547
(Loss) income from continuing operations, net of tax	8,383	(2,675)	(783)	(57,107)
(Loss) income from discontinued operations, net of tax	1,295	3,112	(9,454)	(36,998)
Net (loss) income	9,678	437	(10,237)	(94,105)
Net loss attributable to noncontrolling interest	(1,934)	(906)	(390)	(1,805)
Net (loss) income attributable to EZCORP, Inc.	<u>\$ 11,612</u>	<u>\$ 1,343</u>	<u>\$ (9,847)</u>	<u>\$ (92,300)</u>
<b>Basic (loss) income per share attributable to EZCORP, Inc.:</b>				
Continuing operations	\$ 0.17	\$ (0.04)	\$ (0.01)	\$ (1.04)
Discontinued operations	0.05	0.07	(0.16)	(0.64)
Basic (loss) income per share	<u>\$ 0.22</u>	<u>\$ 0.03</u>	<u>\$ (0.17)</u>	<u>\$ (1.68)</u>
<b>Diluted (loss) income per share attributable to EZCORP, Inc.:</b>				
Continuing operations	\$ 0.17	\$ (0.04)	\$ (0.01)	\$ (1.04)
Discontinued operations	0.05	0.07	(0.16)	(0.64)
Diluted (loss) income per share	<u>\$ 0.22</u>	<u>\$ 0.03</u>	<u>\$ (0.17)</u>	<u>\$ (1.68)</u>
Cash flows from operating activities — year to date	\$ 5,486	\$ 37,790	\$ 50,312 *	\$ 79,398
Cash flows from investing activities — year to date	(8,185)	23,935	(14,143) *	(67,693)
Cash flows from financing activities — year to date	27,428	25,496	28,584 *	2,402

\* Cash flows as originally reported in our Quarterly Report on Form 10-Q for the nine-months ended June 30, 2016 and 2015 have been reclassified to conform to the presentation in this Annual Report on Form 10-K. The cash flow amounts for the nine months ended June 30, 2015 previously reported as a discontinued operations related to our disposition of Grupo Finmart were \$(21,523) for operating activities, \$(1,894) for investing activities and \$37,713 for financing activities.

Financial information in the table above has been adjusted to reflect reclassification of all discontinued operations. See Note 3 for further discussion of discontinued operations and restructuring plans. Additionally, there were immaterial revisions to certain of the above amounts as previously filed associated with the revisions discussed in Note 2.

### *Fiscal 2016 Quarterly Impacts*

During the second quarter of fiscal 2016, we recorded an impairment in goodwill of \$73.2 million pertaining to discontinued operations as further discussed in Note 9.

We recorded a gain of \$34.2 million, before consideration of total associated transaction costs of approximately \$9.8 million, with approximately \$1.8 million of the total costs to be recorded in future periods due to ongoing employee service requirements, and a \$2.1 million loss on assumption of existing Grupo Finmart debt, during the fourth quarter of fiscal 2016 on disposition of Grupo Finmart as further discussed in Note 3, included in discontinued operations.

During the fourth quarter of fiscal 2016, we recorded an impairment of our unconsolidated affiliate of \$11.0 million (\$7.2 million, net of taxes), as further discussed in Note 6. Further, our equity in net loss of unconsolidated affiliate during the fourth quarter of fiscal 2016 included pre-tax charges totaling \$11.8 million including restructuring costs, compliance provision and other.

### *Fiscal 2015 Quarterly Impacts*

We recorded total pre-tax charges of \$42.4 million and \$17.1 million pertaining to discontinued operations and restructuring, respectively, during the fourth quarter of fiscal 2015 as further discussed in Note 3. We further recorded impairments in goodwill of \$10.6 million pertaining to discontinued operations and \$1.7 million pertaining to continuing operations during the third and fourth quarter of fiscal 2015, respectively, as further discussed in Note 9.

During the fourth quarter of fiscal 2015, we recorded impairment charges of \$4.3 million and \$1.3 million related to long-lived assets of our U.S. Pawn and Mexico Pawn segments, respectively, as further discussed in Note 8. During the fourth quarter of fiscal 2015, we recorded a \$3.7 million impairment of internally developed software and other assets, as further discussed in Note 9, and a \$26.8 million (\$17.4 million, net of taxes) impairment in Cash Converters International, as further discussed in Note 6.

During the fourth quarter of fiscal 2015, our equity in net loss of unconsolidated affiliate included after-tax charges of \$5.4 million due to a contract termination, \$3.7 million due to a class-action litigation settlement and \$1.2 million due to impairments of goodwill and long-lived assets recorded by our unconsolidated affiliate.

## **NOTE 22: RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS**

### ***Correction of Accounting Errors***

On November 9, 2015, we filed an amended Annual Report on Form 10-K/A for the fiscal year ended September 30, 2014 as management identified the following accounting errors relating to the Grupo Finmart loan portfolio:

- During fiscal 2014, Grupo Finmart completed five structured asset sales pursuant to which a portion of Grupo Finmart's consumer loan portfolio were sold to special purpose trusts for the benefit of third parties. These transactions were previously accounted for as sales. Management concluded that the special purpose trusts should have been consolidated variable interest entities and the transactions should have been accounted for as transfers of financial assets to those consolidated variable interest entities.
- Management also concluded that we incorrectly accounted for interest revenue and bad debt expense on loans with respect to which Grupo Finmart was not currently receiving payments ("non-performing" loans). Specifically:
  - Management determined that the non-performing loans included out-of-payroll loans that had not been correctly classified and recognized as such, causing an understatement of bad debt expense and an overstatement of interest revenue;
  - Management determined it was appropriate to (1) accrue and recognize interest income over the period that payments are expected to be received rather than over the stated term of the loan and (2) apply a 100% reserve policy on in-payroll loans that have been in non-performing status for 180 consecutive days; and
  - Management determined it was appropriate to expense certain brokerage and other commission costs as incurred rather than amortize those costs over future periods.

### ***Other Restatement Adjustments***

In addition to correcting the accounting errors discussed above, our restated financial statements for the affected periods included adjustments for certain other accounting errors. We assessed the impact of these errors and concluded that they were

not material to the financial statements for the affected periods. However, in conjunction with the restatement of our financial statements to correct the errors described above, we determined that it was appropriate to make adjustments for all such previously unrecorded errors. These adjustments were primarily to correct for immaterial timing differences related to revenue recognition, impairment charges, inventory reserve estimates and other items.

## **ITEM 9 — CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## **ITEM 9A — CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Annual Report on Form 10-K, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2016. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2016.

### **Management's Report on Internal Control Over Financial Reporting**

Management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of our internal control over financial reporting. Internal control over financial reporting (as defined in Rules 13a-15(f) and 15d(f) under the Exchange Act) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP. Internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets, (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, (c) provide reasonable assurance that receipts and expenditures are being made only in accordance with appropriate authorization of management and the Board of Directors, and (d) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

In connection with the preparation of this Annual Report on Form 10-K, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an assessment of the effectiveness of our internal control over financial reporting as of September 30, 2016 based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that assessment, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was effective as of September 30, 2016.

Our internal control over financial reporting as of September 30, 2016 has been audited by our independent registered public accounting firm, as stated in their report appearing on the next page.

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of  
EZCORP, Inc.  
Austin, Texas

We have audited EZCORP, Inc.'s internal control over financial reporting as of September 30, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). EZCORP, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, EZCORP, Inc. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of EZCORP, Inc. as of September 30, 2016 and 2015, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the two years ended September 30, 2016 and our report dated December 14, 2016, expressed an unqualified opinion thereon.

/s/ BDO USA, LLP  
Dallas, Texas

December 14, 2016

### **Changes in Internal Control Over Financial Reporting**

During fiscal 2016, management implemented remediation efforts intended to address material weaknesses that were identified and described in our Annual Report on Form 10-K for the year ended September 30, 2015. These remediation efforts included:

- Identifying and hiring skilled internal accounting resources;
- Improving the organizational structure to provide more direct management oversight for Grupo Finmart;
- Establishing and maintaining appropriate operational and risk assessment processes, as well as transactional controls, in order to (1) ensure engagement and utilization of appropriately qualified U.S. GAAP experts where required and (2) provide appropriate access and visibility to Grupo Finmart loan performance information; and
- Enhancing the overall control environment.

In connection with the above remediation efforts, including hiring skilled internal accounting resources and enhancing the overall control environment, we identified an overstatement of our recorded net tax assets in the third quarter of fiscal 2016 with finalization of such adjustments in the fourth quarter of fiscal 2016. Our analysis of the overstatement indicated that the underlying errors originated in periods prior to fiscal 2013 and related primarily to the deferred tax balances associated with equity method investments, stock compensation and foreign acquisitions.

There were no changes in our internal control over financial reporting during the fourth quarter of fiscal 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, other than the effects of the remediation plan described above.

### **Inherent Limitations on Internal Controls**

Notwithstanding the foregoing, management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. Limitations inherent in any control system include the following:

- Judgments in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes.
- Controls can be circumvented by individuals, acting alone or in collusion with others, or by management override.
- The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.
- Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures.
- The design of a control system must reflect the fact that resources are constrained, and the benefits of controls must be considered relative to their costs.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

### **ITEM 9B — OTHER INFORMATION**

None.



**PART III****ITEM 10 — DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE****Board of Directors**

Set forth below are the names of the persons who, as of December 1, 2016, constituted our Board of Directors and their ages and committee assignments as of that date:

<b>Name</b>	<b>Age</b>	<b>Committees</b>
Matthew W. Appel	61	Audit (Chair)
Santiago Creel Miranda	62	Compensation
Peter Cumins	65	—
Lachlan P. Given (Executive Chairman)	40	Compensation
Stuart I. Grimshaw	55	—
Pablo Lagos Espinosa	61	Audit, Compensation (Chair)
Thomas C. Roberts	74	Audit, Compensation
Joseph L. Rotunda	69	—

*Director Qualifications* — The Board believes that individuals who serve on the Board should have demonstrated notable or significant achievements in business, education or public service; should possess the requisite intelligence, education and experience to make a significant contribution to the Board and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of our stockholders. The following are qualifications, experience and skills for Board members which are important to our business and its future:

- *Leadership Experience* — Our directors should demonstrate extraordinary leadership qualities. Strong leaders bring vision, strategic agility, diverse and global perspectives and broad business insight to the company. They demonstrate practical management experience, skills for managing change and deep knowledge of industries, geographies and risk management strategies relevant to our business. They have experience in identifying and developing the current and future leaders of the company.
- *Finance Experience* — We believe that all directors should possess an understanding of finance and related reporting processes.
- *Strategically Relevant Experience* — Our directors should have business experience that is relevant to our strategic goals and objectives, including geographical and product expansion. We value experience in our high priority growth areas, including new or expanding geographies or customer segments and existing and new technologies; understanding of our business environments; and experience with, exposure to or reputation among a broad subset of our customer base.
- *Government Experience* — Our business is subject to a variety of legislative and regulatory risks. Accordingly, we value experience in the legislative, judicial or regulatory branches of government or government relations.

*Biographical Information* — Set forth below is current biographical information about our directors, including the qualifications, experience and skills that make them suitable for service as a director.

- *Matthew W. Appel* — Mr. Appel joined EZCORP as a director in January 2015 and is Chair of the Audit Committee. Mr. Appel spent 37 years in finance, administration and operations roles with a variety of companies, most recently Zale Corporation, a NYSE listed jewelry retailer, where he served as Chief Financial Officer from May 2009 to May 2011 and Chief Administrative Officer from May 2011 to July 2014 and co-led the successful turnaround of the company. Prior to joining Zale, Mr. Appel was Chief Financial Officer of EXL Service Holdings, Inc., a NASDAQ listed business process solutions company (February 2007 to May 2009); spent four years (February 2003 to February 2007) at Electronic Data Systems Corporation, serving as Vice President, Finance and Administration BPO and Vice President, BPO Management; and held a variety of finance and operations roles from 1984 to 2003 at Tenneco Inc., Affiliated Computer Services, Inc. and PricewaterhouseCoopers. Mr. Appel began his professional career with Arthur Andersen & Company, working there from 1977 to 1984. Mr. Appel received an MBA in Accounting from the Rutgers University

Graduate School of Business in 1977 and a Business Administration degree from Rutgers College in 1976. Mr. Appel is a Certified Public Accountant and a Certified Management Accountant.

Director qualifications: leadership, chief financial officer and executive management experience; broad business and strategically relevant experience; retail management experience; financial experience, including accounting, tax and financial reporting; experience in developing growth strategies; personnel development.

- *Santiago Creel Miranda* — Mr. Creel joined EZCORP as a director in January 2014 and is a member of the Compensation Committee. Mr. Creel is a former Senator of Mexico, having served from 2006 to 2012. During his term, he acted as Speaker of the Senate and Chairman of the Senate's Political Coordination Committee. Prior to being elected to the Senate, Mr. Creel served as Secretary of Governance in President Vicente Fox's administration from 2000 to 2005 and as a Federal Deputy (Congressman) in the 57th Congress, where he was Vice Speaker of the Chamber of Deputies and chaired the Government and Constitutional Issues Committee. Mr. Creel practiced law with the firm of Noriega y Escobedo in Mexico City for almost 20 years, and has been a legal consultant to many companies, both domestic and foreign, as well as to international organizations and to the Mexican government. Mr. Creel is now a member of the governing body of Pacto por México, which sponsors an extensive agenda of political, economic and structural changes in Mexico.

Director qualifications: leadership experience; experience in developing, implementing and managing strategic plans; understanding of our unique business environment; government service experience.

- *Peter Cumins* — Mr. Cumins joined EZCORP as a director in July 2014. He is the Managing Director, and serves on the board of directors, of Cash Converters International Limited (ASX: CCV), a public company headquartered in Perth, Western Australia. Cash Converters International owns and franchises retail and financial services stores in 21 countries. EZCORP owns approximately 31% of the outstanding ordinary shares of Cash Converters International. Mr. Cumins joined Cash Converters International in August 1990 as Finance and Administration Manager, became General Manager in March 1992 and became Managing Director in April 1995. Mr. Cumins has overseen the major growth in the number of company-owned and franchised locations in Australia, as well as the international development of the Cash Converters International franchise system. Mr. Cumins is a qualified accountant, and his experience in the management of large organizations has included senior executive positions in the government health sector, specifically with the Fremantle Hospital Group, where he was Finance and Human Resources Manager.

Director qualifications: leadership and executive management experience; retail management experience; deep understanding of consumer businesses and customer service strategies; risk management experience; financial experience; experience in developing, implementing and managing strategic plans; personnel development; deep understanding of conducting business in highly regulated environments.

- *Lachlan P. Given* — Mr. Given was appointed to the Board of Directors as Non-Executive Chairman in July 2014, became Executive Vice Chairman in August 2014 and Executive Chairman in February 2015. Mr. Given serves on the Compensation Committee. He is the sole beneficial owner of LPG Limited (HK), a business and financial advisory firm, and prior to assuming the role of Executive Vice Chairman of EZCORP, provided international financial and advisory services to a number of companies, including EZCORP from October 2012 to June 2014. Since 2004, Mr. Given has also served as a consultant and advisor to Madison Park LLC, which has, in the past, provided certain advisory services to the Company. Madison Park is wholly owned by Phillip E. Cohen, who is the beneficial owner of all of our Class B Voting Common Stock. Mr. Given is also a director of The Farm Journal Corporation, a 134-year old pre-eminent U.S. agricultural media company; Senetas Corporation Limited (ASX: SEN), the world's leading developer and manufacturer of certified, defense-grade encryption solutions; CANSTAR Pty Ltd, the leading Australian financial services ratings and research firm; and TAB Products Co. LLC, a leading North American records management company. Mr. Given began his career working in the investment banking and equity capital markets divisions of Merrill Lynch in Hong Kong and Sydney, Australia, where he specialized in the origination and execution of a variety of M&A, equity, equity-linked and fixed income transactions. Mr. Given also serves on the board of directors of Cash Converters International Limited.

Director qualifications: broad business experience; financial experience and expertise; international experience and global perspective; industry knowledge; experience in developing growth strategies; understanding of our unique business environment.

- *Stuart I. Grimshaw* — Mr. Grimshaw joined the Company in November 2014 as Executive Chairman and a member of the Board of Directors. He became Chief Executive Officer in February 2015. Prior to joining EZCORP, he was Managing Director and Chief Executive Officer of Bank of Queensland Limited (ASX: BOQ), a consumer banking and financial services institution with branches in every Australian state and territory. During his 30-year career in financial services, Mr. Grimshaw held a wide variety of other roles at various banking and finance companies. From 2009 to 2011,

he was Chief Executive Officer of Caledonia Investments Pty Ltd. Prior to that, Mr. Grimshaw spent eight years at Commonwealth Bank of Australia, where he served as Group Executive, Premium Business Services (2006 to 2009), Group Executive, Investment and Insurance Services (2002 to 2006) and Chief Financial Officer (2001 to 2002). From 1991 to 2001, Mr. Grimshaw held a variety of roles at National Australia Bank (including Chief Executive Officer – Great Britain, and other executive roles in Credit, Institutional Banking, Corporate Financial Services and Global Business Financial Services). Mr. Grimshaw began his career at Australia and New Zealand Banking Group (1983 to 1991). Mr. Grimshaw represented New Zealand in Field Hockey at the 1984 Olympics and has a Bachelor of Commerce and Administration degree from Victoria University in Wellington, New Zealand and an MBA from Melbourne University. He has also completed the Program for Management Development at Harvard Business School. Mr. Grimshaw also serves as non-executive chairman of the board of directors of Cash Converters International Limited.

Director qualifications: leadership, chief executive officer and executive management experience; broad business and strategically relevant experience; financial experience; international experience and global perspective; industry knowledge; experience in developing growth strategies; personnel development; deep understanding of conducting business in highly regulated environments.

- *Pablo Lagos Espinosa* — Mr. Lagos joined EZCORP as a director in October 2010. He is Chair of the Compensation Committee and a member of the Audit Committee. Mr. Lagos served as President and Chief Executive Officer of Pepsi Bottling Group Mexico from 2006 to 2008 and as its Chief Operating Officer from 2003 to 2006. He previously held various executive management positions with Pepsi Bottling Group, PepsiCo Inc., Unilever Mexico and PepsiCola International, Inc., concentrating exclusively in Latin America. Since his retirement in December 2008, Mr. Lagos has been an investor and consultant in various private business ventures mainly in real estate development and senior living residential services, and has served as a keynote speaker on organizational leadership and management. He currently serves as Chairman of the Board and Executive President for the Mexican subsidiary of Areas, a Spanish global organization dedicated to restaurant and retailing operations in key public transportation hubs, and as Chairman of the board of Casa del Parque, a privately held enterprise focused on developing senior living residences in Mexico. He is also a member of the Mexican Advisory Board for Niagara Waters, a leading manufacturer of bottled water in the U.S. and Mexico.

Director qualifications: leadership, chief executive officer and executive management experience in significant multi-national environments; deep understanding of strategically important geographies and international markets; risk management experience; financial experience; experience in developing, implementing and managing strategic plans, including international expansion; personnel development; legislative and government relations experience

- *Thomas C. Roberts* — Mr. Roberts rejoined the Board of Directors of EZCORP in July 2014 and currently serves as a member of the Audit Committee and the Compensation Committee. He previously served as a director of the Company from January 2005 to January 2014 and was Lead Director from November 2008 to September 2013. He also served as a member of both the Audit and Compensation Committees until September 2013. Since 1990, Mr. Roberts has been a private investor and served as the Chairman of the Board of Directors of Pensco, Inc., a financial services company in which he held a significant ownership position, between 1990 and April 2016. Previously, he served as a senior executive, including Chief Financial Officer, of Schlumberger, Ltd. from 1970 to 1985 and President of Control Data Computer Systems and Services, as well as a member of Control Data Corporation's Board of Directors (1985 to 1989).

Director qualifications: leadership experience; chief financial officer, chief executive officer and general management experience in significant and complex multi-national environments; deep understanding of strategically important geographies and international markets; risk management experience; financial expertise; experience in developing, implementing and managing strategic plans, including international expansion; personnel development.

- *Joseph L. Rotunda* — Mr. Rotunda currently serves as Chief Operating Officer, having been appointed to that position in October 2016. Mr. Rotunda has a relationship with the Company that spans the past 16 years. Mr. Rotunda joined EZCORP as President and Chief Operating officer and a director in February 2000 and was promoted to Chief Executive Officer in August 2000. He retired from that position, and as a member of the Board of Directors, in October 2010 and became a consultant to the Company pursuant to a five-year consulting agreement. That agreement was mutually terminated in November 2013. Mr. Rotunda rejoined the Board of Directors in July 2014, and assumed an executive role in May 2015 when he was appointed President, North American Pawn. Prior to joining EZCORP in 2000, Mr. Rotunda was the Chief Operating Officer of G&K Services, Inc. (1998 to 2000) and held several executive positions, including Executive Vice President and Chief Operating Officer, with Rent-A-Center, Inc. (1991 to 1998). Mr. Rotunda served as a director of EasyHome Ltd. of Toronto, Canada from 2000 until 2010. Mr. Rotunda also currently serves as a member of the board of directors of eCommission Financial Services, Inc., headquartered in Austin, Texas.

Director qualifications: leadership, chief executive officer and executive management experience; retail management experience; deep understanding of consumer businesses and customer service strategies; risk management experience; financial experience; experience in developing, implementing and managing strategic plans; personnel development; deep understanding of conducting business in highly regulated environments; understanding of our unique business environment.

## Executive Officers

Set forth below are the name, age and position of each of the persons serving as our executive officers as of December 1, 2016:

Name	Age	Title
Stuart I. Grimshaw	55	Chief Executive Officer
Lachlan P. Given	40	Executive Chairman
Scott Alomes	57	Chief Human Resources Officer & New Ventures
Mark Ashby	56	Chief Financial Officer
David John Hurrell	55	Chief Information Officer
Francisco Kuthy	51	General Manager, Empeño Fácil
Karyn Munsie	50	Chief Marketing and Communications Officer
Joseph L. Rotunda	69	Chief Operating Officer
Jacob Wedin	45	Chief Product & Process Officer
Thomas H. Welch, Jr.	61	Senior Vice President, General Counsel and Secretary

Set forth below is current biographical information about our executive officers, except for Mr. Grimshaw, Mr. Given and Mr. Rotunda, whose biographical information is included under “Board of Directors” above.

*Scott Alomes* — Mr. Alomes joined EZCORP as Chief Human Resources Officer in March 2015. In October 2016, Mr. Alomes was assigned management oversight responsibility for the Company’s CashMax business in Canada, as well as all new ventures, and his title was changed to Chief Human Resources Officer & New Ventures. He has more than 30 years of experience and has spent his entire career in Human Resources for the financial services industry. He joined EZCORP from Crowe Horwath Australia, where he was HR Leader in the Southern Region for this large provider of accounting, audit, tax business and financial advice to individuals and businesses in Australia. Mr. Alomes has also held HR leadership roles at ClearView Wealth Limited (investments and life insurance products in Australia), Suncorp (banking and wealth management in Australia and New Zealand), Commonwealth Bank and National Australia Bank.

*Mark Ashby* — Mr. Ashby joined EZCORP in May 2015 as Chief Financial Officer and is responsible for the Company’s accounting, financial planning and analysis, tax and treasury functions. Mr. Ashby has more than 35 years of finance and business experience, serving in a variety of senior financial management and operational roles. Mr. Ashby joined EZCORP from Myer Holdings Limited, Australia’s largest department store group, where he served as Chief Financial officer for seven years. Prior to joining Myer, Mr. Ashby spent five years with Mitre 10 Australia Ltd., a large home improvement and hardware retailer and wholesaler, serving as Chief Financial Officer (2004 to 2008) and Group General Manager, Home and Trade Division (2003 to 2004). Prior to that, Mr. Ashby was Founder and Director, Business Development and Funding Consulting for Clearview Business Advisory Pty Ltd., a business consulting firm (2001 to 2003); Chief Financial and Operating Officer for The Ozitel Network, a joint venture telecommunications company set up by Motorola Inc. (1999 to 2001); and Finance Director for Sportsgirl Sportscraft Group (1994 to 1999). Mr. Ashby also spent nine years (1985 to 1994) with Motorola Australia Pty Ltd., serving in a variety of finance and accounting roles, including Director of Finance, Australasia and Director of Customer Finance, Asia. Mr. Ashby is a Fellow of the Australian Society of Certified Public Accountants.

*David John Hurrell* — Mr. Hurrell joined EZCORP in August 2014 as Vice President, Systems Development and was promoted to Chief Information Officer in February 2016. Prior to joining EZCORP, Mr. Hurrell spent 15 years with Cash America International, Inc., most recently serving as Senior Vice President responsible for New Systems Development and Business Transformation services. Mr. Hurrell started in the pawn industry as a IT Director with H&T Group Plc, which operates pawn stores in the U.K. under the Harvey & Thompson brand. Prior to that, he held senior IT management positions with The Rank Organization and Bass Leisure.

*Francisco J. Kuthy Saenger* — Mr. Kuthy joined us in November 2013 as Senior Vice President of Operations for our Mexico Pawn operations, Empeño Fácil, and was promoted to General Manager of that business in May 2014. Prior to joining EZCORP, Mr. Kuthy spent over three years (May 2010 to November 2013) as General Manager of Farmacias Dermatologicas,

S.A. de C.V., Mexico's leading retailer of dermatology and derma-cosmetic consumer products; and six years with Comercial Mexicana, a large retail chain in Mexico, serving as Chief Operating Officer Bodega Comercial Mexicana (2006 to 2010) and District Manager Comercial Mexicana Bajio (May 2004 to 2006). Mr. Kuthy held previous positions in business development, sales administration, operations and field management with Bachoco, S.A. de C.V. (1997 to 2004), Sabritas, S.A. de C.V. (1997) and Wal-Mart's Mexican subsidiary (1989 to 1997).

*Karyn Munsie* — Ms. Munsie joined us in December 2015 as Chief Marketing and Communications Officer and is responsible for all marketing, internal and external communications, investor relations and community affairs activities. Ms. Munsie joined EZCORP from the Bank of Queensland, where she held the position of Group Executive of Corporate Affairs, Investor & Government Relations. She has also held key leadership roles at Stockland (a leading residential and commercial property group), serving as Executive General Manager of Corporate Affairs; and AMP Limited (a financial services and fund management company), where she led all global media and community relations activities.

*Jacob Wedin* — Mr. Wedin joined EZCORP in May 2015 as Chief Product & Process Officer. Prior to joining us, Mr. Wedin was the CEO of the Mexico Division at Bayport Financial Services, a provider of consumer financial services, including short, medium and long-term loans, where he led Bayport's expansion into Mexico. Prior to that, he was Bayport's Business Development Executive in Latin America. Prior to joining Bayport, he served as a representative of the Swedish Trade Commissions for several countries in Latin American and the Caribbean, based in Brazil. He is a native of Sweden and received his MBA from the American International University in London.

*Thomas H. Welch, Jr.* — Mr. Welch joined us in April 2009 as Senior Vice President, General Counsel and Secretary. He joined Dell Inc.'s legal department in 1995, and served as Vice President, Legal and General Corporate Counsel from April 1999 to April 2008. Mr. Welch was principally responsible for legal support of Dell's corporate securities, corporate finance, mergers and acquisitions, financial services, executive compensation and benefits, facilities, corporate governance and general corporate matters. From 1992 to 1995, Mr. Welch was Vice President - Corporate Development of Parker & Parsley Petroleum Company (predecessor to Pioneer Natural Resources Company), and previously was a shareholder with the law firm of Johnson & Gibbs, P.C., Dallas, Texas.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Based on written representations and a review of the relevant Forms 3, 4 and 5, during fiscal 2016, all persons subject to Section 16 of the Securities Exchange Act of 1934 with respect to EZCORP timely filed all reports required by Section 16(a) of the Securities Exchange Act, except for the following:

The Form 4 reporting the March 31, 2016 grant of 26,000 shares of restricted stock to Matthew W. Appel (a director) was filed on May 10, 2016, beyond its due date of April 4, 2016. The Form 4 was submitted to the SEC on April 4, 2016, but was inadvertently submitted as a "test" filing rather than an official filing. The required Form 4 was officially filed immediately upon discovery of this error.

### **Code of Conduct**

We maintain a Code of Conduct that is applicable to all of our employees, including our chief executive officer, chief financial officer and chief accounting officer. That Code of Conduct, which satisfies the requirements of a "code of ethics" under applicable SEC rules, contains written standards that are designed to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest; full, fair, accurate, timely and understandable public disclosures and communications, including financial reporting; compliance with applicable laws, rules and regulations; prompt internal reporting of violations of the code, and accountability for adherence to the code. A copy of the Code of Conduct is posted in the Investor Relations section of our website at [www.ezcorp.com](http://www.ezcorp.com)

We will post any waivers of the Code of Conduct, or amendments thereto, that are applicable to our chief executive officer, our chief financial officer or chief accounting officer in the Investor Relations section of our website at [www.ezcorp.com](http://www.ezcorp.com). To date, there have been no such waivers.

### **Corporate Governance**

*Controlled Company Exemptions* — The Nasdaq Listing Rules contain several corporate governance requirements for Nasdaq-listed companies. These requirements generally relate to the composition of the board and its committees. For example, the rules require the following:

- A majority of the directors must be independent (Rule 5605(b)(1));
- The audit committee must have a least three members, each of whom must be independent (Rule 5605(c)(2));
- Executive officer compensation must be determined, or recommended to the board of directors for determination, by either (1) a majority of the independent directors or (2) a compensation committee comprised solely of independent directors (Rule 5605(d)); and
- Director nominations must be selected, or recommended for the board's selection, by either (1) a majority of the independent directors or (2) a nominations committee comprised solely of independent directors (Rule 5605(e)).

Rule 5615(c)(2), however, provides that a "Controlled Company" is exempt from the requirement to have a majority of independent directors and from the requirements to have independent director oversight over executive compensation and director nominations. The Listing Rules define a "Controlled Company" as a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company. EZCORP is a "Controlled Company" within this meaning by virtue of the fact that 100% of the outstanding Class B Voting Common Stock (the only class of voting securities outstanding) is held of record by MS Pawn Limited Partnership and beneficially by Phillip E. Cohen. See "Part III, Item 10 — Directors, Executive Officers and Corporate Governance — Corporate Governance — Committees of the Board" and "Part III, Item 13 — Certain Relationships and Related Transactions and Director Independence — Director Independence."

*Committees of the Board* — The Board of Directors maintains the following committees to assist it in its oversight responsibilities. The current membership of each committee is indicated in the list of directors set forth under "Board of Directors" above.

- *Audit Committee* — The Audit Committee assists the Board in fulfilling its responsibility to provide oversight with respect to our financial statements and reports and other disclosures provided to stockholders, the system of internal controls, the audit process and legal and ethical compliance. Its primary duties include reviewing the scope and adequacy of our internal and financial controls and procedures; reviewing the scope and results of the audit plans of our independent and internal auditors; reviewing the objectivity, effectiveness and resources of the internal audit function; appraising our financial reporting activities and the accounting standards and principles followed; and reviewing and approving ethics and compliance policies. The Audit Committee also selects, engages, compensates and oversees our independent auditor and pre-approves all services to be performed by the independent auditing firm.

The Audit Committee is comprised entirely of directors who satisfy the standards of independence described under "Part III, Item 13 — Certain Relationships and Related Transactions, and Director Independence — Director Independence," as well as additional or supplemental independence standards applicable to audit committee members established under applicable law and Nasdaq listing requirements. The Board has determined that each Audit Committee member meets the Nasdaq "financial literacy" requirement and that Mr. Appel, Chair of the committee, is a "financial expert" within the meaning of the current rules of the SEC.

- *Compensation Committee* — The Compensation Committee reviews and approves, on behalf of the Board, the amounts and types of compensation to be paid to our executive officers; reviews and recommends to the full Board the amount and type of compensation to be paid to our non-employee directors; reviews and approves, on behalf of the Board, all bonus and equity compensation to be paid to our other employees; and administers our stock compensation plans. Since September 2014, pursuant to the Nasdaq Controlled Company exemption described above, Mr. Given, our Executive Chairman and a non-independent director, has served on the Compensation Committee. See "Part III, Item 11 — Executive Compensation — Compensation Discussion and Analysis — Composition of the Compensation Committee." The committee has formed an "independent subcommittee," consisting solely of independent directors, to consider and approve any items of compensation that are required to be approved solely by "independent," "non-employee" or "outside" directors.

The Audit Committee and the Compensation Committee are governed by written charters, copies of which can be found in the Investor Relations section of our website at [www.ezcorp.com](http://www.ezcorp.com).

Because all of our voting stock is beneficially owned by Phillip E. Cohen and pursuant to the Nasdaq Controlled Company exemption described above, we do not currently maintain a standing nominating committee of the Board of Directors. In the absence of a nominating committee, the full Board of Directors typically evaluates and considers director nominees, fills vacant positions on the Board and, on an annual basis, recommends nominees for election or reelection by the voting stockholder.

*Meetings and Attendance* — The following table sets forth the number of meetings held during fiscal 2016 by the Board of Directors and each committee thereof, as well as the number of times during the year that action was taken by unanimous

written consent. All directors attended at least 75% of the meetings of the Board and of the committees on which they served, except for Mr. Creel, who attended only three Board meetings and three Compensation Committee meetings.

	Fiscal 2016	
	Meetings Held	Action by Unanimous Written Consent
Board of Directors	8	15
Audit Committee	14	—
Compensation Committee	7	2

During fiscal 2016, the Board of Directors formed and commissioned a special committee comprised entirely of independent directors (Mr. Appel, Mr. Lagos and Mr. Roberts) to oversee and supervise the strategic review process for Grupo Finmart and to approve, on behalf of the full Board of Directors, (a) the appropriate strategic alternative for that business and (b) the recommended terms and conditions of the resulting sale transaction. This special committee met a total of 24 times from March through September (and each committee member attended all meetings) and took one action by unanimous written consent. The special committee was dissolved effective September 30, following the completion of the Grupo Finmart sale.

**ITEM 11 — EXECUTIVE COMPENSATION****COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis describes our compensation practices and the executive compensation policies, decisions and actions of the Compensation Committee of our Board of Directors (the “Committee”). It focuses specifically on compensation earned during fiscal 2016 by the following individuals, referred to as our Named Executive Officers (“NEOs”).

<b>Name</b>	<b>Position</b>
Stuart I. Grimshaw	Chief Executive Officer
Mark Ashby	Chief Financial Officer
Lachlan P. Given	Executive Chairman
Joseph L. Rotunda	Chief Operating Officer
Thomas H. Welch, Jr.	Senior Vice President, General Counsel and Secretary
Jodie E. B. Maccarrone	Chief Strategy Officer and Vice Chair, Grupo Finmart

(a) Ms. Maccarrone served as an executive officer until her departure from the Company on May 1, 2016.

**Executive Summary***Fiscal 2016 Business Highlights*

The following is a brief overview of certain fiscal 2016 business highlights that influenced the Committee’s executive compensation decisions:

- We completed the disposition of Grupo Finmart, with a purchase price payable to EZCORP of \$40.9 million after application of purchase price adjustments, and also received promissory notes having an aggregate principal amount of \$89.8 million.
- With the exclusion of Grupo Finmart and considering certain adjustments generally designed to normalize for discreet and special circumstances, EBITDA for fiscal 2016 increased 55% over fiscal 2015 and exceeded the Board-approved operating plan by almost 20%. This performance is attributable to continued improvement in our core pawn businesses in the U.S. and Mexico, highlighted by the following:
  - On a constant currency basis, total revenue increased 4% and net revenue increased 9%, driven by increases in pawn loans outstanding, pawn service charges and merchandise sales gross margin.
  - Segment contribution from U.S. Pawn increased by more than \$20 million, and segment contribution from Mexico Pawn increased by more than \$10 million on a constant currency basis.
  - Total operating expenses decreased 3% on an constant currency basis, and administrative expenses decreased by almost \$5 million.
- We finished the year in a strong liquidity position to support growth, with a cash balance of \$66 million plus \$50 million in undrawn credit facility and more than \$80 million in notes receivable from the Grupo Finmart sale transaction.



### Best Practices in Compensation Governance

Our executive compensation program contains the following best-practice features:

What We Do	What We Don't Do
<input checked="" type="checkbox"/> Heavy emphasis on performance-based variable pay	<input checked="" type="checkbox"/> No change-in-control payments
<input checked="" type="checkbox"/> 100% of equity incentive grants are performance-based	<input checked="" type="checkbox"/> No significant perquisites
<input checked="" type="checkbox"/> Stock ownership guidelines for executives and directors	<input checked="" type="checkbox"/> No hedging or pledging of Company stock
<input checked="" type="checkbox"/> Annual risk assessments	
<input checked="" type="checkbox"/> Independent compensation consultant	

### 2016 Compensation Actions At-A-Glance

The Committee took the following compensation-related actions for fiscal 2016:

- *Base salaries* — Determined that base salaries for the NEOs would generally be held flat for fiscal 2016 compared to fiscal 2015, with the exception of Mr. Rotunda, who received a base salary increase in order to better align his base salary to reflect his role in the organization.
- *Annual incentive bonuses* — Confirmed the fiscal 2016 annual incentive (STI) bonus payout at 150% of target.
- *Long-term incentives* — Approved long-term incentive awards that are 100% subject to performance-based vesting. Specifically, vesting on 80% of the awards is contingent on the achievement of sustained earnings growth (measured by the annual growth rate in EBITDA), and vesting on the remaining 20% is contingent on prudent balance sheet management (measured by reduction in net debt). Awards vest based on performance at the end of the three-year performance period. In addition, the Committee determined that Mr. Grimshaw and Mr. Given should participate in the annual LTIP program consistent with the other executive officers, and Mr. Grimshaw and Mr. Given both agreed to that arrangement. Consequently, at the time the fiscal 2016 LTIP awards were made, the multi-year LTIP awards previously granted to Mr. Grimshaw and Mr. Given were canceled and replaced with the new, performance-based awards described above.

### Executive Compensation Philosophy and Program Design

*Philosophy* — Our executive compensation philosophy is grounded on three fundamental principles:

- *Pay for performance* — We expect diligent effort, unwavering commitment and hard work from our executives, and our compensation plans should recognize and reward superior results that generate significant shareholder value. Actual realized compensation should reflect Company and individual performance against specific and quantifiable objectives. Executives should be compensated based on their ability to achieve key operational, financial and strategic results. Compensation earned should parallel our sustained growth in terms of profitability and shareholder value.
- *Attract and retain high performers* — We want to build and maintain an organization that achieves consistently high results. Therefore, we strive to pay at levels that will attract and retain high quality executives capable of performing at the highest levels and willing to be accountable for the achievement of results. In line with our philosophy of paying well for strong performance, a majority of executive compensation is in the form of incentives that are at risk, but offer significantly higher rewards for the achievement of outstanding results.
- *Align long-term interests of our shareholders and executives* — Executives should be compensated through compensation components (base salaries, short- and long-term incentives) designed to drive sustained business performance, build an internal culture of ownership and create long-term value for our shareholders.

**Goals** — In support of the principles of our compensation philosophy, we have designed our executive compensation programs to accomplish the following primary goals:

Principle and Goal	How Accomplished
<b>Pay for performance</b> — Provide payouts that are closely aligned with the actual financial results of the Company.	<ul style="list-style-type: none"> <li>• Total compensation opportunities will include a significant portion of performance-based incentives tied to achievement of specific financial or strategic objectives and the growth in stockholder value.</li> <li>• Incentive objectives will be specific, quantifiable and measurable, but may also include goals that require an element of subjective evaluation.</li> <li>• Long-term incentives will have both retention and performance requirements and therefore will vest over time so long as specific objectives are achieved.</li> </ul>
<b>Attract and retain high performers</b> — Pay at levels that will help us attract and retain highly qualified individuals capable of leading us to achieve our business objectives.	<ul style="list-style-type: none"> <li>• Total compensation is designed to provide base salaries and short- and long-term incentive opportunities that will result in highly competitive pay levels when performance objectives are achieved, as well as above-market opportunities when outstanding results are achieved.</li> <li>• Incentive plans provide clear and measurable objectives for top performers to achieve high-level compensation.</li> </ul>
<b>Align long-term interests of shareholders and executives</b> — Reinforce a culture of ownership and long-term commitment to shareholder value creation.	<ul style="list-style-type: none"> <li>• Executives are required to be stockholders and own a minimum level of Company stock throughout their employment.</li> <li>• The vesting of equity incentive awards is tied directly to continued multi-year service (retention) and the achievement of specific long-term financial results.</li> </ul>

**Components** — “Total direct” compensation is composed of three principal components, each one contributing to the accomplishment of our compensation program goals:

Compensation Component	Description	Attract and Retain	Pay for Performance	Shareholder Alignment	Long-term Commitment
<b>Base Salary</b>	• A market-competitive salary is an essential factor in attracting and retaining qualified personnel.	ü			
<b>Annual Incentives</b>	• Annual cash bonus opportunity that is tied to an assessment of annual corporate and business unit financial performance, as well as individual contribution.	ü	ü	ü	
<b>Long-term Incentives</b>	• Equity incentive grants, including performance-vested restricted stock grants tied to achievement of consistent multi-year growth in earnings and stockholder value.	ü	ü	ü	ü
	• Annual Supplemental Executive Retirement Plan contributions that vest over three years.	ü			ü

**Pay Mix** — The Committee reviews the mix of base salary, cash bonus and long-term incentives annually. The Committee does not target a fixed percentage allocation among the compensation elements, but rather aims to provide the majority of executive officer compensation opportunities in the form of incentive compensation.

### Compensation Methodology and Process

#### *Composition of the Compensation Committee*

During fiscal 2016, the Company, relying on the Nasdaq Controlled Company exemption described in Part III, Item 10 — Directors, Executive Officers and Corporate Governance — Corporate Governance — Controlled Company Exemptions,” has included a non-independent director (Mr. Given) on the Compensation Committee. The Board of Directors believes that, with the unique perspective of the non-independent member combined with the perspectives of the independent members, the current Committee is well-situated to act in the interests of all Company stockholders. The Committee has formed a subcommittee comprised of only independent directors (currently, Mr. Lagos and Mr. Roberts) to act on and approve any executive compensation matters that require approval of solely “independent,” “non-employee” or “outside” directors.

### *Role of the Committee*

The Board of Directors has authorized the Committee to establish the compensation programs for all executive officers and to provide oversight for compliance with our compensation philosophy. The Committee delegates the day-to-day administration of the compensation plans to management, but retains responsibility for ensuring that the plan administration is consistent with the Company's policies.

Annually, the Committee sets the compensation for our executive officers, including objectives and awards under incentive plans. The Committee also makes recommendations to the Board of Directors on appropriate compensation for the non-employee directors.

In addition to overseeing the compensation of our executive officers, the Committee approves all awards under long-term incentive plans for all other employees. For more information on the Committee's role, see the Committee's charter, which can be found in the Investor Relations section of our website at [www.ezcorp.com](http://www.ezcorp.com).

### *Role of Management*

The Committee receives data regarding compensation trends, issues and recommendations from management. One member of management, Mr. Given, is a member of the Committee and participates in Committee discussions, deliberations and decisions (except for those matters that require approval solely of "independent," "non-employee" or "outside" directors, in which case the decisions are made by a subcommittee consisting of only independent directors).

Other members of management, including our Chief Executive Officer, our Chief Human Resources Officer and our General Counsel, attend Committee meetings at the invitation of the Committee. In addition, our Chief Executive Officer provides input on individual performance and recommendations regarding compensation adjustments to the Committee for positions other than his own.

### *Role of the Compensation Consultant*

Pursuant to its charter, the Committee has the sole authority to retain, terminate, obtain advice from, oversee and compensate its outside advisors, including its compensation consultant. The Company has provided appropriate funding to the Committee to do so.

For the past several years, the Committee has retained Pearl Meyer & Partners, LLC ("Pearl Meyer") as its independent executive compensation consultant. None of our management participated in the Committee's decision to retain Pearl Meyer. Pearl Meyer reports directly to the Committee, and the Committee may replace Pearl Meyer or hire additional consultants at any time. Pearl Meyer communicates with, and attends meetings of, the Committee as requested; however, the Committee makes all decisions regarding the compensation of the Company's executive officers.

Pearl Meyer provides various executive compensation services to the Committee, including advising the Committee on the principal aspects of our executive compensation program and evolving best practices and providing market information and analysis regarding the competitiveness of our program design and award values in relationship to our performance.

The Committee regularly reviews the services provided by its outside consultants and believes that Pearl Meyer is independent in providing executive compensation consulting services. The Committee continues to monitor the independence of its compensation consultant on a regular basis.

### *Role of Competitive Positioning*

In order to attract and retain the best executives for key management positions, we target our compensation plans to approximate the 75th percentile of the competitive marketplace. The Committee believes that this competitive positioning is appropriate in order for us to attract and retain the caliber of executives required to maintain exceptional operational and financial results over time.

It is important to note, however, that the majority of pay opportunities for our top executives are incentive-based and that actual realizable compensation is heavily dependent upon actual Company results. See "Executive Compensation Philosophy and Program Design — Pay Mix" above. Failure to achieve targeted results may result in realized compensation being below the 75th percentile, and perhaps below the market median. On the other hand, our incentive compensation programs provide opportunities for compensation to exceed the 75th percentile if specified objectives are achieved at targeted levels or higher. The Committee believes that actual realizable compensation for our top executives is well aligned with our performance.

*2016 Competitive Posture* — As noted above, the Committee generally targets total compensation at the 75th percentile for our executive officers as a group. However, it does not consider that philosophy to be a prescription for each individual executive officer. Various factors affect the relationship between target total direct compensation for each individual executive and our targeted market reference point, including specific retention concerns, tenure, internal equity, year-over-year volatility of market data and the comparability of available market benchmarks.

In September 2015, the Committee engaged Pearl Meyer to do a full executive compensation review for the purpose of setting fiscal 2016 compensation levels. The Pearl Meyer review showed the following:

- While there was some variation in competitiveness by individual executive, the Company's total direct compensation at target levels fell within the market 75th percentile overall.
- Compared to market averages, a larger percentage of our executives' total compensation is delivered in the form of variable, or performance-based, compensation opportunities. As a result, actual realized compensation will be heavily dependent upon performance that is, in the Committee's view, directly aligned with long-term growth in stockholder value.

*2017 Competitive Posture* — The Committee engaged Pearl Meyer to refresh its executive compensation review in October 2016 for the purpose of setting fiscal 2017 executive compensation levels. This review was substantially consistent with the earlier review, although Pearl Meyer noted that, when measuring total direct compensation at target levels, the competitive posture of the Company's CEO position was below the 75th percentile, primarily due to below-market long-term incentive opportunities for the CEO. Pearl Meyer also observed that the Company's total mix of executive compensation continued to be more heavily oriented toward performance-based opportunities than the peer group average, principally as a result of our long-term equity awards being 100% performance-based (vs. a significant time-vested component at most peer companies).

#### *Benchmarking and Peer Group Data*

While the Committee does not set compensation levels for our executive officers based solely on survey or peer group benchmarks, the Committee does regularly refer to external benchmarking data in their deliberations in order to ensure that the pay opportunities offered to our executives are appropriate in light of our performance relative to our peers. The Committee regularly asks Pearl Meyer to conduct a competitive compensation review for our executive officers in order to benchmark compensation. Data in the Pearl Meyer study were collected from several sources, including published compensation surveys and peer company proxy statements.

For both the fiscal 2016 review (conducted in September 2015) and the fiscal 2017 review (conducted in October 2016), competitive pay data for our NEOs was collected for a peer group of 15 publicly-traded companies. The peer group includes companies that are direct competitors within our industry, have similar business models to our company or have comparable key executive roles. The Company currently falls toward the lower end of the peer group in terms of financial size (measured by revenues, assets and market capitalization). Consequently, benchmarks from this group reflect compensation for executives in companies that are, on average, larger than the Company, but may also be considered reflective of compensation required to attract and retain the executive talent required to achieve the Company's strategic growth objectives. The following is the compensation peer group:

Peer Company	Stock Symbol	Primary Business
Aaron's Inc.	AAN	Specialty Retail
Cardtronics Plc	CATM	Consumer Finance — IT Services
Cash America International, Inc.	CSH	Consumer Finance — Pawn and Payday Lending
Credit Acceptance Corp.	CACC	Consumer Finance
First Cash Financial Services Inc.	FCFS	Consumer Finance — Pawn and Payday Lending
Green Dot Corporation	GDOT	Consumer Finance — Debit Cards
H&R Block, Inc.	HRB	Diversified Consumer Services
Heartland Payment Systems, Inc.	HPY	Consumer Finance — IT Services
Moneygram International Inc.	MGI	Consumer Finance — Money Transfer and Payment Services
OneMain Holdings, Inc. (formerly Springleaf Holdings Inc.)	OMF	Consumer Finance
Outerwall Inc.	OUTR	Specialty Retail
Rent-a-Center, Inc.	RCII	Specialty Retail
Total System Services Inc.	TSS	Consumer Finance — IT Services
WEX Inc.	WEX	Consumer Finance — IT Services
World Acceptance Corp.	WRLD	Consumer Finance — Small Loans

To supplement peer group data, Pearl Meyer also provided compensation statistics from a review of published compensation surveys. Survey data reflected compensation rates across a broad group of general industry companies with revenues of around \$1 billion. Using a survey sample in combination with peer group data (along with the practice of reviewing market quartiles, as opposed to averages) mitigates the impact of outliers, year-over-year volatility of compensation levels and the risk of selection bias.

## Components of Compensation

### Base Salary

Our primary objective with respect to the base salary levels is to provide sufficient fixed cash income to retain and attract experienced and valuable leaders in a competitive market for executive talent. The base salaries of our executive officers are reviewed and adjusted (if appropriate) annually to reflect, among other things, individual performance, base salaries for comparable positions from a review of market data discussed previously, the tenure of the officers, economic conditions and the base salaries of the officers relative to one another.

The following table shows, for each of our NEOs, the base salaries that were in effect for fiscal 2016 and 2015.

Named Executive Officer	Fiscal 2016 Base Salary	Fiscal 2015 Base Salary	Increase
Mr. Grimshaw (a)	\$ 1,000,000	\$ 1,000,000	—
Mr. Ashby (b)	700,000	700,000	—
Mr. Given	600,000	600,000	—
Mr. Rotunda	675,000	550,000	23%
Mr. Welch	410,000	410,000	—
Ms. Maccarrone	400,000	400,000	—

(a) Mr. Grimshaw joined the Company as Executive Chairman in November 2014 and became Chief Executive Officer in February 2015. His fiscal 2015 base salary was negotiated at the time he joined the Company.

(b) Mr. Ashby joined the Company as Chief Financial Officer in May 2015. His fiscal 2015 base salary was negotiated at the time he joined the Company.

In October 2015, the Committee determined that the base salaries for the executive officers would generally be held flat for fiscal 2016 compared to fiscal 2015 (other than modest market adjustments of approximately 4% for two executive officers who were not NEOs). In July 2016, the Committee revisited the base salary for Mr. Rotunda (whose position at that time was President, North American Pawn) and approved an increase in his fiscal 2016 base salary to \$675,000, with retroactive effect to October 1, 2015. In approving this increase, the Committee considered Mr. Rotunda's critical role in providing management oversight and depth of experience for the Company's pawn businesses and determined that the increase would better align his base salary to reflect his role in the organization.

In November 2016, the Committee determined that the base salaries for the executive officers would again be held flat for fiscal 2017 (other than an increase of less than 7% for one executive officer to reflect an expanded role). None of the NEOs received any base salary increase for fiscal 2017. Consequently, the fiscal 2017 base salary for each of the Named Executive Officers (other than Ms. Maccarrone, who is no longer with the Company) will be the same as the base salary for fiscal 2016, as shown in the table above.

#### Annual Incentive Bonus

Our executive officers, as well as other key employees, are eligible to participate in our annual Short-Term Incentive Compensation Plan (“STI”). The annual cash bonus opportunities offered to participants in the plan are designed to provide a powerful performance incentive contingent upon participants’ contributions toward achievement of annual corporate and business unit financial results, as well as personal objectives that are tied to our strategic goals.

For fiscal 2016, the incentive bonus opportunity for each executive officer was a function of a designated target amount (stated as a percentage of base salary) and a business performance modifier ranging from 0% to 150% based on the achievement of specified levels of consolidated EBITDA. This calculation provides the maximum bonus opportunity for each executive, with the final payout amount being subject to an evaluation of the executive’s individual performance. The following table sets forth the fiscal 2016 STI bonus target (stated as a percentage of base salary) for each of the NEOs:

Named Executive Officer	Fiscal 2016 Target Amount (as a % of base salary)
Mr. Grimshaw (a)	250%
Mr. Ashby	100%
Mr. Given (b)	125%
Mr. Rotunda (b)	150%
Mr. Welch	75%
Ms. Maccarrone	100%

- (a) The terms of Mr. Grimshaw’s employment, which were negotiated at the time he joined the Company in 2014, call for a Target Amount of 250% of base salary for the first year (fiscal 2015) and increasing by 25 percentage points per year up to 400% after six years, and Mr. Grimshaw’s fiscal 2016 Target Amount was originally set at 275% of his base salary. In December 2015, Mr. Grimshaw agreed to forgo the specified increases in the Target Amount, and consequently, his Target Amount for future years will be subject to annual review and approval by the Committee. In addition, the negotiated terms of Mr. Grimshaw’s employment provide that Mr. Grimshaw’s annual STI bonus will be paid two-thirds in cash and one-third in the form of restricted stock subject to vesting over one or two years following grant. The Committee has agreed to modify those terms so that Mr. Grimshaw’s STI bonus will be paid in cash, in line with the Company’s other executive officers.
- (b) Mr. Given’s and Mr. Rotunda’s fiscal 2016 Target Amounts were originally set at 150% and 100%, respectively, of base salary. Subsequent to that original approval and upon management’s recommendation, the Committee adjusted the Target Amounts as shown in the table above in order to more accurately align with market comparables and so that their total direct compensation better reflects their respective roles in the organization.

In November 2016, the Committee reviewed the Company’s performance during fiscal 2016, noting the performance highlights described above under “Executive Summary — 2016 Business Highlights.” The Committee noted that, excluding the impact of Grupo Finmart and with adjustments designed to put fiscal 2015 and fiscal 2016 performance on a comparable basis, consolidated EBITDA for fiscal 2016 increased over 55% compared to fiscal 2015 and exceeded the fiscal 2016 operating plan by almost 20%. Based on that performance, the Committee confirmed the fiscal 2016 STI payout at the 150% level. Taking into account the individual performance modifiers, the Committee approved the payouts for the NEOs as indicated in the “Non-Equity Incentive Plan Compensation” column in the Summary Compensation Table below. Those amounts were calculated as follows:

Named Executive Officer (a)	2016 Salary	Target Amount	Target Opportunity	Company Performance Modifier (b)	Individual Performance Modifier (b)	Actual Award Earned
Mr. Grimshaw	\$ 1,000,000	250%	\$ 2,500,000	150%	100%	\$ 3,750,000
Mr. Ashby	700,000	100%	700,000	150%	80%	945,000
Mr. Given	600,000	125%	750,000	150%	100%	1,125,000
Mr. Rotunda	675,000	150%	1,012,500	150%	100%	1,518,750
Mr. Welch	410,000	75%	307,500	150%	75%	403,594

- (a) Ms. Maccarrone left the Company effective May 1, 2016 and did not receive any payout of the fiscal 2016 STI bonus except pursuant to the terms of her severance arrangement. See “Other Executive Compensation Matters — Severance” below.
- (b) For Mr. Grimshaw and Mr. Given, 100% of their Target Opportunity is subject to the Company Performance Modifier (although the Committee has the discretion to reduce the resulting payout if it chooses to do so). For each of the other NEOs, 50% of the Target Opportunity is subject to reduction based on the Individual Performance Modifier and then the Company Performance Modifier is applied to the resulting Target Opportunity.

In November 2016, the Committee preliminarily approved the short-term incentive bonus plan for fiscal 2017, which will be substantially identical to the fiscal 2016 plan. The fiscal 2017 Targets Amount for each of the NEOs is the same as the fiscal 2016 Target Amount (as shown in the table above).

#### *Special Short-Term Incentive Bonus Award for Mr. Grimshaw*

As previously discussed, when Mr. Grimshaw was hired as Executive Chairman, he was given certain special short-term bonus opportunities, including \$460,000 per year for the first two years of his employment contingent upon the Company achieving specified performance metrics based on sustained growth in EBITDA. The Committee reviewed the EBITDA performance for fiscal 2016 compared with fiscal 2015, and after adjusting the EBITDA for both years to make them comparable (including the elimination of Grupo Finmart), determined that, based on the EBITDA growth in the core business from fiscal 2015 to fiscal 2016, the performance objectives had been achieved. Consequently, the Committee approved payout of the final installment of the special short-term incentive bonus in November 2016 in accordance with the terms of Mr. Grimshaw's offer letter.

#### *Long-Term Incentives*

*General* — Long-term incentive compensation, in the form of performance-based equity awards, is a key component in our executive compensation program, helping to encourage long-term commitment, shareholder alignment and long-term performance orientation. The value of equity awards over time bears a direct relationship to the price of our shares and the returns experienced by our stockholders. These awards are made under the EZCORP Long-Term Incentive Plan ("LTIP").

All of our executive officers are eligible to receive equity incentive awards. For fiscal 2016, we modified our approach to long-term incentive compensation to place greater emphasis on long-term performance that enhances stockholder value. Now, unlike many of our peers who have a significant time-vested component to their long-term awards, 100% of our long-term incentive awards are subject to performance-based vesting. Specifically, vesting on 80% of the LTIP awards is contingent on the achievement of sustained earnings growth (measured by the annual growth rate in EBITDA) and vesting on the remaining 20% is contingent on prudent balance sheet management (measured by reduction in net debt). In order to further emphasize the long-term nature of these awards, we restructured them so that 100% of the LTIP awards vest at the end of the three-year performance period, rather than a pro rated vesting each year during the performance period. The Committee believes that this incentivizes and rewards longer term vision and strategies and provides a balance to the Company's short-term programs, which tend to be focused on annual performance.

*Grant frequency* — The Committee considers new LTIP grants for all executives every year, although we do not necessarily grant new equity to all executives every year. The frequency of LTIP grants and the amount of equity awards granted in a given year are based in part upon an assessment of past equity awards still outstanding at the time new grants are to be made.

LTIP awards may be made at any time as determined by the Committee, and the grant price (i.e., the stock price used to determine the number of shares or units awarded) is generally the closing trading price on the date the award is approved. The annual LTIP awards, however, are intended to incentivize performance over the full designated performance period. Therefore, the Committee considers it appropriate to use the stock price at the beginning of the performance period as the grant price, even though the awards may be approved by the Committee at a later date. In the Committee's view, this methodology, consistently applied, neutralizes the stock price as a factor impacting the timing of awards.

As part of the negotiated compensation packages for Mr. Grimshaw and Mr. Given when they joined the Company in 2014, they were each awarded a "multi-year" restricted stock grant (600,000 shares in the case of Mr. Grimshaw and 120,000 shares in the case of Mr. Given) with vesting based on stock price as described above. In connection with the fiscal 2016 LTIP awards, the Committee determined that Mr. Grimshaw and Mr. Given should participate in the annual LTIP program consistent with the other executive officers, and Mr. Grimshaw and Mr. Given both agreed to that arrangement. Consequently, at the time the fiscal 2016 LTIP awards were made, the multi-year, stock-price-based awards previously granted to Mr. Grimshaw and Mr. Given were canceled and replaced with the awards described in the table below.

*Fiscal 2016 LTIP awards* — In March 2016, the Committee approved the fiscal 2016 LTIP awards for our key employees, including the executive officers. The approved awards consist of restricted stock units that vest at the end of a three-year period (September 30, 2018) based on the performance metrics described above — the vesting of 80% of the units is subject to achieving specified EBITDA growth targets, and the vesting of 20% of the units is subject to achieving specified reductions in net debt (defined as consolidated long-term recourse debt minus cash, cash equivalents and restricted cash). The specified performance metrics provide for vesting of either 0%, 50% or 100% of the units, depending on the level of performance; there is no "kicker" for over-performance, and no more than 100% of the units will vest in any event. The number of units awarded to each recipient was a function of a multiple of the recipient's base salary divided by \$6.17 (the closing trading price of our Class A Common Stock on September 30, 2015).

The following table shows the approved fiscal 2016 LTIP awards for the NEOs:

Named Executive Officer	Percent of Base Salary	Number of Units
Mr. Grimshaw	200%	324,149
Mr. Ashby	100%	113,452
Mr. Given	100%	97,245
Mr. Rotunda (a)	100%	89,141
Mr. Welch	100%	66,451
Ms. Maccarrone (b)	90%	58,347

(a) In recognition of Mr. Rotunda's long-term contributions and notable achievements to date, including his ten years of leadership as former CEO, the Committee approved a special vesting provision for this and future LTIP awards. Under this special provision, upon Mr. Rotunda's voluntary retirement from his executive position with the Company, his unvested stock awards will not be forfeited but will continue to vest in accordance with their terms (including corporate-level performance criteria).

(b) Ms. Maccarrone left the Company effective May 1, 2016, and as a result, these units were never issued.

*Fiscal 2017 LTIP awards* — In November 2016, the Committee preliminarily approved the fiscal 2017 LTIP awards, the structure of which will be substantially identical to that of the fiscal 2016 awards, except that the percent of base salary used to calculate the number of shares awarded to Mr. Grimshaw and Mr. Given was increased to 300% and 150%, respectively, to better align their long-term award targets with the competitive market data presented in the Pearl Meyer report. Consistent with the Committee's philosophy described above, the stock price used to determine the number of units awarded was \$11.06 (the closing trading price of the Class A Common Stock on September 30, 2016).

#### *Supplemental Executive Retirement Plan*

We provide selected executives, including all of the NEOs, with a non-qualified Supplemental Executive Retirement Plan ("SERP") in order to offset some of the negative impacts of the highly paid executive contribution limitations applicable to our 401(k) retirement savings plan. For fiscal 2016, the Committee approved contributions to the SERP for each of the executive officers equal to 10% of base salary. This resulted in the following contributions to the SERP for each of the NEOs:

Named Executive Officer	Fiscal 2016 SERP Contribution
Mr. Grimshaw	\$ 100,000
Mr. Ashby	70,000
Mr. Given	60,000
Mr. Rotunda (a)	67,500
Mr. Welch	41,000
Ms. Maccarrone	40,000

(a) A contribution of \$55,000 was made for Mr. Rotunda in October 2015, and an incremental contribution of \$12,500 was made in July 2016 when Mr. Rotunda's base salary was increased with retroactive effect to October 1, 2015.

In November 2016, the Committee approved fiscal 2017 contributions to the SERP equal to 10% of base salary for each of the executive officers, including the NEOs.

#### *Other Benefits and Perquisites*

The executive officers participate in other benefit plans on the same terms as other employees. These plans include medical, dental and life insurance benefits, and our 401(k) retirement savings plan. In addition, we provide supplemental healthcare benefits to our executive officers. The amount of that benefit for the NEOs during fiscal 2016 is included in the "All Other Compensation" column of the Summary Compensation Table below.

Since 2014, we have hired several new executive officers who relocated to Austin, Texas from other countries. To assist these executives with securing suitable housing arrangements in Austin, the Committee has approved temporary housing allowances to cover mortgage or rental payments actually made with respect to housing arrangements in the Austin, Texas area. Generally, these allowances applied for up to one year (two years, in the case of Mr. Grimshaw). In March 2016, the allowances for all executive officers other than Mr. Grimshaw were extended for an additional year. The Committee believes that continuing to



support these expatriate executives while they simultaneously maintain residences outside the U.S. is appropriate. The Committee will continue to review these allowances on a regular basis.

The following table shows, for each of the NEOs who have temporary housing allowances, the amount of the allowance approved by the Committee, along with the amount actually utilized by the executive:

Named Executive Officer	Approved Temporary Housing Allowance		Amount of Allowance Utilized in Fiscal 2016 (a)
	Amount (per month)	Period	
Mr. Grimshaw	\$ 25,000	Through Nov 2016	\$ 188,265
Mr. Ashby	12,000	Through May 2017	118,500
Mr. Given	10,000	Through Feb 2017	112,075

(a) These amounts are included in the "All Other Compensation" column of the Summary Compensation table below.

In addition, our executives who come to the U.S. from other countries find it difficult to secure automobile leases because of their visa status. To assist with this difficulty, the Company has either purchased or leased automobiles on behalf of certain of our expatriate executive officers and then leased or released the automobiles to the executives. We do not consider these arrangements to be compensatory, as the executives are reimbursing the Company the full costs associated with these arrangements.

#### Compensation Risk

The Committee continually monitors the Company's general compensation practices, specifically the design, administration and assessment of our incentive plans, to identify any components, measurement factors or potential outcomes that might create an incentive for excessive risk-taking detrimental to the Company. The Committee has determined that our compensation plans and policies do not encourage excessive risk-taking.

Our executive compensation program provides a balance of short-term and long-term incentives that reward achievement of profitable, consistent and sustainable results.

- Annual incentive compensation tied to achievement of profitable Company or business unit performance (as measured by consolidated EBITDA and/or business unit operating contribution); and
- Meaningful long-term equity incentive opportunities that are 100% performance-based and provide an incentive to deliver long-term growth in stockholder value as a result of sustained earnings growth (measured by consolidated EBITDA) and prudent balance sheet management (measured by achievement of debt reduction targets).

#### Other Executive Compensation Matters

**Severance** — Ms. Maccarrone left the Company effective May 1, 2016. In connection with her departure, she and the Company entered into a separation agreement which provided that Ms. Maccarrone receive the following: an amount equal to one year's salary (\$400,000); an amount equal to her prorated fiscal 2016 STI bonus at target amount (\$233,000); an amount sufficient to continue Ms. Maccarrone's healthcare benefits for one year (\$54,229); accelerated vesting of 9,166 restricted stock units and 32,000 shares of restricted stock; and accelerated vesting of her SERP account (\$65,900), which represents the unvested portion of all contributions the Company made to such account prior to July 29, 2015. These severance terms were approved by the Committee. In the separation agreement, Ms. Maccarrone provided a general release of claims against the Company and affirmed certain noncompetition and nonsolicitation obligations to which she is subject for a period of one year following her termination of employment.

As of September 30, 2016, we provide the following severance benefits to its executive officers:

- Each of our executive officers will receive salary continuation for one year if his or her employment is terminated by the Company without cause.
- Generally, restricted stock awards, including those granted to the executive officers, provide for accelerated vesting of some or all of the unvested shares or units in the event of the holder's death or disability.

More information on severance arrangements can be found under "Other Benefit Plans — Certain Termination Benefits" below. The Committee believes that these benefits provide important protection to the executive officers, are consistent with practice of the peer companies and are appropriate for attraction and retention of executive talent.

*Restrictive Covenants* — Each of the Company's executive officers, along with other key employees, has entered into a Protection of Sensitive Information, Non-competition and Non-solicitation Agreement, under which the executive is subject to confidentiality and non-disclosure obligations with respect to various categories of proprietary, competitively sensitive and confidential information. In addition, the executive has agreed that, for a period of one year (six months, in the case of Mr. Grimshaw) following the termination of employment with the Company, he or she will not compete with the Company (within a defined area) and will not solicit the Company's employees or suppliers.

*Other Factors Affecting Compensation* — In establishing total compensation for the executive officers, the Committee considers the effect of Section 162(m) of the Internal Revenue Code, which limits the deductibility of compensation paid to each covered employee. Generally, Section 162(m) prevents a company from receiving a federal income tax deduction for compensation paid to a covered employee in excess of \$1 million for any year, unless that compensation is performance-based. To the extent practical, the Committee intends to preserve deductibility, but may choose to provide compensation that is not deductible if necessary to attract, retain and reward high-performing executives or if otherwise appropriate under the circumstances.

### **Compensation Committee Report**

The Compensation Committee has reviewed the foregoing Compensation Discussion and Analysis and has discussed it with management. Based on that review and those discussions, the Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

Santiago Creel Miranda  
Lachlan P. Given  
Pablo Lagos Espinosa (Chair)  
Thomas C. Roberts

### **Compensation Committee Interlocks and Insider Participation**

Mr. Given (a member of the Compensation Committee) is also an executive officer of the Company. Mr. Creel was a party to a loan transaction with Grupo Finmart that qualified as a "related party transaction." See "Part III, Item 13 — Certain Relationships and Related Transactions, and Director Independence." The other two members of the Compensation Committee (Mr. Lagos and Mr. Roberts) are not and have never been an officer of or employed by the Company and do not have any relationship that requires disclosure under Item 404 of Regulation S K, the SEC's rules requiring disclosure of certain relationships and related party transactions.

Mr. Grimshaw and Mr. Given (both executive officers of the Company) serve as directors of Cash Converters International Limited, and Mr. Cumins (a director) is the Managing Director and a member of the board of directors of Cash Converters International Limited. Mr. Given was appointed in 2014 to the Remunerations Committee of Cash Converters International Limited, but Mr. Cumins does not serve on the Company's Compensation Committee.

**Summary Compensation Table**

The table below summarizes the total compensation for fiscal 2016, 2015 and 2014 for the Named Executive Officers. See “Part III, Item 11 — Executive Compensation — Compensation Discussion and Analysis” for a description of how we determined the Named Executive Officers.

Name and Principal Position	Fiscal Year	Salary (1)	Bonus (2)	Stock Awards (3)	Non-Equity Incentive Plan Compensation (4)	All Other Compensation (5)	Total
<b>Stuart I. Grimshaw</b> (6) Chief Executive Officer	2016	\$ 1,000,000	\$ —	\$ 1,804,343	\$ 4,210,000	\$ 504,471	\$ 7,518,814
	2015	865,385	1,250,000	5,314,000	1,060,000	278,817	8,768,202
	2014	—	1,000,000	—	—	—	1,000,000
<b>Mark Ashby</b> Chief Financial Officer	2016	700,000	—	335,818	945,000	201,324	2,182,142
	2015	212,692	787,750	169,179	—	59,695	1,229,316
	2014	—	—	—	—	—	—
<b>Lachlan P. Given</b> (6)(7) Executive Chairman	2016	600,000	—	541,305	1,125,000	190,126	2,456,431
	2015	604,038	450,000	2,420,200	—	154,505	3,628,743
	2014	82,258	—	—	—	259,000	341,258
<b>Joseph L. Rotunda</b> (8) President, North America Pawn, Chief Operating Officer	2016	668,750	—	263,857	1,518,750	80,726	2,532,083
	2015	169,231	97,200	110,387	—	262,030	638,848
	2014	—	—	—	—	2,127,539	2,127,539
<b>Thomas H. Welch, Jr.</b> Senior Vice President, General Counsel and Secretary	2016	410,000	—	196,695	403,594	63,146	1,073,435
	2015	408,385	153,750	223,963	—	56,487	842,585
	2014	375,000	—	450,984	—	63,492	889,476
<b>Jodie E.B. Maccarrone</b> (9) Chief Strategy Officer, Vice Chair Grupo Finmart	2016	253,846	—	—	—	749,255	1,003,101
	2015	400,000	200,000	223,963	—	55,367	879,330
	2014	350,385	—	360,525	—	132,193	843,103

- (1) The amounts shown under “Salary” reflect the gross amounts of base salary paid to each of the Named Executive Officers during the fiscal years so noted. The fiscal 2014 amount for Mr. Given and the fiscal 2015 amounts for Mr. Grimshaw, Mr. Ashby and Mr. Rotunda reflect the number of days during the fiscal year that each was employed by the Company. The fiscal 2016 amount for Ms. Maccarrone reflects the base salary paid prior to her departure from the Company effective May 1, 2016.
- (2) The fiscal 2014 amount shown for Mr. Grimshaw and \$665,000 of the fiscal 2015 amount shown for Mr. Ashby represent sign-on bonuses paid pursuant to the terms of their respective offer letters. The remaining fiscal 2015 amount for Mr. Ashby (\$122,750) and the fiscal 2015 amounts for the other Named Executive Officers reflect discretionary retention bonuses that were approved and paid in November 2015, with Mr. Ashby’s and Mr. Rotunda’s bonuses being prorated to reflect the number of days each was employed by the Company during fiscal 2015. These bonuses were described in the “Compensation Discussion and Analysis” section of our Annual Report on Form 10-K for the year ended September 30, 2015, but were not included in the Summary Compensation Table as described in note (2) thereto. We have now determined that, given that these bonuses were associated with fiscal 2015 and accrued and expensed in fiscal 2015, it is more appropriate and meaningful to list these amounts in the Summary Compensation Table as fiscal 2015 compensation. See “Compensation Discussion and Analysis — Components of Compensation — Retention Bonuses” above.
- (3) Amounts represent the aggregate grant date fair value of restricted stock or restricted stock unit awards, computed in accordance with FASB ASC 718-10-25. See Note 11 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.” The actual value realized by the Named Executive Officer with respect to stock awards will depend on whether the award vests and, if it vests, the market value of our stock on the date the stock is sold.
- For a description of these awards, see the “Grant of Plan-Based Awards” table under “Incentive Plan Based Awards” below. See also “Compensation Discussion and Analysis — Components of Compensation — Long-Term Incentives” above.
- (4) The fiscal 2016 amounts represent the amount of bonuses paid pursuant to the fiscal 2016 Short-Term Incentive Compensation Plan. See “Compensation Discussion and Analysis — Components of Compensation — Annual Incentive Bonuses” above. The fiscal 2016 amount for Mr. Grimshaw also includes \$460,000 representing the final special short-term bonus paid to Mr. Grimshaw pursuant to the terms of his offer letter and described in “Compensation Discussion and Analysis — Components of Compensation — Special Short-Term Incentive Bonus Awards for Mr. Grimshaw” above. The Company did not pay STI bonuses for either fiscal 2014 or 2015 (although the Company did pay retention bonuses associated with fiscal 2015 as described in note (2) above). The fiscal 2015 amount shown for Mr. Grimshaw represents the special short-term incentive bonuses paid to Mr. Grimshaw pursuant to the terms of his offer letter as previously disclosed.
- (5) Amounts include the cost of providing various perquisites and personal benefits (including housing allowances, where applicable), as well as the value of our contributions to the company-sponsored 401(k) plan and Supplemental Executive Retirement Plan. For detail of the amounts shown for each Named Executive Officer, see the table under “Other Benefits and Perquisites — All Other Compensation” below.
- (6) Mr. Grimshaw and Mr. Given also serve on the board of directors of Cash Converters International Limited, with Mr. Grimshaw serving as non-executive chairman. The director fees paid to them by Cash Converters International Limited for fiscal 2016 and fiscal 2015 were as follows: Mr. Grimshaw,

\$125,429 and \$53,927, respectively; Mr. Given, \$71,987 and \$78,953, respectively. These amounts are not included in the Summary Compensation Table, as they were paid by Cash Converters International Limited, which is not controlled by EZCORP.

- (7) The amounts shown for Mr. Given under All Other Compensation for fiscal 2014 include amounts we paid to LPG Limited (HK), a business and financial advisory firm wholly-owned by Mr. Given, prior to August 12, 2014 (when Mr. Given became an executive officer) pursuant to consulting agreements between the Company and LPG Limited.
- (8) The amounts shown for Mr. Rotunda under All Other Compensation for fiscal 2015 and fiscal 2014 include \$220,640 and \$13,500, respectively, in director fees paid and stock awards granted to Mr. Rotunda as compensation for serving on the Company’s Board of Directors prior to rejoining the Company as an executive in May 2015. See the table under “Other Benefits and Perquisites — All Other Compensation” below. Mr. Rotunda has not received any additional compensation for serving on the Board of Directors since May 2015. The fiscal 2014 amount shown for Mr. Rotunda also includes \$2,000,000 that was paid to Mr. Rotunda pursuant to a consulting agreement that was terminated in November 2013.
- (9) The amount shown for Ms. Maccarrone under All Other Compensation for fiscal 2016 includes amounts paid to her as severance in connection with her separation from the Company effective May 1, 2016, as described in “Compensation Discussion and Analysis — Other Executive Compensation Matters — Severance” above.

**Incentive Plan Based Awards**

The following table sets forth certain information about plan-based awards that we made to the Named Executive Officers during fiscal 2016. For information about the plans under which these awards were granted, see “Compensation Discussion and Analysis — Components of Compensation — Annual Incentive Bonus” and “Compensation Discussion and Analysis — Components of Compensation — Long-Term Incentives” above.

**Grants of Plan-Based Awards**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (3)	Grant Date Fair Value (4)
		Threshold	Target	Maximum	Threshold	Target	Maximum		
Mr. Grimshaw	10/1/2015	\$ 1,250,000	\$ 2,500,000	\$ 3,750,000					
	3/31/2016				162,075	324,149	324,149	\$ 1,804,343	
Mr. Ashby	10/1/2015	\$ 350,000	\$ 700,000	\$ 1,050,000					
	3/31/2016				56,726	113,452	113,452	\$ 335,818	
Mr. Given	10/1/2015	\$ 375,000	\$ 750,000	\$ 1,125,000					
	3/31/2016				48,623	97,245	97,245	\$ 541,305	
Mr. Rotunda	10/1/2015	\$ 506,250	\$ 1,012,500	\$ 1,518,750					
	11/13/2015						24,700 (5)	\$ 110,387	
	3/31/2016				44,571	89,141	89,141	\$ 263,857	
Mr. Welch	10/1/2015	\$ 153,750	\$ 307,500	\$ 461,250					
	3/31/2016				33,226	66,451	66,451	\$ 196,695	
Ms. Maccarrone	10/1/2015	\$ 200,000	\$ 400,000	\$ 600,000					

- (1) These amount represent the potential payouts under the fiscal 2016 Short-Term Incentive Compensation Plan. See “Compensation Discussion and Analysis — Components of Compensation — Annual Incentive Bonuses” above. The “Target” amount is the amount that will be paid if the specified performance goals are achieved at the target level (although the Compensation Committee may reduce any award if it chooses to do so). The “Threshold” amount reflects the amount that would be paid if the minimum performance goals are achieved, while the “Maximum” amount represents the maximum amount that will be paid if the maximum performance goals are achieved. See the “Non-Equity Incentive Plan Compensation” column in the Summary Compensation Table above for the amount of the actual payouts.
- (2) These amounts represent the fiscal 2016 awards under the Long-Term Incentive Plan. See “Compensation Discussion and Analysis — Components of Compensation — Long-Term Incentives” above. The “Target” amount is the number of units that will vest if the specified performance goals are achieved at the target level. The “Threshold” amount reflects the number of units that will vest if the minimum performance goals are achieved. No more than 100% of the Target amount of units will vest; therefore, the “Maximum” amount is the same as the Target amount. Each unit represents the right to receive one share of Class A Common Stock upon vesting.
- (3) Represents the number of shares of restricted stock or the number of restricted stock units awarded in fiscal 2016 that are not reflected in the columns titled “Estimated Future Payouts Under Equity Incentive Plan Awards.”
- (4) Represents the estimated grant date fair value of fiscal 2016 equity awards, assuming payout at “Target” level. This is the estimated amount of aggregate compensation cost we expect to recognize over the performance period, determined as of the grant date. The amounts shown for Mr. Grimshaw and Mr. Given represent the incremental fair value of the fiscal 2016 awards over the remaining unrecognized fair value of the stock-price-based awards that were canceled and replaced with the fiscal 2016 awards. See “Compensation Discussion and Analysis — Components of Compensation — Long-Term Incentives” above.
- (5) These awards were approved by the Compensation Committee in November 2015 and include awards in recognition of fiscal 2015 service provided on a pro rata basis. Of these shares, 9,880 are subject to vesting through 2020 in specified amounts if the per-share trading price of our Class A Common Stock

achieves specified levels ranging from \$15 to \$80; 4,940 shares vested on February 1, 2016; and 9,880 shares are scheduled to vest over two years, one-half each on September 30, 2016 and 2017, subject to specified EBITDA growth goals.

The following table sets forth certain information about outstanding stock awards held by the Named Executive Officers as of the end of fiscal 2016. Ms. Maccarrone departed the Company during fiscal 2016 and had no awards outstanding as of the end of the year. None of the Named Executive Officers holds any stock options.

### Outstanding Equity Awards at Fiscal Year-End

Name	Award Date	Stock Awards	
		Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (1)
Mr. Grimshaw	11/3/2014	300,000	(2) \$ 3,318,000
	3/21/2016	324,149	(3) 3,585,088
Mr. Ashby	5/26/2015	28,000	(4) 309,680
	3/21/16	113,452	(3) 1,254,779
Mr. Given	10/1/2014	225,000	(5) 2,488,500
	3/21/2016	97,245	(3) 1,075,530
Mr. Rotunda	11/13/2015	19,760	(6) 218,546
	3/21/16	89,141	(3) 985,899
Mr. Welch	10/1/2014	32,000	(7) 353,920
	3/21/2016	66,451	(3) 734,948

(1) Market value is based on the closing price of our Class A Common Stock on September 30, 2016, the last market trading day of fiscal 2016 (\$11.06).

(2) Vesting of these shares is subject to the attainment of specified EBITDA growth objectives. Of these shares, 100,000 vested on December 5, 2016 when the Compensation Committee certified that the applicable performance objectives had been achieved, 100,000 are scheduled to vest on September 30, 2018 and 100,000 are scheduled to vest on September 30, 2020. See “Compensation Discussion and Analysis — Components of Compensation — Long-Term Incentives” above.

(3) These units are scheduled to vest on September 30, 2018 subject to specified performance objectives as follows: vesting of 80% of the units is subject to the attainment of specified EBITDA growth objectives; and vesting of 20% of the units is subject to the attainment of specified net debt reduction objectives. See “Compensation Discussion and Analysis — Components of Compensation — Long-Term Incentives” above.

(4) Vesting of 14,000 of these shares is subject to the attainment of specified EBITDA growth objectives. Of those shares, 7,000 vested on December 5, 2016 when the Compensation Committee certified that the applicable performance objectives had been achieved and 7,000 are scheduled to vest on September 30, 2017. The remaining 14,000 shares vest through fiscal 2020 in specified amounts if the per-share trading price of our Class A Common Stock achieves specified levels ranging from \$15 to \$80. See “Compensation Discussion and Analysis — Components of Compensation — Long-Term Incentives” above.

(5) Vesting of these shares is subject to the attainment of specified EBITDA growth objectives. Of these shares, 75,000 vested on December 5, 2016 when the Compensation Committee certified that the applicable performance objectives had been achieved, 75,000 are scheduled to vest on September 30, 2018 and 75,000 are scheduled to vest on September 30, 2020. See “Compensation Discussion and Analysis — Components of Compensation — Long-Term Incentives” above.

(6) Vesting of 9,880 of these shares is subject to the attainment of specified EBITDA growth objectives. Of those shares, 4,940 vested on December 5, 2016 when the Compensation Committee certified that the applicable performance objectives had been achieved and 4,940 are scheduled to vest on September 30, 2017. The remaining 9,880 shares vest through fiscal 2020 in specified amounts if the per-share trading price of our Class A Common Stock achieves specified levels ranging from \$15 to \$80. See “Compensation Discussion and Analysis — Components of Compensation — Long-Term Incentives” above.

(7) Vesting of 16,000 of these shares is subject to the attainment of specified EBITDA growth objectives. Of those shares, 8,000 vested on December 5, 2016 when the Compensation Committee certified that the applicable performance objectives had been achieved and 8,000 are scheduled to vest on September 30, 2017. The remaining 16,000 shares vest through fiscal 2020 in specified amounts if the per-share trading price of our Class A Common Stock achieves specified levels ranging from \$15 to \$80. See “Compensation Discussion and Analysis — Components of Compensation — Long-Term Incentives” above.

## Option Exercises and Stock Vested

The following table sets forth, with respect to each of the Named Executive Officers, certain information about restricted stock vesting during fiscal 2016:

Named Executive Officer	Stock Awards	
	Number of Shares Acquired on Vesting	Value Realized on Vesting (1)
Mr. Grimshaw	100,000 (2)	\$ 312,000
Mr. Ashby	7,000 (2)	21,840
Mr. Given	75,000 (2)	234,000
Mr. Rotunda	12,940 (3)	101,813
Mr. Welch	8,000 (2)	24,960
Ms. Maccarrone	62,166 (4)	310,242

(1) Computed using the fair market value of the stock on the date of vesting.

(2) These shares vested on February 1, 2016 (market value, \$3.12 per share).

(3) 4,940 shares vested on February 1, 2016 (market value, \$3.12 per share); and 8,000 shares vested on September 30, 2016 (market value \$10.80 per share).

(4) 13,000 shares vested on October 1, 2015 (market value, \$6.27 per share); 8,000 shares vested on February 1, 2016 (market value, \$3.12 per share); and 41,166 shares vested on May 1, 2016 (market value, \$4.95 per share).

### Other Benefits and Perquisites

**401(k) Retirement Plan** — All employees are given an opportunity to participate in our 401(k) retirement savings plan (following a new-hire waiting period). This plan allows participants to have pre-tax amounts withheld from their pay and provides for a discretionary employer matching contribution (historically, 25% up to 6% of salary). Until fiscal 2015, we made the matching contribution in the form of shares of our Class A Common Stock, but made the fiscal 2015 and subsequent matching contributions in the form of cash. Participants may invest their contributions in various fund options, but are prohibited from investing their contributions in our common stock. A participant vests in the matching contributions pro rata over their first three years of service. All of a participant's matching contributions vest 100% in the event of the participant's death or disability or the termination of the plan due to a change in control.

**Supplemental Executive Retirement Plan** — The Internal Revenue Code limits the amount of pre-tax savings that highly paid executives can contribute to the 401(k) plan. To offset some of the negative impact of these limitations on retirement savings and to encourage retention of key executives, we provide selected executives with a non-qualified Supplemental Executive Retirement Plan ("SERP"), with same investment alternatives as are available under the 401(k) retirement savings plan. Company contributions to the SERP are formula-based, reviewed and recommended by management and approved by the Compensation Committee each year. For fiscal 2016, our annual contributions to the SERP were calculated as a percentage of base salary, with that percentage being 10% for Senior Vice Presidents and above and 6% for Vice Presidents. For fiscal 2017, the contributions to the SERP will continue at the same rate. There were eight participants in the SERP during fiscal 2016.

All SERP funds have a vesting schedule as an additional retention tool. Generally, the funds vest over three years from the contribution date, with one-third vesting each year. All of a participant's SERP funds vest 100% in the event of his or her death or disability or the termination of the plan due to a change in control. In addition, all SERP funds are 100% vested when a participant attains his or her normal retirement age (generally 60 years old and five years of active service) while actively employed by us. All SERP funds are forfeited, regardless of vesting status, if the participant's employment is terminated for cause.

A participant may not withdraw any portion of his or her SERP account while still employed by the Company unless, in the sole opinion of management, the participant has an unforeseeable emergency, which is defined as a severe financial hardship resulting from an illness or accident of the participant, the participant's spouse or a dependent; the loss of the participant's property due to casualty; or other similar extraordinary and unforeseeable circumstance arising as a result of events beyond the participant's control.

The following table describes the SERP contributions, earnings and balance at the end of fiscal 2016 for each of the Named Executive Officers:

### Nonqualified Deferred Compensation

Named Executive Officer	Company Contributions in Fiscal 2016 (1)	Aggregate Earnings in Fiscal 2016 (2)	Aggregate Withdrawals/Distributions in Fiscal 2016	Aggregate Forfeitures in Fiscal 2016	Aggregate Balance at September 30, 2016 (3)
Mr. Grimshaw	\$ 100,000	\$ 19,391	\$ —	\$ —	\$ 214,820
Mr. Ashby	70,000	6,129	—	—	76,129
Mr. Given	60,000	11,081	—	—	125,529
Mr. Rotunda	67,500	3,779	—	—	71,279
Mr. Welch	41,000	44,836	—	—	442,273
Ms. Maccarrone (4)	40,000	8,466	—	(41,628)	88,648

(1) These amounts were included in the Summary Compensation Table above in the column labeled “All Other Compensation.”

(2) These amounts were not included in the Summary Compensation Table as the earnings were not in excess of market rates.

(3) Of the Aggregate Balance at September 30, 2016, the following amounts were previously reported as compensation in the Summary Compensation Tables for prior years: \$100,000 for Mr. Grimshaw, \$60,000 for Mr. Given, \$359,504 for Mr. Welch and \$81,160 for Ms. Maccarrone.

(4) Ms. Maccarrone’s employment terminated effective May 1, 2016, and \$65,900, which represents the unvested portion of all contributions the Company made to Ms. Maccarrone’s account prior to July 29, 2015, was accelerated as of that date with the contributions made subsequent to July 29, 2015 forfeited. The ending balance of vested funds as of September 30, 2016 will be paid to Ms. Maccarrone in December 2016.

*All Other Compensation* — The following table describes each component of the amounts shown in the “All Other Compensation” column in the Summary Compensation Table above.

Named Executive Officer	Year	Health Care Supplemental Insurance (1)	Value of Supplemental Life Insurance Premiums (2)	Company Contributions to Defined Contribution Plans (3)	Consulting Fees (4)	Housing Allowance	Other Benefits (5)	Total
Mr. Grimshaw	2016	\$ 11,148	\$ 1,395	\$ 103,975	\$ —	\$ 188,265	\$ 199,688	\$ 504,471
	2015	6,717	1,173	100,000	—	168,393	2,534	278,817
	2014	—	—	—	—	—	—	—
Mr. Ashby	2016	11,148	1,395	70,281	—	118,500	—	201,324
	2015	—	472	—	—	58,258	965	59,695
	2014	—	—	—	—	—	—	—
Mr. Given	2016	16,656	1,395	60,000	—	112,075	—	190,126
	2015	8,528	944	60,000	—	85,033	—	154,505
	2014	—	—	—	259,000	—	—	259,000
Mr. Rotunda	2016	11,148	1,395	68,183	—	—	—	80,726
	2015	5,574	698	683	—	—	255,075	262,030
	2014	—	—	—	—	—	2,127,539	2,127,539
Mr. Welch	2016	16,656	1,395	44,975	—	—	120	63,146
	2015	10,072	1,395	44,900	—	—	120	56,487
	2014	6,628	1,332	55,500	—	—	32	63,492
Ms. Maccarrone	2016	16,656	1,395	43,975	—	—	687,229	749,255
	2015	10,072	1,395	43,900	—	—	—	55,367
	2014	5,276	1,332	25,585	—	—	100,000	132,193

(1) We reimburse certain of our executives, including all of the Named Executive Officers, for healthcare costs in excess of amounts covered by our health insurance plans. The amounts shown represent the amount of such supplemental healthcare benefits we paid to each of the Named Executive Officers during each of the years presented.

(2) Represents taxable group life insurance premiums paid on behalf of the Named Executive Officers. The benefit provides life and accidental death and dismemberment coverage at three times the Named Executive Officer’s annual salary up to a maximum of \$1 million.

(3) Includes the fiscal 2016 Company contributions to the 401(k) plan and the Supplemental Executive Retirement Plan.

- (4) During part of fiscal 2014, we had a consulting agreement with LPG Limited (HK), an entity wholly-owned by Mr. Given. The amount shown represents the amount of consulting fees we paid to LPG Limited pursuant to such consulting agreement.
- (5) The amounts shown as Other Benefits include the following:
- Mr. Grimshaw — The 2016 amount includes (a) \$199,568 paid to Mr. Grimshaw, as previously agreed, to reimburse him for incremental Australian taxes he incurred as a result of the payment of his sign-on bonus in fiscal 2014 prior to his relocation to the U.S. and (b) \$120 in Company-paid subsidy for health club membership (available for all Company support center personnel). The 2015 amount represents payments we made in connection with Mr. Grimshaw's relocation to Austin, Texas.
- Mr. Ashby — The 2015 amount represents payments we made in connection with Mr. Ashby's relocation to Austin, Texas.
- Mr. Rotunda — The 2015 amount represents \$60,000 in cash and \$160,460 in restricted stock awards Mr. Rotunda received as non-employee director compensation prior to his rejoining the Company as an executive officer in May 2015 as well as \$34,615 in fees paid pursuant to a consulting agreement. The 2014 amount represents \$13,500 in cash for non-employee director compensation and \$2,114,039 that was paid to Mr. Rotunda pursuant to a consulting agreement that was terminated in November 2013.
- Mr. Welch — The fiscal 2014 through 2016 amounts represent Company-paid subsidy for health club membership (available for all Company support center personnel).
- Ms. Maccarrone — The 2016 amount represents aggregate cash payments to Ms. Maccarrone in connection with her termination of employment and departure from the Company effective May 1, 2016. See "Compensation Discussion and Analysis — Other Executive Compensation Matters — Severance" above. The 2014 amount represents amounts we paid to Ms. Maccarrone in connection with her relocation to Austin, Texas.

*Certain Termination and Change-in-Control Benefits* — The following is a summary of various agreements that provide for benefits to the Named Executive Officers upon termination of employment or a change-in-control:

- *Restricted Stock Award Agreements* — The standard restricted stock award agreement pursuant to which we grant restricted stock or restricted stock units to our employees generally provides that vesting is accelerated in the event of the holder's death or disability.

Mr. Rotunda's current and future long-term incentive awards contain a special term providing for the continued vesting (rather than forfeiture) of all unvested awards in accordance with their terms (including corporate-level performance criteria) if Mr. Rotunda voluntarily retires from his executive position with the Company.

*SERP Contributions* — For all executives (including the Named Executive Officers), any unvested Company contributions to the SERP will vest in the case of death or disability of the participant or a change-in-control.

- *General severance benefits* — We currently provide each of our executive officers with one year salary continuation if his or her employment is terminated by the Company without cause.



The following table sets forth the amounts of severance or termination benefits that would have been payable to each of the Named Executive Officers upon the occurrence of various events, assuming each of the events occurred on September 30, 2016, except for Ms. Maccarrone, whose severance benefits shown below reflect actual amounts paid to her upon her departure from the Company effective May 1, 2016.

	Salary	Incentive Bonus	Healthcare Payments	Accelerated Vesting of Restricted Stock (1)	Accelerated Vesting of SERP Balance
<b>Resignation for Good Reason:</b>					
Mr. Grimshaw	\$ 1,000,000	\$ —	\$ —	\$ —	\$ —
Mr. Ashby	700,000	—	—	—	—
Mr. Given	600,000	—	—	—	—
Mr. Rotunda	675,000	—	—	—	—
Mr. Welch	410,000	—	—	—	—
<b>Termination Without Cause:</b>					
Mr. Grimshaw	\$ 1,000,000	\$ —	\$ —	\$ —	\$ —
Mr. Ashby	700,000	—	—	—	—
Mr. Given	600,000	—	—	—	—
Mr. Rotunda	675,000	—	—	—	—
Mr. Welch	410,000	—	—	—	—
Ms. Maccarrone (2)	400,000	233,000	54,229	205,007	65,900
<b>Death or Disability:</b>					
Mr. Grimshaw	\$ —	\$ —	\$ —	\$ 6,903,088	\$ 214,820
Mr. Ashby	—	—	—	1,564,459	76,129
Mr. Given	—	—	—	3,564,030	125,529
Mr. Rotunda (3)	—	—	—	1,204,445	—
Mr. Welch (3)	—	—	—	1,088,868	—

(1) Represents the number of shares subject to accelerated vesting (as described above), multiplied by the closing sales price of the Class A Common Stock on September 30, 2016 (\$11.06), except that the amount shown for Ms. Maccarrone reflects the closing sales price of the Class A Common Stock on May 2, 2016 (\$4.98), the first trading day following the effective date of her departure from the Company.

(2) Ms. Maccarrone left the Company effective May 1, 2016, and the amounts shown were paid pursuant to her separation agreement. See “Compensation Discussion and Analysis — Other Executive Compensation Matters — Severance” above.

(3) Mr. Rotunda and Mr. Welch are already fully vested in their SERP balances.

The Compensation Committee has the authority under our stock-based compensation plans to issue awards with provisions that accelerate vesting and exercisability in the event of a change-in-control. To date, the Committee has not included change-in-control acceleration provisions in any awards. Unless such provisions were subsequently included, then the only benefit that would inure to the Named Executive Officers by reason of a change-in-control itself would be the accelerated vesting for SERP contributions (equal to the same benefit as that set forth under “Death or Disability” in the table above). If an executive’s employment was terminated following a change-in-control, then the additional benefits described above would apply, depending on the circumstances of the termination.

### Director Compensation

Each non-employee director receives a basic annual retainer fee, with the chair of the Audit Committee and the chair of the Compensation Committee each receiving an additional amount. During fiscal 2016, the basic annual retainer fee was \$80,000, and additional amounts paid to the chair of the Audit Committee and the chair of the Compensation Committee was \$27,500 and \$15,000, respectively. Annual retainer fees are paid in cash on a quarterly basis. The non-employee director compensation for fiscal 2017 will be the same as that for fiscal 2016.

The non-employee directors are also eligible for stock option and restricted stock awards. The number of options or shares of restricted stock awarded, as well as the other terms and conditions of the awards (such as vesting and exercisability schedules and termination provisions), are determined by the Board of Directors upon the recommendation of the Compensation Committee.

The following table sets forth the compensation paid to our non-employee directors for fiscal 2016. Mr. Grimshaw, Mr. Given and Mr. Rotunda are executive officers of the Company and do not receive any additional compensation for serving on the Board of Directors.

Director	Fees Earned or Paid in Cash (1)	Restricted Stock Awards (2)	Total
Matthew Appel	\$ 142,500	\$ 76,960	\$ 219,460
Santiago Creel Miranda	80,000	76,960	156,960
Peter Cumins	80,000	76,960	156,960
Pablo Lagos Espinosa	130,000	76,960	206,960
Thomas C. Roberts	115,000	76,960	191,960

(1) Amounts shown for Mr. Appel, Mr. Lagos and Mr. Roberts include \$35,000 each for serving on the special committee appointed and commissioned by the Board of Directors to oversee the strategic review process for Grupo Finmart and the resulting sale transaction. See “Part III — Item 10 — Directors, Executive Officers and Corporate Governance<sup>3</sup> — Corporate Governance — Meetings and Attendance” above. This special committee was formed in March 2016 and dissolved in September 2016. In connection with the formation of the special committee, the Board of Directors approved a special fee of \$5,000 per month for each member.

(2) Amounts represent the aggregate grant date fair value of restricted stock awards, computed in accordance with FASB ASC 718-10-25. See Note 11 of Notes to Consolidated Financial Statements included in “Part II, Item 8 — Financial Statements and Supplementary Data.” The actual value realized by the director with respect to stock awards will depend on the market value of our stock on the date the stock is sold.

Each non-employee director received a grant of 26,000 shares of restricted stock in March 2016. That amount was determined by dividing \$160,000 (200% times the annual director fee) by \$6.19, the trading price of the Class A Common Stock at the beginning of fiscal 2016. Half of these shares vested on September 30, 2016, and the remainder is schedule to vest on September 30, 2017. The values shown above were computed using the closing price of our Class A Common Stock on the date of grant (\$2.96 on March 21, 2016).

As of September 30, 2016, each of the non-employee directors held 13,000 shares of unvested restricted stock.

Until September 2016, Mr. Creel and Mr. Lagos also served, at the request of EZCORP, on the board of directors of Grupo Finmart and in that capacity earn additional director fees, paid in cash, from Grupo Finmart. During fiscal 2016, the Grupo Finmart director fees paid to Mr. Creel and Mr. Lagos were approximately \$65,000 each.

**ITEM 12 — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS****Equity Compensation Plans**

Stockholders have approved the 2010 Long-Term Incentive Plan, which we currently use for stock incentive awards. These awards can be in the form of stock options, stock appreciation rights, stock bonuses, restricted stock, restricted stock units, performance units or performance shares. We do not have any equity compensation plans that were not approved by stockholders. The following table summarizes information about our equity compensation plans as of September 30, 2016:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options (a) (1)</b>	<b>Weighted Average Exercise Price of Outstanding Options (b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)</b>
Equity compensation plans approved by security holders	—	\$ —	192,486
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>—</b>	<b>\$ —</b>	<b>192,486</b>

(1) Excludes 2,411,500 shares of restricted stock that were outstanding at September 30, 2016.

**Stock Ownership**

Phillip E. Cohen controls EZCORP through his ownership of all of the issued and outstanding stock of MS Pawn Corporation, the sole general partner of MS Pawn Limited Partnership, which owns 100% of our Class B Voting Common Stock. The following table presents information regarding the beneficial ownership of our Common Stock as of October 31, 2016 (except as noted below) for (i) each person known to us to be the beneficial owner of more than 5% of the total number of shares outstanding, (ii) each of our directors, (iii) each of the Named Executive Officers (other than Ms. Maccarone, who is no longer with the Company), and (iv) all directors and executive officers as a group. Unless otherwise indicated, each person named below holds sole voting and investment power over the shares shown, subject to community property laws where applicable.

Beneficial Owner	Class A Non-voting Common Stock		Class B Voting Common Stock		Voting Percent		
	Number	Percent	Number	Percent			
MS Pawn Limited Partnership (a) MS Pawn Corporation Phillip Ean Cohen 1901 Capital Parkway Austin, Texas 78746	2,974,047	(b)	5.50%	(b)	2,970,171	100%	100%
Blackrock, Inc. 55 East 52 <sup>nd</sup> Street New York, New York 10055	5,333,832	(c)	9.86%		—	—	—
Lafitte Capital Management 707 Brazos Street, Suite 310 Austin, Texas 78701	3,264,873	(d)	6.03%		—	—	—
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, Pennsylvania 19355	3,196,055	(e)	5.91%		—	—	—
Dimensional Fund Advisors 6300 Bee Cave Road, Building One Austin, Texas 78746	3,047,110	(f)	5.63%		—	—	—
Matthew W. Appel	27,000	(g)	*		—	—	—
Santiago Creel Miranda	39,000	(g)	*		—	—	—
Peter Cumins	29,000	(g)	*		—	—	—
Lachlan P. Given	150,000	(h)	*		—	—	—
Stuart I. Grimshaw	200,000	(i)	*		—	—	—
Pablo Lagos Espinosa	56,700	(g)	*		—	—	—
Thomas C. Roberts	71,700	(g)	*		—	—	—
Joseph L. Rotunda	744,917	(j)	1.46%		—	—	—
Mark Ashby	14,000	(k)	*		—	—	—
Thomas H. Welch, Jr.	44,193	(l)	*		—	—	—
Directors and executive officers as a group (16 persons)	1,398,892	(m)	2.72%		—	—	—

(a) MS Pawn Corporation is the general partner of MS Pawn Limited Partnership and has the sole right to vote its shares of Class B Common Stock and to direct their disposition. Mr. Cohen is the sole stockholder of MS Pawn Corporation.

(b) The number of shares and percentage reflect Class A Common Stock, inclusive of Class B Common Stock, shares of which are convertible to Class A Common Stock on a one-to-one basis.

(c) As of September 30, 2016. Based on Forms 13G filed by various Blackrock managers on November 14, 2016.

(d) As of September 30, 2016. Based on the Form 13G filed by Lafitte Capital Management on November 14, 2016.

(e) As of September 30, 2016. Based on the Form 13F filed by The Vanguard Group, Inc. on November 14, 2016.

(f) As of September 30, 2016. Based on the Form 13F filed by Dimensional Fund Advisors on November 14, 2016.

(g) Does not include 13,000 shares of unvested restricted stock.

(h) Includes 75,000 shares of unvested restricted stock expected to vest within 60 days, but does not include 150,000 other shares of unvested restricted stock or 97,245 unvested restricted stock units (each of which represents the right to receive one share upon vesting).

(i) Includes 100,000 shares of unvested restricted stock expected to vest within 60 days, but does not include 200,000 other shares of unvested restricted stock or 324,149 unvested restricted stock units (each of which represents the right to receive one share upon vesting).

(j) Includes 1,865 shares held through the Company's 401(k) retirement savings plan and 4,940 shares of unvested restricted stock expected to vest within 60 days, but does not include 14,820 other shares of unvested restricted stock or 89,141 unvested restricted stock units (each of which represents the right to receive one share upon vesting).

(k) Includes 7,000 shares of unvested restricted stock expected to vest within 60 days, but does not include 21,000 other shares of unvested restricted stock or 113,452 unvested restricted stock units (each of which represents the right to receive one share upon vesting).

- (l) Includes 433 shares held through the Company's 401(k) retirement savings plan and 8,000 shares of unvested restricted stock expected to vest within 60 days, but does not include 24,000 other shares of unvested restricted stock or 66,451 unvested restricted stock units (each of which represents the right to receive one share upon vesting).
- (m) Group includes those persons who were serving as directors and executive officers on October 31, 2016. Number shown includes 2,298 shares held through the Company's 401(k) retirement savings plan and 205,107 shares of unvested restricted stock expected to vest within 60 days, but does not include 496,986 other shares of unvested restricted stock or 1,016,656 unvested restricted stock units (each of which represents the right to receive one share upon vesting).

## ITEM 13 — CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

### Related Party Transactions

#### *Review and Approval of Transactions with Related Persons*

The Board of Directors has adopted a written comprehensive policy for the review and evaluation of all related party transactions. Under that policy, the Audit Committee is charged with the responsibility of (a) reviewing and evaluating all transactions, or proposed transactions, between the company and a related person and (b) approving, ratifying, rescinding or taking other action with respect to each such transaction. With respect to any specific transaction, the Audit Committee may, in its discretion, transfer its responsibilities to either the full Board of Directors or to any special committee of the Board of Directors designated and created for the purpose of reviewing, evaluating, approving or ratifying such transaction.

#### *Participation in Grupo Finmart Financing by Santiago Creel Miranda*

In August 2015, Grupo Finmart completed a \$3.5 million financing with a group of investors. The proceeds of this financing were used for general working capital purposes. As part of the financing, Grupo Finmart entered into a separate loan agreement with each investor pursuant to which the investor loaned a specified amount. The terms of each loan agreement call for an interest at a rate of 10% to 15% per annum. The loans can be prepaid at any time. Santiago Creel Miranda (a member of our Board of Directors) was a participant in this financing and loaned Grupo Finmart approximately \$250,000 for one year at an interest rate of 15% per annum. This loan was paid off in December 2015 and has not been outstanding since that time. Through the final payoff, Grupo Finmart paid Mr. Creel a total of approximately \$14,000 in interest on the loan.

### Director Independence

The Board of Directors believes that the interests of the stockholders are best served by having a substantial number of objective, independent representatives on the Board. For this purpose, a director is considered to be independent if the Board determines that the director does not have any direct or indirect material relationship with the Company that may impair, or appear to impair, the director's ability to make independent judgments.

The Board has evaluated all relationships between each director and the Company and has made the following determinations with respect to each director's independence:

Director	Status (a)
Matthew W. Appel	Independent
Santiago Creel Miranda (b)	Independent
Peter Cumins	Not independent (c)
Pablo Lagos Espinosa	Independent
Lachlan P. Given	Not independent (d)
Stuart I. Grimshaw	Not independent (d)
Thomas C. Roberts	Independent
Joseph L. Rotunda	Not independent (d)

- (a) The Board's determination that a director is independent was made on the basis of the standards for independence set forth in the Nasdaq Listing Rules. Under those standards, a person generally will not be considered independent if he or she has a relationship that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Nasdaq rules also describe specific relationships that will prevent a person from being considered independent.
- (b) In making the determination that Mr. Creel is independent, the Board specifically considered the transaction described under "Related Party Transactions" above, and concluded that such transaction, and the relationship arising from that transaction, does not interfere with Mr. Creel's exercise of independent judgment in carrying out his responsibilities of a director.
- (c) Mr. Cumins is the Managing Director of Cash Converters International Limited. Mr. Grimshaw serves as the chairman of the board of directors of Cash Converters International, and Mr. Given also serves on the board of directors, and is a member of the Remunerations

Committee. Because of this relationship, Mr. Cumins is not independent in accordance with the standards set forth in the Nasdaq Listing Rules.

- (d) Mr. Grimshaw, Mr. Given and Mr. Rotunda are executive officers and, therefore, are not independent in accordance with the standards set forth in the Nasdaq Listing Rules.

The Company has elected to apply the “Controlled Company” exemption to the Nasdaq requirement that a majority of the directors be considered independent under the standards set forth in the Nasdaq Listing Rules. See “Part III, Item 10 — Directors, Executive Officers and Corporate Governance — Corporate Governance — Controlled Company Exemptions.”

#### ITEM 14 — PRINCIPAL ACCOUNTANT FEES AND SERVICES

BDO USA, LLP is a registered public accounting firm and is our independent auditor for fiscal 2016 and 2015 and was also our independent auditor from fiscal 2004 through fiscal 2012.

Deloitte & Touche LLP is a registered public accounting firm and was our independent auditor for fiscal 2014 and 2013. In addition to retaining Deloitte & Touche LLP to audit our consolidated financial statements, we engaged the firm from time to time to perform other services.

The following table presents all fees we incurred in connection with professional services provided by BDO USA, LLP and Deloitte & Touche LLP for fiscal 2016 and 2015:

	Year Ended September 30,	
	2016	2015
<b>Audit fees:</b>		
Audit of financial statements and audit pursuant to section 404 of the Sarbanes-Oxley Act (a)	\$ 1,334,247	\$ 2,115,485
Quarterly reviews and other audit fees (b)	107,700	148,900
Total audit fees	1,441,947	2,264,385
Audit related fees (c)	12,000	3,164,765
Tax fees (d)	—	9,523
Total fees for services	\$ 1,453,947	\$ 5,438,673

- (a) Amount for fiscal 2015 includes \$30,650 in BDO USA, LLP fees pertaining to the fiscal 2014 audit and an additional \$1,261,835 pertaining to the fiscal 2015 audit for which we had not yet received final billings as of the original filing of our fiscal 2015 Annual Report on Form 10-K.

- (b) Amount for fiscal 2015 includes an additional \$20,000 in BDO USA, LLP fees pertaining to fiscal 2015 quarterly reviews for which we had not yet received final billings as of the original filing of our fiscal 2015 Annual Report on Form 10-K.

- (c) Audit related fees for fiscal 2016 consist primarily of (1) fees incurred in connection with the restatement of previously issued financial statements, including tax revisions in fiscal 2016 and (2) fees incurred in connection with our registration statements on Form S-8. Fiscal 2016 amount does not include \$90,800 billed by Deloitte & Touche LLP pertaining to (1) fees incurred in connection with the restatement of previously issued financial statements and (2) fees incurred in connection with our registration statements on Form S-8, as Deloitte & Touche LLP was not our independent auditor for fiscal 2015 or 2016.

Audit related fees for fiscal 2015 (including \$1,397,607 billed by BDO USA, LLP and \$1,767,158 billed by Deloitte & Touche LLP) consist primarily of (1) consultations, (2) fees incurred in connection with the restatement of previously issued financial statements, (3) fees incurred in connection with our registration statements on Forms S-3, S-4 and S-8 and (4) the audit of our 401(k) retirement savings plan. Amount for fiscal 2015 includes \$510,975 in BDO USA, LLP fees pertaining to fiscal 2015 for which we had not yet received final billings as of the original filing of our fiscal 2015 Annual Report on Form 10-K.

- (d) Tax fees were billed by Deloitte & Touche LLP and comprised primarily tax restructuring. Fiscal 2016 amount does not include \$22,807 billed by Deloitte & Touche LLP pertaining to fiscal 2016 tax work as Deloitte & Touche LLP was not our independent auditor for fiscal 2015 or 2016.

The amounts shown for fiscal 2016 include our current estimated costs for the fiscal 2016 integrated audit, for which we have not yet received final billings, but anticipate receiving additional billings for which costs are unknown. Included in the audit of financial statements and audit pursuant to section 404 of the Sarbanes-Oxley Act amounts for fiscal 2015 above is \$211,775 of fees billed subsequent to the originally filed fiscal 2014 Annual Report on Form 10-K/A, as our actual billings exceeded the previously estimated costs.

The Audit Committee has adopted a policy requiring its pre-approval of all fees to be paid to our independent audit firm, regardless of the type of service. All non-audit services were reviewed with the Audit Committee, which concluded that the provision of such services by BDO USA, LLP was compatible with the maintenance of that firm’s independence in the conduct of its auditing functions.

## PART IV

### ITEM 15 — EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this 10-K:

#### (1) Financial Statements

The following consolidated financial statements of EZCORP, Inc. are included in “Part II — Item 8 — Financial Statements and Supplementary Data”:

- Report of Independent Registered Public Accounting Firm (2016 and 2015) — BDO USA, LLP
- Report of Independent Registered Public Accounting Firm (2014) — Deloitte & Touche LLP
- Consolidated Balance Sheets as of September 30, 2016 and 2015
- Consolidated Statements of Operations for each of the three years in the period ended September 30, 2016
- Consolidated Statements of Comprehensive Loss for each of the three years in the period ended September 30, 2016
- Consolidated Statements of Cash Flows for each of the three years in the period ended September 30, 2016
- Consolidated Statements of Stockholders’ Equity for each of the three years in the period ended September 30, 2016
- Notes to Consolidated Financial Statements.

#### (2) Financial Statement Schedules

Financial statement schedules are omitted because they are not required or are not applicable, or the required information is provided in the consolidated financial statements or notes described in Item 15(a)(1) above.

**(3) Exhibits**

The following exhibits are filed with, or incorporated by reference into, this report:

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
2.1	Purchase Agreement, dated as of July 1, 2016, among Prestaciones Finmart, S.A.P.I. de C.V., SOFOM, E.N.R., Change Capital International Holdings, B.V., Alpha Holding, S.A. de C.V., Clarum Capital, L.P. and EZCORP, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K dated July 6, 2016, Commission File No. 0-19424)
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10.18	Additional Warrant Confirmation, dated June 27, 2014, between EZCORP, Inc. and Morgan Stanley & Co. International plc (incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, Commission File No. 0-19424)
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21.1†	Subsidiaries of EZCORP, Inc.
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101.LAB†††	XBRL Taxonomy Label Linkbase Document
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## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

EZCORP, Inc.

Date: December 14, 2016

By: /s/ Mark S. Ashby  
 Mark S. Ashby,  
 Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Stuart I. Grimshaw</u> Stuart I. Grimshaw	Chief Executive Officer and Director (principal executive officer)	December 14, 2016
<u>/s/ Mark S. Ashby</u> Mark S. Ashby	Chief Financial Officer (principal financial officer)	December 14, 2016
<u>/s/ Lachlan P. Given</u> Lachlan P. Given	Executive Chairman of the Board	December 14, 2016
<u>/s/ Matthew W. Appel</u> Matthew W. Appel	Director	December 14, 2016
<u>/s/ Santiago Creel Miranda</u> Santiago Creel Miranda	Director	December 14, 2016
<u>/s/ Peter Cumins</u> Peter Cumins	Director	December 14, 2016
<u>/s/ Pablo Lagos Espinosa</u> Pablo Lagos Espinosa	Director	December 14, 2016
<u>/s/ Thomas C. Roberts</u> Thomas C. Roberts	Director	December 14, 2016
<u>/s/ Joseph L. Rotunda</u> Joseph L. Rotunda	Director	December 14, 2016
<u>/s/ David McGuire</u> David McGuire	Deputy Chief Financial Officer and Chief Accounting Officer (principal accounting officer)	December 14, 2016

**EXHIBIT INDEX**

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**FINANCING AGREEMENT**

**Dated as of September 12, 2016**

**by and among**

**EZCORP, INC.,  
as Borrower,**

**EACH SUBSIDIARY OF BORROWER  
LISTED AS A GUARANTOR ON THE SIGNATURE PAGES HERETO,  
as Guarantors,**

**THE LENDERS FROM TIME TO TIME PARTY HERETO,  
as Lenders,**

**FORTRESS CREDIT CO LLC,  
as Administrative Agent and Collateral Agent**

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## **FINANCING AGREEMENT**

Financing Agreement, dated as of September 12, 2016, by and among EZCORP, Inc., a Delaware corporation ("EZCORP" or the "Borrower"), each domestic subsidiary of Borrower listed as a "Guarantor" on the signature pages hereto (together with each other Person that executes a joinder agreement and becomes a "Guarantor" hereunder or otherwise guaranties all or any part of the Obligations (as hereinafter defined), each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party hereto (each a "Lender" and collectively, the "Lenders"), Fortress Credit Co LLC, a Delaware limited liability company ("Fortress"), as collateral agent for the Lenders (in such capacity, together with any successor collateral agent, the "Collateral Agent"), and Fortress, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

## **RECITALS**

The Borrower (such term and all other capitalized terms used but not defined in these Recitals have the meanings assigned to them in Section 1.01 below) has asked the Lenders to extend credit to the Borrower consisting of (a) a term loan to the Borrower in the aggregate principal amount of \$50,000,000 on the Effective Date, and (b) a delayed draw term loan facility

extended to the Borrower after the Effective Date in an aggregate principal amount not to exceed \$50,000,000. The proceeds of the Term Loan shall be used (i) for general working capital purposes of the Borrower, (ii) to support the operations of the Borrower's subsidiaries on the terms and conditions set forth herein, (iii) to finance Permitted Acquisitions and make Permitted Investments and Restricted Payments, each on the terms and conditions set forth herein and (iv) to pay fees and expenses related to the foregoing and to this Agreement and the transactions contemplated hereby. The Lenders are severally, and not jointly, willing to extend such credit to the Borrower subject to the terms and conditions hereinafter set forth in this Agreement.

In consideration of the premises and the covenants and agreements contained herein, the parties hereto agree as follows:

## Article I

### DEFINITIONS; CERTAIN TERMS

Section 1.01 Definitions. As used in this Agreement, the following terms shall have the respective meanings indicated below, such meanings to be applicable equally to both the singular and plural forms of such terms:

"Account Debtor" means each debtor, customer or obligor in any way obligated on or in connection with any Account Receivable.

"Account Receivable" means, with respect to any Person, any and all accounts (as that term is defined in the Uniform Commercial Code) and any and all rights of such Person to payment for goods sold or leased and/or services rendered, including rights to receive payment in respect of accounts, general intangibles, bank and non-bank credit cards, and any and all such rights evidenced by chattel paper, instruments or documents, whether due or to become due and whether or not earned by performance, and whether now or hereafter acquired or arising in the future, and any proceeds arising therefrom or relating thereto.

"Acquisition" means the acquisition (whether by means of a merger, consolidation or otherwise) of all or a majority of the Equity Interests of any Person or all or substantially all of the assets of (or any division or business line of) any Person.

"Action" has the meaning specified therefor in Section 12.12.

"Administrative Agent" has the meaning specified therefor in the preamble hereto.

"Administrative Agent's Account" means an account at a bank designated by the Administrative Agent from time to time as the account into which the Loan Parties shall make all payments to the Administrative Agent for the benefit of the Agents and the Lenders under this Agreement and the other Loan Documents.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, and with respect to the Borrower or any of its Subsidiaries, including any PEC Entity. For purposes of this definition only, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the Equity Interests having ordinary voting power for the election of members of the Board of Directors of such Person or (b) direct or cause the direction of the management and policies of such Person whether through the ability to exercise voting power, by contract or otherwise. Notwithstanding anything herein to the contrary, in no event shall any Agent or any Lender be considered an "Affiliate" of any Loan Party.

"Agent" and "Agents" have the respective meanings specified therefor in the preamble hereto.

"Agent Advances" has the meaning specified therefor in Section 10.08(a).

"Agreement" means this Financing Agreement, including all amendments, restatements, modifications and supplements and any exhibits or schedules to any of the foregoing, and shall refer to the Agreement as the same may be in effect at the time such reference becomes operative.

"AlphaCredit" means Alpha Holding, S.A. de C.V., a Mexican corporation (*Sociedad Anónima de Capital Variable*).

"Anti-Money Laundering and Anti-Terrorism Laws" means any Requirements of Law relating to terrorism, economic sanctions or money laundering, including, without limitation, (a) the Money Laundering Control Act of 1986 (18 U.S.C. §§ 1956 and 1957), (b) the Bank Secrecy Act of 1970 (31 U.S.C. §§ 5311-5330), as amended by the USA PATRIOT Act of 2001, and the rules and regulations promulgated thereunder, (c) the laws, regulations and executive orders administered by the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"), (d) any law prohibiting or directed against terrorist activities or the financing or support of terrorist activities (*e.g.*, 18 U.S.C. §§ 2339A and 2339B), and (f) any similar laws enacted in the United States or any other relevant and applicable jurisdictions in which the Loan Parties operate, as any of the foregoing laws may from time to time be amended, renewed, extended, or replaced and all other present and future legal requirements of any Governmental Authority governing, addressing or relating to terrorism, economic sanctions or money laundering.

"Applicable Margin" means, as of any date of determination, with respect to the interest rate of any Term Loan that is (i) a Reference Rate Loan, 6.50%, and (ii) a LIBOR Rate Loan, 7.50%; provided, that, from and after the Reset Date (as defined



below), the Applicable Margin shall be, with respect to the interest rate of any Term Loan that is (i) a Reference Rate Loan, 5.50%, and (ii) a LIBOR Rate Loan, 6.50%. The "Reset Date" means December 31, 2017; provided, that if the Designated Transaction is consummated, the "Reset Date" means the later of (x) December 31, 2017 and (y) the Designated Transaction Return Event.

"Applicable Prepayment Premium" means, as of any date of determination, an amount equal to (a) during the period of time from and after the Effective Date up to and including the date that is the first anniversary of the Effective Date, an amount equal to 2.00% times the principal amount of any prepayment of the Term Loan on such date and (b) during the period of time after the date that is the first anniversary of the Effective Date up to and including the date that is the second anniversary of the Effective Date, an amount equal to 1.00% times the principal amount of any prepayment of the Term Loan on such date, and (c) thereafter, zero. Notwithstanding the foregoing or anything to the contrary contained herein, no Applicable Prepayment Premium shall be due and owing in connection with any Term Loan prepayment resulting from the events described in Section 2.05(c)(iv).

"Assignment and Acceptance" means an assignment and acceptance entered into by an assigning Lender and an assignee, and accepted by the Collateral Agent, in accordance with Section 12.07 hereof and substantially in the form of Exhibit E hereto or such other form acceptable to the Collateral Agent.

"Authorized Officer" means, with respect to any Person, the chief executive officer, chief operating officer, chief financial officer, treasurer or other financial officer performing similar functions, president, executive vice president, vice president, secretary or assistant secretary of such Person or any other officer of such Person designated as an "Authorized Officer" by any of the foregoing officers in a writing delivered to the Agents.

"Bankruptcy Code" means the United States Bankruptcy Code (11 U.S.C. § 101, et seq.), as amended from time to time, and any successor statute or any similar federal or state laws for relief of debtors.

"Board" means the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Board of Directors" means, (a) with respect to any corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board, (b) with respect to a partnership, the board of directors or equivalent governing body of the general partner of the partnership, (c) with respect to a limited liability company, the managing member or members or any controlling committee or board of managers (or equivalent governing body) of such company or the sole member or the managing member thereof, and (d) with respect to any other Person, the entity, individual, board or committee of such Person serving a similar function.

"Borrower" has the meaning specified therefor in the preamble hereto.

"Business Day" means (a) for all purposes other than as described in clause (b) below, any day other than a Saturday, Sunday or a legal holiday on which commercial banks are authorized or required by law to be closed for business in New York, New York, (b) with respect to the borrowing, payment or continuation of, or determination of interest rate on, LIBOR Rate Loans, any day that is a Business Day described in clause (a) above and on which dealings in Dollars may be carried on in the interbank eurodollar markets in New York City and London.

"Capital Expenditures" means, with respect to any Person for any period, the sum of (a) the aggregate of all expenditures by such Person and its Subsidiaries during such period that in accordance with GAAP are or should be included in "property, plant and equipment" or in a similar fixed asset account on its balance sheet, whether such expenditures are paid in cash or financed (including all Capitalized Lease Obligations that are paid or due and payable during such period), and (b) to the extent not covered by clause (a) above and capitalized on the balance sheet of such Person and its Subsidiaries, the aggregate of all expenditures by such Person and its Subsidiaries during such period to acquire by purchase or otherwise the business or fixed assets of, or the Equity Interests of, any other Person; provided that the term Capital Expenditures shall not include (i) expenditures to the extent that they are financed with the Net Cash Proceeds of the sale or issuance by or the capital contribution to the Borrower (or one or more holding companies controlling Borrower) or any Loan Party of their Equity Interests or the Net Cash Proceeds of Permitted Indebtedness, (ii) expenditures to the extent that they are made with the proceeds of Reinvestment Eligible Funds, (iii) expenditures to the extent that they are made by the Borrower or any of its Subsidiaries to effect leasehold improvements to any property leased by such Person as lessee, to the extent that such expenses have been reimbursed in cash by the landlord that is not a Loan Party, (iv) expenditures to the extent that they are actually paid for by a third party (excluding any Loan Party) and for which no Loan Party has provided or is required to provide or incur, directly or indirectly, any consideration or monetary obligation to such third party or any other person (whether before, during or after such period), (v) property, plant and equipment taken in settlement of Accounts Receivable and (vi) a Permitted Acquisition or clause (m) and (p) of the definition of Permitted Investment.

"Capitalized Lease" means, with respect to any Person, any lease of or other arrangement conveying the right to use real or personal property by such Person as lessee which is (a) required under GAAP to be capitalized on the balance sheet of such Person or (b) a transaction of a type commonly known as a "synthetic lease" (i.e., a lease transaction that is treated as an operating lease for accounting purposes but with respect to which payments of rent are intended to be treated as payments of principal and interest on a loan for Federal income tax purposes); provided that with respect to leases that are accounted for by any Person as operating leases as of the Effective Date or are entered into after the Effective Date, and would have been accounted for as operating leases if such leases had been in effect on the Effective Date such leases may, in the sole discretion of the Borrower, be accounted for as operating leases and not as Capitalized Leases.

"Capitalized Lease Obligations" means, with respect to any Person, obligations of such Person and its Subsidiaries under Capitalized Leases, and, for purposes hereof, the amount of any such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

"Captive Insurance Subsidiary:" means Parkway Insurance, Inc., a Utah corporation.

"Cash Convertible Notes Hedges" means the hedge agreements entered into in connection with the Convertible Notes and any similar hedge agreements entered into in connection with a refinancing of the Convertible Notes.

"Cash Equivalents" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case, maturing within six months from the date of acquisition thereof; (b) commercial paper, maturing not more than 270 days after the date of issue rated P-1 by Moody's or A-1 by Standard & Poor's; (c) certificates of deposit maturing not more than six months after the date of issue, issued by commercial banking institutions and money market or demand deposit accounts maintained at commercial banking institutions, each of which is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than \$500,000,000; (d) repurchase agreements having maturities of not more than 90 days from the date of acquisition which are entered into with major money center banks included in the commercial banking institutions described in clause (c) above and which are secured by marketable direct obligations of the United States Government or any agency thereof; (e) money market accounts maintained with mutual funds having assets in excess of \$2,500,000,000, which assets are primarily comprised of Cash Equivalents described in another clause of this definition; (f) marketable tax exempt securities rated A or higher by Moody's or A+ or higher by Standard & Poor's, in each case, maturing within six months from the date of acquisition thereof; and (g) in the case of Investments by a Foreign Subsidiary, investments/instruments corresponding to and with equivalent quality to investments/instruments described in the foregoing clauses (a) through (f) available in and/or guaranteed by the equivalent Governmental Authorities in the country in which such Foreign Subsidiary is located.

"Cash Management Accounts" means the bank accounts of each Loan Party (other than Excluded Accounts) maintained at one or more Cash Management Banks listed on Schedule 8.01.

"Cash Management Agreement" means, with respect to any deposit account, any securities account, commodity account, securities entitlement or commodity contract, an agreement, in form and substance reasonably satisfactory to the Collateral Agent, among the Collateral Agent, the financial institution or other Person at which such account is maintained or with which such entitlement or contract is carried and the Loan Party maintaining such account, effective to grant "control" (as defined under the applicable UCC) over such account to the Collateral Agent.

"Cash Management Bank" has the meaning specified therefor in Section 8.01(a).

"CFC" means a ""controlled foreign corporation" as that term is defined in Section 957(a) of the Internal Revenue Code.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation, judicial ruling, judgment or treaty, (b) any change in any Law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith (whether or not having the force of law) and (ii) all requests, rules, regulations, guidelines, interpretations or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of law), in each case, pursuant to Basel III, shall, in each case, be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued, promulgated or implemented.

"Change of Control" means, at any time, any "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Exchange Act), other than, directly or indirectly, (i) Phillip E. Cohen, (ii) the spouse and lineal descendants and spouses of lineal descendants of Phillip E. Cohen, (iii) the estates or legal representatives of any Person named in clauses (i) or (ii) (clauses (i), (ii) and (iii), collectively, the "PEC Entities") or (iv) trusts established for the benefit of any Person named in clauses (i) and (ii), directly or indirectly, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such person has the right to acquire, whether such right it exercisable immediately or only after the passage of time), directly or indirectly, of fifty percent (50%) or more of the then outstanding voting stock of the Borrower.

"Closing Fee" has the meaning specified therefor in Section 2.06(c).

"Collateral" means all of the property and assets and all interests therein and proceeds thereof now owned or hereafter acquired by any Person upon which a Lien is granted or purported to be granted pursuant to the Security Agreement by such Person in favor of the Collateral Agent, for the benefit of Secured Parties, as security for all or any part of the Obligations.

"Collateral Agent" has the meaning specified therefor in the preamble hereto.

"Collateral Records" means, to the extent relating to Accounts Receivable, Inventory or any Account Debtor or other Person obligated on or in connection with any of the Accounts Receivable, all of the Borrower's and all of the other Loan Parties' present and future books of account of every kind or nature, purchase and sale agreements, invoices, ledger cards, bills of lading and other shipping evidence, statements, correspondence, memoranda, credit files and other data, together with the tapes, disks, diskettes and other data and software storage media and devices, file cabinets or containers in or on which the foregoing are stored (including any rights of the Borrower and the other Loan Parties with respect to the foregoing maintained with or by any other person).

"Collections" means all cash, checks, notes, instruments, and other items of payment (including insurance proceeds, proceeds of cash sales, rental proceeds, and tax refunds).

"Commitments" means, with respect to each Lender, such Lender's Total Term Loan Commitment.

"Compliance Certificate" has the meaning assigned to such term in Section 7.01(a)(iv).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means, as of any date of determination for the four (4) consecutive Fiscal Quarter period ending on such date, without duplication, (a) Consolidated Net Income for such period, plus (b) the sum of the following to the extent deducted in calculating Consolidated Net Income for such period: (i) Consolidated Interest Expense for such period, (ii) tax expense (including any federal, state, local and foreign income and similar taxes) of the Loan Parties and their consolidated Subsidiaries for such period, (iii) depreciation and amortization expense of the Loan Parties and their consolidated Subsidiaries for such period, and (iv) other material non-cash charges (excluding reserves for future cash charges, but including any negative one-time cumulative adjustment resulting from a change in GAAP or an adoption or modification of accounting principles, any impairment or write-down of goodwill or other intangible assets and any non-cash stock based compensation) of the Loan Parties and their consolidated Subsidiaries for such period, minus (c) any material non-cash gains to the extent added in calculating Consolidated Net Income during such period, plus (d) the sum of the following to the extent deducted in calculating Consolidated Net Income for such period: (i) transaction fees and expenses incurred in connection with the making of (x) any Permitted Acquisition or (y) any Permitted Disposition or Permitted Investment not made in the ordinary course of business, the incurrence of any Permitted Debt, or the issuance of any Qualified Equity Interests in the Borrower, in each case whether or not ultimately closed, (ii) any severance costs, retention, recruiting, relocation and signing bonuses and similar expenses, restructuring charges (in connection with Permitted Acquisitions and Permitted Investments), and integration costs or other business optimization expenses, (iii) management, consulting, or advisory fees and related fees and indemnities to the extent permitted pursuant to the terms of this Agreement; provided that the aggregate amount shall not exceed the amount permitted pursuant to Section 7.02(j)(vi), (iv) the amount of any non-cash loss of any non-wholly-owned Subsidiary attributable to non-controlling interests of a Person that is not the Borrower or a Subsidiary of the Borrower, (v) all deferred financing costs written off and premiums paid in connection with any early extinguishment of obligations under Hedge Agreements permitted by this Agreement.

"Consolidated Funded Indebtedness" means, with respect to any Person at any date, all Indebtedness of such Person of the type described in clauses (a), (c), (e), (f) (solely to the extent that the relevant letters of credit are not cash-collateralized), and (i) (solely with respect to Contingent Obligations in respect of the foregoing types of Indebtedness) of the definition of Indebtedness or otherwise for borrowed money, determined on a consolidated basis in accordance with GAAP, which by its terms matures more than one year after the date of calculation, and any such Indebtedness maturing within one year from such date which is renewable or extendable at the option of such Person to a date more than one year from such date, including, in any event, with respect to the Borrower and its Subsidiaries, the Loans and Capitalized Lease Obligations.

"Consolidated Interest Expense" means, as of any date of determination for the four (4) consecutive Fiscal Quarter period ending on such date, all interest expense (including the interest component of Capitalized Leases) for such period of the Loan Parties and their consolidated Subsidiaries determined in accordance with GAAP; provided that, solely for purposes of calculating the Consolidated Interest Expense component of the Fixed Charge Coverage Ratio (a) such interest expense shall be calculated net of interest income attributed to interest rate Hedging Agreements, and (b) each of the following shall be excluded from such interest expense: (i) amortization of debt discount and premium, (ii) interest that is paid in kind, (iii) any interest expense that is attributed to leases that are accounted for by any Person as operating leases as of the Effective Date or are entered into after the Effective Date and would have been accounted for as operating leases if such leases had been in effect on the Effective Date.

"Consolidated Net Income" means, as of any date of determination for the four (4) consecutive Fiscal Quarter period ending on such date, the aggregate net income or loss (excluding non-cash losses, expenses or charges that are extraordinary, non-recurring, or unusual items) of the Borrower and its consolidated Subsidiaries for such period, calculated in accordance with GAAP; provided that there shall be excluded from such calculation, to the extent otherwise included in Consolidated Net Income, (i) the income or loss of any Person (other than a Subsidiary) of which the Borrower or any Subsidiary owns Capital Stock, except to the extent of the amount of dividends or other distributions actually paid to the Borrowers or any of the Loan Parties during such period, (ii) any gain or loss realized upon the (x) sale, abandonment or other disposition of any asset of the Borrower or any

Subsidiary that is not sold, abandoned or otherwise disposed of in the ordinary course of business, including in each case the closure of any store, or (y) discontinuation of operations of the Borrower or any Subsidiary, (iii) any unrealized gains or losses in respect of Hedge Agreements, (iv) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other liabilities of any Person (including the Borrower or any Subsidiary) denominated in a currency other than the functional currency of such Person (including the Borrower or any Subsidiary), and (v) any non-cash charge, expense or other impact attributable to application of the purchase or recapitalization method of accounting (including the total amount of depreciation and amortization, cost of sales or other non-cash expense resulting from the write-up of assets to the extent resulting from such purchase or recapitalization accounting adjustments).

"Contingent Obligation" means, with respect to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (b) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement, (c) any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term "Contingent Obligation" shall not include any product warranties extended in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation with respect to which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Controlled Deposit Account" means each deposit account (including all funds on deposit therein) that is the subject of an effective Cash Management Agreement and that is maintained by any Loan Party with a financial institution approved by the Collateral Agent.

"Controlled Investment Affiliate" means, as to any Person, any other Person that (a) directly or indirectly, is in control of, is controlled by, or is under common control with, such Person and (b) is organized by such Person primarily for the purpose of making equity or debt investments in one or more companies. For purposes of this definition only, "control" of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Controlled Securities Account" means each securities account or commodity account (including all financial assets held therein and all certificates and instruments, if any, representing or evidencing such financial assets) that is the subject of an effective Cash Management Agreement and that is maintained by any Loan Party with a securities intermediary or commodity intermediary approved by the Collateral Agent.

"Covered Entity" means (a) the Borrower, Borrower's Subsidiaries, all Guarantors and all pledgors of Collateral and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition only, control of a Person shall mean the direct or indirect power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

"Convertible Bonds" means the 2.125% Cash Convertible Senior Notes Due 2019 issued by the Borrower pursuant to that certain Indenture, dated as of June 23, 2014.

"Current Value" has the meaning specified therefor in Section 7.01(o).

"Daily LIBOR Rate" means, for any day, the Published Rate.

"Debtor Relief Law" means the Bankruptcy Code and any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief law (including, without limitation, any proceeding under applicable corporate law seeking a compromise or arrangement of any debts of the corporation or a stay of proceedings to enforce any of the claims of the corporation's creditors against it) of the United States or other applicable jurisdiction from time to time in effect.

"Default" means an event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

**"Defaulting Lender"** means any Lender that (a) has failed to (i) fund all or any portion of its Loans within 2 Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within 2 Business Days of the date when due, (b) has notified the Borrower or the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within 3 Business Days after written request by the Administrative Agent or the Borrower to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation, or any other state or federal regulatory authority acting in such a capacity. Notwithstanding anything herein to the contrary, a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender upon delivery of written notice of such determination to the Borrower and each Lender.

**"Delayed Draw Term Loan"** has the meaning specified therefor in Section 2.01(c)(i).

**"Delayed Draw Term Loan Commitment"** means, with respect to each Lender, the commitment of such Lender to make Delayed Draw Term Loans to the Borrower in the aggregate amount set forth in Schedule 1.01(A) hereto or in the Assignment and Acceptance pursuant to which such Lender became a Lender under this Agreement, as the same may be terminated or reduced from time to time in accordance with the terms of this Agreement.

**"Delayed Draw Term Loan Commitment Termination Date"** means March 12, 2018.

**"Designated Transaction"** has the meaning specified therefor in Schedule D.

**"Designated Transaction Return Event"** has the meaning specified therefor in Schedule D.

**"Delayed Draw Term Loan Request"** has the meaning specified therefor in Section 2.01(c)(i).

**"Disposition"** means any transaction, or series of related transactions, pursuant to which any Person or any of its Subsidiaries sells (including, without limitation, any sale and leaseback transaction), assigns, transfers, leases, licenses (as licensor) or otherwise disposes of any property or assets (whether now owned or hereafter acquired) to any other Person, in each case, whether or not the consideration therefor consists of cash, securities or other assets owned by the acquiring Person. For purposes of clarification, "Disposition" shall include (a) the sale or other disposition for value of any contracts, (b) the early termination or modification of any contract resulting in the receipt by any Loan Party of a cash payment or other consideration in exchange for such event (other than payments in the ordinary course for accrued and unpaid amounts due through the date of termination or modification) or (c) any sale of merchant accounts (or any rights thereto (including, without limitation, any rights to any residual payment stream with respect thereto)) by any Loan Party.

**"Disqualified Equity Interests"** means any Equity Interest that, by its terms (or by the terms of any security or other Equity Interest into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition, (a) matures or is mandatorily redeemable (other than (i) solely for Qualified Equity Interests and cash in lieu of fractional shares or (ii) solely at the discretion of the issuer thereof), pursuant to a sinking fund obligation or otherwise, or is redeemable (other than redemption in kind) at the option of the holder thereof (in each case, except as a result of a change of control, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control, asset sale or similar event shall be subject to the prior Payment in Full of the Loans and all other Obligations that are accrued and payable), in whole or in part, in cash on or prior to the date which is 91 days after the Final Maturity Date, (b) is convertible into or exchangeable for (i) debt securities or (ii) any Equity Interests referred to in clause (a) above, in each case at any time prior to the date which is 91 days after the Final Maturity Date, or (c) provides for scheduled payments (other than redemption in kind) or the payment of cash dividends or distributions prior to the date that is 91 days after the Final Maturity Date; provided, however, that an Equity Interest in any Person that would not constitute a Disqualified Equity Interest but for terms thereof giving holders thereof the right to require such Person to redeem or purchase such Equity Interest upon the occurrence of an "asset sale", insurance or similar loss or a "change of control" shall not constitute a Disqualified Equity Interest if any such requirement becomes operative only after a date that is 91 days after the Final Maturity Date.

"Document" shall have the meaning given to the term "document" in the Uniform Commercial Code.

"Dollar," "Dollars" and the symbol "\$" each means lawful money of the United States of America.

"Domestic Subsidiary," means any Subsidiary of any Person that is organized under the laws of the United States of America or any state or commonwealth thereof or under the laws of the District of Columbia.

"Effective Date" has the meaning specified therefor in Section 5.01.

"Eligibility Date" means, with respect to the Borrower and each Guarantor and each Swap, the date on which this Agreement or any other Loan Document becomes effective with respect to such Swap (for the avoidance of doubt, the Eligibility Date shall be the effectiveness date of such Swap if this Agreement or any other Loan Document is then in effect with respect to the Borrower or such Guarantor, and otherwise it shall be the Effective Date and/or such other Loan Document(s) to which the Borrower or such Guarantor is a party).

"Eligible Contract Participant" shall mean an "eligible contract participant" as defined in the Commodity Exchange Act and regulations thereunder.

"Employee Plan" means an "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) (other than a Multiemployer Plan) covered by Title IV of ERISA and maintained (or that was maintained at any time during the six (6) calendar years preceding the date of any borrowing hereunder) for employees of any Loan Party or to which any Loan Party has any liability (including any contingent liability with respect to any of its ERISA Affiliates).

"Environmental Actions" means any action, complaint, summons, citation, notice, directive, order, claim, litigation, judicial or administrative proceeding, judgment, consent decree, settlement or other written communication from any Person or Governmental Authority alleging violations of any Environmental Law or any Release of Hazardous Materials (a) from any assets, properties or businesses owned or operated by any Loan Party or any of its Subsidiaries; or (b) from any facilities that received Hazardous Materials generated, transported, treated, stored, used or disposed of by any Loan Party or any of its Subsidiaries.

"Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 1801, et seq.), the Solid Waste Disposal Act, the Resource Conservation and Recovery Act (42 U.S.C. § 6901, et seq.), the Federal Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.) and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), and any other Requirement of Law imposing liability or establishing standards of conduct for protection of the environment or occupational health and safety (as it relates to exposure to Hazardous Materials) or Releases of any Hazardous Materials.

"Environmental Liabilities and Costs" means all liabilities, monetary obligations, Remedial Actions, losses, damages, natural resource damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigations and feasibility studies), fines, penalties, sanctions and interest (i) incurred as a result of any Environmental Action or in connection with any adverse environmental condition or Releases of Hazardous Materials at, on, under or migrating from or to any assets, facilities or properties owned or operated by any Loan Party or any of its Subsidiaries or any of their respective predecessors in interest, or (ii) consisting of or relating to clean-up costs or corrective action, including any investigation, clean-up, removal, containment, monitoring or other remediation or response required under any Environmental Law of any Loan Party or any of its Subsidiaries or any of their respective predecessors in interest by Environmental Laws (whether or not such has been required or requested by any Governmental Authority or any other Person).

"Environmental Lien" means any Lien in favor of any Governmental Authority for Environmental Liabilities and Costs.

"Equity Interests" means (a) all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting and (b) all securities convertible into or exchangeable for any of the foregoing and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any of the foregoing, whether or not presently convertible, exchangeable or exercisable.

"Equity Issuance" means either (a) the sale or issuance by any Loan Party or any of its Subsidiaries of any shares of its Equity Interests or (b) the receipt by the Borrower of any cash capital contributions.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case, as in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which would be deemed to be a "controlled group" within the meaning of Sections 414(b), (c), (m) and (o) of the Internal Revenue Code.

"Event of Default" means any of the events set forth in Section 9.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Accounts" means deposit accounts, securities accounts and commodities accounts (a) constituting payroll, withholding, tax, fiduciary, zero balance or trust accounts, and petty cash accounts containing less than \$2,500,000 individually or \$5,000,000 in the aggregate, (b) which hold deposits or escrowed funds in connection with Permitted Liens to the extent the agreements governing such prohibit encumbrances thereon, (c) constituting store-level deposit accounts, and (d) constituting escrow accounts established for purposes expressly permitted under this Agreement.

"Excluded Equity Issuance" means (a) in the event that the Borrower or any of its Subsidiaries forms any Subsidiary in accordance with this Agreement, the issuance by such Subsidiary of Equity Interests to the Borrower or such Subsidiary, as applicable, (b) the issuance of Equity Interests of the Borrower to directors, officers and employees of the Borrower and its Subsidiaries pursuant to employee stock option plans (or other employee incentive plans or other compensation arrangements) approved by the Board of Directors of the Borrower, (c) the issuance of Equity Interests by a Subsidiary of the Borrower to its parent or member in connection with the contribution by such parent or member to such Subsidiary of the proceeds of an issuance described in clauses (a) and (b) above, and (d) dispositions or issuances of Equity Interests in Rich Data Corporation PTE. LTD, as described in clause (n) (and consummated pursuant to the requirements of subclause (x) therein) of the definition of Permitted Disposition.

"Excluded Foreign Subsidiary" means, any Subsidiary (a) that is a CFC, (b) a direct or indirect Subsidiary of a CFC, and (c) any direct or indirect Subsidiary if substantially all of its assets consist of the equity or indebtedness of one or more direct or indirect Foreign Subsidiaries.

"Excluded Hedge Liabilities or Liability" means, with respect to each Loan Party, each Swap Obligation if, and only to the extent that, all or any portion of this Agreement or any other Loan Document that relates to such Swap Obligation is or becomes illegal or unlawful under the Commodity Exchange Act, or any rule, regulation or order of the Commodity Futures Trading Commission, solely by virtue of such Loan Party's failure to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap Obligation. Notwithstanding anything to the contrary contained in the foregoing or in any other provision of this Agreement or any other Loan Document, the foregoing is subject to the following provisos: (a) if a Swap Obligation arises under a master agreement governing more than one Swap, only the portion of such Swap Obligation that is attributable to Swaps for which such guaranty or security interest is or becomes illegal or unlawful under the Commodity Exchange Act, or any rule, regulations or order of the Commodity Futures Trading Commission, solely as a result of the failure by such Loan Party for any reason to qualify as an Eligible Contract Participant on the Eligibility Date for such Swap shall be an Excluded Hedge Liability; (b) if a guarantee of a Swap Obligation would cause such obligation to be an Excluded Hedge Liability but the grant of a security interest would not cause such obligation to be an Excluded Hedge Liability, such Swap Obligation shall constitute an Excluded Hedge Liability for purposes of the guaranty but not for purposes of the grant of the security interest; and (c) if there is more than one Loan Party executing this Agreement or the other Loan Documents and a Swap Obligation would be an Excluded Hedge Liability with respect to one or more of such Persons, but not all of them, the definition of Excluded Hedge Liability or Liabilities with respect to each such Person shall only be deemed applicable to (i) the particular Swap Obligations that constitute Excluded Hedge Liabilities with respect to such Person, and (ii) the particular Person with respect to which such Swap Obligations constitute Excluded Hedge Liabilities.

"Excluded Immaterial Subsidiary" means, individually or collectively as the context requires, any direct or indirect Subsidiary of the Borrower that, together with its Subsidiaries on a consolidated basis, does not own in excess of 2.5% of the consolidated assets of the Borrower and its Subsidiaries; provided that the aggregate consolidated assets of all Excluded Immaterial Subsidiaries that are not Loan Parties shall not at any time exceed 5% of the consolidated assets of the Borrower and its Subsidiaries.

"Excluded Subsidiary" means, individually or collectively as the context requires, (a) any Excluded Foreign Subsidiary, (b) any Excluded Immaterial Subsidiary and (c) the Captive Insurance Subsidiary.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.12(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.09, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.09 and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Executive Order" means the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Extraordinary Receipts" means any cash received by the Borrower or any of its Subsidiaries not in the ordinary course of business from (a) foreign, United States, state or local tax refunds received during Fiscal Year 2016 or thereafter, (b) proceeds of insurance relating to a casualty event (excluding, so long as no Event of Default has occurred and is continuing, business interruption) less the amount of any Indebtedness securing a Permitted Lien on any asset that is the subject of a casualty event, (c) proceeds of judgments, proceeds of settlements or other consideration of any kind received in connection with any cause of action (excluding, so long as no Event of Default has occurred and is continuing, any portion thereof that represents out-of-pocket losses by such Person) and (d) proceeds of condemnation awards (and payments in lieu thereof) (excluding, so long as no Event of Default has occurred and is continuing, any portion thereof that represents out-of-pocket losses by such Person).

"Facility" means any facility hereafter acquired by the Borrower or any of its Subsidiaries in fee, including, without limitation, the land on which each such facility is located, all buildings and other improvements thereon, and all fixtures located thereat or used in connection therewith.

"FASB ASC" means the Accounting Standards Codification of the Financial Accounting Standards Board.

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code, any intergovernmental agreements entered into in connection therewith and any fiscal or regulatory legislation implementing such intergovernmental agreement.

"Federal Funds Effective Rate" means, for any day, the rate per annum (based on a year of 360 days and actual days elapsed and rounded upward to the nearest 1/100 of 1%) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the "Federal Funds Effective Rate" as of the date of this Agreement; provided that if such Federal Reserve Bank (or its successor) does not announce such rate on any day, the "Federal Funds Effective Rate" for such day shall be the Federal Funds Effective Rate for the last day on which such rate was announced.

"Federal Funds Open Rate" means, for any day, the rate per annum (based on a year of 360 days and actual days elapsed) which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as set forth on the Bloomberg Screen BTMM for that day opposite the caption "OPEN" (or on such other substitute Bloomberg Screen that displays such rate), or as set forth on such other recognized electronic source used for the purpose of displaying such rate as selected by the Administrative Agent (an "Alternate Source") (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there shall at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error)); provided, however, that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the "open" rate on the immediately preceding Business Day. If and when the Federal Funds Open Rate changes, the rate of interest hereunder will change automatically without notice to the Borrower, effective on the date of any such change.

"Field Survey and Audit" means a review and audit of the books and records of the Loan Parties and an appraisal of the Collateral performed by auditors, examiners and/or appraisers selected by the Agents, at the sole cost and expense of the Borrower in accordance with Section 2.06(f) and Section 7.01(f).

"Final Maturity Date" means either (a) September 12, 2022, if clause (b) of this definition does not result in an earlier Final Maturity Date, or (b) May 15, 2019, if any of the principal of the Convertible Bonds have not been repaid, refinanced or converted prior to that date; provided that up to 10% of the amount of the Convertible Bonds shall be entitled to remain outstanding on and after May 15, 2019 (and shall not cause the Final Maturity Date to occur on May 15, 2019), so long as the Borrower has a plan acceptable to Agents to refinance the remaining Convertible Bonds by the maturity date thereof (such approval not to be unreasonably withheld, delayed or conditioned).

"Financial Statements" means (a) the audited consolidated balance sheet of the Borrower and its Subsidiaries for the Fiscal Year ended September 30, 2015, and the related consolidated statement of operations, shareholders' equity and cash flows for the Fiscal Year then ended, and (b) the unaudited consolidated balance sheet of the Borrower and its Subsidiaries for the nine months ended June 30, 2016, and the related consolidated statement of operations, shareholder's equity and cash flows for the ten months then ended.

"Fiscal Quarter" means any fiscal quarter of any Fiscal Year determined in accordance with the fiscal accounting calendar of the Borrower and its Subsidiaries.



"Fiscal Year" means the fiscal year of the Borrower and its Subsidiaries ending on September 30 of each calendar year.

"Fixed Charge Coverage Ratio" means, as of any date of determination, for the Loan Parties and their consolidated Subsidiaries, the ratio of (a) Consolidated EBITDA to (b) the sum of (i) Consolidated Interest Expense, plus (ii) Capital Expenditures for the period of four (4) consecutive Fiscal Quarters ending on such date.

"Flood Laws" means all Requirements of Law relating to policies and procedures that address requirements placed on federally regulated lenders under the National Flood Insurance Reform Act of 1994 and other Requirements of Law related thereto.

"Foreign Lender" means a Lender that is not a U.S. Person.

"Foreign Subsidiary" means any Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Funding Losses" has the meaning specified therefor in Section 2.07(e).

"GAAP" means generally accepted accounting principles in effect from time to time in the United States, applied on a consistent basis, provided that for the purpose of Section 7.03 hereof and the definitions used therein, "GAAP" shall mean generally accepted accounting principles in effect on the date hereof and consistent with those used in the preparation of the Financial Statements, provided further that, if there occurs after the date of this Agreement any change in GAAP that affects in any respect any of the covenants contained in Section 7.02 or the calculation of any covenant contained in Section 7.03 hereof, the Agents and the Borrower shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such covenant with the intent of having the respective positions of the Lenders and the Borrower after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the covenants in Section 7.02 and Section 7.03 hereof shall be calculated as if no such change in GAAP has occurred.

"Global Intercompany Promissory Note" means a Global Intercompany Note made by the Borrower and certain of its Subsidiaries in favor of the Collateral Agent for the benefit of the Agents and the Lenders, in form and substance reasonably satisfactory to the Collateral Agent.

"Governing Documents" means, (a) with respect to any corporation or company, the memorandum, certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization, and the operating agreement; (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture, declaration or other applicable agreement or documentation evidencing or otherwise relating to its formation or organization, governance and capitalization; and (d) with respect to any of the entities described above, any other agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization.

"Governmental Authority" means any nation or government, any foreign, Federal, state, city, town, municipality, county, local or other governmental, public, quasi-governmental, political subdivision thereof or thereto and any department, commission, board, bureau, instrumentality, agency, authority, division or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

"Grupo Finmart" means Prestaciones Finmart, S.A.P.I. de C.V., SOFM, E.N.R., a commercial corporation (*Sociedad Anónima de Capital Variable Promotora de Inversion*) doing business as a non-regulated multiple purpose financial company (*Sociedad Financiera de Objeto Múltiple Entidad No Regulada*) organized and existing under the laws of Mexico.

"Guaranteed Obligations" has the meaning specified therefor in Section 11.01.

"Guarantor" means (a) each Subsidiary of the Borrower listed as a "Guarantor" on the signature pages hereto, and (b) each other Person which guarantees, pursuant to Section 7.01(b) or otherwise, all or any part of the Obligations.

"Guaranty" means (a) the guaranty of each Guarantor party hereto contained in Article XI hereof and (b) each other guaranty, in form and substance reasonably satisfactory to the Collateral Agent, made by any other Guarantor in favor of the Collateral Agent for the benefit of the Agents and the Lenders guaranteeing all or part of the Obligations.

"Hazardous Material" means (a) any element, compound or chemical that is defined, regulated or otherwise classified as a hazardous material, contaminant, pollutant, toxic pollutant, toxic or hazardous substance, extremely hazardous substance or chemical, hazardous waste, special waste, solid waste or dangerous good under Environmental Laws, including

without limitation any hazardous material, contaminant, pollutant, toxic pollutant, toxic or hazardous substance, extremely hazardous substance or chemical, hazardous waste, special waste, solid waste that is defined or identified in any Environmental Law and which is present in the environment in such quantity or state that it contravenes any Environmental Law; (b) petroleum and its refined products; (c) polychlorinated biphenyls; and (d) any substance exhibiting a hazardous waste characteristic, including without limitation corrosivity, ignitability, toxicity or reactivity as well as any radioactive or explosive materials.

"Hedging Agreement" means any interest rate, foreign currency, commodity or equity exchange, swap, collar, cap, floor, adjustable strike cap, adjustable strike corridor, cross-currency swap or forward rate agreement, or other agreement or arrangement designed to protect against fluctuations in interest rates or currency, commodity or equity values (including, without limitation, any option with respect to any of the foregoing and any combination of the foregoing agreements or arrangements), and (without limiting the generality of any of the foregoing) specifically including any foreign exchange transaction, including spot and forward foreign currency purchases and sales, listed or over-the-counter options on foreign currencies, non-deliverable forwards and options, foreign currency swap agreements, and currency exchange rate price hedging arrangements, and any confirmation executed in connection with any such agreement or arrangement.

"Highest Lawful Rate" means, with respect to any Agent or any Lender, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Obligations under laws applicable to such Agent or such Lender which are currently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum non-usurious interest rate than applicable laws now allow.

"Indebtedness" means, with respect to any Person, without duplication, (a) all indebtedness of such Person for borrowed money; (b) all obligations of such Person for the deferred purchase price of property or services (other than (i) earnout obligations, and (ii) trade payables and accrued expenses or other accounts payable incurred in the ordinary course of such Person's business and not outstanding for more than 90 days after the date such payable was created (except for any account payable that is outstanding for more than 90 days after the date such payable was created, if such account payable is being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves or other appropriate provisions are maintained on the books of such Person in accordance with GAAP)); (c) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or upon which interest payments are customarily made; (d) all reimbursement, payment or other obligations and liabilities of such Person created or arising under any conditional sales or other title retention agreement with respect to property used and/or acquired by such Person, even though the rights and remedies of the lessor, seller and/or lender thereunder may be limited to repossession or sale of such property; (e) all Capitalized Lease Obligations of such Person; (f) all obligations and liabilities, contingent or otherwise, of such Person, in respect of letters of credit, acceptances and similar facilities; (g) all obligations and liabilities, calculated on a basis reasonably satisfactory to the Collateral Agent and in accordance with accepted practice, of such Person under Hedging Agreements; (h) [reserved]; (i) all Contingent Obligations in respect of the obligations described in clauses (a) through (g) above; (j) all Disqualified Equity Interests; and (k) all obligations referred to in clauses (a) through (j) of this definition of another Person secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien upon property owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness. The Indebtedness of any Person shall include the Indebtedness of any partnership of or joint venture in which such Person is a general partner or a joint venture, except to the extent such indebtedness is expressly made non-recourse to such Person by contract or operation of law.

"Indemnified Matters" has the meaning specified therefor in Section 12.15.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitees" has the meaning specified therefor in Section 12.15.

"Insolvency Proceeding" means any proceeding commenced by or against any Person under any provision of any Debtor Relief Law.

"Intellectual Property" has the meaning specified therefor in the US Security Agreement.

"Intercompany Subordination Agreement" means an Intercompany Subordination Agreement made by the Borrower and certain of its Subsidiaries in favor of the Collateral Agent for the benefit of the Agents and the Lenders, in form and substance reasonably satisfactory to the Collateral Agent.

"Interest Period" means as to any LIBOR Rate Loan made to the Borrower, the period commencing on the date such Loan is borrowed or continued as, or converted into, a LIBOR Rate Loan and ending on the date one, two or three months thereafter as selected by the Borrower; provided that:

(a) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall end on the last Business Day of the calendar month at the end of such Interest Period;

(c) the Borrower may not elect an Interest Period for any Loan which would extend beyond the Final Maturity Date; and

(d) at any time, there shall not be more than five Interest Periods in effect for the LIBOR Rate Loans.

"Internal Revenue Code" or "Code" means the Internal Revenue Code of 1986, as amended (or any successor statute thereto).

"Inventory:" means, with respect to any Person, all inventory (as that term is defined in the Uniform Commercial Code) and all goods and merchandise of such Person held for sale or lease by such Person, including, without limitation, all raw materials, work-in-process, packaging, supplies, materials and finished goods of every nature used or usable in connection with the shipping, storing, advertising or sale of such goods and merchandise, whether now owned or hereafter acquired, and all such other property the sale or other disposition of which would give rise to an Account Receivable or cash, but excluding equipment (as defined in the Uniform Commercial Code).

"Investment" means, with respect to any Person, (a) any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances or other extensions of credit (excluding Accounts Receivable arising in the ordinary course of business), capital contributions or acquisitions of Indebtedness (including, any bonds, notes, debentures or other debt securities), Equity Interests, or all or substantially all of the assets of such other Person (or of any division or business line of such other Person), (b) the purchase or ownership of any futures contract or liability for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, or (c) any investment in any other items that are or would be classified as investments on a balance sheet of such Person prepared in accordance with GAAP with the value of each Investment measured at the time made and without giving effect to subsequent changes in value or any write-ups, write-downs or write-offs thereof but giving effect to any return or distributions received by Borrower and its Subsidiaries with respect thereto.

"IP Security Agreements" has the meaning specified therefor in Section 6.01(ff).

"Joinder Agreement" means a joinder agreement, substantially in the form of Exhibit A hereto, duly executed by a Subsidiary of a Loan Party made a party hereto pursuant to Section 7.01(b).

"Lease" means any lease of Real Property to which any Loan Party or any of its Subsidiaries is a party as lessor or lessee.

"Lender" and "Lenders" have the meanings specified therefor in the preamble hereto.

"Lender-Provided Hedge" means a Swap provided to the Borrower or any of its Subsidiaries by a Lender or any of its Affiliates.

"LIBOR" means for any LIBOR Rate Loan for the then current Interest Period relating thereto, the interest rate per annum determined by Administrative Agent as the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by Administrative Agent as an authorized information vendor for the purpose of displaying rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market (a "LIBOR Alternate Source"), at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for U.S. Dollars for an amount comparable to such LIBOR Rate Loan and having a borrowing date and a maturity comparable to such Interest Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any LIBOR Alternate Source, a comparable replacement rate determined by Administrative Agent at such time (which determination shall be conclusive absent manifest error)); provided, however, that if the LIBOR Rate determined as provided above would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. Administrative Agent shall give reasonably prompt notice to the Borrower of LIBOR as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

"LIBOR Option" has the meaning specified therefor in Section 2.07(a).

"LIBOR Rate" means, for each Interest Period for each LIBOR Rate Loan, the greater of (a) the rate per annum determined by the Administrative Agent (rounded upwards if necessary, to the next 1/100% of 1%) by dividing (i) LIBOR for such Interest Period by (ii) 100% minus the Reserve Percentage and (b) 1.00%. The LIBOR Rate shall be adjusted on and as of the effective day of any change in the Reserve Percentage; provided, however, that if the LIBOR Rate determined as provided above would be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"LIBOR Rate Loan" means each portion of a Loan that bears interest at a rate determined by reference to the LIBOR Rate; provided, that each LIBOR Loan shall not be less than \$1,000,000 and in integral multiples of \$250,000 in excess thereof.

"Lien" means any mortgage, deed of trust, pledge, lien (statutory or otherwise), security interest, charge or other encumbrance or security or preferential arrangement of any nature, including, without limitation, any conditional sale or title retention arrangement, any Capitalized Lease and any assignment, deposit arrangement or financing lease intended as, or having the effect of, security.

"Loan" means the Term Loan made by an Agent or a Lender to the Borrower pursuant to Article II hereof.

"Loan Account" means the account maintained hereunder by the Administrative Agent on its books of account at the Payment Office, and with respect to the Borrower, in which the Borrower will be charged with all Loans made to, and all other Obligations incurred by, the Borrower.

"Loan Document" means this Agreement, any Cash Management Agreement, any Guaranty, the Intercompany Subordination Agreement, any Joinder Agreement, any Mortgage, any landlord waiver, any Perfection Certificate, the Security Agreement, any IP Security Agreement and any other agreement, or instrument, certificate, report and other document executed and delivered pursuant hereto or thereto or otherwise evidencing or securing any Loan or any other Obligation.

"Loan Party," means, individually or collectively as the context requires, the Borrower and any Guarantor.

"Loan Servicing Fee" has the meaning specified therefor in Section 2.06(b).

"Material Adverse Effect" means a material adverse effect on any of (a) the operations, business, assets, or financial condition of the Loan Parties taken as a whole, (b) the ability of the Loan Parties taken as a whole to perform any of their obligations under the Loan Documents when due in the ordinary course of business, (c) the legality, validity or enforceability of this Agreement or any other material Loan Document, (d) the rights and remedies, taken as a whole, of any Agent or any Lender under any Loan Document, or (e) the validity, perfection or priority of a Lien in favor of the Collateral Agent for the benefit of the Agents and the Lenders on the Collateral taken as a whole (except as otherwise contemplated in this Agreement or any other Loan Document).

"Material Contract" means, with respect to any Person, (a) each contract or agreement to which such Person or any of its Subsidiaries is a party involving aggregate consideration payable to the Borrower or any of its Subsidiaries in any Fiscal Year in an amount exceeding five percent (5%) of the annual revenue of the Borrower and its Subsidiaries, taken as a whole, during such Fiscal Year (other than purchase orders in the ordinary course of the business of such Person or such Subsidiary and other than contracts that by their terms may be terminated by such Person or Subsidiary in the ordinary course of its business upon less than 60 days' notice without penalty or premium), and (b) any other contract or agreement the loss of which could reasonably be expected to result in a Material Adverse Effect.

"Mexican Pawn Business" means the pawn shop business and operations of the Borrower and its Subsidiaries in Mexico conducted by EZPAWN Services Mexico, S. De R. L. de C.V., EZ Talent, S. de R. L. de C.V., EZPAWN Management Mexico, S. de R.L. de C.V., and EZ Transfers, S.A. de C.V.

"Mexican Security Documents" means those documents listed on Schedule M.

"Minimum Liquidity" means, as of any date of determination, the aggregate amount of Qualified Cash available on such date in the United States (excluding any cash on hand at the pawn shops).

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgage" means a mortgage, deed of trust or deed to secure debt, in form and substance reasonably satisfactory to the Collateral Agent, made by a Loan Party in favor of the Collateral Agent for the benefit of the Agents and the Lenders, securing the Obligations and delivered to the Collateral Agent.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which any Loan Party or any of its ERISA Affiliates has contributed to, or has been obligated to contribute, at any time during the preceding 6 years.

"Net Cash Proceeds" means, (a) with respect to any Disposition by any Person or any of its Subsidiaries, the aggregate amount of cash received (directly or indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration) by or on behalf of such Person or such Subsidiary, in connection therewith after deducting therefrom only (i) the principal amount of any Indebtedness secured by any Permitted Lien on any asset (other than Indebtedness assumed by the purchaser of such asset) together with the premium or penalty, if any, and interest with respect to such principal amount, which is required to be, and is, repaid in connection with such Disposition (other than Indebtedness under this Agreement), (ii) reasonable expenses and transaction or underwriting fees related thereto incurred by such Person or such Subsidiary in connection therewith, (iii) transfer or real property taxes paid to any taxing authorities by such Person or such Subsidiary in connection therewith, and (iv) taxes to be paid in connection with such Disposition (after taking into account any applicable tax credits or deductions and any tax sharing arrangements) and (b) with respect to the issuance or incurrence of any Indebtedness by any Person or any of its Subsidiaries, or an Equity Issuance, the aggregate amount of cash received (directly or

indirectly) from time to time (whether as initial consideration or through the payment or disposition of deferred consideration) by or on behalf of such Person or such Subsidiary in connection therewith, after deducting therefrom only (i) reasonable expenses related thereto incurred by such Person or such Subsidiary in connection therewith, (ii) transfer taxes paid by such Person or such Subsidiary in connection therewith and (iii) taxes to be paid in connection therewith (after taking into account any tax credits or deductions and any tax sharing arrangements); in each case of clause (a) and (b) to the extent, but only to the extent, that the amounts so deducted are (x) actually paid to a Person that, except in the case of reasonable out-of-pocket expenses, is not an Affiliate of such Person or any of its Subsidiaries and (y) properly attributable to such transaction or to the asset that is the subject thereof.

"New Facility" has the meaning specified therefor in Section 7.01(o).

"New Subsidiary" has the meaning specified thereof in Section 7.01(b)(i).

"Non-Qualifying Party" means the Borrower or any Guarantor that on the Eligibility Date fails for any reason to qualify as an Eligible Contract Participant.

"Note" means a promissory note of the Borrower, in form and substance reasonably satisfactory to the Collateral Agent, evidencing the Indebtedness resulting from the making of the Loans and delivered to any Lender that requests such Note pursuant to Section 2.03(e) hereof, as such promissory note may be modified or extended from time to time, and any promissory note or notes issued in exchange or replacement therefor.

"Notice of Borrowing" has the meaning specified therefor in Section 2.02(a).

"Obligations" means all present and future indebtedness, obligations, and liabilities of each Loan Party to the Agents and the Lenders, arising under or in connection with this Agreement or any other Loan Document, whether or not the right of payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured, unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 9.01. Without limiting the generality of the foregoing, the Obligations of each Loan Party under the Loan Documents include (a) the obligation (irrespective of whether a claim therefor is allowed in an Insolvency Proceeding) to pay principal, interest, charges, expenses, fees, premiums, attorneys' fees and disbursements, indemnities and other amounts payable by such Person under the Loan Documents, and (b) the obligation of such Person to reimburse any amount in respect of any of the foregoing that any Agent or any Lender (in its sole discretion) may elect to pay or advance on behalf of such Person. Notwithstanding any of the foregoing, Obligations shall not include any Excluded Hedge Liabilities.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to an assignment request by the Borrower under Section 2.12(b)).

"Paid In Full," "Pay In Full," "Paying In Full" or "Payment In Full" means, with respect to the Obligations or the Guaranteed Obligations, the payment in full, in cash, of all such Obligations or Guaranteed Obligations, as the case may be (other than (a) obligations under Hedging Agreements not yet due and payable, and (b) contingent indemnification obligations to the extent no claim giving rise thereto has been asserted), and the termination of all Commitments relating to the Obligations.

"Participant Register" has the meaning specified therefor in Section 12.07(g).

"Payment Office" means the Administrative Agent's office located at 1345 Avenue of the Americas, 46<sup>th</sup> Floor, New York, NY 10105, or at such other office or offices of the Administrative Agent as may be designated in writing from time to time by the Administrative Agent to the Collateral Agent and the Borrower.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Perfection Certificate" means a certificate in form and substance reasonably satisfactory to the Collateral Agent providing information with respect to the property of each Loan Party.

"Permitted Acquisition" means any Acquisition by a Loan Party or any Subsidiary of a Loan Party to the extent that each of the following conditions shall have been satisfied:

(a) no Default or Event of Default shall have occurred and be continuing or would result from the consummation of the proposed Acquisition;

(b) to the extent the Acquisition will be financed in whole or in part with the proceeds of any Loan, the conditions set forth in Section 5.02 shall have been satisfied;

(c) the Borrower shall have furnished to the Agents at least 10 Business Days prior to the consummation of such Acquisition (or such shorter period as may be reasonably agreed to by the Agents) (i) an executed term sheet and/or commitment letter (setting forth in reasonable detail the terms and conditions of such Acquisition) and, at the reasonable request of any Agent, such other information and documents that any Agent may request, including, without limitation, executed counterparts of the respective material agreements, instruments or other documents pursuant to which such Acquisition is to be consummated (including, without limitation, any related management, non-compete, employment, option or other material agreements), any schedules to such agreements, instruments or other documents and all other material ancillary agreements, instruments or other documents to be executed or delivered in connection therewith, (ii) financial statements made on a Pro Forma Basis of the Borrower and its Subsidiaries after giving effect to the consummation of such Acquisition, and (iii) a certificate of the chief financial officer of the Borrower, demonstrating on a Pro Forma Basis compliance, as at the end of the most recently ended Fiscal Quarter for which internally prepared financial statements are available, with all covenants set forth in Section 7.03 hereof after giving effect to the consummation of such Acquisition;

(d) (i) neither the Loan Parties nor any of their Subsidiaries shall, in connection with such Acquisition, assume or remain liable in respect of any Indebtedness of the Seller or Sellers, or other obligation of the Seller or Sellers (except for obligations incurred in the ordinary course of business in operating the property so acquired and necessary or desirable to the continued operation of such property and except for Permitted Indebtedness), and (ii) all property to be so acquired in connection with such Acquisition shall be free and clear of any and all Liens, except for Permitted Liens (and if any such property is subject to any Lien not permitted by this clause (ii) then concurrently with such Acquisition such Lien shall be released);

(e) such Acquisition shall be effected in such a manner so that the acquired assets or Equity Interests are owned either by a Loan Party or a Subsidiary of a Loan Party and, if effected by merger or consolidation involving a Loan Party, such Loan Party shall be the continuing or surviving Person;

(f) the assets being acquired or the Person whose Equity Interests are being acquired did not have negative Consolidated EBITDA during the 12 consecutive month period most recently concluded prior to the date of the proposed Acquisition; provided that to the extent such Acquisition is in respect of pawnshop businesses and operations, Consolidated EBITDA may be calculated on a Pro Forma Basis (including Pro Forma Cost Savings) and such assets being acquired or the Person whose Equity Interests are being acquired shall not have negative Consolidated EBITDA during the 12 consecutive month period most recently concluded prior to the date of the proposed Acquisition for which financial statements are available exceeding \$2,000,000, certified to the Agents by the Chief Financial Officer of the Borrower;

(g) the assets being acquired (other than a de minimis amount of assets in relation to the Loan Parties' and their Subsidiaries' total assets), or the Person whose Equity Interests are being acquired, are useful in or engaged in, as applicable, the business of the Loan Parties and their Subsidiaries or a business reasonably related thereto;

(h) except as provided in clause (i) below, the assets being acquired are located within the United States or the Person whose Equity Interests are being acquired is organized in a jurisdiction located within the United States, so long as: (1) the Purchase Price payable in respect of (x) any single Acquisition consummated after the Effective Date shall not exceed \$15,000,000 in the aggregate and (y) all Acquisitions consummated after the Effective Date shall not exceed \$60,000,000 in the aggregate during the term of this Agreement; (2) the Borrower's Senior Leverage Ratio (excluding the amount of the Convertible Bonds then outstanding) calculated on a Pro Forma Basis for any period of four consecutive Fiscal Quarters ending as of the last day of the quarter for which the Borrower's financial statements were most recently delivered to the Agents is less than 1.50:1.00 and (3) Minimum Liquidity is at least \$35,000,000 after giving effect to such Acquisition;

(i) except as provided in clause (h) above, the assets being acquired are located within Mexico or the Person whose Equity Interests are being acquired is organized in a jurisdiction located in Mexico, so long as: (1) the Purchase Price payable in respect of (x) any single Acquisition consummated after the Effective Date shall not exceed \$7,500,000 in the aggregate and (y) all Acquisitions consummated after the Effective Date shall not exceed \$30,000,000 in the aggregate during the term of this Agreement; (2) such assets relate to the pawn business; (3) the Borrower's Senior Leverage Ratio (excluding the amount of the Convertible Bonds then outstanding) calculated on a Pro Forma Basis for any period of four consecutive Fiscal Quarters ending as of the last day of the quarter for which the Borrower's financial statements were most recently delivered to the Agents is less than 1.50:1.00; and (4) Minimum Liquidity is at least \$35,000,000 after giving effect to such Acquisition;

(j) such Acquisition shall be consensual and shall have been approved by the board of directors of the Person whose Equity Interests or assets are proposed to be acquired and shall not have been preceded by an unsolicited tender offer for such Equity Interests by, or proxy contest initiated by, Borrower or any of its Subsidiaries or an Affiliate thereof;

(k) any such Subsidiary (and its equityholders) shall execute and deliver the agreements, instruments and other documents required by Section 7.01(b) within the periods provided for therein; and

(l) in the case of any Acquisition which results in a Subsidiary not being a wholly owned Subsidiary, the shareholders of such Subsidiary shall be a party to shareholders (or similar) agreement that is on customary terms or is otherwise in form and substance reasonably satisfactory to the Agents, it being understood that no such agreement shall be required with respect to any Permitted Investment in any non-wholly-owned Person with respect to which the Borrower or any of its Subsidiaries owns Equity Interests as of the Effective Date.

"Permitted Disposition" means:

(a) sales and other dispositions of Inventory in the ordinary course of business;

(b) licensing, on a non-exclusive basis, Intellectual Property rights in the ordinary course of business and the transfer, assignment, cancellation, abandonment or other disposition of patents, trademarks, copyrights or other Intellectual Property rights which are, in the judgment of a Loan Party or any of its Subsidiaries, no longer economically practicable to maintain, no longer used or no longer useful in the business of such Loan Party or Subsidiary;

(c) leasing or subleasing assets in the ordinary course of business;

(d) sale of Equity Interests in Cash Converters International Limited;

(e) dispositions of cash and Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents;

(f) dispositions of Accounts Receivable in connection with the collection or compromise thereof in the ordinary course of business;

(g) any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property;

(h) Permitted Intercompany Dispositions;

(i) disposition of obsolete, surplus or worn-out property or property that is no longer economically practicable to maintain or no longer used or useful in the business of the relevant Loan Party or Subsidiary in the ordinary course of business; provided that the aggregate fair market value of such dispositions, together with dispositions made pursuant to clause (o) below, shall not exceed \$5,000,000 in any Fiscal Year;

(j) to the extent deemed a Disposition and without any duplication, the granting of a Permitted Lien;

(k) to the extent deemed a Disposition and without any duplication, the making of a Permitted Investment or Restricted Payment permitted by Section 7.02(h);

(l) any involuntary loss, damage or destruction of property;

(m) the disposition described in Item 1 of Part B of Schedule 1.01(B);

(n) dispositions or issuances of Equity Interests in Rich Data Corporation PTE. LTD., (x) to the extent made on a valuation exceeding the then applicable cost-basis of such Equity Interests or in connection with providing growth capital to such entity or (y) otherwise pursuant to terms reasonably acceptable to the Agents;

(o) Dispositions not otherwise permitted hereunder which are made for fair market value; provided that (x) at the time of any Disposition, no Event of Default shall exist or shall result from such disposition and (y) the aggregate fair market value of all assets so sold by the Loan Parties and their Subsidiaries, together with the dispositions described in clause (i) above, shall not exceed \$5,000,000 in any Fiscal Year, and (z) such disposition shall not be a disposition, sale or assignment of accounts receivables in connection with the pawnshop operations conducted in the United States; and

(p) Dispositions listed in Part A and Part B of Schedule 7.02(c).

"Permitted Indebtedness" means:

(a) any Indebtedness owing to any Secured Party under this Agreement and the other Loan Documents;

(b) any other Indebtedness listed on Schedule 7.02(b), and the Permitted Refinancing thereof, subject to, in the case of the Convertible Bonds, clause (r) below;

(c) Indebtedness evidenced by Capitalized Lease Obligations and any refinancing or replacement thereof, which Indebtedness, when aggregated with the principal amount of all Indebtedness incurred under this clause (c) and clause (d) of this definition, does not exceed \$2,000,000 at any time outstanding;

(d) Indebtedness permitted by clause (e) of the definition of "Permitted Liens";

(e) Permitted Intercompany Investments;

(f) Indebtedness incurred in the ordinary course of business under performance, surety, statutory and appeal bonds and similar obligations;

(g) Indebtedness (i) owed to any Person providing property, casualty, liability, or other insurance to the Loan Parties, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year or (ii) in respect of workers' compensation claims, self-insurance obligations and bankers' acceptances;

(h) the incurrence by any Loan Party of Indebtedness under Hedging Agreements that are incurred for the bona fide purpose of hedging the interest rate, commodity, or foreign currency risks associated with such Loan Party's operations and not for speculative purposes;

(i) Indebtedness incurred by Borrower or any of its Subsidiaries arising from agreements providing for indemnification, adjustment of purchase price, earn-out or similar obligations, or from guaranties or letters of credit, surety bonds or performance bonds securing the performance of the Borrower or any such Subsidiary pursuant to such agreements, in connection with any Permitted Acquisition or clauses (m) or (p) of the definition of Permitted Investment and permitted dispositions of any business, assets or Subsidiary of Borrower or any of its Subsidiaries;

(j) Indebtedness of any Loan Party incurred in connection with the purchase of Equity Interests from employees who have ceased their employment with such Loan Party so long as such Indebtedness has been expressly subordinated in right of payment to all Indebtedness of such Loan Party under the Loan Documents by documentation that is in form and substance satisfactory to the Agents;

(k) [Reserved];

(l) Indebtedness due to any landlord in connection with the financing by such landlord of leasehold improvements;

(m) Indebtedness arising under any agreement to provide cash management services, including treasury, depository, overdraft, credit, purchasing or debit card, electronic funds transfer and other cash management arrangements to the Borrower or any Subsidiary of the Borrower in the ordinary course of business, and Indebtedness in respect of netting services, overdraft protections, credit card programs, automatic clearinghouse arrangements and similar arrangements in each case in connection with deposit accounts and in the ordinary course of business;

(n) guaranties in the ordinary course of business of the obligations of suppliers, customers, franchisees and licensees of Borrower and its Subsidiaries;

(o) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five (5) business days;

(p) Guaranties by any Loan Party of the Indebtedness of another Loan Party, to the extent such guaranteed Indebtedness is otherwise Permitted Indebtedness;

(q) Indebtedness incurred by the Borrower's Subsidiaries organized in Mexico that are engaged in the pawn business solely to finance Permitted Acquisitions described in clause (i) of the definition thereof;

(r) Indebtedness incurred in connection with the refinancing or the exchange of the Convertible Bonds (including cash convertible note hedge transactions entered into in connection with such refinancing), so long as such Indebtedness (i) does not mature prior to the Final Maturity Date, (ii) does not require any scheduled amortization payments, (iii) is unsecured and subordinated and (iv) (A) does not contain any financial covenants that are not included in or that are more restrictive than those in this Agreement and (B) either (x) is convertible Indebtedness that does not contain any other terms that, taken as a whole, are more restrictive on the Borrower and its Subsidiaries than the terms of the Convertible Bonds or (y) is Indebtedness of another type that only includes market and customary terms for a "high yield", "senior subordinated" or "mezzanine" financing and is subject to subordination terms and conditions set forth in Exhibit G or such subordination terms as are otherwise reasonably acceptable to the Agents;

(s) other Indebtedness of the Loan Parties and their Subsidiaries which is unsecured and subordinated in an aggregate amount not to exceed at any time \$50,000,000, provided that such Indebtedness (i) does not mature prior to the Final



Maturity Date herein, (ii) does not require any scheduled amortization payments and (iii) is subject to such other subordination terms and conditions set forth in Exhibit G or are otherwise reasonably acceptable to the Agents;

(t) Indebtedness of any Person that becomes a Subsidiary after the date hereof pursuant to a Permitted Acquisition, so long as, (i) at the time that such Person becomes a Subsidiary, the Borrower's Senior Leverage Ratio (excluding the amount of the Convertible Bonds then outstanding) calculated on a Pro Forma Basis for any period of four consecutive Fiscal Quarters ending as of the last day of the quarter for which the Borrower's financial statements were most recently delivered to the Agents is less than 1.50:1.00; (ii) such Indebtedness exists at the time such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary; (iii) no Loan Party, other than any Subsidiary that becomes a Loan Party pursuant to such Permitted Acquisition, is an obligor or otherwise provides credit support to such Indebtedness; and (iv) the Collateral Agent consents to the other terms of such Indebtedness (such consent not to be unreasonably withheld, conditioned or delayed); and

(u) other Indebtedness in an aggregate amount at any time not to exceed \$5,000,000.

"Permitted Intercompany Dispositions" means Dispositions of assets from (a) a non-Loan Party to another non-Loan Party, (b) any Loan Party to another Loan Party; (c) the Loan Parties to non-Loan Parties to the extent not exceeding \$2,500,000 in the aggregate in any Fiscal Year so long as such transactions are permitted by Section 7.02(j); and (d) non-Loan Parties to Loan Parties, to the extent not exceeding \$2,500,000 in the aggregate in any Fiscal Year and so long as such transactions are permitted by Section 7.02(j); provided, that the Dispositions permitted in this definition shall not permit any Disposition of assets to or from Grupo Finmart or in connection with any Designated Transaction.

"Permitted Intercompany Investments" means loans or other Investments made by (a)(i) a Loan Party to another Loan Party, (ii) a non-Loan Party Subsidiary of Borrower to another non-Loan Party Subsidiary of Borrower, (iii) a non-Loan Party Subsidiary of Borrower to a Loan Party, so long as, if the Investment is in the form of Indebtedness, the parties thereto are party to the Intercompany Subordination Agreement and (iv) a Loan Party to a non-Loan Party Subsidiary (other than Grupo Finmart) so long as (with respect to this clause (iv)) (A) the aggregate amount of all such Investments made by the Loan Parties does not exceed \$2,500,000 at any time outstanding, (B) no Default or Event of Default has occurred and is continuing before or after giving effect to such loan, (b) the Investments described in Item 2 of Part B of Schedule 1.01(B), and (c) other Investments permitted pursuant to Section 7.02(c)(vii).

"Permitted Investments" means:

(a) Investments in cash and Cash Equivalents;

(b) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business;

(c) advances made in connection with purchases of goods or services in the ordinary course of business;

(d) Investments received in settlement of amounts due to any Loan Party or any of its Subsidiaries effected in the ordinary course of business or owing to any Loan Party or any of its Subsidiaries as a result of Insolvency Proceedings involving an Account Debtor or upon the foreclosure or enforcement of any Lien in favor of a Loan Party or its Subsidiaries;

(e) Investments existing on the date hereof, as set forth on Schedule 7.02(e) hereto, but not any increase in the amount thereof as set forth in such Schedule or any other modification of the terms thereof;

(f) Permitted Intercompany Investments;

(g) Permitted Acquisitions;

(h) Designated Transactions, solely on the terms and conditions set forth on Schedule D;

(i) Investments received as the non-cash portion of consideration received in connection with a Permitted Disposition described in clause (j) of such definition;

(j) Investments consisting of non-cash loans made by Borrower to officers, directors and employees of a Loan Party which are used by such Persons to purchase simultaneously Equity Interests of Borrower;

(k) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(l) Investments held by a Subsidiary acquired after the Effective Date or of a Person merged or amalgamated with or into the Borrower or another Loan Party in accordance with Section 7.02(c) after the Effective Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(m) so long as (i) no Default or Event of Default has occurred and is continuing or result from the making of such Investment, (ii) the Borrower's Senior Leverage Ratio (excluding the amount of the Convertible Bonds then outstanding) calculated on a Pro Forma Basis for any period of four consecutive Fiscal Quarters ending as of the last day of the quarter for which the Borrower's financial statements were most recently delivered to the Agents is less than 1.50:1.00 and (iii) Minimum Liquidity is at least \$45,000,000 after giving effect to such Investment, other Investments (excluding any Permitted Investments in or to Grupo Finmart) in an aggregate amount not to exceed \$10,000,000 in any Fiscal Year;

(n) Investments (i) acquired in connection with the good faith settlement of delinquent Accounts Receivable in the ordinary course of business and consistent with past practices, (ii) in the form of deposits, prepayments and other credits to suppliers made in the ordinary course of business or (iii) received in compromise or resolution of litigation, arbitration or other disputes with Persons who are not Affiliates;

(o) to the extent deemed an investment and without any duplication, any guaranty that qualifies as a Permitted Indebtedness or any transaction described in clause (h) of Permitted Indebtedness;

(p) Investments to the extent that payment for such Investments is made solely with Qualified Equity Interests of Borrower (or any direct or indirect parent of the Borrower);

(q) security deposits provided to landlords, utility companies and governmental authorities in the ordinary course of business;

(r) loans to the Borrower or any direct or indirect parent company of the Borrower in lieu of any payment permitted to be made to the Borrower or any indirect parent company of the Borrower pursuant to Section 7.02(h);

(s) loans to employees of the Loan Parties to enable them to purchase Equity Interests of the Borrower or one of its Subsidiaries, so long as the transaction is consummated on a non-cash basis;

(t) Investments described in Item 3 of Part B of Schedule 1.01(B); and

(u) loans and advances made to customers of the Borrower and its Subsidiaries in the ordinary course of business.

"Permitted Liens" means:

(a) Liens securing the Obligations;

(b) Liens for taxes, assessments, levies and governmental charges the payment of which is not required under Section 7.01(c);

(c) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's and other similar Liens arising in the ordinary course of business and securing obligations (other than Indebtedness for borrowed money) that are not overdue by more than 45 days or are being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(d) Liens described on Schedule 7.02(a), provided that (i) no such Lien shall at any time be extended to cover any additional property (other than products and proceeds thereof) not subject thereto on the Effective Date and (ii) the principal amount of the Indebtedness secured by such Liens shall not be extended, renewed, refunded or refinanced other than pursuant to a Permitted Refinancing;

(e) (i) purchase money Liens on fixed or capital assets acquired or improved by any Loan Party or any of its Subsidiaries in the ordinary course of its business to secure the purchase price of such assets or Indebtedness incurred solely for the purpose of financing the acquisition of such assets or (ii) Liens existing on such assets at the time of its acquisition; provided, however, that (A) no such Lien shall extend to or cover any other property (other than products and proceeds thereof) of any Loan Party or any of its Subsidiaries and (B) the aggregate principal amount of Indebtedness secured by any or all such Liens shall not exceed at any one time outstanding \$2,000,000;

(f) deposits and pledges of cash securing (i) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits, (ii) the performance of bids, tenders, leases, contracts and statutory obligations, (iii) Indebtedness of the type described in clause (h) of the definition of "Permitted Indebtedness" in an amount not to exceed \$4,000,000 in the aggregate, (iv) corporate credit cards and other treasury and cash management services and other bank products provided in the ordinary course of business, or (v) obligations in respect of customs, stay, performance, utility, bid, appeal and surety bonds and completion guarantees and other obligations of a like nature, but only to the extent such deposits or pledges are made or otherwise arise in the ordinary course of business and secure obligations not past due or are being contested in good faith by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

(g) encroachments, easements, covenants, conditions, restrictions, zoning restrictions and similar encumbrances on Real Property and irregularities in the title thereto that do not (i) secure obligations for the payment of money (other than with respect to real estate taxes or mechanics' liens with respect to amounts not yet due and payable); (ii) materially impair the value of such property or its use by any Loan Party or any of its Subsidiaries in the normal conduct of such Person's business; or (iii) are disclosed in any applicable title insurance policy provided to and accepted by the Collateral Agent;

(h) Liens of landlords and mortgagees of landlords (i) arising by statute, common law or under any lease or related Contractual Obligation entered into in the ordinary course of business, (ii) on fixtures and movable tangible property located on the Real Property leased or subleased from such landlord, (iii) for amounts not yet due or that are being contested in good faith by appropriate proceedings and (iv) for which adequate reserves or other appropriate provisions are maintained on the books of such Person in accordance with GAAP;

(i) Liens on Real Property or fixed or capital assets securing Indebtedness permitted by clause (c) of the definition of Permitted Indebtedness;

(j) any interest or title of a licensor, sublicensor, lessor or sublessor under any license or lease agreement entered into in the ordinary course of a Loan Party's business;

(k) licenses, sublicenses, leases and subleases granted to third Persons in the ordinary course of a Loan Party's business not interfering in any material respect with the business of any Loan Party;

(l) judgment liens (other than for the payment of taxes, assessments or other governmental charges) securing judgments and other proceedings not constituting an Event of Default under Section 9.01(k);

(m) right of setoff or bankers' liens upon deposits of cash in favor of banks or other depository institutions, solely to the extent arising by operation of law or incurred in connection with the maintenance of such deposit accounts in the ordinary course of business;

(n) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(o) Liens granted in the ordinary course of business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent such financing is permitted under the definition of Permitted Indebtedness;

(p) other Liens as to which the aggregate amount of the obligations secured thereby does not exceed \$2,000,000;

(q) Liens arising from precautionary uniform commercial code financing statements filed under any operating lease not prohibited by this Agreement;

(r) Liens in favor of collecting banks arising under Section 4-210 of the Uniform Commercial Code or, with respect to collecting banks located in the State of New York, under Section 4-208 of the Uniform Commercial Code;

(s) Liens in favor of customs and revenue authorities arising as a matter of law which secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(t) Liens in favor of insurers (or other Persons financing the payment of insurance premiums) securing Indebtedness of the type described in clause (g) of the definition of "Permitted Indebtedness" financing the premiums payable in respect of insurance policies issued by such insurers; provided that such Liens attach solely to returned premiums in respect of such policies;

(u) any Lien securing Indebtedness described in clause (t) of the definition of Permitted Indebtedness existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (B) such Lien shall not extend to any other property or assets of the Borrower or any Restricted Subsidiary (other than proceeds and products thereof) and (C) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be and extensions, renewals, refinancings and replacements thereof that do not increase the outstanding principal amount thereof (other than by an amount not in excess of accrued interest and fees and expenses, including premium and defeasance costs, associated therewith);

(v) Liens on property of any Excluded Foreign Subsidiary;

(w) Liens (i) attaching to advances to a seller of any property to be acquired, (ii) arising from an agreement to dispose of property constituting a Permitted Disposition, (iii) on cash earnest money deposits in connection with Investments permitted under Section 7.02(g), and (iv) consisting of deposits securing earn-outs, purchase price adjustments and obligations of a similar nature; and

(x) in the case of Equity Interests issued by a joint venture or a non-wholly owned Subsidiary, any call or similar right in the nature of a right of first offer or a first refusal right of a third party that is also an investor in such joint venture or Subsidiary and, in the case of Equity Interests issued by a joint venture or Subsidiary, any call or similar right on any nominee, trust or directors' qualifying shares or similar arrangements designed to satisfy requirements of applicable local laws.

"Permitted Refinancing" means the extension of maturity, refinancing or modification of the terms of Indebtedness so long as:

(a) after giving effect to such extension, refinancing or modification, the amount of such Indebtedness is not greater than the amount of Indebtedness outstanding immediately prior to such extension, refinancing or modification, plus premiums, underwriting discounts, defeasance costs and other fees and expenses incurred in connection with such refinancing;

(b) such extension, refinancing or modification does not result in a shortening of the average weighted maturity (measured as of the extension, refinancing or modification) of the Indebtedness so extended, refinanced or modified;

(c) such extension, refinancing or modification is pursuant to terms that, taken as a whole are not less favorable to the Loan Parties and the Lenders than the terms of the Indebtedness (including, without limitation, terms relating to the collateral (if any) and subordination (if any)) being extended, refinanced or modified; and

(d) the Indebtedness that is extended, refinanced or modified is not recourse to any Loan Party or any of its Subsidiaries that is liable on account of the obligations other than those Persons which were obligated or are otherwise permitted to be obligated pursuant to the terms of this Agreement with respect to the Indebtedness that was refinanced, renewed, or extended.

"Person" means an individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization, joint venture or other enterprise or entity or Governmental Authority.

"Petty Cash Accounts" shall have the meaning specified therefor in Section 8.01(a).

"Post-Default Rate" means a rate of interest per annum equal to the rate of interest otherwise in effect from time to time pursuant to the terms of this Agreement plus 2.00%, or, if a rate of interest is not otherwise in effect, interest at the highest rate specified herein for any Loan then outstanding prior to an Event of Default plus 2.00%.

"Pro Forma Basis" means, in connection with any calculation of compliance with any financial covenant or financial term, the calculation thereof after giving effect on a pro forma basis to (a) the incurrence of any Indebtedness (other than revolving Indebtedness, except to the extent such revolving Indebtedness is incurred to refinance other outstanding Indebtedness, to finance a Permitted Acquisition or other Investment or to finance a Restricted Payment) after the first day of the relevant calculation period, as if such Indebtedness had been incurred (and the proceeds thereof applied) on the first day of such calculation period, (b) the permanent repayment, defeasance or satisfaction and discharge of any Indebtedness (other than revolving Indebtedness, except to the extent accompanied by a corresponding permanent commitment reduction) after the first day of the relevant calculation period, as the case may be, as if such Indebtedness had been retired, repaid, defeased or satisfied and discharged on the first day of such calculation period, and (c) any Permitted Acquisition or any Significant Asset Sale then being consummated as well as any other Permitted Acquisition or any other Significant Asset Sale if consummated after the first day of the relevant calculation period, and on or prior to the date of the respective Permitted Acquisition or Significant Asset Sale, as the case may be, then being effected, with the following rules to apply in connection therewith:

(i) all Indebtedness (a) (other than revolving Indebtedness, except to the extent such revolving Indebtedness is incurred to refinance other outstanding Indebtedness, to finance Permitted Acquisitions or other Investments or to finance a Restricted Payment) incurred or issued after the first day of the relevant calculation period (whether incurred to finance a Permitted Acquisition, to refinance Indebtedness or otherwise) shall be deemed to have been incurred or issued (and the proceeds thereof applied) on the first day of such calculation period, and remain outstanding through the date of determination and (b) (other than revolving Indebtedness, except to the extent accompanied by a corresponding permanent commitment reduction) permanently retired or redeemed, defeased or satisfied and discharged after the first day of the relevant calculation period, as the case may be, shall be deemed to have been retired, redeemed, defeased or satisfied and discharged on the first day of such calculation period, as the case may be, and remain retired through the date of determination;

(ii) all Indebtedness assumed to be outstanding pursuant to preceding clause (i) shall be deemed to have borne interest at (a) the rate applicable thereto, in the case of fixed rate Indebtedness, or (b) the rates which would have been applicable thereto during the respective period when such Indebtedness was deemed outstanding, in the case of floating rate Indebtedness (although interest expense with respect to any Indebtedness for periods while such Indebtedness was actually outstanding during the respective period shall be calculated using the actual rates applicable thereto while such Indebtedness was actually outstanding); provided, that, all Indebtedness (whether actually outstanding or deemed outstanding) bearing interest at a floating rate of interest shall be tested on the basis of the rates applicable at the time the determination is made pursuant to said provisions; and

(iii) in making any determination of Consolidated EBITDA on a Pro Forma Basis, pro forma effect shall be given to any Permitted Acquisition or any Significant Asset Sale if effected after the first day of the calculation period as if same had

occurred on the first day of the respective calculation period, as the case may be, and taking into account, in the case of any Permitted Acquisition, any Pro Forma Cost Savings, as if such cost savings were realized on the first day of the respective period; provided, that (x) the aggregate amount of such cost savings for any period shall not exceed 15% of Consolidated EBITDA (as adjusted) for such period and (y) if the aggregate cost savings pursuant hereto exceeds \$4,000,000 for any such Permitted Acquisition or Significant Asset Sale, all such cost savings shall be certified by a third party nationally recognized valuation firm selected by the Borrower and reasonably acceptable to the Agents.

"Pro Forma Cost Savings" means, with respect to any period, the reduction in net costs, integration and other synergies (including improvements to gross margins) and related adjustments that (a) are directly attributable to an acquisition that occurred during the four-quarter period or after the end of the four-quarter period and on or prior to the respective calculation period, (b) were actually implemented with respect to any acquisition within 12 months after the date of the acquisition and prior to the respective calculation period that are supportable and quantifiable by underlying accounting records or (c) the Borrower reasonably determines are expected to be realized within 12 months of the respective calculation period and, in each case are set forth, as provided below, in an officer's certificate of an Authorized Officer of the Borrower, as if all such reductions in costs and integration and other synergies had been effected as of the beginning of such period. "Pro Forma Cost Savings" set forth above shall be established by a certificate delivered to the Administrative Agent from an Authorized Officer of the Borrower that outlines the specific actions taken or to be taken and the benefit achieved or to be achieved from each such action and, in the case of clause (c) above, that states such benefits have been determined to be probable.

"Pro Rata Share" means:

(a) with respect to a Lender's obligation to make the Term Loans and receive payments of interest, fees, and principal with respect thereto, the percentage obtained by dividing (i) the sum of such Lender's Term Loan Commitment plus such Lender's Delayed Draw Term Loan Commitment, by (ii) the Total Term Loan Commitment, provided that if the Total Term Loan Commitment has been reduced to zero, the numerator shall be the aggregate unpaid principal amount of such Lender's portion of the Term Loan and the denominator shall be the aggregate unpaid principal amount of the Term Loan; and

(b) with respect to all other matters (including the indemnification obligations arising under Section 10.05), the percentage obtained by dividing (i) the unpaid principal amount of such Lender's portion of the Term Loan, by (ii) the aggregate unpaid principal amount of the Term Loan.

"Proceeds" means (a) all "proceeds" (as defined in Article 9 of the Uniform Commercial Code) with respect to the Collateral and (b) whatever is recoverable or recovered when any Collateral is sold, exchanged, collected, or disposed of, whether voluntarily or involuntarily.

"Projections" means financial projections of the Borrower and its Subsidiaries delivered pursuant to Section 6.01(g)(ii), as updated from time to time pursuant to Section 7.01(a)(vi).

"Published Rate" means the rate of interest published each Business Day in The Wall Street Journal "Money Rates" listing under the caption "London Interbank Offered Rates" for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the LIBOR Rate for a one month period as published in another publication selected by the Administrative Agent).

"Purchase Price" means, with respect to any Acquisition, an amount equal to the sum of (a) the aggregate consideration, whether cash, property or securities (including, without limitation, the fair market value of any Equity Interests of any Loan Party or any of its Subsidiaries issued in connection with such Acquisition), paid or delivered by a Loan Party or any of its Subsidiaries (whether as initial consideration or through the payment or disposition of deferred consideration, including, without limitation, in the form of seller financing, royalty payments, payments allocated towards non-compete covenants, payments to principals for consulting services or other similar payments) in connection with such Acquisition, plus (b) the aggregate amount of liabilities of the acquired business (net of current assets of the acquired business) that would be reflected on a balance sheet (if such were to be prepared) of the Borrower and its Subsidiaries after giving effect to such Acquisition, plus (c) the aggregate amount of all transaction fees, costs and expenses incurred by the Borrower or any of its Subsidiaries in connection with such Acquisition.

"Qualified Cash" means, as of any date of determination, the amount of unrestricted cash and Cash Equivalents of the Loan Parties that is subject to a Cash Management Agreement.

"Qualified ECP Loan Party" means the Borrower or each Guarantor that on the Eligibility Date is (a) a corporation, partnership, proprietorship, organization, trust, or other entity (other than a "commodity pool" as defined in Section 1a(10) of the Commodity Exchange Act and Commodity Futures Trading Commission regulations thereunder) that has total assets exceeding \$10,000,000 or (b) an Eligible Contract Participant that can cause another person to qualify as an Eligible Contract Participant on the Eligibility Date under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act by entering into or otherwise providing a "letter of credit or keepwell, support, or other agreement" for purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Qualified Equity Interests" means, with respect to any Person, all Equity Interests of such Person that are not Disqualified Equity Interests.

"Real Property." means all real property owned or leased by the Borrower or any Guarantor.

"Real Property Deliverables" means each of the following agreements, instruments and other documents in respect of any Facility:

(a) a Mortgage duly executed by the applicable Loan Party;

(b) evidence of the recording of each Mortgage in such office or offices as may be necessary or, in the opinion of the Collateral Agent, desirable to perfect the Lien purported to be created thereby or to otherwise protect the rights of the Collateral Agent and the Lenders thereunder;

(c) a Title Insurance Policy or bring-down of any existing Title Insurance Policy (as applicable) with respect to each Mortgage, dated as of the date such Title Insurance Policy is required to be delivered to the Collateral Agent;

(d) a current ALTA survey and a surveyor's certificate, in form and substance reasonably satisfactory to the Collateral Agent, certified to the Collateral Agent and to the issuer of the Title Insurance Policy with respect thereto by a licensed professional surveyor reasonably satisfactory to the Collateral Agent;

(e) a customary opinion of counsel, reasonably satisfactory to the Collateral Agent, in the state where such Facility is located with respect to the enforceability of the Mortgage to be recorded and such other matters as the Collateral Agent may reasonably request;

(f) if reasonably requested by the Collateral Agent, a Phase I Environmental Site Assessment and reliance letter with respect to such Real Property, prepared by a company reasonably satisfactory to the Collateral Agent;

(g) such documentation and information reasonably requested by either Agent to ensure that each Lender is in compliance with the Flood Laws applicable to any Real Property that is subject to a Mortgage, including providing the Agents with the address and/or GPS coordinates of each structure on any Real Property that is or will be subject to a Mortgage in favor of Collateral Agent, for the benefit of the Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to or upon such property, structures and contents becoming Collateral, and thereafter maintaining such flood insurance in full force and effect for so long as required by the Flood Laws; and

(h) such other agreements, instruments and other documents (including opinions of counsel and zoning or other regulatory letters issued by the applicable Governmental Authority) as the Collateral Agent may reasonably require.

"Recipient" means the Administrative Agent and any Lender.

"Reference Bank" means JPMorgan Chase Bank, its successors or any other commercial bank designated by the Administrative Agent to the Borrower from time to time.

"Reference Rate" means, for any day, a fluctuating per annum rate of interest (fluctuating on a daily basis) equal to the highest of (i) the rate of interest publicly announced from time to time by the Reference Bank in New York, New York as its reference rate, base rate or prime rate (it being understood and agreed that (a) the reference rate, base rate or prime rate is determined from time to time by the Reference Bank as a means of pricing some loans to its borrowers and neither is tied to any external rate of interest or index nor necessarily reflects the lowest rate of interest actually charged by the Reference Bank to any particular class or category of customers and (b) each change in the Reference Rate shall be effective from and including the date such change is publicly announced as being effective), (ii) the Federal Funds Open Rate plus 1/2 of 1% (0.5%) and (iii) the Published Rate divided by a number equal to 1.00 minus the reserve percentage plus 100 basis points (1%); provided that, at no time shall the Reference Rate be less than 3.00%.

"Reference Rate Loan" means each portion of a Loan that bears interest at a rate determined by reference to the Reference Rate.

"Register" has the meaning specified therefor in Section 12.07(d).

"Registered Intellectual Property" means Intellectual Property that is issued, registered, renewed or the subject of a pending application.

"Regulation T, U or X" means Regulation T, Regulation U and Regulation X, in each case, of the Board or any successor, individually or collectively, as the context requires, as the same may be amended or supplemented from time to time.

"Reinvestment Eligible Funds" means (a) the Net Cash Proceeds which, but for the application of Section 2.05(c)(v), would be required to be used to prepay the Term Loan pursuant to Section 2.05(c)(ii), or (b) Extraordinary Receipts consisting of insurance or condemnation proceeds paid as the result of loss, destruction, casualty, condemnation or expropriation which, but for the application of Section 2.05(c)(v), would be required to be used to prepay the Term Loan pursuant to Section 2.05(c)(iv).

"Reinvestment Notice" has the meaning specified therefor in Section 2.05(c)(v).

"Reinvestment Period" has the meaning specified therefor in Section 2.05(c)(v).

"Related Fund" means, with respect to any Person, an Affiliate of such Person, or a fund or account managed by such Person or an Affiliate of such Person.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of any Hazardous Material (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material) into the environment.

"Remedial Action" means all actions required by Environmental Laws taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, investigate or in any other way address Hazardous Materials in the environment; (b) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the environment; or (c) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities.

"Report" has the meaning specified therefor in Section 10.13(a).

"Reportable Compliance Event" means that any Covered Entity becomes a Sanctioned Person, or, to the knowledge of any Loan Party or any of its subsidiaries, is indicted, arraigned or subject to formal criminal charges in connection with any Anti-Money Laundering and Anti-Terrorism Law or any Anti-Corruption Law, or, with respect to any Loan Party or Subsidiary, self-discovers facts or circumstances implicating any aspect of its operations that leads the Covered Entity to conclude that there is a material violation of any applicable Anti-Money Laundering and Anti-Terrorism Law or any Anti-Corruption Law.

"Reportable Event" means an event described in Section 4043 of ERISA (other than an event not subject to the provision for 30-day notice to the PBGC under the regulations promulgated under such Section).

"Required Lenders" means Lenders whose Pro Rata Shares aggregate more than 50%.

"Requirements of Law" means, with respect to any Person, collectively, the common law and all federal, state, provincial, territorial, local, municipal, foreign, multinational or international laws, statutes, codes, treaties, standards, rules and regulations, guidelines, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, requirements or requests of, any Governmental Authority, in each case that are applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Reserve Percentage" means as of any day the maximum percentage (expressed as a decimal) in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to Eurocurrency funding (currently referred to as "Eurocurrency Liabilities").

"Restricted Payments" has the meaning specified therefor in Section 7.02(h).

"Sale and Leaseback Transaction" means, with respect to the Borrower or any of its Subsidiaries, any arrangement, directly or indirectly, with any Person whereby the Borrower or any of its Subsidiaries shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC).

"Sanctioned Country" means at any time, a country or territory which is itself the subject or target of any Sanctions.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC or the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b).

"SEC" means the Securities and Exchange Commission or any other similar or successor agency of the Federal government administering the Securities Act.

"Secured Party" means, individually or collectively as the context requires, any Agent and any Lender.

"Securities Act" means the Securities Act of 1933, as amended, or any similar Federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect from time to time.

"Securitization" has the meaning specified therefor in Section 12.07(k).

"Security Agreement" means a Pledge and Security Agreement made by a Loan Party in favor of the Collateral Agent for the benefit of the Agents and the Lenders, in form and substance reasonably satisfactory to the Collateral Agent, in each case, as amended, amended and restated, supplemented or otherwise modified from time to time, securing the Obligations as set forth therein and delivered to the Collateral Agent.

"Seller" means any Person that sells Equity Interests or other property or assets to a Loan Party or a Subsidiary of a Loan Party in a Permitted Acquisition.

"Senior Leverage Ratio" means, with respect to any Person and its Subsidiaries on a consolidated basis for any period, the ratio of (a) the amount of Consolidated Funded Indebtedness (excluding any Subordinated Indebtedness) of such Person and its Subsidiaries as of the end of such period to (b) Consolidated EBITDA of such Person and its Subsidiaries for such period; provided, however, that the Consolidated Total Funded Indebtedness component of the Senior Leverage Ratio for any period shall not include the amount of the Convertible Bonds then outstanding.

"Senior Officer" means, with respect to any Person, such Person's chief executive officer, chief financial officer, chief operating officer, secretary or President (or any other officer of such Person acting in any capacity similar to the foregoing).

"Significant Asset Sale" means any Disposition or series of related Dispositions to Persons that are not Loan Parties or Affiliates of Loan Parties (i.e., separate assets being sold, transferred or otherwise disposed of as part of an identifiable group of assets and within a reasonably limited time period) constituting Permitted Dispositions that are not made in the ordinary course of business where the aggregate consideration therefor is equal to, or in excess of, \$10,000,000.

"Solvent" means, with respect to the Borrower and its Subsidiaries on a particular date, that on such date (a) the fair value of the assets of the Borrower and its Subsidiaries on a consolidated basis, on a going concern basis is not less than the total liabilities of the Borrower and its Subsidiaries on a consolidated basis; (b) the present fair saleable value of the property of the Borrower and its Subsidiaries on a consolidated and going concern basis will be greater than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries on a consolidated basis as they become absolute and matured; (c) the Borrower and its Subsidiaries on a consolidated basis will be able to realize upon their assets and pay their debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business; (d) the Borrower and its Subsidiaries on a consolidated basis do not intend to, and do not believe that they will, incur debts or liabilities beyond their ability to pay as such debts and liabilities mature and (e) the Borrower and its Subsidiaries on a consolidated basis are not engaged in business or a transaction, and are not about to engage in business or a transaction, for which the Borrower and its Subsidiaries' property on a consolidated basis would constitute unreasonably small capital.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"Subordinated Indebtedness" means (a) any subordinated Indebtedness permitted pursuant to clause (s) of the definition of Permitted Indebtedness in accordance with the terms and conditions set forth therein, and (b) any other Indebtedness of any Loan Party the terms of which (including, without limitation, payment terms, interest rates, covenants, remedies, defaults and other material terms) are reasonably satisfactory to the Agents and the Required Lenders which has been expressly subordinated in right of payment to all Indebtedness of such Loan Party under the Loan Documents.

"Subsidiary" means, with respect to any Person at any date, any corporation, limited or general partnership, limited liability company, trust, estate, association, joint venture or other business entity (a) the accounts of which would be consolidated with those of such Person in such Person's consolidated financial statements if such financial statements were prepared in accordance with GAAP or (b) of which more than 50% of (i) the outstanding Equity Interests having (in the absence of contingencies) ordinary voting power to elect a majority of the Board of Directors of such Person, (ii) in the case of a partnership or limited liability company, the interest in the capital or profits of such partnership or limited liability company or (iii) in the case of a trust, estate, association, joint venture or other entity, the beneficial interest in such trust, estate, association or other entity business is, at the time of determination, owned or controlled directly or indirectly through one or more intermediaries, by such Person. References to a Subsidiary shall mean a Subsidiary of the Borrower unless the context expressly provides otherwise.

"Swap" means any "swap" as defined in Section 1a(47) of the Commodity Exchange Act and regulations thereunder other than (a) a swap entered into on, or subject to the rules of, a board of trade designated as a contract market under Section 5 of the Commodity Exchange Act, or (b) a commodity option entered into pursuant to Commodity Futures Trading Commission Regulation 32.3(a).

"Swap Obligation" means any obligation to pay or perform under any agreement, contract or transaction that constitutes a Swap which is also a Lender-Provided Hedge Agreement.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.



"Tax Restructuring" means any restructuring involving any of the Loan Parties or their Subsidiaries undertaken to eliminate or mitigate the effects of any investment in "United States property" (as defined in Section 956(c) of the Code), including, but not limited to, any actual or deemed liquidation, distribution, contribution, spin-off, merger or other reorganization involving any of the Loan Parties or their Subsidiaries, as reasonably determined by the Borrower and the Agents acting in good faith.

"Term Loan" means, collectively, the loans made by the Term Loan Lenders to the Borrower on the Effective Date pursuant to Section 2.01(a) and any Delayed Draw Term Loans.

"Term Loan Commitment" means, with respect to each Lender, the commitment of such Lender to make a term loan to the Borrower on the Effective Date in the amount set forth in Schedule 1.01(A) hereto or in the Assignment and Acceptance pursuant to which such Lender became a Lender under this Agreement, as the same may be terminated or reduced from time to time in accordance with the terms of this Agreement.

"Term Loan Lender" means a Lender with a Term Loan Commitment, Delayed Draw Term Loan Commitment, a Term Loan or a Delayed Draw Term Loan.

"Term Loan Obligations" means any Obligations with respect to the Term Loan (including, without limitation, the principal thereof, the interest thereon, and the fees and expenses specifically related thereto).

"Termination Event" means (a) a Reportable Event with respect to any Employee Plan, (b) any event that causes any Loan Party or any of its ERISA Affiliates to incur liability under Section 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA, (c) the filing of a notice of intent to terminate an Employee Plan in a non-standard termination or the treatment of an Employee Plan amendment as a non-standard termination under Section 4041 of ERISA, (d) the institution of proceedings by the PBGC to terminate an Employee Plan, or (e) any other event or condition which could reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Employee Plan.

"Title Insurance Policy" means a mortgagee's loan policy, in form and substance reasonably satisfactory to the Collateral Agent, together with all endorsements made from time to time thereto, issued by or on behalf of a title insurance company reasonably satisfactory to the Collateral Agent, insuring the Lien created by a Mortgage in an amount and on terms reasonably satisfactory to the Collateral Agent, delivered to the Collateral Agent.

"Total Commitment" means the Total Term Loan Commitment.

"Total Term Loan Commitment" means the sum of the amounts of the Lenders' Term Loan Commitments and Delayed Draw Term Loan Commitments.

"Transactions" means, collectively, the transactions to occur on or about the Effective Date pursuant to the Loan Documents, including (a) the execution, delivery and performance of the Loan Documents and the making of the Loans hereunder and (b) the payment of all fees and expenses to be paid on or prior to the Effective Date and owing in connection with the foregoing.

"Transferee" has the meaning specified therefor in Section 2.09(f).

"Treasury Regulations" means the United States Treasury regulations issued from time to time.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning specified therefor in Section 2.09(e)(ii)(B)(3).

"Uniform Commercial Code" or "UCC" has the meaning specified therefor in Section 1.04.

"Unused Line Fee" has the meaning specified therefor in Section 2.06(a).

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (PATRIOT) Act of 2001 (Title III of Pub. L. 107-56, Oct. 26, 2001) as amended by the USA Patriot Improvement and Reauthorization Act of 2005 (Pub. L. 109-177, March 9, 2006).

"WARN" has the meaning specified therefor in Section 6.01(z).

"Withholding Agent" means any Loan Party and the Administrative Agent.

Section 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such

agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any right or interest in or to assets and properties of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible and (f) all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. References in this Agreement to "determination" by any Agent include good faith estimates by such Agent (in the case of quantitative determinations) and good faith beliefs by such Agent (in the case of qualitative determinations). Any reference to cash and Cash Equivalents with respect to which the Collateral Agent is the depositary or securities intermediary, or any combination thereof shall be construed to mean cash and Cash Equivalents on deposit with or in securities accounts with Collateral Agent only to the extent the Collateral Agent is a depositary bank or registered securities intermediary.

Section 1.03 Certain Matters of Construction. A Default or Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default occurs to the date on which such Default or Event of Default is waived in writing pursuant to this Agreement or, in the case of a Default, is cured within any period of cure expressly provided for in this Agreement. Any Lien referred to in this Agreement or any other Loan Document as having been created in favor of any Agent (or any subagent or designee or delegee of any Agent), any agreement entered into by any Agent (or any subagent or designee or delegee of any Agent) pursuant to this Agreement or any other Loan Document, any payment made by or to or funds received by any Agent (or any subagent or designee or delegee of any Agent) pursuant to or as contemplated by this Agreement or any other Loan Document, or any act taken or omitted to be taken by any Agent (or any subagent or designee or delegee of any Agent), shall, unless otherwise expressly provided, be created, entered into, made or received, or taken or omitted, for the benefit or account of the Agents and the Lenders. Wherever the phrase "to the knowledge of any Loan Party" or words of similar import relating to the knowledge or the awareness of any Loan Party are used in this Agreement or any other Loan Document, unless otherwise indicated, such phrase shall mean and refer to (i) the actual knowledge of a Senior Officer of any Loan Party or (ii) the knowledge that a Senior Officer would have obtained if such officer had engaged in good faith and diligent performance of such officer's duties, including the making of such reasonably specific inquiries as may be necessary of the employees or agents of such Loan Party and a good faith attempt to ascertain the existence or accuracy of the matter to which such phrase relates. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a default if such action is taken or condition exists. Unless otherwise provided, all financial calculations shall be performed with Inventory using the specific identification method of accounting. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.

Section 1.04 Accounting and Other Terms.

(a) Unless otherwise expressly provided herein, each accounting term used herein shall have the meaning given it under GAAP applied on a basis consistent with those used in preparing the Financial Statements except as noted in the definition of GAAP. For purposes of determining compliance with any incurrence or expenditure tests set forth in Section 7.01, Section 7.02 and Section 7.03, any amounts so incurred or expended (to the extent incurred or expended in a currency other than Dollars) shall be converted into Dollars on the basis of the exchange rates (as shown on the Bloomberg currency page for such currency or, if the same does not provide such exchange rate, by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Agents or, in the event no such service is selected, on such other basis as is reasonably satisfactory to the Agents) as in effect on the date of such incurrence or expenditure under any provision of any such Section that has an aggregate Dollar limitation provided for therein (and to the extent the respective incurrence or expenditure test regulates the aggregate amount outstanding at any time and it is expressed in terms of Dollars, all outstanding amounts originally incurred or spent in currencies other than Dollars shall be converted into Dollars on the basis of the exchange rates (as shown on the Bloomberg currency page for such currency or, if the same does not provide such exchange rate, by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Agents or, in the event no such service is selected, on such other basis as is reasonably satisfactory to the Agents) as in effect on the date of any new incurrence or expenditures made under any provision of any such Section that regulates the Dollar amount outstanding at any time). Notwithstanding the foregoing, (i) with respect to the accounting for leases as either operating leases or capital leases and the impact of such accounting in accordance with FASB ASC 840 on the definitions and covenants herein, GAAP as in effect on the Effective Date shall be applied and (ii) for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) All terms used in this Agreement which are defined in Article 8 or Article 9 of the Uniform Commercial Code as in effect from time to time in the State of New York (the "Uniform Commercial Code" or the "UCC") and which are not otherwise defined herein shall have the same meanings herein as set forth therein, provided that terms used herein which are

defined in the Uniform Commercial Code as in effect in the State of New York on the date hereof shall continue to have the same meaning notwithstanding any replacement or amendment of such statute except as any Agent may otherwise determine.

(c) Notwithstanding anything in the Agreement to the contrary, (A) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (B) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities shall, in each case, be deemed to be enacted, adopted, issued, phased in or effective after the date of this Agreement regardless of the date enacted, adopted, issued, phased in or effective.

(d) For purposes of determining compliance with the financial covenants set forth in Section 7.03 hereof, such covenants shall be tested on Pro Forma Basis to the extent an action specified in the definition thereof occurs during the applicable four consecutive Fiscal Quarter test period as if such action had occurred at the beginning of such test period.

Section 1.05 Grupo Finmart. Notwithstanding anything to the contrary in this Agreement, so long as Grupo Finmart is classified as a discontinued operation in accordance with GAAP for the duration of any relevant period, (x) the assets, liabilities (including Indebtedness), revenues, expenses and results of operations of (i) Grupo Finmart and its subsidiaries, (ii) any variable interest entity of which Grupo Finmart is a beneficiary, and (iii) any securitization trust of which Grupo Finmart is a beneficiary, in each case shall be disregarded and excluded for purposes of calculating any financial maintenance covenant (or any component thereof) set forth in Section 7.03 and for purposes of calculating any other financial covenant, ratio, test or condition (or any component of any thereof) that is included in any other provision of this Agreement, including any such test or condition requiring the calculation of the Senior Leverage Ratio or the Fixed Charge Coverage Ratio on a Pro Forma Basis, and (y) Grupo Finmart and its subsidiaries (i) shall not be restricted by the terms and conditions of this Agreement and (ii) shall be deemed not to be a subsidiary of any Loan Party or any of their other Subsidiaries for purposes of this Agreement and the other Loan Documents (except, in each case of clauses (i) and (ii), with respect to transactions entered into with the Borrower or any of its other Subsidiaries).

Section 1.06 Time References. Unless otherwise indicated herein, all references to time of day refer to Eastern Standard Time or Eastern daylight saving time, as in effect in New York on such day. For purposes of the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding"; provided, however, that with respect to a computation of fees or interest payable to any Agent or any Lender, such period shall in any event consist of at least one full day.

## ARTICLE II

### THE LOANS

Section 2.01 Commitments and Delayed Draw Term Loans. %3) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Term Loan Lender severally agrees to make (a) a portion of the Term Loan to the Borrower on the Effective Date, in an aggregate principal amount not to exceed the amount of such Lender's Term Loan Commitment, and (b) Delayed Draw Term Loans to the Borrower after the Effective Date, in an aggregate principal amount not to exceed the amount of such Lender's Delayed Draw Term Loan Commitment, on the terms and conditions set forth herein.

(a) Notwithstanding the foregoing, (i) the aggregate principal amount of the Term Loan made on the Effective Date shall not exceed the Term Loan Commitment and (ii) the aggregate principal amount of the Delayed Draw Term Loans made after the Effective date shall not exceed the Delayed Draw Term Loan Commitment. Any principal amount of the Term Loan which is repaid or prepaid may not be reborrowed.

(b) Delayed Draw Term Loan.

(i) Request. At any time following the Effective Date and prior to the Delayed Draw Term Loan Commitment Termination Date, the Borrower may, by written notice to the Administrative Agent in accordance with Section 2.02 (a "Delayed Draw Term Loan Request"), request one or more additional term loans (each such term loan, a "Delayed Draw Term Loan") in Dollars in an aggregate amount not to exceed \$50,000,000; provided, that no commitment of any Lender shall be increased without the consent of such Lender. Such notice shall set forth (A) the amount of the Delayed Draw Term Loan being requested (which shall be in a minimum amount of \$5,000,000 or such lesser total available amount of the Delayed Draw Term Loan Commitment), (B) the date (the "Delayed Draw Term Loan Effective Date") on which such Delayed Draw Term Loan is requested to become effective (which, unless otherwise agreed by the Administrative Agent, shall not be less than 10 Business Days nor more than 60 days after the date of such notice), and (C) whether the Delayed Draw Term Loan is to initially be a LIBOR Rate Loan or a Reference Rate Loan (and, if a LIBOR Rate Loan, the Interest Period therefor).

(ii) [Reserved].

(iii) Conditions. The Delayed Draw Term Loan shall not become effective under this Section 2.01(c) unless, after giving effect to the Delayed Draw Term Loan and the application of the proceeds therefrom:

(A) the conditions set forth in Section 5.02 have been satisfied;

(B) the Senior Leverage Ratio, calculated on a Pro Forma Basis for any period of four consecutive Fiscal Quarters of the Borrower ending as of the last day of the quarter for which the Borrower's financial statements were most recently delivered to the Agents, shall not exceed 2.25 to 1.00 (such calculation to exclude the amount of the Convertible Bonds then outstanding);

(C) the Borrower and its Subsidiaries shall be in compliance on a Pro Forma Basis with the financial covenant set forth in Section 7.03(b); and

(D) the Administrative Agent shall have received a certificate of an Authorized Officer of the Borrower certifying as to the foregoing (which certificate may be included in the applicable Notice of Borrowing).

Section 2.02 Making the Loans. %3) The Borrower shall give the Administrative Agent prior telephonic notice (immediately confirmed in writing, in substantially the form of Exhibit B hereto (a "Notice of Borrowing")), not later than 1:00 p.m. (New York City time) on the date which is 10 Business Days prior to the date of the proposed Loan (or such shorter period as the Administrative Agent is willing, in its sole discretion, to accommodate from time to time, it being understood and agreed that with respect to the Term Loan to be funded on the Effective Date, the Borrower shall be permitted to deliver, and the Administrative Agent shall accept, a Notice of Borrowing dated one (1) Business Day prior to the Effective Date. Such Notice of Borrowing shall be irrevocable (except with respect to the initial Notice of Borrowing, which may be conditioned on closing this Agreement) and shall specify (i) the principal amount and type of the proposed Loan, (ii) whether the Loan is requested to be a Reference Rate Loan or a LIBOR Rate Loan and, in the case of a LIBOR Rate Loan, the initial Interest Period with respect thereto, (iii) the use of the proceeds of such proposed Loan, and (iv) the proposed borrowing date, which must be a Business Day, and, with respect to the initial Term Loan, must be the Effective Date. If no election as to the type of Loan is specified, then the requested Loan shall be a Reference Rate Loan. If no Interest Period is specified with respect to any requested LIBOR Rate Loan, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Each Loan shall be made in Dollars. The Administrative Agent and the Lenders may act without liability upon the basis of written, facsimile or telephonic notice believed by the Administrative Agent in good faith to be from the Borrower (or from any Authorized Officer thereof designated in writing purportedly from the Borrower to the Administrative Agent). The Administrative Agent and each Lender shall be entitled to rely conclusively on the authority of any Authorized Officer of the Borrower to request a Loan on behalf of the Borrower until the Administrative Agent receives written notice to the contrary. The Administrative Agent and the Lenders shall have no duty to verify the authenticity of the signature appearing on any written Notice of Borrowing.

(a) [Reserved].

(b) Except as otherwise provided in this Section 2.02(c), all Loans under this Agreement shall be made by the Lenders simultaneously and proportionately to their Pro Rata Shares of the Total Term Loan Commitment, it being understood that no Lender shall be responsible for any default by any other Lender in that other Lender's obligations to make a Loan requested hereunder, nor shall the Commitment of any Lender be increased or decreased as a result of the default by any other Lender in that other Lender's obligation to make a Loan requested hereunder, and each Lender shall be obligated to make the Loans required to be made by it by the terms of this Agreement regardless of the failure by any other Lender.

Section 2.03 Repayment of Loans; Evidence of Debt. %3) The Term Loan, and all accrued and unpaid interest thereon, shall be due and payable on the earliest of (i) the date of the acceleration of the Term Loan in accordance with the terms hereof and (ii) the Final Maturity Date.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(c) The Register and the corresponding entries made in the accounts maintained pursuant to Section 2.03(b) or Section 2.03(c) shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that (i) the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement and (ii) in the event of any conflict between the Register and the corresponding entries made in the accounts maintained pursuant to Section 2.03(b) and the accounts maintained pursuant to Section 2.03(c), the Register and the corresponding accounts maintained pursuant to Section 2.03(c) shall govern and control.

(d) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to

such Lender and its registered assigns) in a form furnished by the Collateral Agent and reasonably acceptable to the Borrower. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 12.07) be represented by one or more promissory notes in such form payable to the payee named therein and its registered assigns.

#### Section 2.04 Interest.

(a) Term Loan. Subject to the terms of this Agreement, at the option of the Borrower, the Term Loan or any portion thereof shall be either a Reference Rate Loan or a LIBOR Rate Loan. Each portion of the Term Loan that is a Reference Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date such Term Loan is made until repaid, at a rate per annum equal to the Reference Rate plus the Applicable Margin. Each portion of the Term Loan that is a LIBOR Rate Loan shall bear interest on the principal amount thereof from time to time outstanding, from the date of the Term Loan until repaid, at a rate per annum equal to the LIBOR Rate for the Interest Period in effect for the Term Loan (or such portion thereof) plus the Applicable Margin.

(b) Default Interest. To the extent permitted by law and notwithstanding anything to the contrary in this Section, upon the occurrence and during the continuance of an Event of Default and so long as written notice is provided by the Administrative Agent to the Borrower, at the election of any Agent or the Required Lenders, the principal of, and all accrued and unpaid interest on, all Loans, fees, indemnities or any other Obligations of the Loan Parties under this Agreement and the other Loan Documents, shall bear interest, from the date such Event of Default occurred until the date such Event of Default is waived in writing in accordance herewith, at a rate per annum equal to all times to the Post-Default Rate. All interest and other amounts payable pursuant to this Section 2.04(b) shall be payable on demand.

(c) Interest Payment. Interest on each Loan shall be payable monthly, in arrears, on the first day of each month, commencing on the first day of the month following the month in which such Loan is made and at maturity (whether upon demand, by acceleration or otherwise). Interest at the Post-Default Rate shall be payable on demand. The Borrower hereby authorizes the Administrative Agent to, and the Administrative Agent may, from time to time, charge the Loan Account pursuant to Section 4.01 with the amount of any interest payment due hereunder.

(d) General. All interest shall be computed on the basis of a year of 360 days for the actual number of days, including the first day but excluding the last day, elapsed.

#### Section 2.05 Reduction of Commitment; Prepayment of Loans.

##### (a) Reduction of Commitments.

(i) The Term Loan Commitment shall terminate at 5:00 p.m. (New York City time) on the Effective Date. The Delayed Draw Term Loan Commitment shall terminate at 5:00 p.m. (New York City time) on the Delayed Draw Term Loan Commitment Termination Date.

(ii) The Borrower may reduce the Delayed Draw Term Loan Commitment to an amount (which may be zero) not less than the aggregate principal amount of all Delayed Draw Term Loans not yet made as to which a Delayed Draw Term Loan Request has been given by the Borrower under Section 2.01(c). Each such reduction shall be (1) in an amount which is an integral multiple of \$5,000,000 (or by the full amount of the Delayed Draw Term Loan Commitment in effect immediately prior to such reduction if such amount at that time is less than \$5,000,000), (2) made by providing not less than 5 Business Days' prior written notice to the Administrative Agent, and (3) irrevocable. Once reduced, the Delayed Draw Term Loan Commitment may not be increased. Each such reduction of the Delayed Draw Term Loan Commitment shall reduce the Delayed Draw Term Loan Commitment of each Lender proportionally in accordance with its Pro Rate Share thereof.

##### (b) Optional Prepayment.

(i) Term Loan. The Borrower may, at any time and from time to time, upon at least 5 Business Days' prior written notice to the Administrative Agent, prepay the principal of the Term Loan, in whole or in part. Each prepayment made pursuant to this clause (b)(i) shall be accompanied by the payment of (A) accrued interest to the date of such payment on the amount prepaid and (B) the Applicable Prepayment Premium, if any, payable in connection with such prepayment of the Term Loan.

(ii) Termination of Agreement. The Borrower may, upon at least 5 Business Days' prior written notice to the Administrative Agent, terminate this Agreement by Paying in Full to the Administrative Agent, in cash, the Obligations, plus the Applicable Prepayment Premium, if any, payable in connection with such termination of this Agreement; provided that such notice of termination may provide that it is conditioned upon the consummation of a transaction which is contemplated to result in a termination of this Agreement, in which event, such notice may be conditioned upon the consummation of such transaction and may be revoked if such transaction is not consummated. When all Obligations hereunder which are accrued and payable have been Paid In Full or satisfied, this Agreement and the Guarantees made herein shall terminate with respect to all Obligations, except with respect to Obligations that expressly survive such repayment pursuant to the terms of this Agreement.

(c) Mandatory Prepayment.

(i) [Reserved].

(ii) Subject to clauses (v) and (vi) below, within three (3) Business Days after any Disposition (excluding Dispositions permitted under clauses (a), (b), (c), (e), (f), (g), (h), (j), (k), (l) and (n) (to the extent constituting an Excluded Equity Issuance) of the definition of Permitted Dispositions; provided that Permitted Dispositions referred to in clauses (g) and (l) shall be governed by Section 2.05(c)(iv)) by any Loan Party or its Subsidiaries, or within five (5) Business Days (or such longer period as may be reasonably agreed to by the Collateral Agent), in the case of any Disposition by any Loan Party or its Subsidiaries located in a jurisdiction outside the United States, the Borrower shall prepay the outstanding principal amount of the Obligations in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with such Disposition to the extent that the aggregate amount of Net Cash Proceeds received by the Loan Parties (and not paid to the Administrative Agent as a prepayment of the applicable Loans) shall exceed \$1,000,000 in any Fiscal Year. Nothing contained in this Section 2.05(c)(ii) shall permit any Loan Party or any of its Subsidiaries to make a Disposition of any property other than in accordance with Section 7.02(c)(iii).

(iii) Within one (1) Business Day of any Loan Party or any of its Subsidiaries' receipt of the Net Cash Proceeds from any issued or incurred Indebtedness (other than Permitted Indebtedness) or any issuance of Equity Interests or five (5) Business Days (or such longer period as may be reasonably agreed to by the Collateral Agent) in respect of receipt of the Net Cash proceeds from any issuance or incurrence of such Indebtedness or issuance of Equity Interests by any Foreign Subsidiaries of the Borrower (other than (A) Excluded Equity Issuances and (B) Equity Interests issued as consideration or in exchange for (or the proceeds of which are used for) the redemption of the Convertible Bonds, Indebtedness of Grupo Finmart or other Permitted Indebtedness or as consideration for the Purchase Price of a Permitted Acquisition or Permitted Investment), the Borrower shall prepay the outstanding amount of the Obligations in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection therewith. The provisions of this Section 2.05(c)(iii) shall not be deemed to be implied consent to any such issuance, incurrence or sale otherwise prohibited by the terms and conditions of this Agreement.

(iv) Subject to clause (v) below, within seven (7) Business Days of the receipt by any Loan Party or any of its Subsidiaries of any Extraordinary Receipts in an amount exceeding \$1,000,000 in any Fiscal Year, the Borrower shall prepay the outstanding principal of the Obligations in an amount equal to 100% of the Net Cash Proceeds in excess of \$1,000,000 received by such Person in connection therewith; provided that if the Borrower's the Borrower's Senior Leverage Ratio (excluding the amount of the Convertible Bonds then outstanding) calculated on a Pro Forma Basis for any period of four consecutive Fiscal Quarters ending as of the last day of the quarter for which the Borrower's financial statements were most recently delivered to the Agents is less than 1.00:1.00 and Minimum Liquidity is at least \$45,000,000 on the date such Loan Party or any of its Subsidiaries receives such Extraordinary Receipts, the Borrower shall not be required to make such prepayment.

(v) Notwithstanding the foregoing, (A) the Borrower shall not be required to make a prepayment otherwise required pursuant to Section 2.05(c)(ii) or Section 2.05(c)(iv) with Reinvestment Eligible Funds that are required to prepay the Obligations so long as: (I) such Reinvestment Eligible Funds shall be used to purchase, replace, repair or restore properties or assets constituting Collateral to the extent such Reinvestment Eligible Funds relate to assets that were Collateral, (II) no Default or Event of Default has occurred and is continuing on the date such Person receives such Reinvestment Eligible Funds, (III) the Borrower notifies the Administrative Agent (the "Reinvestment Notice") within 10 Business Days after such Disposition or loss (the "Reinvestment Period") of the intent of the applicable Person to use such Reinvestment Eligible Funds to purchase, replace, repair or restore properties or assets used in such Person's business within a period specified in such certificate not to exceed 270 days after the date of receipt of such Reinvestment Eligible Funds and (IV) such Reinvestment Eligible Funds are deposited in a Controlled Deposit Account; provided that if all or any portion of such Reinvestment Eligible Funds are not used in accordance with this clause (A) within the period specified in the Reinvestment Notice, the remaining portion shall be applied to the prepay the Obligations in in accordance with Section 2.05(c)(ii) or Section 2.05(c)(iv) as applicable.

(vi) Notwithstanding the foregoing, the Borrower shall not be required to make a prepayment pursuant to Section 2.05(c)(ii) after the occurrence of a Disposition described in clause (d) or (n) of the definition of Permitted Disposition, so long as: (A) at the time of such Permitted Disposition, the Borrower's Senior Leverage Ratio (excluding the amount of the Convertible Bonds then outstanding) calculated on a Pro Forma Basis for any period of four consecutive Fiscal Quarters ending as of the last day of the quarter for which the Borrower's financial statements were most recently delivered to the Agents is less than 1.00:1.00, and (B) the Minimum Liquidity is at least \$45,000,000 after giving pro forma effect to such Permitted Disposition.

(d) Application of Payments. After the occurrence and during the continuance of an Event of Default, if the Administrative Agent has elected, or has been directed by the Collateral Agent or the Required Lenders, to apply payments and other Proceeds of Collateral in accordance with Section 4.03(b), prepayments required under Section 2.05(c) shall be applied in the manner set forth in Section 4.03(b).

(e) Interest and Fees. Any prepayment made pursuant to Section 2.05 shall be accompanied by (i) accrued interest on the principal amount being prepaid to the date of prepayment, (ii) any Funding Losses payable pursuant to

Section 2.07(e) and (iii) in the case of any prepayment required to be made pursuant to Section 2.05(c)(ii) or (c)(iii), the Applicable Prepayment Premium, if any, payable in connection with such prepayment of the Loans.

(f) Cumulative Prepayments. Except as otherwise expressly provided in this Section 2.05, payments with respect to any subsection of this Section 2.05 are in addition to payments made or required to be made under any other subsection of this Section 2.05.

#### Section 2.06 Fees.

(a) Delayed Draw Unused Line Fee. From and after the Effective Date and until the Delayed Draw Commitment Termination Date, the Borrower shall pay to the Administrative Agent for the account of the Lenders holding a Delayed Draw Term Loan Commitment, in accordance with their Pro Rata Shares (calculated in accordance with clause (a) of the definition thereof), monthly in arrears on the first day of each month commencing after the Effective Date, an unused line fee (the "Unused Line Fee"), which shall accrue at the rate per annum of 2.75% on the excess, if any, of the Delayed Draw Term Loan Commitment over the sum of the average principal amount of all Delayed Draw Term Loans outstanding from time to time during the preceding month.

(b) Loan Servicing Fee. From and after the Effective Date and until the Final Maturity Date, the Borrower shall pay to the Administrative Agent for the account of the Agents, a non-refundable loan servicing fee (the "Loan Servicing Fee") equal to \$15,000 each quarter, which shall be deemed fully earned when paid and which shall be payable on the Effective Date (payable ratably based on the number of days remaining in the calendar quarter in which the Effective Date occurs) and quarterly in advance thereafter on the first day of each calendar quarter commencing after the Effective Date.

(c) Closing Fee. (i) On the Effective Date, the Borrower shall pay to the Administrative Agent, for the account of each Lender holding a Term Loan Commitment, a non-refundable closing fee (the "Term Loan Closing Fee") in an aggregate amount for all Lenders equal to \$875,000, which shall be deemed fully earned when paid, and (ii) on the Effective Date, the Borrower shall pay to the Administrative Agent, for the account of each Lender holding a Delayed Draw Term Loan Commitment, in accordance with a written agreement among the Lenders, a non-refundable closing fee (the "Delayed Draw Closing Fee"), and together with the Term Loan Closing Fee, the "Closing Fee") in an aggregate amount for all Lenders equal to \$437,500, which shall be deemed fully earned when paid.

(d) Delayed Draw Funding Fee. On the date any Delayed Draw Term Loan is funded to the Borrower, the Borrower shall pay to the Administrative Agent, for the account of each Lender holding a Delayed Draw Term Loan Commitment, a non-refundable funding fee (the "Delayed Draw Funding Fee") in an aggregate amount for all Lenders equal to 0.875% of the principal amount of such Delayed Draw Term Loan, which shall be deemed fully earned when paid.

(e) Applicable Prepayment Premium. In the event of (i) an optional prepayment of the Term Loans pursuant to Section 2.05(b)(i) or (ii) a mandatory prepayment of the Loans pursuant to Section 2.05(c)(ii), Section 2.05(c)(iii) (to the extent such prepayment is made in connection with an Equity Issuance), or the termination of this Agreement at any time prior to the Final Maturity Date, for any reason, including (A) termination of this Agreement upon the election of the Required Lenders after the occurrence and during the continuation of an Event of Default (or, in the case of the occurrence of any Event of Default described in Section 9.01(e) or Section 9.01(g), automatically upon the occurrence thereof), (B) foreclosure and sale of Collateral, (C) sale of Collateral in any Insolvency Proceeding, or (D) restructure, reorganization, or compromise of the Obligations by the confirmation of a plan of reorganization or any other plan of compromise, restructure, or arrangement in any Insolvency Proceeding, then, in view of the impracticability and extreme difficulty of ascertaining the actual amount of damages to the Agents and the Lenders or profits lost by the Agents and the Lenders as a result of such prepayments or such early termination, and by mutual agreement of the parties as to a reasonable estimation and calculation of the lost profits or damages of the Agents and the Lenders, the Borrower shall pay to the Administrative Agent, for the account of the Lenders in accordance with their respective Pro Rata Shares, the Applicable Prepayment Premium, measured as of the date of any such prepayment or termination, as applicable.

(f) Audit and Collateral Monitoring Fees. Each Loan Party acknowledges that pursuant to Section 7.01(f), representatives of the Agents may visit any Loan Party or conduct audits, or corporate inspections or reviews of the books and records of any Loan Party and valuations or appraisals of any or all of the Collateral or business or enterprise valuations of the Loan Parties at any time and from time to time during normal business hours and so long as no Event of Default has occurred and is continuing, upon reasonable prior notice, in a manner so as to not unduly disrupt the business of such Loan Party (it being understood that, so long as no Event of Default is continuing, such visitations, audits, reviews, valuations and appraisals are intended to be conducted via a visit to and review of the corporate books, accounts and records located at the Borrower's headquarters and are not intended to primarily include on-site store-level inventory reviews). The Borrower agrees to pay (i) \$1,500 per day per examiner plus the examiner's reasonable and documented out-of-pocket costs and reasonable expenses incurred in connection with all such visits, inspections, audits, valuations, appraisals and/or reviews and (ii) the reasonable cost of any Field Survey and Audit and any other visits, inspections, audits, valuations, appraisals and/or examinations conducted by a third party on behalf of the Agents. The foregoing notwithstanding, so long as no Event of Default shall have occurred and be continuing, the Borrower shall not be obligated to reimburse the Agents or Lenders for more than one Field Survey and Audits in any Fiscal Year.

#### Section 2.07 LIBOR Option.

(a) In lieu of having interest charged at the rate based upon the Reference Rate, the Borrower shall have the option (the "LIBOR Option") to have interest on all or a portion of the Loans be charged at a rate of interest based upon the LIBOR Rate. Each Interest Period of a LIBOR Rate Loan made to the Borrower shall commence on the date such LIBOR Rate Loan is made and shall end on such date as the Borrower may elect as set forth in subsection 2.02(a) above; provided that no Interest Period shall end after the last day of the Final Maturity Date. If an Event of Default occurs and is continuing, the Agent may, on the last Business Day of the then current Interest Period applicable to any outstanding LIBOR Rate Loan, convert such loan into a Reference Rate Loan and no further LIBOR Rate Loans shall be available during the continuance of such Event of Default.

(b) The Borrower shall elect the initial Interest Period applicable to a LIBOR Rate Loan made to the Borrower by its Notice of Borrowing given to the Administrative Agent pursuant to Section 2.02(a) or by its notice of conversion given to the Administrative Agent pursuant to Section 2.07(c), as the case may be. The Borrower shall elect the duration of each succeeding Interest Period by giving irrevocable written notice to the Administrative Agent of such duration not later than 1:00 p.m. (New York City time) on the day which is not less than three (3) Business Days prior to the last day of the then current Interest Period applicable to such LIBOR Rate Loan. If the Administrative Agent does not receive timely notice of the Interest Period elected by the Borrower, the Borrower shall be deemed to have elected to convert such LIBOR Rate Loan to a LIBOR Rate Loan with a one-month Interest Period, subject to Section 2.07(c) herein below.

(c) The Borrower may, on the last Business Day of the then current Interest Period applicable to any outstanding LIBOR Rate Loan made to the Borrower, or on any Business Day with respect to Reference Rate Loans, convert any such loan into a loan of another type (i.e., a Reference Rate Loan or a LIBOR Rate Loan) in the same aggregate principal amount, provided that any conversion of a LIBOR Rate Loan made to the Borrower not made on the last Business Day of the then current Interest Period applicable to such LIBOR Rate Loan shall be subject to Section 2.07(e). If the Borrower desires to convert a Loan, the Borrower shall give the Administrative Agent a Notice of Borrowing by no later than 4:00 p.m. (New York City time) (i) on the day which is three (3) Business Days' prior to the date on which such conversion is to occur with respect to a conversion from a Reference Rate Loan to a LIBOR Rate Loan, or (ii) on the day which is one (1) Business Day prior to the date on which such conversion is to occur with respect to a conversion from a LIBOR Rate Loan to a Reference Rate Loan, specifying, in each case, the date of such conversion, the Loans to be converted and if the conversion is from a Reference Rate Loan to a LIBOR Rate Loan, the duration of the first Interest Period therefor.

(d) Subject to Section 2.05(b), the Borrower may prepay the LIBOR Rate Loans in whole at any time or in part from time to time, together with accrued interest on the principal being prepaid to the date of such repayment in the case of any LIBOR Rate Loan made to it, and the Borrower shall specify the date of prepayment of Loans which are LIBOR Rate Loans, the Loan to which such prepayment is to be applied and the amount of such prepayment. In the event that any prepayment of a LIBOR Rate Loan is required or permitted on a date other than the last Business Day of the then-current Interest Period with respect thereto, the Borrower shall indemnify the Administrative Agent and Lenders therefor in accordance with Section 2.07(e) hereof.

(e) The Borrower shall indemnify the Agents and Lenders and hold the Agents and Lenders harmless from and against any and all losses, costs or expenses, excluding the loss of any margin, including any margin that would apply as a result of any interest rate floor, above the LIBOR Rates (such losses, costs and expenses, collectively, "Funding Losses") that the Agents and Lenders may sustain or incur as a consequence of any mandatory or voluntary prepayment, conversion of or any default by the Borrower in the payment of the principal of or interest on any LIBOR Rate Loan or failure by the Borrower to complete a borrowing of, a prepayment of or conversion of or to a LIBOR Rate Loan after notice thereof has been given, including, but not limited to, any interest payable by the Agents or Lenders to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans hereunder (it being agreed that the Agents and Lenders shall be entitled to such indemnification on such basis solely to the extent they have actually obtained such funds to make or maintain its LIBOR Rate Loans hereunder and incurred such losses, costs, or expenses). A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by any Agent or any Lender to the Borrower shall be conclusive absent manifest error.

(f) Notwithstanding any other provision hereof, if any Requirement of Law, or any Change in Law, shall make it unlawful for any Lender (for purposes of this subsection (f), the term "Lender" shall include any Lender and the office or branch where any Lender or any corporation or bank controlling such Lender makes or maintains any LIBOR Rate Loans) to make or maintain its LIBOR Rate Loans, the obligation of Lenders to make LIBOR Rate Loans hereunder shall forthwith be cancelled and the Borrower shall, if any affected LIBOR Rate Loans are then outstanding, promptly upon request from the Administrative Agent, either pay all such affected LIBOR Rate Loans or convert such affected LIBOR Rate Loans into loans of another type. If any such payment or conversion of any LIBOR Rate Loan is made on a day that is not the last day of the Interest Period applicable to such LIBOR Rate Loan, the Borrower shall pay the Administrative Agent, upon the Administrative Agent's request, such amount or amounts as may be necessary to compensate Lenders for any Funding Losses sustained or incurred by Lenders in respect of such LIBOR Rate Loan as a result of such payment or conversion in accordance with Section 2.07(e). A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by any Agent or any Lender to the Borrower shall be conclusive absent manifest error.

(g) In the event that any Agent or any Lender shall have reasonably determined that:



(i) reasonable means do not exist for ascertaining the LIBOR Rate applicable pursuant to Section 2.02(a) hereof for any Interest Period; or

(ii) dollar deposits in the relevant amount and for the relevant maturity are not available in the London interbank LIBOR market, with respect to an outstanding LIBOR Rate Loan, a proposed LIBOR Rate Loan, or a proposed conversion of a Reference Rate Loan into a LIBOR Rate Loan,

(iii) a Default or an Event of Default has occurred and is continuing,

then upon notice of the same being given to the Administrative Agent, the Administrative Agent shall give the Borrower prompt written, telephonic or electronic notice of such determination. If such notice is given, (i) any such requested LIBOR Rate Loan shall be made as a Reference Rate Loan, unless the Borrower shall notify the Administrative Agent no later than 1:00 p.m. (New York City time) two (2) Business Days prior to the date of such proposed borrowing, that its request for such borrowing shall be cancelled or made as an unaffected type of LIBOR Rate Loan, (ii) any Reference Rate Loan or LIBOR Rate Loan which was to have been converted to an affected type of LIBOR Rate Loan shall be continued as or converted into a Reference Rate Loan, or, if the Borrower shall notify the Administrative Agent, no later than 11:00 a.m. (New York time) two (2) Business Days prior to the proposed conversion, shall be maintained as an unaffected type of LIBOR Rate Loan, and (iii) any outstanding affected LIBOR Rate Loans shall be converted into a Reference Rate Loan at the end of the applicable Interest Period. Until such notice has been withdrawn, Lenders shall have no obligation to make an affected type of LIBOR Rate Loan or maintain outstanding affected LIBOR Rate Loans and the Borrower shall not have the right to convert a Reference Rate Loan or an unaffected type of LIBOR Rate Loan into an affected type of LIBOR Rate Loan.

(h) Anything to the contrary contained herein notwithstanding, neither any Agent nor any Lender, nor any of their participants, is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues at the LIBOR Rate.

Section 2.08 [Reserved].

Section 2.09 Taxes. %3) Any and all payments by or on account of any obligation of any Loan Party hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for any and all Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions or withholdings of Indemnified Taxes applicable to additional sums payable under this Section 2.09(a)) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(a) In addition, each Loan Party shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law (or, at the option of the Administrative Agent, timely reimburse it for the payment of any Other Taxes).

(b) Without duplication of any obligation under Section 2.09(a), the Loan Parties shall jointly and severally indemnify each Recipient, within 30 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.09) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. If the Borrower reasonably believes that any such Indemnified Taxes were not correctly or legally asserted, then at the Borrower's request the Administrative Agent and/or each affected Lender will use reasonable efforts to cooperate with the applicable Loan Party in pursuing a refund of such Indemnified Taxes so long as such efforts would not, in the sole determination exercised in good faith of the Administrative Agent or affected Lender, result in any material additional costs, expenses or risks or be otherwise disadvantageous to it. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(c) As soon as practicable after the payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.09, such Loan Party shall deliver to the Administrative Agent the original or a copy of a receipt, if any, issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) (%4) Any Lender that is entitled to an exemption from or a reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Administrative Agent, at the time or times reasonably requested by the Administrative Agent, such properly completed and executed documentation reasonably requested by the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Administrative Agent, shall deliver such other documentation prescribed by applicable law or

reasonably requested by the Administrative Agent as will enable the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.09(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(i) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN-E or IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, executed copies of IRS Form W-8BEN-E or IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of any Loan Party within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN-E or IRS Form W-8BEN; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BENE, or IRS Form W-8BEN, a U.S. Tax Compliance Certificate, IRS Form W-9 and/or other certification documents from each beneficial owner as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct or indirect partner; and

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower, for the benefit of the Loan Parties, and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower, a Loan Party or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming an exemption from or a reduction in U.S. federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower, a Loan Party or the Administrative Agent to determine the withholding or deduction required to be made.

(D) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Administrative Agent in writing of its legal inability to do so.

(e) Any Secured Party or assignee thereof, including a holder of a participation (a "Transferee") claiming any indemnity payment or additional payment amounts payable pursuant to this Section 2.09 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by the Borrower or to change the jurisdiction of its applicable lending office or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if the making of such a filing, change or assignment would avoid the need for or reduce the amount of any such indemnity payment or additional amount that may thereafter accrue, would not require such Secured Party (or Transferee) to disclose any information such Secured Party (or Transferee) deems confidential and would not, in the sole determination of such Secured Party (or Transferee), be otherwise disadvantageous to such Secured Party (or Transferee).

(f) If any Secured Party determines, in its sole discretion exercised in good faith, that it has received a refund of, or credit with respect to, any Taxes as to which it has been indemnified pursuant to this Section 2.09 including by the payment of additional amounts pursuant to this Section 2.09, it shall pay to the indemnifying party an amount equal to such refund

or credit (but only to the extent of indemnity payments made under this Section 2.09 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 2.09(g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.09(g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 2.09(g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This Section 2.09(g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(g) If a payment made to a Lender (or Transferee) or any Agent under any Loan Document would be subject to U.S. withholding tax imposed by FATCA if such Lender (or Transferee) or Agent were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender (or Transferee) or Agent shall deliver to the Borrower and the Agents at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Agents such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Agents as may be necessary for the Borrower and the Agents to comply with their obligations under FATCA and to determine that such Lender (or Transferee) or Agent has complied with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (h), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. Any forms, certifications or other documentation under this clause (h) shall be delivered by each Lender (or Transferee) and each Agent.

(h) On or before the date on which Fortress Credit Co LLC (and any successor or replacement Administrative Agent) becomes the Administrative Agent hereunder, it shall deliver to the Borrower two executed copies of IRS Form W-9 establishing that the Borrower can make payments to the Administrative Agent exempt from U.S. backup withholding tax.

(i) The obligations of the Parties under this Section 2.09 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder until a date that is 30 days following the survival of the statute of limitations applicable to the relevant Tax. To the extent that the Borrower shall reasonably so request, the Administrative Agent shall deliver copies of any tax forms received by it from any Lender pursuant to this Section 2.09.

Section 2.10 Increased Costs and Reduced Return. %3) If any Secured Party shall have determined that any Change in Law shall (i) subject such Secured Party, or any Person controlling such Secured Party to any Tax with respect to this Agreement or any Loan made by such Agent or such Lender (other than Taxes that are (A) Indemnified Taxes, (B) Taxes described in any of clauses (b) through (d) of the definition of Excluded Taxes or (C) Connection Income Taxes), (ii) impose, modify or deem applicable any reserve, special deposit or similar requirement against any Loan or against assets of or held by, or deposits with or for the account of, or credit extended by, such Secured Party or any Person controlling such Secured Party or (iii) impose on such Secured Party or any Person controlling such Secured Party any other condition regarding this Agreement or any Loan, and the result of any event referred to in clauses (i), (ii) or (iii) above shall be to increase the cost to such Secured Party of making any Loan, or agreeing to make any Loan or to reduce any amount received or receivable by such Secured Party hereunder, then, upon demand by such Secured Party, the Borrower shall pay to such Secured Party such additional amounts as will compensate such Secured Party for such increased costs or reductions in amount.

(a) If any Secured Party shall have determined that any Change in Law either (i) affects or would affect the amount of capital required or expected to be maintained by such Secured Party or any Person controlling such Secured Party, and such Secured Party determines that the amount of such capital is increased as a direct or indirect consequence of any Loans made or maintained or any guaranty or participation with respect thereto, such Secured Party's or such other controlling Person's other obligations hereunder, or (ii) has or would have the effect of reducing the rate of return on such Secured Party's such other controlling Person's capital to a level below that which such Secured Party or such controlling Person could have achieved but for such circumstances as a consequence of any Loans made or maintained or any guaranty or participation with respect thereto or any agreement to make Loans or such Secured Party's or such other controlling Person's other obligations hereunder (in each case, taking into consideration, such Secured Party's or such other controlling Person's policies with respect to capital adequacy), then, upon demand by such Secured Party, the Borrower shall pay to such Secured Party from time to time such additional amounts as will compensate such Secured Party for such cost of maintaining such increased capital or such reduction in the rate of return on such Secured Party's or such other controlling Person's capital.

(b) All amounts payable under this Section 2.10 shall bear interest from the date that is 30 days after the date of demand by any Secured Party until payment in full to such Secured Party at the Reference Rate. A certificate of such Secured Party claiming compensation under this Section 2.10, specifying the event herein above described and the nature of such event shall be submitted by such Secured Party to the Borrower, setting forth the additional amount due and an explanation of the

calculation thereof, and such Secured Party's reasons for invoking the provisions of this Section 2.10, and shall be final and conclusive absent manifest error.

(c) Failure or delay on the part of any Secured Party to demand compensation pursuant to the foregoing provisions of this Section 2.10 shall not constitute a waiver of such Secured Party's right to demand such compensation; provided that the Borrower shall not be required to compensate a Secured Party pursuant to the foregoing provisions of this Section 2.10 for any increased costs incurred or reductions suffered more than nine months prior to the date that such Secured Party notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Secured Party's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(d) The obligations of the Loan Parties under this Section 2.10 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

#### Section 2.11 Changes, in Law; Impracticability or Illegality.

(a) Without duplication of Section 2.10, the LIBOR Rate may be adjusted by the Administrative Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs due to changes in applicable law occurring subsequent to the commencement of the then applicable Interest Period and changes in the reserve requirements imposed by the Board of Governors of the Federal Reserve System (or any successor), excluding the Reserve Percentage, which additional or increased costs would increase the cost of funding loans bearing interest at the LIBOR Rate. In any such event, the affected Lender shall give the Borrower and the Administrative Agent notice of such a determination and adjustment and the Administrative Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, the Borrower may, by notice to such affected Lender **(%4)** require such Lender to furnish to the Borrower a statement setting forth the basis for adjusting such LIBOR Rate and the method for determining the amount of such adjustment, or **(%4)** repay the LIBOR Rate Loans with respect to which such adjustment is made (together with any amounts due under Section 2.09).

(b) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation of application thereof, shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain LIBOR Rate Loans or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to the Borrower and the Administrative Agent, and the Administrative Agent promptly shall transmit the notice to each other Lender and (i) in the case of any LIBOR Rate Loans of such Lender that are outstanding, the date specified in such Lender's notice shall be deemed to be the last day of the Interest Period of such LIBOR Rate Loans, and interest upon the LIBOR Rate Loans of such Lender thereafter shall accrue interest at the rate then applicable to Reference Rate Loans of the same type hereunder, and (ii) the Borrower shall not be entitled to elect the LIBOR Option (including in any borrowing, conversion or continuation then being requested) until such Lender determines that it would no longer be unlawful or impractical to do so.

(c) The obligations of the Loan Parties under this Section 2.11 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

#### Section 2.12 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requires the Borrower to pay any additional amounts under Section 2.09 or requests compensation under Section 2.10, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to such Section in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender (other than Fortress and its Related Funds) requires the Borrower to pay any additional amounts under Section 2.09, requests compensation under Section 2.10 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with clause (a) above, or if any Lender is a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Agents, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.07), all of its interests, rights and obligations under this Agreement and the other Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Agents any assignment fees specified in Section 12.07;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents

(including any amounts under Section 2.08 and Section 2.09) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from payments required to be made pursuant to Section 2.09 or a claim for compensation under Section 2.10, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with applicable law.

Prior to the effective date of such assignment, the assigning Lender shall execute and deliver an Assignment and Acceptance, subject only to the conditions set forth above. If the assigning Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such assignment, the assigning Lender shall be deemed to have executed and delivered such Assignment and Acceptance. Any such assignment shall be made in accordance with the terms of Section 12.07. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

### ARTICLE III

RESERVED.

### ARTICLE IV

#### APPLICATION OF PAYMENTS; DEFAULTING LENDERS JOINT AND SEVERAL LIABILITY OF BORROWERS

Section 4.01 Payments; Computations and Statements. %3) The Borrower will make each payment under this Agreement not later than 1:00 p.m. (New York City time) on the day when due, in lawful money of the United States of America and in immediately available funds, to the Administrative Agent's Account. All payments received by the Administrative Agent after 1:00 p.m. (New York City time) on any Business Day will be credited to the Loan Account on the next succeeding Business Day. All payments shall be made by the Borrower without set-off, counterclaim, recoupment, deduction or other defense to the Agents and the Lenders. Except as provided in Section 2.02, after receipt, the Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal ratably to the applicable Lenders in accordance with their applicable Pro Rata Shares and like funds relating to the payment of any other amount payable to any Lender to such Lender, in each case to be applied in accordance with the terms of this Agreement, provided that the Administrative Agent will cause to be distributed all interest and fees received from or for the account of the Borrower not less than once each month and in any event promptly after receipt thereof. Whenever any payment to be made under any such Loan Document shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall in such case be included in the computation of interest or fees, as the case may be. All computations of fees shall be made by the Administrative Agent on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such fees are payable. Each determination by the Administrative Agent of an interest rate or fees hereunder shall be conclusive and binding for all purposes in the absence of manifest error.

(a) The Administrative Agent shall provide the Borrower, promptly after the end of each calendar month, a summary statement (in the form from time to time used by the Administrative Agent) of the opening and closing daily balances in the Loan Account of the Borrower during such month, the amounts and dates of all Loans made to the Borrower during such month, the amounts and dates of all payments on account of the Loans to the Borrower during such month and the Loans to which such payments were applied, the amount of interest accrued on the Loans to the Borrower during such month and the amount and nature of any charges to the Loan Account made during such month on account of fees, commissions, expenses and other Obligations. All entries on any such statement shall be presumed to be correct and, 30 days after the same is sent, shall be final and conclusive absent manifest error.

Section 4.02 Sharing of Payments, Etc. Except as provided in Section 2.02 hereof, if any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any Obligation in excess of its ratable share of payments on account of similar obligations obtained by all the Lenders, such Lender shall forthwith (a) turn the same over to Administrative Agent, in kind, and with such endorsements as may be required to negotiate the same to Administrative Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (b) purchase from the other Lenders such participations in such similar obligations held by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them in accordance with the applicable provisions of this Agreement; provided, however, that (a) if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender of any interest or other amount paid by the purchasing Lender in respect of the total amount so recovered) and (b) the provisions of this Section shall not be construed to apply to (i) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), or (ii) any payment obtained by a Lender as consideration for the

assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to any Loan Party or any Subsidiary thereof (as to which the provisions of this Section shall apply). The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 4.02 may, to the fullest extent permitted by law, exercise all of its rights (including the Lender's right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

Section 4.03 Apportionment of Payments. Subject to Section 2.02 hereof and to any written agreement among the Agents and/or the Lenders:

(a) All payments of principal and interest in respect of outstanding Loans, all payments of fees (other than the fees set forth in Section 2.06 hereof) and all other payments in respect of any other Obligations, shall be allocated by the Administrative Agent among such of the Lenders as are entitled thereto, in proportion to their respective Pro Rata Shares or otherwise as provided herein.

(b) After the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and upon the direction of the Collateral Agent or the Required Lenders shall, apply all payments in respect of any Obligations and proceeds of the Collateral, subject to the provisions of this Agreement, (i) first, ratably to pay the Obligations in respect of any fees, expense reimbursements, indemnities and other amounts then due and payable to the Agents until paid in full; (ii) second, to pay interest then due and payable in respect of the Agent Advances until paid in full; (iii) third, to pay principal of the Agent Advances until paid in full; (iv) fourth, ratably to pay the Obligations in respect of any fees (other than any Applicable Prepayment Premium), expense reimbursements, indemnities and other amounts then due and payable to the Lenders until paid in full; (v) fifth, ratably to pay interest then due and payable in respect of the Loans until paid in full; (vi) sixth, ratably to pay principal of the Loans until paid in full; (vii) seventh, ratably to pay the Obligations in respect of any Applicable Prepayment Premium then due and payable to the Lenders until paid in full; and (viii) eighth, to the ratable payment of all other Obligations then due and payable.

(c) In each instance, so long as no Event of Default has occurred and is continuing and except as otherwise expressly provided herein, Section 4.03(b) shall not be deemed to apply to any payment by the Borrower specified by the Borrower to the Administrative Agent to be for the payment of Term Loan Obligations then due and payable under any provision of this Agreement or the prepayment of all or part of the principal of the Term Loans in accordance with the terms and conditions of Section 2.05.

(d) For purposes of Section 4.03(b) (other than clause (viii) thereof), "paid in full" means payment in cash of all amounts owing under the Loan Documents according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, and expense reimbursements, whether or not same would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding, except to the extent that default or overdue interest (but not any other interest) and loan fees, each arising from or related to a default, are disallowed in any Insolvency Proceeding; provided, however, that for the purposes of clause (viii), "paid in full" means payment in cash of all amounts owing under the Loan Documents according to the terms thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, and expense reimbursements, whether or not the same would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding.

(e) In the event of a direct conflict between the priority provisions of this Section 4.03 and other provisions contained in any other Loan Document, it is the intention of the parties hereto that both such priority provisions in such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 4.03 shall control and govern.

Section 4.04 Defaulting Lenders. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(a) The Administrative Agent shall not be obligated to transfer to such Defaulting Lender any payments made by the Borrower to the Administrative Agent for such Defaulting Lender's benefit, and, in the absence of such transfer to such Defaulting Lender, the Administrative Agent shall transfer any such payments to each other non-Defaulting Lender ratably in accordance with their Pro Rata Shares (without giving effect to the Pro Rata Shares of such Defaulting Lender) (but only to the extent that such Defaulting Lender's Loans were funded by the other Lenders) or, if so directed by the Borrower and if no Default or Event of Default has occurred and is continuing (and to the extent such Defaulting Lender's Loans were not funded by the other Lenders), retain the same to be refunded to the Borrower. In accordance with the foregoing, the Administrative Agent shall refund to the Borrower the amount of all such payments received and retained by the Administrative Agent for the account of such Defaulting Lender. No Defaulting Lender shall be entitled to receive any Unused Line Fee for any period during which that Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fees to that Defaulting Lender).

(b) Any such failure to fund by any Defaulting Lender shall constitute a material breach by such Defaulting Lender of this Agreement and shall entitle the Borrower to replace the Defaulting Lender with one or more substitute Lenders, and the Defaulting Lender shall have no right to refuse to be replaced hereunder. Such notice to replace the Defaulting Lender shall

specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given. Prior to the effective date of such replacement, the Defaulting Lender shall execute and deliver an Assignment and Acceptance, subject only to the Defaulting Lender being repaid its share of the outstanding Obligations without any premium or penalty of any kind whatsoever. If the Defaulting Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, the Defaulting Lender shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Defaulting Lender shall be made in accordance with the terms of Section 12.07.

(c) The operation of this Section shall not be construed to increase or otherwise affect the Commitments of any Lender, to relieve or excuse the performance by such Defaulting Lender or any other Lender of its duties and obligations hereunder, or to relieve or excuse the performance by the Borrower of their duties and obligations hereunder to the Administrative Agent or to the Lenders other than such Defaulting Lender.

(d) This Section shall remain effective with respect to such Lender until either (i) the Obligations under this Agreement shall have been declared or shall have become immediately due and payable or (ii) the non-Defaulting Lenders, the Agents, and the Borrower shall have waived such Defaulting Lender's default in writing, and the Defaulting Lender makes its Pro Rata Share of the applicable defaulted Loans and pays to the Agents all amounts owing by such Defaulting Lender in respect thereof; provided that no adjustments will be made retroactively with respect to fees accrued or payments made available by or on behalf of the Borrower while such Lender was a Defaulting Lender (including any such amounts subsequently refunded to the Borrower in accordance with Section 4.04(c), which shall be deemed forfeited by the applicable Defaulting Lender); provided further that, except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

## ARTICLE V

### CONDITIONS TO LOANS

Section 5.01 Conditions Precedent to Effectiveness. This Agreement shall become effective as of the Business Day (the "Effective Date") when each of the following conditions precedent shall have been satisfied in a manner reasonably satisfactory to the Agents:

(a) Payment of Fees, Etc. The Borrower shall have paid on or before the Effective Date all reasonably and documented out-of-pocket fees, costs and expenses then payable pursuant to Section 2.06 and Section 12.04.

(b) Representations and Warranties; No Event of Default. The following statements shall be true and correct: (i) the representations and warranties contained in Article VI and in each other Loan Document, certificate or other writing delivered to any Secured Party pursuant hereto or thereto on or prior to the Effective Date are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date), and (ii) no Default or Event of Default shall have occurred and be continuing on the Effective Date or would result from this Agreement or the other Loan Documents becoming effective in accordance with its or their respective terms, both immediately before and immediately after giving effect to the other Transactions.

(c) Legality. The making of the initial Loans shall not contravene any law, rule or regulation applicable to any Secured Party.

(d) Delivery of Documents. The Agents shall have received on or before the Effective Date the following, each in form and substance reasonably satisfactory to the Agents and, unless indicated otherwise, dated the Effective Date and, if applicable, duly executed by the Persons party thereto:

(i) this Agreement, duly executed by each of the parties thereto;

(ii) a Security Agreement, duly executed by each applicable Loan Party, together with the original stock certificates representing all of the certificated Equity Interests and all promissory notes required to be pledged thereunder, accompanied by undated stock powers executed in blank or other proper instruments of transfer (including such documents with respect to the subsidiaries of the Loan Parties organized in Mexico);

(iii) [reserved];

(iv) filing of appropriate financing statements on Form UCC-1 in such office or offices as may be necessary or desirable to perfect the security interests purported to be created by each Security Agreement (to the extent such security interest can be perfected by the filing of such financing statements);

(v) the results of searches for any effective UCC financing statements, tax Liens or judgment Liens, as the Agents shall have reasonably requested, filed against any Loan Party or its property, which results shall not show any such Liens (other than Permitted Liens);

(vi) a Perfection Certificate, duly executed by the Borrower on behalf of the Loan Parties and completed in a manner reasonably satisfactory to the Collateral Agent;

(vii) the Intercompany Subordination Agreement and Global Intercompany Note, duly executed by the Borrower and its Subsidiaries;

(viii) a copy of the resolutions of each Loan Party, certified as of the Effective Date by an Authorized Officer thereof, authorizing (A) the borrowings hereunder and the transactions contemplated by the Loan Documents and the other Transactions to which such Loan Party is or will be a party and (B) the execution, delivery and performance by such Loan Party of each Loan Document to which such Loan Party is or will be a party and the execution and delivery of the other documents to be delivered by such Person in connection herewith and therewith;

(ix) a certificate of an Authorized Officer of each Loan Party, certifying the names and true signatures of the representatives of such Loan Party authorized to sign each Loan Document to which such Loan Party is or will be a party and the other documents to be executed and delivered by such Loan Party in connection herewith and therewith, together with evidence of the incumbency of such authorized officers;

(x) a certificate of the appropriate official(s) of the jurisdiction of organization of each Loan Party certifying as of a recent date not more than 30 days prior to the Effective Date as to the subsistence in good standing of, and the payment of taxes by, such Loan Party in such jurisdictions;

(xi) a true and complete copy of the charter, certificate of formation, certificate of limited partnership or other publicly filed organizational document of each Loan Party certified as of a recent date not more than 30 days prior to the Effective Date by an appropriate official of the jurisdiction of organization of such Loan Party which shall set forth the same complete name of such Loan Party as is set forth herein and the organizational number of such Loan Party, if an organizational number is issued in such jurisdiction and it is common practice in such jurisdiction for such document to contain the organizational number;

(xii) a copy of the Governing Documents of each Loan Party, together with all amendments thereto, certified as of the Effective Date by an Authorized Officer of such Loan Party;

(xiii) an opinion of Vinson & Elkins LLP, counsel to the Loan Parties as to such matters as the Collateral Agent may reasonably request;

(xiv) a certificate of an Authorized Officer of each Loan Party, certifying as to the matters set forth in Section 5.01(b);

(xv) a copy of (A) the Financial Statements and (B) the financial projections described in Section 6.01(g)(ii) hereof, certified as of the Effective Date as complying with the representations and warranties set forth in Section 6.01(g)(ii) by an Authorized Officer of the Borrower; and

(xvi) a certificate of the chief financial officer of the Borrower, certifying as to the solvency of the Borrower and its subsidiaries, on a consolidated basis after giving effect to the Transactions, which certificate shall be in the form set forth as Exhibit H.

(e) Material Adverse Effect. Since June 30, 2016, there shall not have occurred any material adverse change with respect to the financial condition, business, operations assets or liabilities of the Borrower and its Subsidiaries, taken as a whole (a "Material Adverse Change"). For the avoidance of doubt, the disposition of Grupo Finmart shall not constitute a Material Adverse Change.

(f) Approvals. All consents, authorizations and approvals of, and filings and registrations with, and all other actions in respect of, any Governmental Authority or other Person required in connection with the Transactions shall have been obtained and shall be in full force and effect except with respect to third party approvals not material to the Borrower's operations. There shall exist no claim, action, suit, investigation, litigation or proceeding (including shareholder or derivative litigation), threatened in writing or pending in any court or before any arbitrator or Governmental Authority which relates to this Agreement or the Transactions contemplated hereby or which could reasonably be expected to have a Material Adverse Change.



(g) Minimum Liquidity. After giving effect to the consummation of the Transactions to be made on the Effective Date, the Borrower shall have Minimum Liquidity at least equal to the difference of (i) \$50,000,000 minus (ii) any amounts expended on the Effective Date in connection with the settlement of the sale of Grupo Finmart. The Borrower shall deliver to the Administrative Agent a certificate of an Authorized Officer of the Borrower certifying as to the matters set forth above and containing reasonably detailed calculations of Minimum Liquidity.

(h) Senior Leverage Ratio. After giving effect to the consummation of the Transactions to be made on the Effective Date, the maximum Senior Leverage Ratio (excluding the Convertible Bonds) of the Loan Parties, for the trailing twelve month period ended June 30, 2016, calculated on a Pro Forma Basis after giving effect to the consummation of the Transactions, shall not be greater than 2.25:1.00. The Borrower shall deliver to the Collateral Agent a certificate of the chief financial officer of the Borrower certifying as to the matters set forth in this Section 5.01(h) and containing the calculation of the Senior Leverage Ratio.

Section 5.02 Conditions Precedent to All Loans . The obligation of any Agent or any Lender to make any Loan after the Effective Date is subject to the fulfillment, in a manner reasonably satisfactory to the Administrative Agent, of each of the following conditions precedent:

(a) Payment of Fees, Etc. The Borrower shall have paid all reasonable and documented out-of-pocket fees, costs and expenses then payable by the Borrower pursuant to this Agreement and the other Loan Documents, including Section 2.06 and Section 12.04 hereof.

(b) Representations and Warranties; No Event of Default. The following statements shall be true and correct, and the submission by the Borrower to the Administrative Agent of a Notice of Borrowing with respect to each such Loan, and the Borrower's acceptance of the proceeds of such Loan, shall each be deemed to be a representation and warranty by each Loan Party on the date of such Loan that: (i) the representations and warranties contained in Article VI and in each other Loan Document, certificate or other writing delivered to any Agent or any Lender pursuant hereto or thereto on or prior to the date of such Loan are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such date as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date), (ii) at the time of and after giving effect to the making of such Loan and the application of the proceeds thereof, no Event of Default has occurred and is continuing or would result from the making of the Loan to be made on such date, and (iii) the conditions set forth in this Section 5.02 have been satisfied as of the date of such request.

(c) Legality. The making of such Loan shall not contravene any law, rule or regulation applicable to any Secured Party.

(d) Notices. The Administrative Agent shall have received a Notice of Borrowing pursuant to Section 2.02 hereof.

(e) Delayed Draw Term Loan. In addition to the conditions set forth in this Section 5.02, the conditions set forth in Section 2.01(c)(iii) shall have been satisfied.

Section 5.03 Conditions Subsequent to Effectiveness. As an accommodation to the Loan Parties, the Agents and the Lenders have agreed to execute this Agreement and to make the Loans on the Effective Date notwithstanding the failure by the Loan Parties to satisfy the conditions set forth below on or before the Effective Date. In consideration of such accommodation, the Loan Parties agree that, in addition to all other terms, conditions and provisions set forth in this Agreement and the other Loan Documents, including, without limitation, those conditions set forth in Section 5.01, the Loan Parties shall satisfy each of the conditions subsequent set forth below on or before the date applicable thereto (it being understood that (i) the failure by the Loan Parties to perform or cause to be performed any such condition subsequent on or before the date applicable thereto shall constitute an Event of Default (unless such date is otherwise extended by the Administrative Agent) and (ii) to the extent that the existence of any such condition subsequent would otherwise cause any representation, warranty or covenant in this Agreement or any other Loan Document to be breached, the Required Lenders hereby waive such breach for the period from the Effective Date until the date on which such condition subsequent is required to be fulfilled pursuant to this Section 5.03):

(a) On or prior to October 15, 2016 (or such later date as is agreed to by the Collateral Agent in its sole discretion if the Borrower is diligently pursuing such matters), the Collateral Agent shall have received an opinion of local counsel to the Loan Parties organized in Minnesota and Nevada, each as to matters as the Collateral Agent may reasonably request; provided, that, no such opinions shall be required in the event that the transactions referred to in Items 3 through 5 of Part B of Schedule 7.02(c) have been consummated on or prior to such date.

(b) The actions set forth in Item 4 of Part B of Schedule 1.01(B) within the time periods set forth therein.

(c) Within 15 Business Days of the Effective Date (or such longer period as the Agents may agree to in their sole discretion), the Collateral Agent shall have received evidence of the insurance coverage and related endorsements required by Section 7.01(h), together with evidence of the payment of all premiums due in respect thereof for the current policy period as the Collateral Agent may request.

(d) Within 6 Business Days of the Effective Date (or such longer period as the Agents may agree to in their sole discretion), the Collateral Agent shall have received the executed Mexican Security Documents, in form and substance acceptable to the Collateral Agent.

(e) Within 10 Business Days of the Effective Date (or such longer period as the Agents may agree to in their sole discretion), the Collateral Agent shall have received the original replacement stock certificates for certain of the certificated Equity Interests accompanied by undated stock powers executed in blank or other proper instruments of transfer, as noted on the Schedule XI ("Pledged Shares") of the Security Agreement, or as otherwise requested by the Agents;

(f) Within 3 Business Days of the Effective Date (or such longer period as the Agents may agree to in their sole discretion), the Collateral Agent shall have received the (x) stock certificate for the shares of EZMONEY Canada Holdings, Inc. and the accompanying executed stock power, and (y) original demand promissory note issued to John Thedford in the amount of \$2,000,000, and an accompanying executed allonge.

(g) Within (x) 30 days of the Effective Date (or such longer period as the Agents may agree to in their sole discretion), the Collateral Agent shall have received the executed joinders of (i) EZMONEY Canada Holdings, Inc., (ii) EZMONEY Tario, Inc., (iii) EZCORP 2015 Asia-Pacific PTE LTD, (iv) EZPAWN Services Mexico S de RL de CV, (v) EZ Talent S de RL de DV and (vi) EZPAWN Management Mexico S de RL de CV to the Intercompany Subordination Agreement and the Global Intercompany Promissory Note, and (y) 6 months of the Effective Date (or such longer period as the Agents may agree to in their sole discretion), the Collateral Agent shall have received the executed joinders of the Borrower's Subsidiaries that are not Loan Party as of the Effective Date (other than the entities set forth in clause (x) above and excluding Grupo Finmart and its Subsidiaries and Rich Data Corporation PTE, Ltd.) to the Intercompany Subordination Agreement and the Global Intercompany Promissory Note; provided, that no such executed joinder shall be required of any Subsidiary that has dissolved on or before such date.

## ARTICLE VI

### REPRESENTATIONS AND WARRANTIES

Section 6.01 Representations and Warranties. Each Loan Party hereby represents and warrants to the Agents and the Lenders as follows:

(a) Organization, Good Standing, Etc. Each Loan Party (i) is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of the state or jurisdiction of its organization, (ii) has all requisite power and authority to conduct its business as now conducted and as presently contemplated and, in the case of the Borrower, to make the borrowings hereunder, and to execute and deliver each Loan Document to which it is a party, and to consummate the transactions contemplated thereby and the other Transactions, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary, except (solely for the purposes of this subclause (iii)) where the failure to be so qualified or in good standing, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(b) Authorization, Etc. The execution, delivery and performance by each Loan Party of each Loan Document to which it is or will be a party, (i) have been duly authorized by all necessary action, (ii) do not and will not contravene any of its Governing Documents or any applicable Requirement of Law or any Material Contract, (iii) do not and will not result in or require the creation of any Lien (other than pursuant to any Loan Document) upon or with respect to any of its properties, and (iv) do not and will not result in any default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to its operations or any of its properties, except where any such default, noncompliance, suspension, revocation, impairment, forfeiture or nonrenewal could not reasonably be expected to result in a Material Adverse Effect.

(c) Governmental Approvals. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority is required in connection with the due execution, delivery and performance by any Loan Party of any Loan Document to which it is or will be a party other than filings and recordings with respect to Collateral.

(d) Enforceability of Loan Documents. This Agreement is, and each other Loan Document to which any Loan Party is or will be a party, when delivered hereunder, will be, a legal, valid and binding obligation of such Person, enforceable against such Person in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency,

reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

(e) Capitalization. On the Effective Date, after giving effect to the Transactions to occur on the Effective Date, the authorized Equity Interests of each of the Borrower's Subsidiaries and the issued and outstanding Equity Interests of each of the Borrower's Subsidiaries are as set forth on Schedule 6.01(e). All of the issued and outstanding shares of Equity Interests of each of the Borrower's Subsidiaries have been validly issued and are fully paid and nonassessable, and, the holders thereof are not entitled to any preemptive, first refusal or other similar rights. All Equity Interests of such Subsidiaries of the Borrower are owned by the Borrower or its Subsidiaries, as applicable, free and clear of all Liens (other than Permitted Liens). Except as described on Schedule 6.01(e), on the Effective Date, there are no outstanding equity securities of any of the Borrower's Subsidiaries and no outstanding obligations of the Borrower or any of its Subsidiaries convertible into or exchangeable for, or warrants, options or other rights for the purchase or acquisition from the Borrower or any of its Subsidiaries, or other obligations of the Borrower or any of its Subsidiaries to issue, directly or indirectly, any shares of Equity Interests of the Borrower or any of its Subsidiaries.

(f) Litigation; Commercial Tort Claims. Except as set forth in Schedule 6.01(f), (i) there is no pending or, to the actual knowledge of any Loan Party, threatened action, suit or proceeding affecting any Loan Party or any of its properties before any court or other Governmental Authority or any arbitrator that could reasonably be expected to be adversely determined, and if adversely determined, could reasonably be expected to result in a Material Adverse Effect and (ii) as of the Effective Date, none of the Loan Parties holds any commercial tort claims in respect of which a claim has been filed in a court of law or a written notice by an attorney has been given to a potential defendant.

(g) Financial Statements.

(i) The Financial Statements, copies of which have been delivered to the Administrative Agent and each Lender, fairly present in all material respects the consolidated financial condition of the Borrower and its Subsidiaries as at the respective dates thereof and the consolidated results of operations of the Borrower and its Subsidiaries for the fiscal periods ended on such respective dates, have been prepared in accordance with GAAP (subject, in the case of such unaudited financial statements, to the absence of footnotes and year-end adjustments). Since the date of the financial statements most recently delivered pursuant to Section 7.01(a)(iii), no event or development has occurred that has had or could reasonably be expected to have a Material Adverse Effect.

(ii) The Borrower has heretofore furnished to each Agent and each Lender (A) projected quarterly balance sheets, income statements and statements of cash flows of the Borrower and its Subsidiaries for the period from October 1, 2016, through September 30, 2018 and (B) projected annual balance sheets, income statements and statements of cash flows of the Borrower and its Subsidiaries for the Fiscal Years ending September 30, 2016 through September 30, 2022, which projected financial statements shall be updated from time to time pursuant to Section 7.01(a)(v). Such Projections, as so updated, have been prepared on a reasonable basis and in good faith based on assumptions, estimates, methods and tests that are believed by the Loan Parties to be reasonable at the time such Projections were prepared and information believed by the Loan Parties to have been accurate based upon the information available to the Loan Parties at the time such Projections were furnished to the Lenders, and the Borrower is not aware of any facts or information that would lead it to believe that such Projections are incorrect or misleading in any material respect; it being understood that projections by their nature are inherently uncertain, that actual results may differ significantly from the projected results and that such differences may be material and no assurances are being given that the results reflected in the Projections will be achieved.

(h) Compliance with Law, Etc. The Transactions will not violate (i) the Governing Documents of any Loan Party, (ii) any Requirement of Law, or (iii) any term of any Material Contract binding on or otherwise affecting it or any of its properties, except in the case of clauses (ii) through (iii) to the extent such violations could not reasonably be expected to have a Material Adverse Effect.

(i) ERISA. Except as could not reasonably be expected to have a Material Adverse Effect: (i) each Employee Plan is in compliance with ERISA and the IRC, (ii) no Termination Event has occurred or is reasonably expected to occur with respect to any Employee Plan, (iii) no Employee Plan had an accumulated or waived funding deficiency or permitted decrease which would create a deficiency in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the IRC at any time during the previous 60 months, and (iv) no Lien imposed under the IRC or ERISA exists or is likely to arise on account of any Employee Plan within the meaning of Section 412 of the IRC. No Loan Party or any of its ERISA Affiliates has incurred any withdrawal liability under ERISA with respect to any Multiemployer Plan, or is aware of any facts indicating that it or any of its ERISA Affiliates will in the future incur any such withdrawal liability, except as could not reasonably be expected to result in a Material Adverse Effect. Except as could not reasonably be expected to result in a Material Adverse Effect: no Loan Party or any of its ERISA Affiliates has (A) failed to pay any required installment or other payment required under Section 412 of the IRC on or before the due date for such required installment or payment, (B) engaged in a transaction within the meaning of Section 4069 of ERISA or (C) incurred any liability to the PBGC which remains outstanding other than the payment of premiums, and there are no premium payments which have become due which are unpaid. Except as could not reasonably be expected to result in a Material Adverse Effect, there are no pending or, to the knowledge of any Loan Party, threatened claims, actions, proceedings or lawsuits (other than claims for benefits in the normal course) asserted or instituted

against (1) any Employee Plan or its assets, (2) any fiduciary with respect to any Employee Plan, or (3) any Loan Party or any of its ERISA Affiliates with respect to any Employee Plan.

(j) Taxes, Etc. All Federal and material state, local and foreign income tax returns required by applicable Requirements of Law to be filed by any Loan Party have been filed, or extensions have been obtained, and all taxes, assessments and other governmental charges as shown as due therein have been paid (other than taxes, assessments, or governmental charges in an aggregate amount at any one time not to exceed \$2,500,000), except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP.

(k) Regulations T, U and X. No Loan Party is or will be engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation T, U or X), and no proceeds of any Loan will be used to purchase or carry any margin stock in violation of Regulation T, U or X or to extend credit to others for the purpose of purchasing or carrying any margin stock or for any purpose that violates, or is inconsistent with, the provisions of Regulations T, U and X.

(l) Nature of Business. No Loan Party is engaged in any business other than as set forth on Schedule 6.01(l) and business activities reasonably related, incidental or ancillary thereto.

(m) [Intentionally Omitted].

(n) Permits, Etc. Each Loan Party has, and is in compliance with, all permits, licenses, authorizations, approvals, entitlements and accreditations required for such Person lawfully to own, lease, manage or operate, or to acquire, each business currently owned, leased, managed or operated, or to be acquired, by such Person, except to the extent such failure to have or be in compliance therewith could not reasonably be expected to have a Material Adverse Effect. No condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, impairment, forfeiture or non-renewal of any such permit, license, authorization, approval, entitlement or accreditation, and there is no claim that any thereof is not in full force and effect, except to the extent such suspension, revocation, impairment, forfeiture or non-renewal could not reasonably be expected to result in a Material Adverse Effect and there is no claim (excluding claims that could not reasonably be expected to have a Material Adverse Effect) that any thereof is not in full force and effect.

(o) Properties. (%4) Each Loan Party has good and marketable title to, valid leasehold interests in, or valid licenses to use, all tangible property and assets material to its business, free and clear of all Liens, except Permitted Liens and, solely as to leasehold interests, except to the extent the failure to have such good and marketable title could not reasonably be expected to have a Material Adverse Effect. All such properties and assets are in good working order and condition, ordinary wear and tear and casualty (to the extent fully covered by insurance subject to a deductible) and condemnation excepted.

(i) Schedule 6.01(o) sets forth a complete and accurate list, as of the Effective Date, of the location, by state and street address, of all Real Property owned or leased by each Loan Party and identifies the interest (fee or leasehold) of such Loan Party therein. As of the Effective Date, each Loan Party has valid leasehold interests in the Leases described on Schedule 6.01(o) to which it is a party, except to the extent the failure to have such valid leasehold interests could not reasonably be expected to have a Material Adverse Effect. Each such Lease is valid and enforceable in accordance with its terms in all material respects and is in full force and effect, except to the extent that the failure of such Lease to be valid and enforceable or in full force and effect could not reasonably be expected to result in a Material Adverse Effect and except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws. To the knowledge of any Loan Party, as of the Effective Date, no event has occurred which, with the giving of notice or the passage of time or both, would constitute a default under any such Lease, except to the extent such event could not reasonably be expected to result in a Material Adverse Effect.

(p) Full Disclosure. Each Loan Party has disclosed to the Agents all agreements, instruments and corporate or other restrictions to which it is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the other reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to the Agents in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which it was made, not materially misleading; provided that, with respect to projected financial information, each Loan Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

(q) Compliance with Laws. Neither the Borrower nor any Subsidiary is in violation of any law, rule, regulation, order, or decree of any Governmental Authority or arbitrator, including without limitation, the provisions of the Texas Pawnshop Act (Chapter 371 of the Texas Finance Code), the consumer loan provisions of the Texas Finance Code and provisions of the Brady Law and other laws, rules and regulations related to the regulation of firearms, and the provisions applicable to the business of running pawnshops in every state where the Loan Parties conduct their businesses, other than violations which could not reasonably be expected to have a Material Adverse Effect and except for matters related to Environmental Laws, which are covered in Section 6.01(r).

(r) Environmental Matters. Except as set forth on Schedule 6.01(r), (i) the operations of each Loan Party are in compliance with all Environmental Laws; except for any non-compliance that could not reasonably be expected to result in a Material Adverse Effect; (ii) there has been no Release at any of the properties owned or operated by any Loan Party or, to the knowledge of any Loan Party, at any disposal or treatment facility which received Hazardous Materials generated by any Loan Party which, in each case, could reasonably be expected to result in a Material Adverse Effect; (iii) no Environmental Action has been asserted against any Loan Party nor does any Loan Party have actual knowledge or notice of any threatened or pending Environmental Action against any Loan Party in each case which could reasonably be expected to result in a Material Adverse Effect; (iv) to the knowledge of any Loan Party, no Environmental Actions have been asserted against any facilities that may have received Hazardous Materials generated by any Loan Party which could reasonably be expected to result in a Material Adverse Effect; (v) no property now or, to the knowledge of any Loan Party, formerly owned or operated by a Loan Party has been used as a disposal site for any Hazardous Material, except to the extent that any such use could not reasonably be expected to result in a Material Adverse Effect; and (vi) no Loan Party has failed to report to the proper Governmental Authority the occurrence of any Release which is required to be so reported by any Loan Party under Environmental Laws which could reasonably be expected to result in a Material Adverse Effect.

(s) Insurance. Each Loan Party maintains the insurance and required services and financial assurance as required by Section 7.01(h). Schedule 6.01(s) sets forth a list of all insurance policies maintained by each Loan Party on the Effective Date. Each Loan Party shall take all actions required under the Flood Laws and/or reasonably requested by the Collateral Agent to assist in ensuring that each Lender is in compliance with the Flood Laws applicable to any Real Property that is subject to a Mortgage, if applicable, including, but not limited to, providing Collateral Agent with the address and/or GPS coordinates of each structure on any Real Property that is or will be subject to a Mortgage in favor of Collateral Agent, for the benefit of the Lenders, and, to the extent required, obtaining flood insurance for such property, structures and contents prior to or upon such property, structures and contents becoming Collateral, and thereafter maintaining such flood insurance in full force and effect for so long as required by the Flood Laws.

(t) Use of Proceeds. The proceeds of the Term Loans made on the Effective Date and the Delayed Draw Term Loans shall be used (i) for general working capital purposes of the Borrower, (ii) to support the operations of Grupo Finmart on the terms and conditions set forth herein, (iii) to finance Permitted Acquisitions and make Permitted Investments and permitted Restricted Payments, on the terms and conditions set forth herein and (iv) to pay fees and expenses related to the foregoing and to this Agreement and the transactions contemplated hereby.

(u) Solvency. After giving effect to the transactions contemplated by this Agreement and before and immediately after giving effect to each Loan to be made hereunder, the Borrower and its Subsidiaries, on a consolidated basis, are Solvent.

(v) Location of Bank Accounts. Schedule 6.01(v) sets forth a complete and accurate list as of the Effective Date of all deposit, checking and other bank accounts, all securities and other accounts maintained with any broker dealer and all other similar accounts maintained by each Loan Party, together with a description thereof (i.e., the bank or broker dealer at which such deposit or other account is maintained and the account number and the purpose thereof).

(w) Intellectual Property. Except as set forth on Schedule 6.01(w), each Loan Party owns or licenses or otherwise has the right to use all Intellectual Property rights that are necessary for the operation of its business, without infringement upon or conflict with the rights of any other Person with respect thereto, except for such infringements and conflicts which, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Set forth on Schedule 6.01(w) is a complete and accurate list as of the Effective Date of each item of Registered Intellectual Property owned by each Loan Party (other than, for clarity, domain name registrations). No trademark or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Loan Party, infringes upon or conflicts with any rights owned by any other Person, and no claim or litigation regarding any of the foregoing is pending or threatened, except for such infringements and conflicts which could not reasonably be expected to result in, individually or in the aggregate, a Material Adverse Effect.

(x) Material Contracts. Set forth on Schedule 6.01(x) is a complete and accurate list as of the Effective Date of all Material Contracts of each Loan Party, showing the parties and subject matter thereof and amendments and modifications thereto. Each such Material Contract (i) is in full force and effect and is binding upon and enforceable against each Loan Party that is a party thereto and (ii) is not in default due to the action of any Loan Party or, to the knowledge of any Loan Party, any other party thereto, except to the extent that any such failure to be in full force and effect or default could not reasonably be expected to result in a Material Adverse Effect.

(y) Investment Company Act. None of the Loan Parties is (i) an "investment company" or an "affiliated person" or "promoter" of, or "principal underwriter" of or for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended, or (ii) subject to regulation under any Requirement of Law that limits in any respect its ability to incur Indebtedness or which may otherwise render all or a portion of the Obligations unenforceable.

(z) Employee and Labor Matters. There is (i) no unfair labor practice complaint pending or, to the knowledge of any Loan Party, threatened against any Loan Party before any Governmental Authority and no grievance or

arbitration proceeding pending or threatened against any Loan Party which arises out of or under any collective bargaining agreement, in each case that could reasonably be expected to result in a Material Adverse Effect, (ii) no strike, labor dispute, slowdown, stoppage or similar action against any Loan Party that could reasonably be expected to result in a Material Adverse Effect or (iii) to the knowledge of any Loan Party, no union representation question existing with respect to the employees of any Loan Party and no union organizing activity taking place with respect to any of the employees of any Loan Party. No Loan Party has incurred any material liability or obligation under the Worker Adjustment and Retraining Notification Act ("WARN") or similar state law, which remains unpaid or unsatisfied. The hours worked and payments made to employees of any Loan Party have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements, except to the extent such violations could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. All material payments due from any Loan Party on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of such Loan Party, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(aa) Customers and Suppliers. Except as could not reasonably be expected to result in a Material Adverse Effect, there exists no actual or threatened termination, cancellation or limitation of, or modification to or change in, the business relationship between (i) any Loan Party, on the one hand, and any customer or any group thereof, on the other hand, or (ii) any Loan Party, on the one hand, and any supplier or any group thereof, on the other hand; and there exists no present state of facts or circumstances that could reasonably be expected to give rise to or result in any such termination, cancellation, limitation, modification or change.

(bb) [Intentionally Omitted].

(cc) [Intentionally Omitted].

(dd) Name; Jurisdiction of Organization; Organizational ID Number; Chief Place of Business; Chief Executive Office; FEIN. Schedule 6.01(dd) sets forth a complete and accurate list as of the Effective Date of (i) the exact legal name of each Loan Party, (ii) the jurisdiction of organization of each Loan Party, (iii) the organizational identification number of each Loan Party (or indicates that such Loan Party has no organizational identification number), (iv) each place of business of each Loan Party, (v) the chief executive office of each Loan Party and (vi) the federal employer identification number of each Loan Party (or indicates that such Loan Party has no federal employer identification number).

(ee) Locations of Collateral. There is no location at which any Loan Party has any Collateral (except for Inventory in transit) other than (i) those locations listed on Schedule 6.01(ee) and (ii) any other locations in the continental United States for which such Loan Party has provided notice to the Collateral Agent in accordance with Section 7.01(l) or is otherwise permitted to relocate Collateral in accordance with such Section. Schedule 6.01(ee) hereto contains a true, correct and complete list, as of the Effective Date, of the legal names and addresses of each warehouse at which Collateral of each Loan Party is stored. None of the receipts received by any Loan Party from any warehouse states that the goods covered thereby are to be delivered to bearer or to the order of a named Person or to a named Person and such named Person's assigns

(ff) Security Interests. Each Security Agreement creates in favor of the Collateral Agent, for the benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral secured thereby except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity. Upon the filing of the UCC-1 financing statements described in Section 5.01(c), the delivery of appropriate Cash Management Agreements, and the recording of the Collateral Assignments for Security referred to in each Security Agreement in the United States Patent and Trademark Office and the United States Copyright Office, as applicable (collectively, the "IP Security Agreements"), such security interests in and Liens on the Collateral granted thereby shall be perfected, to the extent perfection can be accomplished through such filings, agreements or recordings, first priority security interests (subject to Permitted Liens), and, except as contemplated by the Security Agreement, no further recordings, notices or filings are or will be required in connection with the creation, perfection or enforcement of such security interests and Liens.

(gg) Anti-Money Laundering and Anti-Terrorism Laws.

(i) None of the Loan Parties, nor, to the knowledge of any Loan Party, any Affiliate of any of the Loan Parties, has violated or is in violation in each case in any material respect, of any of the Anti-Money Laundering and Anti-Terrorism Laws or has engaged in or conspired to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate in any material respect, any of the Anti-Money Laundering and Anti-Terrorism Laws.

(ii) None of the Loan Parties, nor, to the knowledge of any Loan Party, any Affiliate of any of the Loan Parties, any officer, director or principal shareholder or owner of any of the Loan Parties, or any of the Loan Parties' respective agents acting or benefiting the Loan Parties in any capacity in connection with the Loans or other transactions hereunder, is a Sanctioned Person.

(iii) None of the Loan Parties, nor, to the knowledge of any Loan Party, any of their agents acting for the Loan Parties in any capacity in connection with the Loans or other transactions hereunder, (A) conducts any business with or for the benefit of any Sanctioned Person or engages in making or receiving any contribution of funds, goods or services to, from

or for the benefit of any Sanctioned Person, or (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked or subject to blocking pursuant to any OFAC Sanctions Programs.

(iv) The Loan Parties have adopted, implemented and maintain anti-money laundering policies and procedures that comply in all material respects with all applicable Requirements of Law.

(hh) Anti-Bribery and Anti-Corruption Laws.

(i) The Loan Parties, and, to the knowledge of any Loan Party, any Affiliate of any of the Loan Parties, have not violated, and are in compliance in all material respects with, the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), and the anti-bribery and anti-corruption laws of those jurisdictions in which they do business to the extent such laws are applicable to the Loan Parties or their Subsidiaries (collectively, the "Anti-Corruption Laws").

(ii) None of the Loan Parties has at any time acted or attempted to act in any manner which would subject any of the Loan Parties to any material liability under any Anti-Corruption Law.

(iii) to the knowledge of the Loan Parties, there are, and have been, no allegations, investigations or inquiries with regard to any violation of any Anti-Corruption Law by any of the Loan Parties or any of their respective current or former directors, officers, employees, stockholders or agents, or other persons acting or purporting to act on their behalf.

(iv) The Loan Parties have adopted, implemented and maintain anti-bribery and anti-corruption policies and procedures that are reasonably expected to ensure compliance with Anti-Corruption Laws.

## ARTICLE VII

### COVENANTS OF THE LOAN PARTIES

Section 7.01 Affirmative Covenants. Until the Obligations are Paid In Full and all Commitments are terminated, each Loan Party will, unless the Required Lenders shall otherwise consent in writing:

(a) Reporting Requirements. Furnish to each Agent and each Lender:

(i) (A) within 30 days after the end of each fiscal month of the Borrower and its Subsidiaries commencing with the first fiscal month of the Borrower and its Subsidiaries ending after the Effective Date, internally prepared consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows as at the end of such fiscal month, and for the period commencing at the end of the immediately preceding Fiscal Year and ending with the end of such fiscal month, setting forth in each case in comparative form the figures for the corresponding date or period set forth in the financial statements for the immediately preceding Fiscal Year, all in reasonable detail and monthly internally-prepared management reports summarizing the consolidating results of operations, assets and liabilities of the Borrower and its Subsidiaries for each of the following business segments: the United States pawn operations, Mexico pawn operations and all other operations, and certified by an Authorized Officer of the Borrower as fairly presenting, in all material respects, the financial position of the Borrower and its Subsidiaries (excluding the assets and liabilities of Grupo FinMart) as at the end of such fiscal month and the results of operations and cash flows of the Borrower and its Subsidiaries (excluding the results of operations and cash flows of Grupo FinMart) for such fiscal month and for such year-to-date period, in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements furnished to the Agents and the Lenders, subject to the absence of footnotes and normal year-end adjustments; and (B) within 45 days after the end of each fiscal month of the Borrower commencing with the first fiscal month of the Borrower ending after the Effective Date for so long as Grupo FinMart is a Subsidiary of the Borrower, internally prepared consolidated financial statements of the type described in clause (A) above that include the assets and liabilities, and results of operations of Grupo FinMart;

(ii) Within 45 days after the end of each Fiscal Quarter commencing with the first Fiscal Quarter of the Borrower ending after the Effective Date, unaudited consolidated balance sheets, statements of operations and statements of cash flows of the Borrower as at the end of such Fiscal Quarter, setting forth in each case in comparative form the figures for the corresponding date or period set forth in (A) the financial statements for the immediately preceding Fiscal Quarter and (B) the Projections, in reasonable detail and prepared in accordance with GAAP, subject to normal quarter-end adjustments and the absence of footnotes, and quarterly internally-prepared management reports summarizing the consolidating results of operations, assets and liabilities of the Borrower and its Subsidiaries for each of the following business segments: the United States pawn operations, Mexico pawn operations and all other operations (it being understood that such quarterly statements provided for the last Fiscal Quarter of any Fiscal Year will be internally prepared rather than being provided on SEC Form 10-Q);

(iii) within the time period specified by the SEC in respect of the filings of the Borrower's report Form 10-K after the end of each Fiscal Year of the Borrower (as the same may be extended up to 15 days in accordance with applicable Requirements of Law), audited consolidated balance sheets, statements of operations and statements of cash flows of the Borrower as at the end of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding date or period set forth in (A) the financial statements for the immediately preceding Fiscal Year (commencing with the Fiscal Year ending

September 30, 2017), and yearly internally-prepared management reports summarizing the consolidating results of operations, assets and liabilities of the Borrower and its Subsidiaries for each of the following business segments: the United States pawn operations, Mexico pawn operations and all other operations, and (B) the Projections, all in reasonable detail and prepared in accordance with GAAP, and accompanied by a report and an opinion regarding the annual consolidated financial statements for the periods required by SEC standards (which opinion shall be without (1) a "going concern" or like qualification or exception, (2) any qualification or exception as to the scope of such audit (other than any exception or explanatory paragraph, but not a qualification, that is expressly solely with respect to, or expressly resulting solely from the maturity date of the Loans or the Convertible Bonds or a prospective breach of the covenants set forth in Section 7.03), or (3) any qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item, the effect of which would be to cause any noncompliance with the provisions of Section 7.03), prepared in accordance with generally accepted auditing standards, of independent certified public accountants of recognized standing selected by the Borrower and satisfactory to the Agents, together with a written statement of such accountants to the effect that, in making the examination necessary for their certification of such financial statements, nothing came to such accountants' attention that caused such accountants to believe that any Event of Default has occurred under Section 7.03 insofar as such Section 7.03 relates to accounting matters (it being understood that any of BDO, Ernst & Young, Deloitte & Touche LLP, PWC, or KPMG shall be deemed satisfactory);

(iv) simultaneously with the delivery of the financial statements of the Borrower and its Subsidiaries required by clauses (ii) or (iii) of this Section 7.01(a), a certificate of an Authorized Officer of the Borrower substantially in the form of Exhibit F hereto (the "Compliance Certificate") (A) stating that during the period covered by such financial statements no Event of Default or Default has occurred or is continuing as of the date of such delivery, or, if an Event of Default or Default existed, describing the nature and period of existence thereof and the action which the Borrower and its Subsidiaries propose to take or have taken with respect thereto, (B)(1) attaching a schedule showing the calculation of the financial covenants specified in Section 7.03 and (2) including a discussion and analysis of the financial condition and results of operations of the Borrower and its Subsidiaries for the portion of the Fiscal Year then elapsed and discussing the reasons for any significant variations from the Projections for such period and the figures for the corresponding period in the previous Fiscal Year, and (C) in the case of the delivery of the financial statements of the Borrower and its Subsidiaries required by clause (iii) of this Section 7.01(a), and a summary of all material insurance coverage maintained as of the date thereof by any Loan Party and all material changes in insurance coverage planned to be maintained by any Loan Party since the delivery of any such summary for any prior period, together with such other related documents and information as the Administrative Agent may reasonably require;

(v) as soon as available and in any event not later than forty-five (45) days after the end of each Fiscal Year, Projections for the Borrower and its Subsidiaries, supplementing and/or superseding the Projections previously required to be delivered pursuant to this Agreement, prepared on a monthly basis and otherwise in a form reasonably satisfactory to the Agents, for the then current Fiscal Year for the Borrower and its Subsidiaries and consistent with the representations and warranties set forth in Section 6.01(g)(ii);

(vi) promptly after any Loan Party knows that any Governmental Authority is commencing a material non-routine investigation against it, notice of such investigation and, thereafter, prompt reporting of any information relative to such investigation requested by either of the Agents;

(vii) within 3 Business Days after actual knowledge of an Authorized Officer of the Loan Parties of an Event of Default or Default or the occurrence of any event or development that could reasonably be expected to result in a Material Adverse Effect, the written statement of an Authorized Officer of the Borrower setting forth the details of such Event of Default or Default or other event or development that could reasonably be expected to result in a Material Adverse Effect and the action which the affected Loan Party proposes to take with respect thereto;

(viii) to the extent a Material Adverse Effect could reasonably be expected to result: (A) as soon as possible and in any event within 10 days after any Loan Party knows that (1) any Reportable Event with respect to any Employee Plan has occurred, (2) any other Termination Event with respect to any Employee Plan has occurred, or (3) an accumulated funding deficiency has been incurred or an application has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including installment payments) or an extension of any amortization period under Section 412 of the IRC with respect to an Employee Plan, a statement of an Authorized Officer of the Borrower setting forth the details of such occurrence and the action, if any, which such Loan Party proposes to take with respect thereto, (B) promptly and in any event within 10 days after receipt thereof by any Loan Party from the PBGC, copies of each notice received by any Loan Party of the PBGC's intention to terminate any Employee Plan or to have a trustee appointed to administer any Employee Plan, (C) promptly and in any event within 10 days after any Loan Party knows that a required installment within the meaning of Section 412 of the IRC has not been made when due with respect to an Employee Plan, (D) promptly and in any event within 10 days after receipt thereof by any Loan Party from a sponsor of a Multiemployer Plan or from the PBGC, a copy of each notice received by any Loan Party concerning the imposition or amount of withdrawal liability under Section 4202 of ERISA, and (E) promptly and in any event within 10 days after any Loan Party sends notice of a plant closing or mass layoff (as defined in WARN) to employees, copies of each such notice sent by such Loan Party;

(ix) promptly after the commencement thereof but in any event not later than 5 Business Days after service of process with respect thereto on, or the obtaining of knowledge thereof by, any Loan Party, notice of each action, suit or



proceeding before any court or other Governmental Authority or other regulatory body or any arbitrator which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(x) within 5 Business Days after execution, receipt or delivery thereof, copies of any material notices that any Loan Party executes or receives in connection with any Material Contract if the notice concerns a development regarding such Material Contract that is materially adverse to any Loan Party;

(xi) within 5 Business Days after execution, receipt or delivery thereof, copies of any material notices that any Loan Party executes or receives in connection with the sale or other Disposition of the Equity Interests of, or all or substantially all of the assets of, any Loan Party;

(xii) promptly after (A) the sending or filing thereof, copies of all material statements, reports and other information any Loan Party sends to any holders of its Indebtedness or its securities or files with the SEC or any national (domestic or foreign) securities exchange and (B) the receipt thereof, a copy of any material notice received from any holder of its Indebtedness;

(xiii) promptly upon receipt thereof, copies of all financial reports (including, without limitation, management letters), if any, submitted to any Loan Party by its auditors in connection with any annual or interim audit of the books thereof;

(xiv) promptly after the date on which a Loan Party commences any proceeding alleging any commercial tort claim alleging damages in excess of \$2,000,000, a brief description of such commercial tort claim and grant of a security interest therein to the Collateral Agent in accordance with the Security Agreement; and

(xv) promptly upon request, such other information concerning the condition or operations, financial or otherwise, of any Loan Party as any Agent may from time to time may reasonably request.

(b) Additional Guarantors and Collateral Security.

(i) Cause each Subsidiary of any Loan Party not in existence on the Effective Date (each a "New Subsidiary"), subject to clause (b)(iii) below, to execute and deliver to the Collateral Agent promptly and in any event within 15 Business Days after the formation, acquisition or change in status as a Subsidiary thereof, (A) a Joinder Agreement, pursuant to which such New Subsidiary shall be made a party to this Agreement as a Guarantor, (B) a supplement or other comparable document to the Security Agreement, together with (1) certificates (if any) evidencing all of the Equity Interests of any Person owned by such New Subsidiary required to be pledged under the terms of the Security Agreement, (2) undated stock powers for such Equity Interests executed in blank with signature guaranteed, and (3) such opinions of counsel as the Collateral Agent may reasonably request, (C) to the extent required under Section 7.01(o) of this Agreement, one or more Mortgages creating on the Real Property owned by New Subsidiary a perfected, first priority Lien (subject to Permitted Liens) on such Real Property and such other Real Property Deliverables as may be reasonably required by the Collateral Agent with respect to each such Real Property, and (D) such other agreements, instruments, approvals or other documents reasonably requested by the Collateral Agent in order to create, perfect, establish the first priority (subject to Permitted Liens) of or otherwise protect any Lien purported to be covered by any such Security Agreement or otherwise to effect the intent that such Subsidiary shall become bound by all of the terms, covenants and agreements contained in the Loan Documents and that all property and assets of such New Subsidiary shall become Collateral for the Obligations, other than exclusions expressly set forth in the any Security Agreement.

(ii) Cause each Loan Party that is the direct owner of the Equity Interests of any New Subsidiary to execute and deliver promptly and in any event within 15 Business Days after the formation or acquisition of such Subsidiary a Pledge Amendment (as defined in each applicable Security Agreement), together with (A) certificates evidencing all of the Equity Interests of such Subsidiary required to be pledged under the terms of the applicable Security Agreement, if applicable, (B) undated stock powers or other appropriate instruments of assignment for such Equity Interests executed in blank with signature guaranteed, if applicable, (C) such opinions of counsel as the Collateral Agent may reasonably request and (D) such other agreements, instruments, approvals or other documents reasonably requested by the Collateral Agent.

(iii) Notwithstanding the foregoing, a New Subsidiary that is an Excluded Subsidiary shall not be required to become a Loan Party hereunder (and, as such, shall not be required to deliver the documents required by clause (i) above) and, except as provided in the proviso to this clause (b)(iii), no Equity Interests of a New Subsidiary that is an Excluded Foreign Subsidiary shall be required to be pledged or otherwise subject to a Lien under the Loan Documents as security for the Obligations; provided, however, that (A) if the Equity Interests of any such New Subsidiary that is an Excluded Foreign Subsidiary are directly owned by a Loan Party (other than EZCorp Global Holdings, C.V. or EZCorp Global B.V.), such Loan Party shall deliver all such documents, instruments, agreements (including at the reasonable request of the Collateral Agent, a pledge agreement governed by the laws of the jurisdiction of the organization of such Excluded Foreign Subsidiary), and certificates described in clause (ii) above to the Collateral Agent, and take all actions reasonably requested by the Collateral Agent or otherwise necessary to grant and to perfect a first-priority Lien (subject to Permitted Liens) in favor of the Collateral Agent, as security for the Obligations, for the benefit of the Secured Parties, in sixty-five percent (65%) of the voting Equity Interests of such Excluded Foreign Subsidiary and one hundred percent (100%) of the Non-Voting Equity Interests of such Excluded Foreign Subsidiary, and

(B) the Borrower may elect to cause any Excluded Subsidiary to become a party to this Agreement as a Guarantor and a party to the Security Agreement in accordance with clauses (b)(i) and (b)(ii) above.

(iv) Notwithstanding anything to the contrary contained in this Agreement (including any Permitted Disposition pursuant to clause (p) of such definition or a Tax Restructuring but subject to Section 12.02), the Borrower agrees that the Collateral Agent shall receive a pledge of sixty-five percent (65%) of the voting Equity Interests and one hundred percent (100%) of the Non-Voting Equity Interests of any Subsidiary or New Subsidiary that owns or operates all or any portion of the Mexican Pawn Business, and certificates described in clause (ii) above, and take all actions reasonably requested by the Collateral Agent (including at the reasonable request of the Collateral Agent, a pledge agreement governed by the laws of Mexico) or otherwise necessary to grant and to perfect a first-priority Lien in favor of the Collateral Agent, as security for the Obligations, for the benefit of the Secured Parties, and (y) without the Collateral Agent's prior written consent, the Collateral Agent's pledge of 65% of the voting Equity Interests and 100% of the Non-Voting Equity Interests in EZPAWN Services Mexico, S. De R. L. de C.V., EZ Talent, S. de R. L. de C.V., EZPAWN Management Mexico, S. de R.L. de C.V., EZ Transfers, S.A. de C.V., and in any other Subsidiary or New Subsidiary that owns or operates the Mexican Pawn Business shall not be released.

(c) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, with all Requirements of Law (excluding, without limitation, all Environmental Laws, which are the subject of Section 7.02(j), below), judgments and awards (including any settlement of any claim that, if breached, could give rise to any of the foregoing), in each case except as could not reasonably be expected to result in a Material Adverse Effect, such compliance to include, without limitation, (i) paying, and cause each of its Subsidiaries to pay, before the same become delinquent all taxes, assessments and governmental charges shown as due in all U.S. Federal and material state and local income tax returns required by applicable Requirements of Law (other than taxes, assessments and governmental charges or levies or any other such lawful claims of a Governmental Authority in an aggregate amount at any one time not to exceed \$2,500,000), except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP, and (ii) paying all other lawful claims which if unpaid might become a Lien or charge upon any of its properties (other than any Permitted Lien), except to the extent contested in good faith by proper proceedings which stay the imposition of any penalty, fine or Lien resulting from the non-payment thereof and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP.

(d) Preservation of Existence, Etc. Except as expressly permitted by Section 7.02(c), maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, its good standing in the jurisdiction of its organization, rights and privileges, and become or remain, and cause each of its Subsidiaries to become or remain, duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary except where the failure to maintain and preserve such rights and privileges or to become or remain duly qualified and in good standing could not reasonably be expected to have a Material Adverse Effect.

(e) Keeping of Records and Books of Account. Keep, and cause each of its Subsidiaries to keep, adequate records and books of account, with complete entries made to permit the preparation of financial statements in accordance with GAAP.

(f) Inspection Rights. Subject to the limitations set forth in Section 2.06(f), permit, and cause each of its Subsidiaries to permit, the Agents and representatives of any Agent, upon reasonable advance notice (which notice shall not be required during the continuance of an Event of Default) at any time and from time to time during normal business hours, at the expense of the Borrower, to examine and make copies of and abstracts from its records and books of account, to visit and inspect its properties, to verify materials, leases, notes, accounts receivable, deposit accounts and its other assets, to conduct audits, physical counts, valuations, appraisals, or examinations and to discuss its affairs, finances and accounts with any of its directors, officers, managerial employees, independent accountants or any of its other representatives. In furtherance of the foregoing, each Loan Party hereby authorizes its independent accountants, and the independent accountants of each of its Subsidiaries, to discuss the affairs, finances and accounts of such Person (provided that representatives of such Person shall be given a reasonable opportunity to be present) with the agents and representatives of any Agent in accordance with this Section 7.01(f).

(g) Maintenance of Properties, Etc. (i) Maintain and preserve all of its tangible properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear and casualty and condemnation excepted, except to the extent any such failure to preserve could not reasonably be expected to result in a Material Adverse Effect, and (ii) comply at all times with the provisions of all leases to which it is a party as lessee or under which it occupies Real Property, so as to prevent any loss or forfeiture thereof or thereunder, except to the extent any such noncompliance could not reasonably be expected to result in a Material Adverse Effect.

(h) Maintenance of Insurance. Maintain insurance with responsible and reputable insurance companies or associations (including, without limitation, commercial general liability insurance) with respect to its properties (including all real properties leased or owned by it) and business, in such amounts and covering such risks as is required by any Governmental Authority having jurisdiction with respect thereto or as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located and in any event in amount, adequacy and scope reasonably satisfactory to the Agents, it being understood that the maintenance of insurance policies substantially similar to those listed on

Schedule 6.01(s) shall be deemed to satisfy such requirement. All policies covering the Collateral are to be made payable to the Collateral Agent for the benefit of the Agents and the Lenders, as its interests may appear, in case of loss, under a standard non-contributory "lender" or "secured party" clause and are to contain such other provisions as the Collateral Agent may reasonably require to fully protect the Collateral Agent's interest in the Collateral and to any payments to be made under such policies. All certificates of insurance are to be delivered to the Collateral Agent for the benefit of the Secured Parties and the policies are to be premium prepaid, with the loss payable and additional insured endorsement in favor of the Collateral Agent and such other Persons as the Collateral Agent may designate from time to time, and the Loan Parties shall obtain endorsements that provide for not less than 30 days (10 days in the case of non-payment) prior written notice to the Collateral Agent of the exercise of any right of cancellation in respect of liability, casualty and property insurance policies. If any Loan Party fails to maintain such insurance, the any Agent may arrange for such insurance, but at the Borrower's expense and without any responsibility on either Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the sole right, in the name of the Lenders and any Loan Party, to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

(i) Obtaining of Permits, Etc. Obtain, maintain and preserve, and cause each of its Subsidiaries to obtain, maintain and preserve, and take all necessary action to timely renew, all permits, licenses, authorizations, approvals, entitlements and accreditations that are necessary or useful in the proper conduct of its business except where the failure to obtain, maintain and preserve could not reasonably be expected to have a Material Adverse Effect.

(j) Environmental. (i) Keep the Real Property free of any Environmental Liens, except for deed restrictions and other institutional controls that are utilized in connection with any Remedial Action at such property and except for any other Environmental Liens that could not reasonably be expected to result in a Material Adverse Effect; (ii) comply, and cause each of its Subsidiaries to comply, with all Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect; (iii) provide the Agents written notice within 10 days of any Release of a Hazardous Material in excess of any reportable quantity from or onto property owned or operated by it or any of its Subsidiaries and take any Remedial Actions required to abate said Release, except, in each case, for such Releases or Remedial Actions that could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; and (iv) provide the Agents with written notice within 10 days of the receipt of any of the following: (A) notice that an Environmental Lien has been filed against any Real Property, except for deed restrictions and other institutional control that are utilized in connection with any Remedial Action at such property or other Environmental Liens that could not reasonably be expected to result in liability in excess of \$2,500,000 in the aggregate; (B) commencement of any Environmental Action or notice that an Environmental Action will be filed against any Loan Party or any of its Subsidiaries, except for Environmental Actions that could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; and (C) notice of a violation, citation or other administrative order, except for violations, citations, or other administrative orders that could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(k) Further Assurances. Take such action and execute, acknowledge and deliver, at its sole cost and expense, such agreements, instruments, or other documents as any Agent may reasonably require from time to time in order (i) to carry out more effectively the purposes of this Agreement and the other Loan Documents, (ii) to subject to valid and perfected first priority Liens (subject to Permitted Liens described in clauses (b), (e), (f), (g), (h), (i), (j), (m), (n), (p), (r), (s), (t), (u), (w) and (x) of the definition of Permitted Liens) any of the Collateral of any Loan Party (including commercial tort claims, deposit accounts, securities accounts, and commodities accounts, but excluding Excluded Property (as defined in the Security Agreement)), (iii) to establish and maintain the validity and effectiveness of any of the Loan Documents and the validity, perfection and priority of the Liens intended to be created thereby, and (iv) to better assure, convey, grant, collaterally assign and confirm unto each Agent and each Lender the rights now or hereafter intended to be granted to it under this Agreement or any other Loan Document. In furtherance of the foregoing, to the maximum extent permitted by applicable law, each Loan Party (A) if a Loan Party has failed to comply with its undertakings in this Section after a written request therefor, authorizes each Agent, to execute any such agreements, instruments, or other documents in such Loan Party's name and to file such agreements, instruments or other documents in any appropriate filing office, (B) authorizes each Agent to file any financing statement required hereunder or under any other Loan Document, and any continuation statement or amendment with respect thereto, in any appropriate filing office without the signature of such Loan Party, and (C) ratifies the filing of any financing statement, and any continuation statement or amendment with respect thereto, filed without the signature of such Loan Party prior to the date hereof.

(l) Change in Collateral. Give the Agents prompt written notice of any change in the location of any Collateral (except for Inventory in transit and immaterial assets having value not exceeding \$2,500,000 in the aggregate), other than to locations set forth on Schedule 6.01(ee) or with respect to which the Collateral Agent has filed financing statements and otherwise fully perfected its Liens thereon, (ii) advise the Agents promptly, in sufficient detail, of any material adverse change relating to the type, quantity or quality of the Collateral or the Lien granted thereon and (iii) execute and deliver, and cause each of its Subsidiaries to execute and deliver, to the any Agent for the benefit of the Agents and the Lenders from time to time, solely for such Agent's convenience in maintaining a record of Collateral, such written statements and schedules as such Agent may reasonably require, designating, identifying or describing the Collateral.

(m) [Reserved].

(n) Subordination. Cause all Indebtedness and other obligations now or hereafter owed by it to any of its Affiliates, to be subordinated in right of payment and security to the Indebtedness and other Obligations owing to the Agents and the Lenders in accordance with a subordination agreement in form and substance reasonably satisfactory to the Agents.

(o) After Acquired Real Property. Upon the acquisition by it or any of its Subsidiaries after the Effective Date of any fee interest in any Real Property (wherever located) for a cash purchase price (or if any such fee interest is acquired indirectly in connection with the acquisition of a Subsidiary that becomes a Loan Party, the portion of the cash purchase price of such Subsidiary that is estimated in good faith by the Borrower to be allocable to such fee interest) in excess of \$2,000,000, immediately so notify the Collateral Agent, setting forth the location of the Real Property and describing any structures or improvements thereon. The Collateral Agent shall notify such Loan Party within ten (10) Business Days of receipt of notice from the Borrower whether it intends to require a Mortgage (and any other Real Property Deliverables) with respect to such Facility. Upon receipt of such notice requesting a Mortgage and any other Real Property Deliverables, the Loan Party that has acquired such Facility shall furnish the same to the Collateral Agent within sixty (60) days (or such later date as may be permitted by the Agents in their sole discretion) after such Loan Party's receipt of the Collateral Agent's notice. The Borrower shall pay all fees and expenses, including reasonable and documented out-of-pocket attorneys' fees and expenses, and all title insurance charges and premiums, in connection with each Loan Party's obligations under this Section 7.01(o).

(p) Fiscal Year. Cause the Fiscal Year of the Borrower and its Subsidiaries to end on the day described in the definition of "Fiscal Year" unless the Agents consent to a change in such Fiscal Year (and any appropriate related changes to this Agreement are agreed to, if applicable).

(q) [Reserved].

(r) Lender Meetings. Upon the reasonable request of any Agent or the Required Lenders, participate in an in-person meeting at the Borrower's corporate offices (or at such other location as may be agreed to by the Borrower and such Agent or the Required Lenders) or, to the extent approved by the Agents in their sole discretion, a telephonic meeting with the Agents and the Lenders, in each case, at such time as may be reasonably agreed to by the Borrower and such Agent or the Required Lenders.

Section 7.02 Negative Covenants. Until the Obligations are Paid In Full and all Commitments are terminated, each Loan Party shall not and shall not permit any of its Subsidiaries to:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien upon or with respect to any of its properties, whether now owned or hereafter acquired; file or suffer to exist under the Uniform Commercial Code or any Requirement of Law of any jurisdiction, a financing statement (or the equivalent thereof) that names it or any of its Subsidiaries as debtor; sign or suffer to exist any security agreement authorizing any secured party thereunder to file such financing statement (or the equivalent thereof); sell any of its property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable) with recourse to it or any of its Subsidiaries or assign or otherwise transfer, or permit any of its Subsidiaries to assign or otherwise transfer, any account or other right to receive income; other than, as to all of the above, Permitted Liens.

(b) Indebtedness. Create, incur, assume, guarantee or suffer to exist, or otherwise become or remain liable with respect to, or permit any of its Subsidiaries to create, incur, assume, guarantee or suffer to exist or otherwise become or remain liable with respect to, any Indebtedness other than Permitted Indebtedness.

(c) Fundamental Changes; Dispositions. Wind-up, liquidate or dissolve, or merge, consolidate or amalgamate with any Person, or make any Disposition, whether in one transaction or a series of related transactions, of all or any part of its business, property or assets, whether now owned or hereafter acquired, or permit any of its Subsidiaries to do any of the foregoing; provided, however, that:

(i) any wholly-owned Subsidiary of any Loan Party and any Loan Party (other than the Borrower) may be merged, consolidated, amalgamated or liquidated into any other Loan Party (other than the Borrower; provided that a Loan Party may be merged, consolidated, amalgamated or liquidated into the Borrower, if the Borrower is the surviving corporation) or another wholly-owned Subsidiary of a Loan Party, provided that (A) no other provision of this Agreement would be violated thereby, (B) such Loan Party gives the Agents at least 5 Business Days' prior written notice of such merger, amalgamation, liquidation, or consolidation accompanied by true, correct and complete copies of all material agreements, documents and instruments relating to such merger, amalgamation, consolidation or liquidation, including, but not limited to, the certificate or certificates of merger or amalgamation to be filed with each appropriate Secretary of State (with a copy as filed promptly after such filing), (C) no Default or Event of Default shall have occurred and be continuing either before or immediately after giving effect to such transaction, (D) the Lenders' rights in any Collateral, including, without limitation, the existence, perfection and priority of any Lien thereon, are not adversely affected in by such merger, amalgamation, liquidation or consolidation, (E) if such merger, liquidation, consolidation or amalgamation is between a Domestic Subsidiary and a Foreign Subsidiary, the surviving Subsidiary

shall be a Domestic Subsidiary and (F) the surviving Person, if any, if not already a Loan Party, is, to the same extent required under Section 7.01(b) with respect to any New Subsidiary, joined as a Loan Party hereunder pursuant to a Joinder Agreement as a party to a Security Agreement and the Equity Interests of such Person become the subject of a Security Agreement, in each case, which is in full force and effect on the date of and immediately after giving effect to such merger, liquidation, consolidation or amalgamation;

(ii) a Foreign Subsidiary may be merged, consolidated, amalgamated or liquidated into another Foreign Subsidiary so long as the Secured Parties' Collateral is not adversely affected in any material respect by such merger, consolidation, amalgamation or liquidation as determined by the Collateral Agent in its reasonable discretion acting in good faith;

(iii) any Loan Party and its Subsidiaries may make Permitted Dispositions;

(iv) any of Borrower's Subsidiaries that are not Loan Parties may wind-up, liquidate, or dissolve if (A) the governing body of such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower and its Subsidiaries, and (B) the value of such Subsidiary is immaterial to the Borrower, its Subsidiaries, and the Lenders or the assets of such Subsidiary will be acquired by another Subsidiary in connection with such dissolution or other transaction;

(v) any non-Loan Party may be merged, consolidated or amalgamated with any other non-Loan Party;

(vi) any Subsidiary may merge or consolidate with any other Person in order to effect a Permitted Acquisition; and

(vii) the transactions described in Part B of Schedule 7.02(c) may be consummated.

(d) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any change in the nature of its business other than as described in Section 6.01(l), or acquire any material properties or assets that are not reasonably related to the conduct of such business activities.

(e) Loans, Advances, Investments, Etc. Make, or permit any of its Subsidiaries to make, any Investment in any other Person except for Permitted Investments.

(f) Sale Leaseback Transactions. Enter into or permit any of its Subsidiaries to enter into, any Sale and Leaseback Transaction; provided that nothing herein shall restrict any Loan Party or any of its Subsidiaries' ability to create, incur or suffer to exist, any obligations as lessee for the payment of rent for any Real Property in the ordinary course of business.

(g) [Reserved].

(h) Restricted Payments. (i) Declare or pay any dividend or other distribution, direct or indirect, on account of any Equity Interests of any Loan Party or any of its Subsidiaries, now or hereafter outstanding, (ii) make any repurchase, redemption, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests of any Loan Party or any direct or indirect parent of any Loan Party, now or hereafter outstanding, (iii) make any payment to retire, or to obtain the surrender of, any outstanding warrants, options or other rights for the purchase or acquisition of shares of any class of Equity Interests of any Loan Party (excluding any such rights under the Convertible Bonds or any Permitted Indebtedness in connection with any refinancing thereof), now or hereafter outstanding, (iv) return any Equity Interests to any shareholders or other equity holders of any Loan Party or any of its Subsidiaries, or make any other distribution of property, assets, shares of Equity Interests, warrants, rights, options, obligations or securities thereto as such or (v) pay any management, consulting, monitoring or advisory fees or any other fees or expenses (including the reimbursement thereof by any Loan Party or any of its Subsidiaries) pursuant to any management, consulting, monitoring, advisory or other services agreement to any of the shareholders or other equityholders of any Loan Party or any of its Subsidiaries or other Affiliates, or to any other Subsidiaries or Affiliates of any Loan Party (collectively, "Restricted Payments"); provided, however,

(A) any Loan Party (other than the Borrower) may pay dividends or, in the case of a Loan Party that is not a corporation, any similar distribution, to the Borrower or another Loan Party in amounts necessary to pay taxes and other customary expenses as and when due and owing by the Borrower or such Loan Party in the ordinary course of its business (including salaries and related reasonable and customary expenses incurred by employees of the Borrower or such Loan Party);

(B) any Subsidiary of the Borrower may pay dividends or, in the case of a Subsidiary that is not a corporation, any similar distribution to the Borrower or another Subsidiary on not less than a pro rata basis;

(C) the Borrower may pay dividends, or make other Restricted Payments, in the form of, or in exchange for, Qualified Equity Interests;

(D) the Borrower or any Subsidiary may make payments pursuant to any employment agreement, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by the Loan Parties in

the ordinary course of business;

(E) the Borrower or any Subsidiary may pay reasonable and customary directors', consultants' and advisory board members' fees (including by issuance of Equity Interests) and indemnities and reimbursement of actual out-of-pocket expenses, in each case to the extent permitted under Section 7.01(j); provided that the Borrower will notify the Agents and the Lenders if any such fees paid to non-executive directors are increased by more than 10% from the previous Fiscal Year;

(F) the Borrower may pay reasonable management and advisory fees to its Affiliates approved by the Board of Directors to the extent permitted under Section 7.01(j)(vi);

(G) the Borrower and its Subsidiaries may make other Restricted Payments in an aggregate amount not to exceed \$5,000,000 in any Fiscal Year;

(H) the Borrower may make Restricted Payments in connection with the Cash Convertible Notes Hedges; and

(I) the Borrower and its Subsidiaries may make payments of principal, interest, fees, premiums and other amounts in respect of any Permitted Indebtedness that is convertible into or exchangeable for Qualified Equity Interests and may make any payment permitted by Section 7.02(m)(iii).

(i) Federal Reserve Regulations. Permit any Loan to be used for any purpose that would cause such Loan to be a margin loan under and in violation of the provisions of Regulation T, U or X of the Board.

(j) Transactions with Affiliates. Enter into, renew, extend or be a party to, or permit any of its Subsidiaries to enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate, except (i) transactions consummated in the ordinary course of business for fair consideration and on terms no less favorable to it or its Subsidiaries than would be obtainable in a comparable arm's length transaction with a Person that is not an Affiliate thereof, and that are described in reasonable detail to the Agents prior to the consummation thereof, if they involve one or more payments by the Borrower or any of its Subsidiaries in excess of \$10,000,000 for any single transaction or series of related transactions, (ii) transactions (A) among Loan Parties or (B) among Subsidiaries that are not Loan Parties, (iii) transactions permitted by Section 7.02(e) and Section 7.02(h), (iv) the Loan Parties may pay customary fees to the members of, and the reasonable out-of-pocket expenses of each of the members of Borrower's boards of directors and may provide customary indemnities for the benefit of members of its and their boards of directors, (v) customary compensation paid to, and indemnity provided on behalf of, officers, employees or consultants of Borrower or any of its Subsidiaries, (vi) reasonable management and advisory fees paid to the Borrower's Affiliates approved by the Board of Directions, in an aggregate amount not to exceed \$5,000,000 in any Fiscal Year, (vii) sales or issuances of Qualified Equity Interests of the Borrower to Affiliates of the Borrower not otherwise prohibited by the Loan Documents and the granting of registration and other customary rights in connection therewith and (viii) other transactions set forth on Schedule 7.02(j).

(k) Limitations on Dividends and Other Payment Restrictions Affecting Subsidiaries. Create or otherwise cause, incur, assume, suffer or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of the Borrower (i) to pay dividends to any Loan Party or to make any other distribution to any Loan Party on any shares of Equity Interests of such Subsidiary, (ii) to pay or prepay or to subordinate any Indebtedness owed to any Loan Party, (iii) to make loans or advances to any Loan Party or (iv) to transfer any of its property or assets to any Loan Party; provided, however, that nothing in any of clauses (i) through (iv) of this Section 7.02(k) shall prohibit or restrict compliance with:

(A) this Agreement, the other Loan Documents and any related documents;

(B) any agreements in effect on the date of this Agreement and described on Schedule 7.02(k) and any amendments, modifications, restatements, extensions, renewals, replacements or refinancings of any of the foregoing; provided that the encumbrances and restrictions in the amendment, modification, restatement, extension, renewal, replacement or refinancing are, taken as a whole, no less favorable in any material respect to the noteholders than the encumbrances or restrictions being amended, modified, restated, extended, renewed, replaced or refinanced;

(C) any applicable law, rule or regulation (including applicable currency control laws and applicable state corporate statutes restricting the payment of dividends in certain circumstances);

(D) in the case of clause (iv), customary restrictions on the subletting, assignment or transfer of any specified property or asset set forth in a lease, license, asset sale agreement or similar contract for the conveyance of such property or asset;

(E) in the case of clause (iv) any agreement, instrument or other document evidencing a Permitted Lien (or the Indebtedness secured thereby) from restricting on customary terms the transfer of any property or assets subject thereto;

(F) in the case of clause (iv), customary provisions in joint venture agreements and other similar agreements applicable to joint ventures;

(G) prohibitions, restrictions or conditions applicable to any Person or the property or assets of a Person acquired by the Borrower or any of its Subsidiaries existing at the time of such acquisition and not incurred in connection with or in contemplation of such acquisition, which restriction or condition is not applicable to any Person or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired and any amendments, modifications, restatements, renewals, extensions, supplements, refundings, replacements or refinancings thereof, provided that the restrictions and conditions in any such amendments, modifications, restatements, renewals, extensions, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, than those in effect on the date of the acquisition; or

(H) Indebtedness permitted to be incurred by Foreign Subsidiaries that are not Loan Parties pursuant to Section 7.02(b) on customary market terms (as determined in good faith by the Borrower).

(l) Limitation on Issuance of Equity Interests. Issue or sell or enter into any agreement or arrangement for the issuance and sale of (unless such agreement or arrangement conditions such issuance or sale on the Payment in Full of the Obligations), or permit any of its Subsidiaries to issue or sell or enter into any agreement or arrangement for the issuance and sale of (unless such agreement or arrangement conditions such issuance or sale on the Payment in Full of the Obligations), any shares of its Equity Interests, any securities convertible into or exchangeable for its Equity Interests or any warrants; provided that (i) the Borrower may issue Qualified Equity Interests or consummate Excluded Equity Issuances so long as no Change of Control would result therefrom, (ii) the Borrower may incur Permitted Indebtedness that is convertible or exchangeable into Qualified Equity Interests and (iii) the issuances and sales described in clauses (d), (m) and (n) of the definition of Permitted Dispositions shall be permitted.

(m) Modifications of Indebtedness, Organizational Documents and Certain Other Agreements; Etc.

(i) Amend, modify or otherwise change (or permit the amendment, modification or other change in any manner of) any of the provisions of any of its or its Subsidiaries' Subordinated Indebtedness or of any instrument or agreement relating to any such Subordinated Indebtedness if such amendment, modification or change would shorten the final maturity or average life to maturity of, or require any payment to be made earlier than the date originally scheduled on, such Subordinated Indebtedness, would increase the interest rate applicable to such Subordinated Indebtedness, would add any covenant or event of default, would change the subordination provision, if any, of such Subordinated Indebtedness, or would otherwise be materially adverse to the Lenders or the issuer of such Subordinated Indebtedness in any respect;

(ii) except for the Obligations, or any payment in exchange for or funded with the proceeds of any issuance of Qualified Equity Interests (A) make any voluntary or optional payment (including, without limitation, any payment of interest in cash that, at the option of the issuer, may be paid in cash or in kind), prepayment, redemption, defeasance, sinking fund payment or other acquisition for value of any of its or its Subsidiaries' Indebtedness (including, without limitation, by way of depositing money or securities with the trustee therefor before the date required for the purpose of paying any portion of such Indebtedness when due, but excluding any payment, prepayment, redemption, defeasance, sinking fund payment or other acquisition for value in connection with the incurrence of any refinancing Indebtedness expressly permitted by the definition of "Permitted Indebtedness"), (B) refund, refinance, replace or exchange any other Indebtedness for any such Indebtedness (except to the extent such refinancing Indebtedness is otherwise expressly permitted by the definition of "Permitted Indebtedness"), (C) make any payment, prepayment, redemption, defeasance, sinking fund payment or repurchase of any Subordinated Indebtedness in violation of the subordination provisions thereof or any subordination agreement with respect thereto, or (D) make any payment, prepayment, redemption, defeasance, sinking fund payment or repurchase of any Indebtedness as a result of any asset sale, change of control (other than payments made in accordance with subclause (t) of the definition of Permitted Investments), issuance and sale of debt or equity securities or similar event or give any notice with respect to any of the foregoing;

(iii) Notwithstanding clause (ii) of this Section 7.02(m), the Borrower may make prepayments of the Convertible Bonds or make payments to repurchase the Convertible Bonds in the secondary market or through a formal tender offer, so long as (A) (x) the Borrower's Senior Leverage Ratio (excluding the amount of the Convertible Bonds then outstanding) calculated on a Pro Forma Basis for any period of four consecutive Fiscal Quarters ending as of the last day of the quarter for which the Borrower's financial statements were most recently delivered to the Agents is less than 1.00:1.00, and (y) Minimum Liquidity is at least \$45,000,000 after giving pro forma effect to such prepayment, (B) such prepayment is in exchange for or funded with the proceeds of any issuance of equity in the Borrower designated for such purpose or (C) such prepayment is in exchange for or funded with the proceeds of Permitted Indebtedness;

(iv) amend, modify or otherwise change its name, jurisdiction of organization, organizational identification number or FEIN, except that a Loan Party may (A) change its name, jurisdiction of organization, organizational identification number or FEIN in connection with a transaction permitted by Section 7.02(c) and (B) change its name upon at least 10 days' prior written notice (or such later notice as is acceptable to the Collateral Agent) by the Borrower to the Collateral Agent of such change and so long as, at the time of such written notification, such Person provides any financing statements or fixture filings necessary to perfect and continue perfected the Collateral Agent's Liens.

(n) Investment Company Act of 1940. Engage in any business, enter into any transaction, use any securities or take any other action or permit any of its Subsidiaries to do any of the foregoing, that would cause it or any of its Subsidiaries to become subject to the registration requirements of the Investment Company Act of 1940, as amended, by virtue of being an "investment company" or a company "controlled" by an "investment company" not entitled to an exemption within the meaning of such Act.

(o) [Reserved].

(p) ERISA. (i) Except where any failure to comply could not reasonably be expected to result in a Material Adverse Effect: (i) engage, or permit any ERISA Affiliate to engage, in any transaction described in Section 4069 of ERISA; (ii) fail to make any contribution or payment to any Multiemployer Plan which it or any ERISA Affiliate is required to make under any agreement relating to such Multiemployer Plan, or any law pertaining thereto; or (iii) fail, or permit any ERISA Affiliate to fail, to pay any required installment or any other payment required under Section 412 of the IRC on or before the due date for such installment or other payment.

(q) Environmental. Use, handle, generate, store, treat, Release or dispose of Hazardous Materials at any property owned or leased by it or any of its Subsidiaries in violation of Environmental Laws, except as would not have a Material Adverse Effect, and such violation remains unremedied for 30 days after the date an Authorized Officer of any Loan Party becoming aware of such violation.

(r) Anti-Money Laundering and Anti-Terrorism Laws, and Anti-Corruption Laws. Permit (or with respect to any Covered Entity or Affiliate that is not controlled by or does not control the Borrower or any of its Subsidiaries, fail to use its commercially reasonable efforts to cause such Covered Entity to be in compliance with this clause (r) or fail to notify the Agents after any Loan Party's or Subsidiary's knowledge of such failure to so comply): (i) any Covered Entity to (A) become a Sanctioned Person, (B) either in its own right or through any third party have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person; or (C) either in its own right or through any third party to do business in or with, or derive any of its operating income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation in any material respect of any Anti-Money Laundering and Anti-Terrorism Laws; (ii) the Loans to be used, to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Money Laundering and Anti-Terrorism Laws, or in violation of any Anti-Corruption Laws; (iii) the funds used to repay the Obligations to be derived from any unlawful activity; or (iv) any Loan Party or Affiliate either in its own right or through any third party to fail to be in compliance in all material respects with, or engage in any dealings or transactions prohibited by, any Anti-Money Laundering and Anti-Terrorism Laws or Anti-Corruption Laws. The Loan Parties covenant and agree that they shall timely notify the Agent in writing upon any Loan Party's knowledge of the occurrence of a Reportable Compliance Event.

(s) Other Specified Indebtedness. Permit the Loan Parties or any of its Subsidiaries to take the actions specified in Item 5 of Part B of Schedule 1.01(B).

Section 7.03 Financial Covenants. Until the Obligations are Paid In Full and all Commitments are terminated, each Loan Party shall not, unless the Required Lenders shall otherwise consent in writing:

(a) Senior Leverage Ratio. Permit the Senior Leverage Ratio of the Borrower and its Subsidiaries for any period of four consecutive Fiscal Quarters of the Borrower, as of the last day of each Fiscal Quarter commencing with the Fiscal Quarter ending September 30, 2016, to be greater than 2.25 to 1.00.

(b) Fixed Charge Coverage Ratio. Permit the Fixed Charge Coverage Ratio of the Borrower and its Subsidiaries for any period of 12 consecutive fiscal months of the Borrower and its Subsidiaries, as of the last day of each Fiscal Quarter (i) commencing with the Fiscal Quarter ending on September 30, 2016 through and including the Fiscal Quarter ending on September 30, 2017, to be less than 1.75 to 1.00, and (ii) commencing with the Fiscal Quarter ending on December 31, 2017 and continuing thereafter, to be less than 2.00 to 1.00.

## ARTICLE VIII

### MANAGEMENT, COLLECTION AND STATUS OF ACCOUNTS RECEIVABLE AND OTHER COLLATERAL

Section 8.01 Collection of Accounts Receivable; Management of Collateral. %3) The Loan Parties shall (i) establish and maintain cash management services of a type and on terms reasonably satisfactory to the Agents at one or more of the banks set forth on Schedule 8.01 (each a "Cash Management Bank") and (ii) except as otherwise provided under Section 8.01(b), deposit or cause to be deposited in accordance with past practice all proceeds in respect of any Collateral, all Collections (of a nature susceptible to a deposit in a bank account) and all other amounts received by any Loan Party (including payments made by Account Debtors directly to any Loan Party) into a Cash Management Account. The Loan Parties shall make all commercially reasonable efforts to cause any Cash Management Bank at which any Cash Management Account of any Loan Party is maintained to comply with any of the terms of any Cash Management Agreement to which such Cash Management Bank is a party or any securities intermediary, commodity intermediary or other financial institution at which any Controlled Deposit Account or



Controlled Securities Account of any Loan Party is maintained to comply with any of the terms of any Cash Management Agreement to which such Person is a party.

(a) Within 60 days after the Effective Date (or such longer period as agreed to in writing by the Agents), the Loan Parties shall, with respect to each Cash Management Account, deliver to the Collateral Agent a Cash Management Agreement with respect to such Cash Management Account (other than Excluded Accounts). From and after 60 days after the Effective Date (or such longer period as agreed to in writing by the Agents), the Loan Parties shall not maintain, and shall not permit any of their Subsidiaries to maintain, cash, Cash Equivalents or other amounts in any Deposit Account or Securities Account (other than in Excluded Accounts), unless the Collateral Agent shall have received a Cash Management Agreement in respect of each such Deposit Account or Securities Account, provided that the Loan Parties and their Subsidiaries shall be entitled to maintain (and deposit proceeds in respect of Collateral into) Excluded Accounts; provided further that amounts maintained in store-level accounts shall be swept into Cash Management Accounts within two Business Days, provided that the Loan Parties shall be permitted to maintain in the store-level accounts on average an amount not to exceed \$15,000 per store and such amount shall not be subject to the sweep into the Cash Management Accounts.

(b) Upon the terms and subject to the conditions set forth in a Cash Management Agreement with respect to a Cash Management Account, upon the occurrence and during the continuance of an Event of Default, all amounts received in such Cash Management Account shall at the Collateral Agent's direction be wired each Business Day into the Administrative Agent's Account for application to any other Obligations then due and payable (subject to Section 4.03(b)).

(c) So long as no Default or Event of Default has occurred and is continuing, the Borrower may amend Schedule 8.01 to add or replace a Cash Management Bank or Cash Management Account; provided, however, that (i) such prospective Cash Management Bank shall be reasonably satisfactory to the Collateral Agent and the Collateral Agent shall have consented in writing (such consent not to be unreasonably withheld, delayed or denied) in advance to the opening of such Cash Management Account with the prospective Cash Management Bank, and (ii) prior to the time of the opening of such Cash Management Account, each Loan Party and such prospective Cash Management Bank shall have executed and delivered to the Collateral Agent a Cash Management Agreement.

(d) The Cash Management Accounts shall be cash collateral accounts, with all cash, checks and similar items of payment in such accounts securing payment of the Obligations, and in which the Loan Parties are hereby deemed to have granted a Lien to Collateral Agent for the benefit of the Agents and the Lenders. All checks, drafts, notes, money orders, acceptances, cash and other evidences of Indebtedness received directly by any Loan Party from any of its Account Debtors, as proceeds from Accounts Receivable of such Loan Party or as proceeds of any other Collateral shall be held by such Loan Party in trust for the Agents and the Lenders and if of a nature susceptible to a deposit in a bank account, within 5 days after receipt thereof be deposited by such Loan Party in original form into a store level account in a manner consistent with past practice, provided that pawnshop stores operated by the Loan Parties shall be permitted to maintain on average an amount not to exceed \$15,000 per store (consisting of the cash in each store's register) and such amount shall not be subject to the deposit requirement into a store level account pursuant to this clause (e); provided, however, all Net Cash Proceeds received directly by such Loan Party pursuant to an event described in Section 2.05(c)(ii) or (iv) that are required to be used to prepay Loans under the terms of this Agreement shall be held by such Loan Party in trust for the Agents and the Lenders and upon receipt be deposited by such Loan Party in original form and no later than the next Business Day after receipt thereof into the Administrative Agent's Account. Each Loan Party shall not commingle such collections with the proceeds of any assets not included in the Collateral. No checks, drafts or other instrument received by the Administrative Agent shall constitute final payment to the Administrative Agent unless and until such instruments have actually been collected.

(e) So long as no Event of Default has occurred and is continuing, the Loan Parties shall take all commercially reasonable steps to enforce, collect and receive all amounts owing on the Accounts Receivable of the Loan Parties or any of their Subsidiaries. After the occurrence and during the continuance of an Event of Default, the Collateral Agent may send a notice of assignment and/or notice of the Collateral Agent's security interest to any and all Account Debtors or third parties holding or otherwise concerned with any of the Collateral, and thereafter the Collateral Agent or its designee shall have the sole right to collect the Accounts Receivable and payment intangibles of the Loan Parties and/or may take possession of the Collateral and the books and records relating thereto. After the occurrence and during the continuation of an Event of Default, the Loan Parties shall not, without prior written consent of the Administrative Agent, grant any extension of time of payment of any Account Receivable or payment intangible, compromise or settle any Account Receivable or payment intangible for less than the full amount thereof, release, in whole or in part, any Person or property liable for the payment thereof, or allow any credit or discount whatsoever thereon.

(f) [Reserved].

(g) Each Loan Party hereby appoints each Agent or its designee on behalf of such Agent as the Loan Parties' attorney-in-fact with power exercisable during the continuance of an Event of Default to (i) endorse any Loan Party's name upon any notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Accounts Receivable, or payment intangibles of such Loan Party, (ii) sign such Loan Party's name on any invoice or bill of lading relating to any of the Accounts Receivable or payment intangibles of such Loan Party, drafts against Account Debtors with respect to Accounts Receivable or payment intangibles of such Loan Party, assignments and verifications of Accounts Receivable or payment

intangibles, and notices to Account Debtors with respect to Accounts Receivable or payment intangibles of such Loan Party, (iii) send verification of Accounts Receivable of such Loan Party, and (iv) notify the U.S. Postal Service authorities or other applicable postal authorities to change the address for delivery of mail addressed to such Loan Party to such address as such Agent or its designee may designate and to do all other acts and things necessary to carry out this Agreement. All acts of said attorney or designee are hereby ratified and approved, and said attorney or designee shall not be liable for any acts of omission or commission (other than acts of omission or commission constituting gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction), or for any error of judgment or mistake of fact or law; this power being coupled with an interest is irrevocable until (i) all of the Loans and other Obligations under the Loan Documents are Paid In Full and all of the Loan Documents are terminated or (ii) the applicable Event of Default giving rise to such power is waived or cured.

(h) Nothing herein contained shall be construed to constitute any Agent as agent of any Loan Party for any purpose whatsoever, and the Agents shall not be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof (other than from acts of omission or commission constituting gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction). The Agents shall not, under any circumstance or in any event whatsoever, have any liability for any error or omission or delay of any kind occurring in the settlement, collection or payment of any of the Accounts Receivable or any instrument received in payment thereof or for any damage resulting therefrom (other than acts of omission or commission constituting gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction). The Agents, by anything herein or in any assignment or otherwise, do not assume any of the obligations under any contract or agreement assigned to any Agent and shall not be responsible in any way for the performance by any Loan Party of any of the terms and conditions thereof.

(i) [Reserved].

(j) Notwithstanding any other terms set forth in the Loan Documents, the rights and remedies of the Agents and the Lenders herein provided, and the obligations of the Loan Parties set forth herein, are cumulative of, may be exercised singly or concurrently with, and are not exclusive of, any other rights, remedies or obligations set forth in any other Loan Document or as provided by law.

Section 8.02 Collateral Custodian. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent or its designee may at any time and from time to time employ and maintain on the premises of any Loan Party a custodian selected by the Collateral Agent or its designee who shall have full authority to do all acts necessary to protect the Agents' and the Lenders' interests. During the continuance of an Event of Default, each Loan Party hereby agrees to, and to cause its Subsidiaries to, cooperate with any such custodian and to do whatever the Collateral Agent or its designee may reasonably request to preserve the Collateral. All costs and expenses incurred by the Collateral Agent or its designee by reason of the employment of the custodian shall be the responsibility of the Borrower and charged to the Loan Account.

## ARTICLE IX

### EVENTS OF DEFAULT

Section 9.01 Events of Default. If any of the following Events of Default shall occur and be continuing:

(a) the Borrower shall fail to pay when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) (i) any interest on any Loan or any fee, indemnity or other amount payable under this Agreement (other than any portion thereof constituting principal of the Loans) or any other Loan Document, and such failure continues for a period of 3 Business Days or (ii) all or any portion of the principal of the Loans or any Agent Advances;

(b) any representation or warranty made or deemed made by or on behalf of any Loan Party or by any officer of the foregoing under or in connection with any Loan Document or under or in connection with any report, certificate or other document delivered to any Secured Party pursuant to any Loan Document shall have been incorrect in any material respect when made or deemed made;

(c) any Loan Party shall fail to perform or comply with any covenant or agreement contained in:

(i) clauses (i), (ii), (iii), (iv), or (v) of Section 7.01(a), Section 7.01(d), Section 7.01(f), Section 7.02 or Section 7.03 or Article VIII;

(ii) Section 7.01(a) (other than clauses of Section 7.01(a) listed in clause (c)(i) above), Section 7.01(b), Section 7.01(c) or Section 7.01(h), and such failure, if capable of being remedied, shall remain unremedied for 3 days after the earlier of the date a Senior Officer of any Loan Party has knowledge of such failure and the date written notice of such default shall have been given by any Agent to such Loan Party, or

(iii) Section 7.01(e), Section 7.01(g), Section 7.01(i), Section 7.01(j), Section 7.01(k), Section 7.01(l), Section 7.01(n), Section 7.01(o), Section 7.01(p), or Section 7.01(r) and such failure, if capable of being remedied,

shall remain unremedied for 10 Business Days after the earlier of the date a Senior Officer of any Loan Party has knowledge of such failure and the date written notice of such default shall have been given by any Agent to such Loan Party;

(d) any Loan Party shall fail to perform or comply with any other term, covenant or agreement contained in any Loan Document (including, without limitation, the Security Agreement or any Mortgage, if applicable) to be performed or observed by it and, except as set forth in subsections (a), (b) and (c) of this Section 9.01, such failure, if capable of being remedied, shall remain unremedied for 30 days after the earlier of the date a Senior Officer of any Loan Party has knowledge of such failure and the date written notice of such default shall have been given by any Agent to such Loan Party;

(e) any Loan Party shall fail to pay any principal of or interest or premium on any of its Indebtedness (excluding the Obligations) to the extent that the aggregate principal amount of all such Indebtedness exceeds \$10,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness, or any other default under any agreement or instrument relating to any such Indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased or an offer to prepay, redeem, purchase or defease such Indebtedness shall be required to be made, in each case, prior to the stated maturity thereof (excluding, for the avoidance of doubt, any conversion of the Convertible Bonds or any conversion to or redemption or exchange for Equity Interests of any other debt securities that are convertible to or exchangeable for Equity Interests in the Borrower); provided that an event of default under the Convertible Notes shall not constitute an Event of Default under this clause (e) unless the Convertible Notes have been declared to be immediately due and payable in accordance with the terms thereof.

(f) any Loan Party (i) shall institute any proceeding or voluntary case seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, (ii) shall be generally not paying its debts as such debts become due or shall admit in writing its inability to pay its debts generally, (iii) shall make a general assignment for the benefit of creditors, or (iv) shall take any action to authorize or effect any of the actions set forth above in this subsection (f);

(g) any proceeding shall be instituted against any Loan Party seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, liquidation, winding up, reorganization, arrangement, adjustment, protection, relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for any such Person or for any substantial part of its property, and either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against any such Person or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property) shall occur;

(h) any material provision of any Loan Document shall at any time for any reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against any Loan Party intended to be a party thereto, or the validity or enforceability thereof shall be contested by any Loan Party that is a party thereto, or a proceeding shall be commenced by any Loan Party or any Governmental Authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or any Loan Party shall deny in writing that it has any liability or obligation purported to be created under any Loan Document;

(i) the Security Agreement, any Mortgage on a Facility with a fair market value of at least \$2,500,000, after delivery thereof pursuant hereto, or any other security document, after delivery thereof pursuant hereto, shall for any reason fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien in favor of the Collateral Agent for the benefit of the Agents and the Lenders on any portion of the Collateral purported to be covered thereby with a fair market value in excess of \$2,500,000;

(j) [reserved];

(k) one or more judgments, awards, or orders (or any settlement of any claim that, if breached, could result in a judgment, order, or award) for the payment of money exceeding \$10,000,000 in the aggregate (the "Maximum Judgment Amount") shall be rendered against the Borrower or any of its Subsidiaries and remain unsatisfied, or the Borrower or any of its Subsidiaries shall agree to the settlement of any one or more pending or threatened claims, actions, suits, or proceedings affecting any Loan Party before any court or other Governmental Authority or any arbitrator or mediator, providing for the payment of money exceeding \$10,000,000 in the aggregate, and in the case of any such judgment or order or settlement either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment, order, award or settlement, or (ii) there shall be a period of 45 consecutive days after entry thereof during which such judgment, order, award or settlement shall not have been satisfied or a stay of enforcement of any such judgment, order, award or settlement, by reason of a pending appeal or otherwise, shall not be in effect; provided, however, that any such judgment, order, award or settlement shall not give rise to an Event of Default under this subsection if and for so long as (A) the amount of such judgment, order, award or settlement in excess of the

Maximum Judgment Amount is covered by a valid and binding policy of insurance between the applicable Person and the insurer covering full payment thereof (other than any deductible) or an amount sufficient to lower the exposure below the Maximum Judgment Amount, and (B) such insurer has been notified, and has not disputed the claim made for payment, of the amount of such judgment, order, award or settlement;

(l) any Loan Party is enjoined, restrained or in any way prevented by the order of any court or any Governmental Authority from conducting, or otherwise ceases to conduct for any reason whatsoever, all or any material part of its business for more than 20 days if such injunction, restraint or other prevention could reasonably be expected to result in a Material Adverse Effect;

(m) any material damage to, or loss, theft or destruction of, any material portion of the Collateral, whether or not insured, or any strike, lockout, labor dispute, embargo, condemnation, act of God or public enemy, or other casualty, in each case which causes, for more than 20 consecutive days, the cessation or substantial curtailment of revenue producing activities at any facility of any Loan Party, if any such event or circumstance could reasonably be expected to have a Material Adverse Effect;

(n) the loss, suspension or revocation of, or failure to renew or termination of, any license or permit now held or hereafter acquired by any Loan Party or any Material Contract, if such loss, suspension, revocation, failure to renew or termination could reasonably be expected to have a Material Adverse Effect;

(o) the indictment of any Loan Party under any criminal statute, or commencement of criminal or civil proceedings against any Loan Party, pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture to any Governmental Authority of any portion of the property of such Person, to the extent such forfeiture could reasonably be expected to have a Material Adverse Effect;

(p) any Loan Party or any of its ERISA Affiliates shall have made a complete or partial withdrawal from a Multiemployer Plan, and, as a result of such complete or partial withdrawal, any Loan Party incurs a withdrawal liability in an annual amount exceeding \$2,000,000 or a Multiemployer Plan enters reorganization status under Section 4241 of ERISA, and, as a result thereof any Loan Party's annual contribution requirements with respect to such Multiemployer Plan increases in an annual amount exceeding \$2,000,000; or

(q) the occurrence of any Reportable Compliance Event, or any Loan Party's failure to timely report a Reportable Compliance Event in accordance with Section 7.02(r) hereof; or

(r) a Change of Control shall have occurred;

then, and in any such event, any Agent may, and shall at the request of the Required Lenders, by notice to the Borrower, (i) terminate or reduce all Commitments, whereupon all Commitments shall immediately be so terminated or reduced, (ii) declare all or any portion of the Loans then outstanding to be due and payable, whereupon all or such portion of the aggregate principal of all Loans, all accrued and unpaid interest thereon, all fees and all other amounts payable under this Agreement and the other Loan Documents shall become due and payable immediately, together with the payment of the Applicable Prepayment Premium (if any) with respect to the Commitments so terminated and the Loans so repaid, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by each Loan Party and (iii) exercise any and all of its other rights and remedies under applicable law, hereunder and under the other Loan Documents; provided, however, that upon the occurrence of any Event of Default described in subsection (f) or (g) of this Section 9.01, without any notice to any Loan Party or any other Person or any act by any Agent or any Lender, all Commitments shall automatically terminate and all Loans then outstanding, together with all accrued and unpaid interest thereon, all fees (including, without limitation, the Applicable Prepayment Premium, if any) and all other amounts due under this Agreement and the other Loan Documents shall become due and payable automatically and immediately, without presentment, demand, protest or notice of any kind, all of which are expressly waived by each Loan Party.

## ARTICLE X

### AGENTS

Section 10.01 Appointment. Each Lender (and each subsequent maker of any Loan by its making thereof) hereby irrevocably appoints, authorizes and empowers the Administrative Agent and the Collateral Agent to perform the duties of each such Agent as set forth in this Agreement and the other Loan Documents, together with such actions and powers as are reasonably incidental thereto, including: (i) to receive on behalf of each Lender any payment of principal of or interest on the Loans outstanding hereunder and all other amounts accrued hereunder for the account of the Lenders and paid to such Agent, and, subject to Section 2.02 of this Agreement, to distribute promptly to each Lender its Pro Rata Share of all payments so received; (ii) to distribute to each Lender copies of all material notices and agreements received by such Agent and not required to be delivered to each Lender pursuant to the terms of this Agreement, provided that the Agents shall not have any liability to the Lenders for any Agent's inadvertent failure to distribute any such notices or agreements to the Lenders; (iii) to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Loans, and related matters and to maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Collateral and related matters; (iv) to execute or file any and all financing or similar statements or notices, amendments, renewals, supplements,

documents, instruments, proofs of claim, notices and other written agreements with respect to this Agreement or any other Loan Document; (v) to make the Loans and Agent Advances, for such Agent or on behalf of the applicable Lenders as provided in this Agreement or any other Loan Document; (vi) to perform, exercise, and enforce any and all other rights and remedies of the Lenders with respect to the Loan Parties, the Obligations, or otherwise related to any of same to the extent reasonably incidental to the exercise by such Agent of the rights and remedies specifically authorized to be exercised by such Agent by the terms of this Agreement or any other Loan Document; (vii) to incur and pay such fees necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to this Agreement or any other Loan Document; (viii) subject to Section 10.03, to take such action as such Agent deems appropriate on its behalf to administer the Loans and the Loan Documents and to exercise such other powers delegated to such Agent by the terms hereof or the other Loan Documents (including, without limitation, the power to give or to refuse to give notices, waivers, consents, approvals and instructions and the power to make or to refuse to make determinations and calculations); and (ix) to act with respect to all Collateral under the Loan Documents, including for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations. As to any matters not expressly provided for by this Agreement and the other Loan Documents (including, without limitation, enforcement or collection of the Loans), the Agents shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), and such instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) shall be binding upon all Lenders and all makers of Loans; provided, however, that the Agents shall not be required to take any action which, in the reasonable opinion of any Agent, exposes such Agent to liability or which is contrary to this Agreement or any other Loan Document or applicable law.

Section 10.02 Nature of Duties; Delegation. %3) The Agents shall have no duties or responsibilities except those expressly set forth in this Agreement or in the other Loan Documents. The duties of the Agents shall be mechanical and administrative in nature. The Agents shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any other Loan Document, express or implied, is intended to or shall be construed to impose upon the Agents any obligations in respect of this Agreement or any other Loan Document except as expressly set forth herein or therein. Each Lender shall make its own independent investigation of the financial condition and affairs of the Loan Parties in connection with the making and the continuance of the Loans hereunder and shall make its own appraisal of the creditworthiness of the Loan Parties and the value of the Collateral, and the Agents shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into their possession before the initial Loan hereunder or at any time or times thereafter, provided that, upon the reasonable request of a Lender, each Agent shall provide to such Lender any documents or reports delivered to such Agent by the Loan Parties pursuant to the terms of this Agreement or any other Loan Document. If any Agent seeks the consent or approval of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) to the taking or refraining from taking any action hereunder, such Agent shall send notice thereof to each Lender. Each Agent shall promptly notify each Lender any time that the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents) have instructed such Agent to act or refrain from acting pursuant hereto.

(a) Each Agent may, upon any term or condition it specifies, delegate or exercise any of its rights, powers and remedies under, and delegate or perform any of its duties or any other action with respect to, any Loan Document by or through any trustee, co-agent, employee, attorney-in-fact and any other Person (including any Lender). Any such Person shall benefit from this Article X to the extent provided by the applicable Agent.

Section 10.03 Rights, Exculpation, Etc. The Agents and their directors, officers, agents or employees shall not be liable for any action taken or omitted to be taken by them under or in connection with this Agreement or the other Loan Documents, except for their own gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction. Without limiting the generality of the foregoing, the Agents (i) may treat the payee of any Loan as the owner thereof until the Agents receive written notice of the assignment or transfer thereof, pursuant to Section 12.07 hereof, signed by such payee and in form satisfactory to the Agents; (ii) may consult with legal counsel (including, without limitation, counsel to any Agent or counsel to the Loan Parties), independent public accountants, and other experts selected by any of them and shall not be liable for any action taken or omitted to be taken in good faith by any of them in accordance with the advice of such counsel or experts; (iii) make no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, certificates, warranties or representations made in or in connection with this Agreement or the other Loan Documents; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or the other Loan Documents on the part of any Person, the existence or possible existence of any Default or Event of Default, or to inspect the Collateral or other property (including, without limitation, the books and records) of any Person; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; and (vi) shall not be deemed to have made any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Collateral Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the Agents be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral. The Agents shall not be liable for any apportionment or distribution of payments made in good faith pursuant to Section 4.03, and if any such apportionment or distribution is subsequently determined to have been made in error, and

the sole recourse of any Lender to whom payment was due but not made shall be to recover from other Lenders any payment in excess of the amount which they are determined to be entitled. The Agents may at any time request instructions from the Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the other Loan Documents the Agents are permitted or required to take or to grant, and if such instructions are promptly requested, the Agents shall be absolutely entitled to refrain from taking any action or to withhold any approval under any of the Loan Documents until they shall have received such instructions from the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents). Without limiting the foregoing, no Lender shall have any right of action whatsoever against any Agent as a result of such Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents).

Section 10.04 Reliance. Each Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the other Loan Documents and its duties hereunder or thereunder, upon advice of counsel selected by it.

Section 10.05 Indemnification. To the extent that any Agent is not reimbursed and indemnified by any Loan Party, and whether or not such Agent has made demand on any Loan Party for the same, the Lenders will, within five days of written demand by such Agent, reimburse such Agent for and indemnify such Agent from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including, without limitation, client charges and expenses of counsel or any other advisor to such Agent), advances or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Agent in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted by such Agent under this Agreement or any of the other Loan Documents, in proportion to each Lender's Pro Rata Share, including, without limitation, advances and disbursements made pursuant to Section 10.08; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements for which there has been a final non-appealable judicial determination that such liability resulted from such Agent's gross negligence or willful misconduct. The obligations of the Lenders under this Section 10.05 shall survive the Payment In Full of the Loans and the termination of this Agreement.

Section 10.06 Agents Individually. With respect to its Pro Rata Share of the Total Commitment hereunder and the Loans made by it, each Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender or maker of a Loan. The terms "Lenders" or "Required Lenders" or any similar terms shall, unless the context clearly otherwise indicates, include each Agent in its individual capacity as a Lender or one of the Required Lenders. Each Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Borrower as if it were not acting as an Agent pursuant hereto without any duty to account to the other Lenders.

Section 10.07 Successor Agent. %3) Any Agent may at any time give at least 30 days prior written notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with the consent of the Borrower (such consent not to be unreasonably withheld or delayed and shall not be required during the continuance of an Event of Default) to appoint a successor Agent. If no such successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Agent. Whether or not a successor Agent has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(a) With effect from the Resignation Effective Date, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by such Agent on behalf of a Secured Party under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until the earlier of (i) the date that is 60 days after such Agent resignation and (ii) the date on which a successor Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through such retiring Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Agent as provided for in Section 10.07(a) above. Upon the acceptance of a successor's Agent's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article, Section 12.04 and Section 12.15 shall continue in effect for the benefit of such retiring Agent in respect of any actions taken or omitted to be taken by it while the retiring Agent was acting as Agent.

Section 10.08 Collateral Matters. The Agents may (but shall not be obligated) from time to time make such disbursements and advances ("Agent Advances") which either Agent, in its sole discretion, deems necessary or desirable to preserve, protect, prepare for sale or lease or dispose of the Collateral or any portion thereof, to enhance the likelihood or maximize the amount of repayment by the Borrower of the Loans and other Obligations or to pay any other amount chargeable to the Borrower pursuant to the terms of this Agreement, including, without limitation, costs, fees and expenses as described in Section 12.04. The Agent Advances shall be repayable on demand and be secured by the Collateral and shall bear interest at a rate

per annum equal to the rate then applicable to Reference Rate Loans. The Agent Advances shall constitute Obligations hereunder which may be charged to the Loan Account in accordance with Section 4.02. The Agent making such Agent Advance shall notify each Lender and the Borrower in writing of each such Agent Advance, which notice shall include a description of the purpose of such Agent Advance. Without limitation to its obligations pursuant to Section 10.05, each Lender agrees that it shall make available to the applicable Agent, upon such Agent's demand, in Dollars in immediately available funds, the amount equal to such Lender's Pro Rata Share of each such Agent Advance. If such funds are not made available to the applicable Agent by such Lender, such Agent shall be entitled to recover such funds on demand from such Lender, together with interest thereon for each day from the date such payment was due until the date such amount is paid to such Agent, at the Federal Funds Effective Rate for 3 Business Days and thereafter at the Reference Rate.

(a) The Lenders hereby irrevocably authorize the Collateral Agent, at its option and in its discretion, to release any Lien granted to or held by the Collateral Agent upon any Collateral upon termination of the Total Commitment and payment and satisfaction of all Loans and all other Obligations in accordance with the terms hereof; or constituting property being sold or disposed of in the ordinary course of any Loan Party's business or otherwise in compliance with the terms of this Agreement and the other Loan Documents; or constituting property in which the Loan Parties owned no interest at the time the Lien was granted or at any time thereafter; or if approved, authorized or ratified in writing by the Lenders in accordance with Section 12.02. Upon request by the Collateral Agent at any time, the Lenders will confirm in writing the Collateral Agent's authority to release particular types or items of Collateral pursuant to this Section 10.08(b).

(b) Without in any manner limiting the Collateral Agent's authority to act without any specific or further authorization or consent by the Lenders (as set forth in Section 10.08(b)), each Lender agrees to confirm in writing, upon request by the Collateral Agent, the authority to release Collateral conferred upon the Collateral Agent under Section 10.08(b). Upon receipt by the Collateral Agent of confirmation from the Lenders of its authority to release any particular item or types of Collateral, and upon prior written request by any Loan Party, the Collateral Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Collateral Agent for the benefit of the Agents and the Lenders upon such Collateral; provided, however, that (i) the Collateral Agent shall not be required to execute any such document on terms which, in the Collateral Agent's opinion, would expose the Collateral Agent to liability or create any obligations or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Lien upon (or obligations of any Loan Party in respect of) all interests in the Collateral retained by any Loan Party.

(c) Anything contained in any of the Loan Documents to the contrary notwithstanding, the Loan Parties, each Agent and each Lender hereby agree that (i) no Lender shall have any right individually to realize upon any of the Collateral under any Loan Document or to enforce any Guaranty, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Collateral Agent for the benefit of the Lenders in accordance with the terms thereof, (ii) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale, the Administrative Agent, the Collateral Agent or any Lender may be the purchaser of any or all of such Collateral at any such sale and (iii) the Collateral Agent, as agent for and representative of the Agents and the Lenders (but not any other Agent or any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled (either directly or through one or more acquisition vehicles) for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral to be sold (A) at any public or private sale, (B) at any sale conducted by the Collateral Agent under the provisions of the Uniform Commercial Code (including pursuant to Sections 9-610 or 9-620 of the Uniform Commercial Code), (C) at any sale or foreclosure conducted by the Collateral Agent (whether by judicial action or otherwise) in accordance with applicable law or (D) any sale conducted pursuant to the provisions of any Debtor Relief Law (including Section 363 of the Bankruptcy Code), to use and apply all or any of the Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale.

(d) The Collateral Agent shall have no obligation whatsoever to any Lender to assure that the Collateral exists or is owned by the Loan Parties or is cared for, protected or insured or has been encumbered or that the Lien granted to the Collateral Agent pursuant to this Agreement or any other Loan Document has been properly or sufficiently or lawfully created, perfected, protected or enforced or is entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to the Collateral Agent in this Section 10.08 or in any other Loan Document, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Collateral Agent may act in any manner it may deem appropriate, in its sole discretion, given the Collateral Agent's own interest in the Collateral as one of the Lenders and that the Collateral Agent shall have no duty or liability whatsoever to any other Lender, except as otherwise provided herein.

Section 10.09 Agency for Perfection. Each Agent and each Lender hereby appoints each other Agent and each other Lender as agent and bailee for the purpose of perfecting the security interests in and liens upon the Collateral in assets which, in accordance with Article 9 of the Uniform Commercial Code, can be perfected only by possession or control (or where the security interest of a secured party with possession or control has priority over the security interest of another secured party) and each Agent and each Lender hereby acknowledges that it holds possession of or otherwise controls any such Collateral for the benefit of the Agents and the Lenders as secured party. Should the Administrative Agent or any Lender obtain possession or control of any such Collateral, the Administrative Agent or such Lender shall notify the Collateral Agent thereof, and, promptly upon the Collateral Agent's request therefor shall deliver such Collateral to the Collateral Agent or in accordance with the Collateral Agent's

instructions. In addition, the Collateral Agent shall also have the power and authority hereunder to appoint such other sub-agents as may be necessary or required under applicable state law or otherwise to perform its duties and enforce its rights with respect to the Collateral and under the Loan Documents. Each Loan Party by its execution and delivery of this Agreement hereby consents to the foregoing.

**Section 10.10 No Reliance on any Agent's Customer Identification Program Certifications From Banks and Participants; USA PATRIOT Act.** (a) Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on any Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other requirements imposed by the USA PATRIOT Act or the regulations issued thereunder, including the regulations set forth in 31 CFR § 103.121, as hereafter amended or replaced ("CIP Regulations"), or any other Anti-Terrorism Laws, including any programs involving any of the following items relating to or in connection with any of the Loan Parties, their Affiliates or their agents, the Loan Documents or the transactions hereunder or contemplated hereby: (1) any identity verification procedures, (2) any recordkeeping, (3) comparisons with government lists, (4) customer notices or (5) other procedures required under the CIP Regulations or other regulations issued under the USA PATRIOT Act. Each Lender, Affiliate, participant or assignee subject to Section 326 of the USA PATRIOT Act will perform the measures necessary to satisfy its own responsibilities under the CIP Regulations.

(a) Each Lender or assignee or participant of a Lender that is not incorporated under the laws of the United States of America or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA PATRIOT Act and the applicable regulations because it is both (i) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (ii) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to each Agent the certification, or, if applicable, recertification, certifying that such Lender is not a "shell" and certifying to other matters as required by Section 313 of the USA PATRIOT Act and the applicable regulations: (1) within ten (10) days after the Effective Date, and (2) as such other times as are required under the USA PATRIOT Act.

(b) The USA PATRIOT Act requires all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, any Agent or Lender may from time to time request, and each Loan Party shall provide to such Agent or Lender, such Loan Party's name, address, tax identification number and/or such other identifying information as shall be necessary for such Agent or such Lender to comply with the USA PATRIOT Act and any other Anti-Terrorism Law..

**Section 10.11 No Third Party Beneficiaries.** The provisions of this Article are solely for the benefit of the Secured Parties (except with respect to (i) the Borrower's consent right to the appointment of successor Agents under Section 10.07, (ii) the retiring Agent's obligation to continue to hold Collateral as set forth in Section 10.07(b) and (iii) the Collateral Agent's obligation to release liens under Section 10.08(b)), and no Loan Party shall have any other rights as a third-party beneficiary of any of such provisions.

**Section 10.12 No Fiduciary Relationship.** It is understood and agreed that the use of the term "agent" herein or in any other Loan Document (or any other similar term) with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

**Section 10.13 Reports; Confidentiality; Disclaimers.** By becoming a party to this Agreement, each Lender:

(a) is deemed to have requested that each Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report and each appraisal and valuations report, if any, with respect to the Borrower or any of its Subsidiaries (each, a "Report") prepared by or at the request of such Agent, and each Agent shall so furnish each Lender with each such Report,

(b) expressly agrees and acknowledges that the Agents (i) do not make any representation or warranty as to the accuracy of any Reports, and (ii) shall not be liable for any information contained in any Reports,

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that any Agent or other party performing any audit or examination will inspect only specific information regarding the Borrower and its Subsidiaries and will rely significantly upon the Borrower's and its Subsidiaries' books and records, as well as on representations of their personnel,

(d) agrees to keep all Reports and other material, non-public information regarding the Borrower and its Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 12.19, and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold any Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other



credit accommodations that the indemnifying Lender has made or may make to the Borrower, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of the Borrower, and (ii) to pay and protect, and indemnify, defend and hold any Agent and any other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including, attorneys' fees and costs) incurred by any such Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

Section 10.14 [Intentionally Omitted].

Section 10.15 Collateral Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Collateral Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether any Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Secured Parties (including any claim for the compensation, expenses, disbursements and advances of the Secured Parties and their respective agents and counsel and all other amounts due the Secured Parties hereunder and under the other Loan Documents) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Secured Party to make such payments to the Collateral Agent and, in the event that the Collateral Agent shall consent to the making of such payments directly to the Secured Parties, to pay to the Collateral Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Collateral Agent and its agents and counsel, and any other amounts due the Collateral Agent hereunder and under the other Loan Documents.

## ARTICLE XI

### GUARANTY

Section 11.01 Guaranty. Each Guarantor hereby jointly and severally unconditionally and irrevocably guarantees the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all Obligations of the Borrower, now or hereafter existing under any Loan Document, whether for principal, interest (including, without limitation, all interest that accrues after the commencement of any Insolvency Proceeding irrespective of whether a claim therefor is allowed in such case or proceeding), fees, expenses or otherwise and whether accruing before or after the commencement of any Insolvency Proceeding (notwithstanding the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code), (such obligations, to the extent not paid by the Borrower, being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including reasonable counsel fees and expenses) incurred by the Agents, the Lenders (or any of them) in enforcing any rights under the guaranty set forth in this Article XI.

(a) Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the applicable Guaranteed Obligations and would be owed by the Borrower to the Agents and the Lenders under any Loan Document but for the fact that they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving the Borrower. Notwithstanding any of the foregoing, Guaranteed Obligations shall not include any Excluded Hedge Liabilities. In no event shall the obligation of any Guarantor hereunder exceed the maximum amount such Guarantor could guarantee under any Debtor Relief Law.

Section 11.02 Guaranty Absolute. Each Guarantor jointly and severally guarantees that the Guaranteed Obligations, will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agents or the Lenders with respect thereto. Each Guarantor agrees that this Article XI constitutes a guaranty of payment when due and not of collection and waives any right to require that any resort be made by any Agent or any Lender to any Collateral. The obligations of each Guarantor under this Article XI are independent of the Guaranteed Obligations, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce such obligations, irrespective of whether any action is brought against any Loan Party or whether any Loan Party is joined in any such action or actions. The liability of each Guarantor under this Article XI shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Loan Document or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Loan Party or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Guaranteed Obligations;

(d) the existence of any claim, set-off, defense or other right that any Guarantor may have at any time against any Person, including, without limitation, any Secured Party;

(e) any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of any Loan Party; or

(f) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Secured Parties that might otherwise constitute a defense available to, or a discharge of, any Loan Party or any other guarantor or surety.

This Article XI shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Secured Parties or any other Person upon the insolvency, bankruptcy or reorganization of the Borrower or otherwise, all as though such payment had not been made.

Section 11.03 Waiver. Each Guarantor hereby waives (a) promptness and diligence, (b) notice of acceptance and any other notice with respect to any of the Guaranteed Obligations and this Article XI and any requirement that the Secured Parties exhaust any right or take any action against any Loan Party or any other Person or any Collateral, (c) any right to compel or direct any Agent, any Secured Party to seek payment or recovery of any amounts owed under this Article XI from any one particular fund or source or to exhaust any right or take any action against any other Loan Party, any other Person or any Collateral, (d) any requirement that any Secured Party protect, secure, perfect or insure any security interest or Lien on any property subject thereto or exhaust any right to take any action against any Loan Party, any other Person or any Collateral and (e) any other defense available to any Guarantor. Each Guarantor agrees that the Agents, the Secured Parties shall have no obligation to marshal any assets in favor of any Guarantor or against, or in payment of, any or all of the Obligations. Each Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section 11.03 is knowingly made in contemplation of such benefits. Each Guarantor hereby waives any right to revoke this Article XI, and acknowledges that this Article XI is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

Section 11.04 Continuing Guaranty; Assignments. This Article XI is a continuing guaranty and shall (a) remain in full force and effect until the later of the Payment In Full of the Guaranteed Obligations (other than indemnification obligations as to which no claim has been made) and all other amounts payable under this Article XI and the Final Maturity Date, (b) be binding upon each Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Secured Parties and their successors, pledgees, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including all or any portion of its Commitment and its Loans owing to it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted such Lender herein or otherwise, in each case as provided in Section 12.07.

Section 11.05 Subrogation. Unless and until, all of the Guaranteed Obligations and all other amounts payable under this Article shall have been Paid In Full in cash and all of the Commitments have been terminated, no Guarantor shall exercise any rights that it may now or hereafter acquire against any Loan Party or any other guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under this Article XI, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Secured Parties against any Loan Party or any other guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Loan Party or any other guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence or Section 7.02(m)(ii), such amount shall be held in trust for the benefit of the Secured Parties and shall forthwith be paid to the Secured Parties to be credited and applied, to the Guaranteed Obligations and all other amounts payable under this Article XI, whether matured or unmatured, in accordance with the terms of this Agreement, or to be held as Collateral for any, Guaranteed Obligations or other amounts payable under this Article XI thereafter arising. If (a) any Guarantor shall make payment to the Secured Parties of all or any part of the Guaranteed Obligations, (b) all of the Guaranteed Obligations, and all other amounts payable under this Article XI shall be Paid In Full and (c) the Final Maturity Date shall have occurred, the Secured Parties will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor, of an interest in the Guaranteed Obligations, resulting from such payment by such Guarantor.

Section 11.06 Release of Guarantors and Collateral. If, in compliance with the terms and provisions of the Loan Documents and there exists no Default or Event of Default, (a) any Collateral is sold or otherwise transferred to a Person or Persons that are not Loan Parties in connection with a Permitted Disposition, (b) all or substantially all of the Equity Interests of any Guarantor are sold or otherwise transferred to a Person or Persons none of which is a Loan Party in a transaction permitted hereunder or (c) any Guarantor ceases to be a Subsidiary as a result of a transaction or designation permitted hereunder (any such Guarantor, and any Guarantor referred to in clause (a), a "Transferred Guarantor"), any such Collateral shall, upon the consummation of such sale or transfer, be automatically released from any security interest granted therein pursuant to any Loan Document, and any such Transferred Guarantor shall, upon the consummation of such sale or transfer or other transaction (but subject to the proviso below), be automatically released from its obligations under this Agreement (including under Section 12.15 hereof) and the other Loan Documents, including its obligations to pledge and grant any Collateral owned by it pursuant to any Loan Document and, in the case of a sale of all or substantially all of the Equity Interests of the Transferred Guarantor, the pledge of such Equity Interests and the grant of any security interest in any such Collateral owned by the Transferred Guarantor to the Collateral Agent pursuant to the Loan Documents shall be automatically released, and, so long as the Borrower shall have provided the Agents such certifications or documents as any Agent shall reasonably request, the Collateral Agent shall take such actions as are necessary to effect each release described in this Section 11.06 in accordance with the relevant provisions of the Loan Documents.

## ARTICLE XII

### MISCELLANEOUS

#### Section 12.01 Notices, Etc.

(a) Notices Generally. All notices and other communications provided for hereunder shall be in writing and shall be mailed (certified mail, postage prepaid and return receipt requested), telecopied or delivered by hand, Federal Express or other reputable overnight courier, if to any Loan Party, at the following address:

EZCORP, Inc.  
Building One, Suite 200  
2500 Bee Cave Road  
Austin, Texas 78746  
Attention: Mark Ashby, Chief Financial Officer  
Telephone: 512-314-3343  
Facsimile: 512-314-2550  
Email: [mark\\_ashby@ezcorp.com](mailto:mark_ashby@ezcorp.com)

With copies to:

Thomas H. Welch, Jr.  
Senior Vice President and General Counsel  
EZCORP, Inc.  
Building One, Suite 200  
2500 Bee Cave Road  
Austin, Texas 78746  
Telephone: 512-314-3409  
Facsimile: 512-314-2550  
Email: [tom\\_welch@ezcorp.com](mailto:tom_welch@ezcorp.com)

VINSON & ELKINS LLP  
26th Floor  
666 Fifth Avenue  
New York, New York 10103-0040  
Attention: David W. Wicklund  
Telephone: 212-237-0021  
Facsimile: 917-849-5361  
Email: [dwicklund@velaw.com](mailto:dwicklund@velaw.com)

If to the Collateral Agent or the Administrative Agent, to it at the following address:

Fortress Credit Co LLC  
1345 Avenue of the Americas  
46<sup>th</sup> Floor  
New York, NY 10105  
Attention: Constantine Dakolias

Telephone: 212-798-6100  
Facsimile 212-798-6099  
Email: ddakolias@fortress.com

with a copy (which shall not constitute notice) to:

Fortress Investment Group LLC  
1345 Avenue of the Americas, 46<sup>th</sup> Floor  
New York, New York 10105  
Attention: Rick Noble  
Telephone: 212-798-6100  
Email: rnoble@fortress.com

SCHULTE ROTH & ZABEL LLP  
919 Third Avenue  
New York, New York 10022  
Attention: Eliot Relles  
Telephone: 212-756-2000  
Telecopier: 212-593-5955  
Email: eliot.relles@srz.com

or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties complying as to delivery with the terms of this Section 12.01. All such notices and other communications shall be effective, (i) if mailed (certified mail, postage prepaid and return receipt requested), when received or 3 days after deposited in the mails, whichever occurs first, (ii) if sent by facsimile transmission, when transmitted and confirmation received, or (iii) if delivered by hand, Federal Express or other reputable overnight courier, upon delivery, except that notices to any Agent pursuant to Article II shall not be effective until received by such Agent.

(b) Electronic Communications.

(i) Each Agent and the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Agents, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Agents that it is incapable of receiving notices under such Article by electronic communication.

(ii) Unless the Administrative Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (B) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (A), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (A) and (B) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

Section 12.02 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed (a) in the case of an amendment, consent or waiver to cure any ambiguity, omission, defect or inconsistency or granting a new Lien for the benefit of the Agents and the Lenders or extending an existing Lien over additional property, by the Agents and the Borrower, (b) in the case of any other waiver or consent, by the Required Lenders (or by the Collateral Agent with the consent of the Required Lenders) and (c) in the case of any other amendment, by the Required Lenders (or by the Collateral Agent with the consent of the Required Lenders) and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall:

(i) increase the Commitment of any Lender, reduce the principal of, or interest on, the Loans payable to any Lender, reduce the amount of any fee payable for the account of any Lender, or postpone or extend any scheduled date fixed for any payment of principal of, or interest or fees on, the Loans payable to any Lender, in each case, without the written consent of such Lender;

(ii) increase the Total Commitment without the written consent of each Lender;

(iii) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans that is required for the Lenders or any of them to take any action hereunder without the written consent of each Lender;

(iv) amend the definition of "Required Lenders" or "Pro Rata Share" without the written consent of each Lender;

(v) release all or a substantial portion of the Collateral (except as otherwise provided in this Agreement or any other Loan Document), subordinate any Lien granted in favor of the Collateral Agent for the benefit of the Agents and the Lenders, or release the Borrower or any Guarantor (except as otherwise provided in this Agreement or any other Loan Document, including in connection with a Disposition of the Equity Interests thereof permitted by Section 7.02(c)(ii)), in each case, without the written consent of each Lender; or

(vi) amend, modify or waive Section 4.02, Section 4.03 or this Section 12.02 of this Agreement without the written consent of each Lender.

Notwithstanding the foregoing, (A) no amendment, waiver or consent shall, unless in writing and signed by an Agent, affect the rights or duties of such Agent (but not in its capacity as a Lender) under this Agreement or the other Loan Documents, (B) any amendment, waiver or consent to any provision of this Agreement (including Sections 4.01 and 4.02) that permits any Loan Party or any of their respective Affiliates to purchase Loans on a non-pro rata basis, become an eligible assignee pursuant to Section 12.07 and/or make offers to make optional prepayments on a non-pro rata basis shall require the prior written consent of the Required Lenders rather than the prior written consent of each Lender directly affected thereby, (C) the consent of the Borrower shall not be required to change any order of priority set forth in Section 2.05(d) and Section 4.03, and (D) in the absence of a Default or Event of Default, any amendment or waiver of any provision of this Agreement for the purpose of releasing any Guarantor or Collateral or waiving any provision that would otherwise require a Subsidiary to guaranty the Obligations or grant a security interest in order to accommodate a Tax Restructuring shall be permitted with the consent of the Collateral Agent (which consent shall not be unreasonably withheld, conditioned or delayed) so long as the value or enforceability of the Collateral related thereto, after giving effect to such Tax Restructuring, is not impaired in any material respect, or the perfection or priority of any Lien is not impaired, in each case, as determined by the Collateral Agent, in its reasonable discretion acting in good faith. Notwithstanding anything to the contrary herein, no Defaulting Lender or Loan Party or any of their respective Affiliates that is a Lender shall have any right to approve or disapprove any amendment, waiver or consent under the Loan Documents and any Loans held by such Person for purposes hereof shall be automatically deemed to be voted pro rata according to the Loans of all other Lenders in the aggregate (other than such Defaulting Lender or Loan Party).

Section 12.03 No Waiver; Remedies, Etc. No failure on the part of any Agent or any Lender to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right under any Loan Document preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Agents and the Lenders provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law. The rights of the Agents and the Lenders under any Loan Document against any party thereto are not conditional or contingent on any attempt by the Agents and the Lenders to exercise any of their rights under any other Loan Document against such party or against any other Person.

Section 12.04 Expenses; Attorneys' Fees. The Borrower will pay on demand, all reasonable and documented out-of-pocket costs and expenses incurred by or on behalf of each Agent, including reasonable and documented out-of-pocket fees, costs, client charges and expenses of one outside counsel for each Agent, accounting, due diligence, periodic field audits, physical counts, valuations, investigations, searches and filings, monitoring of assets, appraisals of Collateral, the rating of the Loans, title searches and reviewing environmental assessments, miscellaneous disbursements, examination, travel, lodging and meals, arising from or relating to: (a) the negotiation, preparation, execution, delivery, performance and administration of this Agreement and the other Loan Documents (including, without limitation, the preparation of any additional Loan Documents pursuant to Section 7.01(b) or the review of any of the agreements, instruments and documents referred to in Section 7.01(f)), (b) any requested amendments, waivers or consents to this Agreement or the other Loan Documents whether or not such documents become effective or are given, (c) the preservation and protection of the Agents' or any of the Lenders' rights under this Agreement or the other Loan Documents, (d) the defense of any claim or action asserted or brought against any Agent or any Lender by any Person that arises from or relates to this Agreement, any other Loan Document, the Agents' or the Lenders' claims against any Loan Party, or any and all matters in connection therewith, (e) the commencement or defense of, or intervention in, any court proceeding arising from or related to this Agreement or any other Loan Document, (f) the filing of any petition, complaint, answer, motion or other pleading by any Agent or any Lender, or the taking of any action in respect of the Collateral or other security, in connection with this Agreement or any other Loan Document, (g) the protection, collection, lease, sale, taking possession of or liquidation of, any Collateral or other security in connection with this Agreement or any other Loan Document, (h) any attempt to enforce any Lien or security interest in any Collateral or other security in connection with this Agreement or any other Loan Document, (i) any attempt to collect from any Loan Party, (j) the rating of the Loans by one or more rating agencies in connection with any Lender's Securitization, (k) the receipt by any Agent or any Lender of any advice from professionals with respect to any of the foregoing. Without limitation of the foregoing or any other provision of any Loan Document: (i) the Borrower agrees to pay all broker fees that may become due in connection with the transactions contemplated by this Agreement and the other Loan Documents and (ii) if the Borrower fails to perform any covenant or agreement contained herein or in any other Loan Document, any Agent may itself perform or cause performance of such covenant or agreement, and the expenses of such Agent incurred in connection therewith shall be reimbursed on demand by the Borrower. The obligations of the Borrower under this Section 12.04 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

Section 12.05 Right of Set-off. Upon the occurrence and during the continuance of any Event of Default, any Agent or any Lender may, and is hereby authorized to, at any time and from time to time, without notice to any Loan Party (any such notice being expressly waived by the Loan Parties) and to the fullest extent permitted by law, set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by such Agent or such Lender or any of their respective Affiliates to or for the credit or the account of any Loan Party against any and all obligations of the Loan Parties either now or hereafter existing under any Loan Document, irrespective of whether or not such Agent or such Lender shall have made any demand hereunder or thereunder and although such obligations may be contingent or unmatured; provided that in the event that any Defaulting Lender shall exercise any such right of setoff, (a) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 4.03 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Agents and the Lenders, and (b) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. No Lender shall exercise any such right of set-off without the prior consent of the Agents or the Required Lenders. Each Agent and each Lender agrees to notify such Loan Party promptly after any such set-off and application made by such Agent or such Lender or any of their respective Affiliates provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Agents and the Lenders under this Section 12.05 are in addition to the other rights and remedies (including other rights of set-off) which the Agents and the Lenders may have under this Agreement or any other Loan Documents of law or otherwise.

Section 12.06 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 12.07 Assignments and Participations.

(a) This Agreement and the other Loan Documents shall be binding upon and inure to the benefit of each Loan Party and each Agent and each Lender and their respective successors and assigns; provided, however, that none of the Loan Parties may assign or transfer any of its rights hereunder or under the other Loan Documents without the prior written consent of each Lender and any such assignment without the Lenders' prior written consent shall be null and void.

(b) Each Lender may with the written consent of the Collateral Agent and, unless an Event of Default shall have occurred and be continuing, the Borrower (such consent not to be unreasonably withheld or delayed), assign to one or more other lenders or other entities all or a portion of its rights and obligations under this Agreement with respect to all or a portion of its Total Term Loan Commitment and any Term Loan made by it; provided, however, that (i) such assignment is in an amount which is at least \$2,500,000 or a multiple of \$1,000,000 in excess thereof (or the remainder of such Lender's Commitment) (except such minimum amount shall not apply to an assignment by a Lender to (x) a Lender, an Affiliate of such Lender or a Related Fund of such Lender or (y) a group of new Lenders, each of whom is an Affiliate or Related Fund of each other to the extent the aggregate amount to be assigned to all such new Lenders is at least \$2,500,000 or a multiple of \$1,000,000 in excess thereof), (ii) the parties to each such assignment shall execute and deliver to the Collateral Agent and the Administrative Agent, for its acceptance, an Assignment and Acceptance, together with any promissory note subject to such assignment and such parties shall deliver to the Collateral Agent, for the benefit of the Collateral Agent, a processing and recordation fee of \$5,000 (except the payment of such fee shall not be required in connection with an assignment by a Lender to a Lender, an Affiliate of such Lender or a Related Fund of such Lender or if otherwise waived by the Collateral Agent), (iii) no written consent of the Collateral Agent or the Borrower shall be required if such assignment is in connection with any merger, consolidation, sale, transfer, or other disposition of all or any substantial portion of the business or loan portfolio of such Lender, (iv) no such assignment shall be made to (A) any Loan Party or any of their respective Affiliates or (B) any Defaulting Lender or any of its Affiliates, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B) and (v) in the absence of a continuing Event of Default, no such assignment shall be permitted to be made without the prior written consent of the Borrower (which consent shall not be unreasonably withheld, conditioned or delayed); provided, that no such written consent of the Borrower shall be required in connection with an assignment by a Lender to a Lender, an Affiliate of such Lender or a Related Fund of such Lender. Upon such execution, delivery and acceptance, from and after the effective date specified in each Assignment and Acceptance and recordation on the Register, which effective date shall be at least 3 Business Days after the delivery thereof to the Agents (or at such later time as shall be agreed to by the Agents and the parties to such assignment), (A) the assignee thereunder shall become a "Lender" hereunder and, in addition to the rights and obligations hereunder held by it immediately prior to such effective date, have the rights and obligations hereunder that have been assigned to it pursuant to such Assignment and Acceptance and (B) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, the assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document

furnished pursuant hereto; (ii) except as provided in the last sentence of this Section 12.07(b), the assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or any of its Subsidiaries or the performance or observance by any Loan Party of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement and the other Loan Documents, together with such other documents and information it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the assigning Lender, any Agent or any Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents; (v) such assignee appoints and authorizes the Agents to take such action as agents on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Agents by the terms hereof and thereof, together with such powers as are reasonably incidental hereto and thereto; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Loan Documents are required to be performed by it as a Lender.

(d) The Administrative Agent shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain, or cause to be maintained at the Payment Office, a copy of each Assignment and Acceptance delivered to and accepted by it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitments of, and the principal amount of the Loans (and stated interest thereon) owing to each Lender from time to time. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agents and the Lenders shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice. This Section 12.07(d) shall be construed so that the Loans and Commitments are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2), and 881(c)(2) of the Code.

(e) Upon receipt by the Administrative Agent of a completed Assignment and Acceptance, and subject to any consent required from the Administrative Agent or the Collateral Agent pursuant to Section 12.07(b) which consent of the Collateral Agent must be evidenced by the Collateral Agent's execution of an acceptance to such Assignment and Acceptance), the Administrative Agent shall accept such assignment, record the information contained therein in the Register and provide to the Collateral Agent a copy of the fully executed Assignment and Acceptance.

(f) [Intentionally Omitted].

(g) In the event that any Lender sells participations in a Loan, such Lender shall, acting for this purpose as a non-fiduciary agent on behalf of the Borrower, maintain, or cause to be maintained, a register, on which it enters the name of all participants in the Loans held by it and the principal amount (and stated interest thereon) of the portion of the Loan that is the subject of the participation (the "Participant Register"). A Loan (and the registered note, if any, evidencing the same) may be participated in whole or in part only by registration of such participation on the Participant Register (and each registered note shall expressly so provide). Any participation of such Loan (and the registered note, if any, evidencing the same) may be effected only by the registration of such participation on the Participant Register, which shall be conclusive absent manifest error. The Participant Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice. The Participant Register shall be maintained in registered form within the meaning of Section 5f.103-1(c) of the Treasury Regulations.

(h) Any Lender who purchases or is assigned or participates in any portion of a Loan shall comply with Sections 2.09(e) and 2.09(h).

(i) Each Lender may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including, without limitation, all or a portion of its Commitments, the Loans made by it); provided that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitments hereunder) and the other Loan Documents shall remain unchanged; (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and the Borrower, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents; and (iii) a participant shall not be entitled to require such Lender to take or omit to take any action hereunder except (A) action directly effecting an extension of the maturity dates or decrease in the principal amount of the Loans, (B) action directly effecting an extension of the due dates or a decrease in the rate of interest payable on the Loans or the fees payable under this Agreement, or (C) actions directly effecting a release of all or a substantial portion of the Collateral or any Loan Party (except as set forth in Section 10.08 of this Agreement or any other Loan Document).

(j) The Borrower agrees that each participant in a Loan and each assignee that has not become a Lender with respect to the assigned interest shall be entitled to the benefits of Section 2.09 (subject to the requirements and limitations therein, including the requirements under Section 2.09(e) and Section 2.09(h) (it being understood that the documentation required from the participant or assignee under Section 2.09(e) and Section 2.09(h) shall be provided in the first instance to the Person through whom such participation or assigned interest is held)) to the same extent as if it were a Lender and had acquired the relevant interest in the Loan by assignment under Section 12.07(b); provided that such participant or assignee (i) agrees to be subject to the provisions of Section 2.09 as if it were a Lender that was an assignee under Section 12.07(b) and (ii) shall not be

entitled to receive any greater benefit than the applicable Lender would have received if such participation or assignment had been effected as an assignment pursuant to Section 12.07(b).

(k) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or loans made to such Lender pursuant to securitization or similar credit facility (a "Securitization"); provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. The Loan Parties shall cooperate with such Lender and its Affiliates to effect the Securitization including, without limitation, by providing such information as may be reasonably requested by such Lender in connection with the rating of its Loans or the Securitization.

Section 12.08 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or electronic mail also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*.

Section 12.09 GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF NEW YORK.

Section 12.10 CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK OR OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HERETO HEREBY IRREVOCABLY ACCEPTS IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH PARTY HERETO HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS AND IN ANY SUCH ACTION OR PROCEEDING BY ANY MEANS PERMITTED BY APPLICABLE LAW, INCLUDING, BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE BORROWER AT ITS ADDRESS FOR NOTICES AS SET FORTH IN SECTION 12.01, SUCH SERVICE TO BECOME EFFECTIVE 10 DAYS AFTER SUCH MAILING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING HEREIN SHALL AFFECT THE RIGHT ANY PARTY HERETO TO SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY OTHER PARTY HERETO IN ANY OTHER JURISDICTION. EACH PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE JURISDICTION OR LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY PARTY HERETO HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

Section 12.11 WAIVER OF JURY TRIAL, ETC. EACH PARTY HERETO AND EACH SECURED PARTY HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS, OR UNDER ANY AMENDMENT, WAIVER, CONSENT, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION THEREWITH, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREES THAT ANY SUCH ACTION, PROCEEDINGS OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY

Section 12.12 Consent by the Agents and Lenders. Except as otherwise expressly set forth herein to the contrary or in any other Loan Document, if the consent, approval, satisfaction, determination, judgment, acceptance or similar action (an "Action") of any Agent or any Lender shall be permitted or required pursuant to any provision hereof or any provision of any other agreement to which any Loan Party is a party and to which any Agent or any Lender has succeeded thereto, such Action shall be required to be in writing and may be withheld or denied by such Agent or such Lender, in its sole discretion, with or without any reason, and without being subject to question or challenge on the grounds that such Action was not taken in good faith.



Section 12.13 No Party Deemed Drafter. Each of the parties hereto agrees that no party hereto shall be deemed to be the drafter of this Agreement.

Section 12.14 Reinstatement; Certain Payments. If any claim is ever made upon any Secured Party for repayment or recovery of any amount or amounts received by such Agent, such Secured Party in payment or on account of any of the Obligations, such Agent, such Secured Party shall give prompt notice of such claim to each other Agent and Lender and the Borrower, and if such Secured Party repays all or part of such amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such Agent, such Secured Party or any of its property, or (ii) any good faith settlement or compromise of any such claim effected by such Secured Party with any such claimant, then and in such event each Loan Party agrees that (A) any such judgment, decree, order, settlement or compromise shall be binding upon it notwithstanding the cancellation of any Indebtedness hereunder or under the other Loan Documents or the termination of this Agreement or the other Loan Documents, and (B) it shall be and remain liable to such Agent, such Secured Party hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by such Secured Party.

Section 12.15 Indemnification; Limitation of Liability for Certain Damages.

(a) In addition to each Loan Party's other Obligations under this Agreement, each Loan Party agrees to, jointly and severally, defend, protect, indemnify and hold harmless each Secured Party and all of their respective Affiliates, officers, directors, employees, attorneys, consultants and agents (collectively called the "Indemnitees") from and against any and all losses, damages, liabilities, obligations, penalties, fees, reasonable costs and expenses (including, without limitation, reasonable attorneys' fees, costs and expenses) incurred by such Indemnitees, whether prior to or from and after the Effective Date, whether direct, indirect or consequential, as a result of or arising from or relating to or in connection with any of the following: (i) the negotiation, preparation, execution or performance or enforcement of this Agreement, any other Loan Document or of any other document executed in connection with the transactions contemplated by this Agreement, (ii) any Agent's or any Lender's furnishing of funds to the Borrower for the account of the Borrower under this Agreement or the other Loan Documents, including, without limitation, the management of any such Loans or the Borrower's use of the proceeds thereof, (iii) the Agents and the Lenders relying on any instructions of the Borrower or the handling of the Loan Account and Collateral of the Borrower as herein provided, (iv) any matter relating to the financing transactions contemplated by this Agreement or the other Loan Documents or by any document executed in connection with the transactions contemplated by this Agreement or the other Loan Documents, (v) all Environmental Liabilities and Costs relating to: (A) the presence, disposal, Release or threatened Release of any Hazardous Materials on any property owned or occupied by any Loan Party or any of its Subsidiaries, (B) any investigation, lawsuit brought or threatened, settlement reached or government order relating to such Hazardous Materials, (C) any violation of Environmental Laws by any Loan Party or any of its Subsidiaries, and (D) any Environmental Actions filed against any Loan Party or its Subsidiaries, or (vi) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto (collectively, the "Indemnified Matters"); provided, however, that the Loan Parties shall not have any obligation to any Indemnitee under this subsection (a) for any Indemnified Matter caused by (x) the gross negligence or willful misconduct of such Indemnitee or of any of its controlled Affiliates or their respective directors, officers, employees, partners or other representatives, as determined by a final non-appealable judgment of a court of competent jurisdiction, (x) a material breach of any obligations under any Loan Document by such Indemnitee or of any of its controlled Affiliates or their respective directors, officers, employees, partners or other representatives, as determined by a final non-appealable judgment of a court of competent jurisdiction, (y) any dispute solely among Indemnitees other than any claims against an Indemnitee in its capacity or in fulfilling its role as a swingline lender, an Agent and other than any claims arising out of any act or omission of the Borrower or any of their Affiliates.

(b) The indemnification for all of the foregoing losses, damages, fees, costs and expenses of the Indemnitees set forth in this Section 12.15 are chargeable against the Loan Account. To the extent that the undertaking to indemnify, pay and hold harmless set forth in this Section 12.15 may be unenforceable because it is violative of any law or public policy, each Loan Party shall, jointly and severally, contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees.

(c) To the fullest extent permitted by applicable Requirements of Law, no party hereto shall assert, and each party hereby waives, any claim against any other party on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof.

(d) The indemnities and waivers set forth in this Section 12.15 shall survive the repayment of the Obligations and discharge of any Liens granted under the Loan Documents.

(e) This Section 12.15 shall not apply with respect to Taxes, other than Taxes that represent losses arising from any non-Tax claim.

Section 12.16 Records. The unpaid principal of and interest on the Loans, the interest rate or rates applicable to such unpaid principal and interest, the duration of such applicability, the Commitments, and the accrued and unpaid fees payable pursuant to Section 2.06 hereof, including, without limitation, the Closing Fee, the Loan Servicing Fee, the Unused Line Fee and

the Applicable Prepayment Premium, shall at all times be ascertained from the records of the Agents, which shall be conclusive and binding absent manifest error.

Section 12.17 Binding Effect. This Agreement shall become effective when it shall have been executed by each Loan Party, each Agent and each Lender and when the conditions precedent set forth in Section 5.01 hereof have been satisfied or waived in writing by the Agents, and thereafter shall be binding upon and inure to the benefit of each Loan Party, each Secured Party, and their respective successors and assigns, except that the Loan Parties shall not have the right to assign their rights hereunder or any interest herein without the prior written consent of each Agent and each Lender, and any assignment by any Lender shall be governed by Section 12.07 hereof.

Section 12.18 Highest Lawful Rate. It is the intention of the parties hereto that each Agent and each Lender shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby or by any other Loan Document would be usurious as to any Agent or any Lender under laws applicable to it (including the laws of the United States of America and the State of New York or any other jurisdiction whose laws may be mandatorily applicable to such Agent or such Lender notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in this Agreement or any other Loan Document or any agreement entered into in connection with or as security for the Obligations, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to any Agent or any Lender that is contracted for, taken, reserved, charged or received by such Agent or such Lender under this Agreement or any other Loan Document or agreements or otherwise in connection with the Obligations shall under no circumstances exceed the maximum amount allowed by such applicable law, any excess shall be canceled automatically and if theretofore paid shall be credited by such Agent or such Lender on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be Paid In Full, refunded by such Agent or such Lender, as applicable, to the Borrower); and (ii) in the event that the maturity of the Obligations is accelerated by reason of any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to any Agent or any Lender may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall, subject to the last sentence of this Section 12.18, be canceled automatically by such Agent or such Lender, as applicable, as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by such Agent or such Lender, as applicable, on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be Paid In Full, refunded by such Agent or such Lender to the Borrower). All sums paid or agreed to be paid to any Agent or any Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by law applicable to such Agent or such Lender, be amortized, prorated, allocated and spread throughout the full term of the Loans until Payment In Full so that the rate or amount of interest on account of any Loans hereunder does not exceed the maximum amount allowed by such applicable law. If at any time and from time to time (x) the amount of interest payable to any Agent or any Lender on any date shall be computed at the Highest Lawful Rate applicable to such Agent or such Lender pursuant to this Section 12.18 and (y) in respect of any subsequent interest computation period the amount of interest otherwise payable to such Agent or such Lender would be less than the amount of interest payable to such Agent or such Lender computed at the Highest Lawful Rate applicable to such Agent or such Lender, then the amount of interest payable to such Agent or such Lender in respect of such subsequent interest computation period shall continue to be computed at the Highest Lawful Rate applicable to such Agent or such Lender until the total amount of interest payable to such Agent or such Lender shall equal the total amount of interest which would have been payable to such Agent or such Lender if the total amount of interest had been computed without giving effect to this Section 12.18.

For purposes of this Section 12.18, the term "applicable law" shall mean that law in effect from time to time and applicable to the loan transaction between the Borrower, on the one hand, and the Agents and the Lenders, on the other, that lawfully permits the charging and collection of the highest permissible, lawful non-usurious rate of interest on such loan transaction and this Agreement, including laws of the State of New York and, to the extent controlling, laws of the United States of America.

The right to accelerate the maturity of the Obligations does not include the right to accelerate any interest that has not accrued as of the date of acceleration.

Section 12.19 Confidentiality. Each Secured Party agrees (on behalf of itself and each of its affiliates, directors, officers, employees and representatives) to use reasonable precautions to keep confidential, in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and sound practices of comparable commercial finance companies, any non-public information supplied to it by the Loan Parties pursuant to this Agreement or the other Loan Documents (and which at the time is not, and does not thereafter become, publicly available or available to such Person from another source not known to be subject to a confidentiality obligation to such Person not to disclose such information), provided that nothing herein shall limit the disclosure by any Agent or any Lender of any such information (i) to its Affiliates and to its and its Affiliates' respective equity holders (including, without limitation, partners), directors, officers, employees, agents, trustees, counsel, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential in accordance with this Section 12.19); (ii) to any other party hereto; (iii) to parties involved in such Secured Party's Securitization; or (iv) to any assignee or participant (or prospective assignee or participant) or any party to a Securitization so long as such assignee or participant (or prospective assignee or participant) or party to a Securitization first agrees, in writing, to be bound by confidentiality provisions similar in substance to this Section 12.19; (v) to the extent required by any Requirement of Law or judicial process or as otherwise requested by any Governmental Authority; (vi) to the National Association of Insurance Commissioners or any similar

organization, any examiner, auditor or accountant or any nationally recognized rating agency or otherwise to the extent consisting of general portfolio information that does not identify Loan Parties; (vii) in connection with any litigation to which any Agent or any Lender is a party; (vii) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; or (viii) with the consent of the Borrower. Each Secured Party agrees, prior to any disclosure under clause (iv) or (vi) above to (A) any Governmental Authority that does not have supervisory, regulatory or other similar authority with respect to such Secured Party and that is seeking such disclosure solely in connection with an investigation, action, suit or other proceeding that does not otherwise involve such Secured Party or (B) any other Person that is not a Governmental Authority, to use reasonable efforts to notify the Borrower of any request for the disclosure of any such confidential information so as to provide the Borrower with a reasonable opportunity to obtain a protective order or other comparable relief, provided that the failure to so notify the Borrower shall not expose any Secured Party to any liability.

Section 12.20 Disclosure. Each Loan Party agrees that neither it nor any of its Affiliates will now or in the future issue any press release or make any other public or private disclosure using the name of an Agent, any Lender or any of their respective Affiliates or referring to this Agreement or any other Loan Document (including schedules thereto) without the prior written consent of such Agent or such Lender, except to the extent that such Loan Party or such Affiliate is required to do so under applicable law (in which event, such Loan Party or such Affiliate will consult with such Agent or such Lender before issuing such press release or other public disclosure). Each Loan Party hereby authorizes each Agent and each Lender, after consultation with the Borrower, to advertise the closing of the transactions contemplated by this Agreement, and to make appropriate announcements of the financial arrangements entered into among the parties hereto, as such Agent or such Lender shall deem appropriate, including, without limitation, on a home page or similar place for dissemination of information on the Internet or worldwide web, or in announcements commonly known as tombstones, in such trade publications, business journals, newspapers of general circulation and to such selected parties as such Agent or such Lender shall deem appropriate.

Section 12.21 Integration. This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

Section 12.22 USA PATRIOT Act. Each Lender that is subject to the requirements of the USA PATRIOT Act hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the entities composing the Borrower, which information includes the name and address of each such entity and other information that will allow such Lender to identify the entities composing the Borrower in accordance with the USA PATRIOT Act. Each Loan Party agrees to take such action and execute, acknowledge and deliver at its sole cost and expense, such instruments and documents as any Lender may reasonably require from time to time in order to enable such Lender to comply with the USA PATRIOT Act.

Section 12.23 Keepwell. Each Loan Party, if it is a Qualified ECP Loan Party, then jointly and severally, together with each other Qualified ECP Loan Party, hereby absolutely unconditionally and irrevocably (a) guarantees the prompt payment and performance of all Swap Obligations owing by each Non-Qualifying Party (it being understood and agreed that this guarantee is a guaranty of payment and not of collection), and (b) undertakes to provide such funds or other support as may be needed from time to time by any Non-Qualifying Party to honor all of such Non-Qualifying Party's obligations under this Agreement or any other Loan Document in respect of Swap Obligations (provided, however, that each Qualified ECP Loan Party shall only be liable under this Section 12.23 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 12.23, or otherwise under this Agreement or any other Loan Document, voidable under applicable law, including applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Loan Party under this Section 12.23 shall remain in full force and effect until Payment In Full (or written release and discharge) of the Obligations and termination of this Agreement and the other Loan Documents. Each Qualified ECP Loan Party intends that this Section 12.23 constitute, and this Section 12.23 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of each other Borrower and Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Section 12.24 Section Headings. Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

EZCORP, INC.

By:  /s/ THOMAS H. WELCH, JR.

Name: Thomas H. Welch, Jr.

Title: Senior vice President, General Counsel and Secretary

GUARANTORS:

CASH-N-PAWN INTERNATIONAL, LTD.  
CASH-N-PAWN OF MINNESOTA, LTD.  
CCV AMERICAS, LLC  
CCV PENNSYLVANIA, INC.  
CCV VIRGINIA, INC.  
CHANGE CAPITAL, INC.  
C-N-P NORTHWEST, LTD.  
EZCORP USA, INC.  
EZMONEY ALABAMA, INC.  
EZMONEY COLORADO, INC.  
EZMONEY HAWAII, INC.  
EZMONEY HOLDINGS, INC.  
EZMONEY IDAHO, INC.  
EZMONEY KANSAS, INC.  
EZMONEY MANAGEMENT, INC.  
EZMONEY MISSOURI, INC.  
EZMONEY SOUTH DAKOTA, INC.  
EZMONEY TENNESSEE, INC.  
EZMONEY UTAH, INC.  
EZMONEY WISCONSIN INC.  
EZPAWN ALABAMA, INC.  
EZPAWN ARIZONA, INC.  
EZPAWN ARKANSAS, INC.  
EZPAWN COLORADO, INC. EZPAWN FLORIDA, INC.  
EZPAWN GEORGIA, INC. EZPAWN HOLDINGS, INC.  
EZPAWN ILLINOIS, INC.

EZPAWN INDIANA, INC.  
EZPAWN IOWA, INC.  
EZPAWN MINNESOTA, INC.  
EZPAWN NEVADA, INC.  
EZPAWN OKLAHOMA, INC.  
EZPAWN OREGON, INC.  
EZPAWN TENNESSEE, INC.  
EZPAWN UTAH, INC.  
FOUR PAWN, INC.  
MISTER MONEY HOLDINGS, INC.  
PAWN MANAGEMENT, INC.  
PAWN PLUS 10, LLC  
PAWN PLUS 11, LLC  
PAWN PLUS 12, LLC  
PAWN PLUS 9, LLC  
PAYDAY LOAN MANAGEMENT, INC.  
PREMIER PAWN AND JEWELRY, LLC  
RED DOG HOLDINGS LLC  
TEXAS EZMONEY, L.P.  
TEXAS EZPAWN L.P.  
TEXAS EZPAWN MANAGEMENT, INC.  
TEXAS PRA MANAGEMENT, L.P.  
USA PAWN & JEWELRY CO. 14, LLC  
USA PAWN & JEWELRY CO. 19, LLC  
USA PAWN & JEWELRY CO. I- OREGON, LLC  
USA PAWN & JEWELRY CO. XI, LLC  
USA PAWN & JEWELRY CO., IX, LLC  
YELLOW DOG HOLDINGS LLC

By: /s/ THOMAS H. WELCH, JR.  
Name: Thomas H. Welch, Jr.

Title: Senior Vice President and Secretary

By: /s/ THOMAS H. WELCH, JR.

Name: Thomas H. Welch, Jr.  
Title: Senior Vice President, General Counsel  
and Secretary

EZCORP GLOBAL HOLDINGS C.V.

By: EZCORP International Holdings, L.L.C.,  
its General Partner

By: /s/ THOMAS H. WELCH, JR.

Name: Thomas H. Welch, Jr.  
Title: Senior Vice President, General Counsel  
and Secretary

EZCORP GLOBAL, B.V.

By: /s/ THOMAS H. WELCH, JR.

Name: Thomas H. Welch, Jr.  
Title: Authorized Attorney-in-Fact

COLLATERAL AGENT AND ADMINISTRATIVE AGENT:

FORTRESS CREDIT CO LLC

By: /s/ CONSTANTINE M. DOKALIAS

Name: Constantine M. Dakolias  
Title: President

LENDERS:

FORTRESS CREDIT CO LLC

By: /s/ CONSTANTINE M. DOKALIAS

Name: Constantine M. Dakolias  
Title: President

CERBERUS LEVERED LOAN OPPORTUNITIES  
FUND III, L.P.

By: Cerberus Levered Opportunities III GP, LLC  
Its General Partner

By: /s/ DANIEL E. WOLF

Name: Daniel E. Wolf  
Title: Senior Managing Director

CERBERUS NJ CREDIT OPPORTUNITIES  
FUND III, L.P.

By: Cerberus NJ Credit Opportunities GP, LLC  
Its General Partner

By: /s/ DANIEL E. WOLF

Name: Daniel E. Wolf  
Title: Senior Managing Director

CERBERUS ASRS HOLDINGS LLC

By:  /s/ DANIEL E. WOLF

Name: Daniel E. Wolf  
Title: Vice President

CERBERUS ICQ LEVERED LOAN  
OPPORTUNITIES FUND, L.P.

By: Cerberus ICQ Levered Opportunities GP, LLC  
Its General Partner

By:  /s/ DANIEL E. WOLF

Name: Daniel E. Wolf  
Title: Senior Managing Director

CERBERUS KRS LEVERED LOAN  
OPPORTUNITIES FUND, L.P.

By: Cerberus KRS Levered Opportunities GP, LLC  
Its General Partner

By:  /s/ DANIEL E. WOLF

Name: Daniel E. Wolf  
Title: Senior Managing Director

CERBERUS PSERS LEVERED  
LOAN OPPORTUNITIES FUND, L.P.

By: Cerberus PSERS Levered Opportunities GP,  
LLC  
Its General Partner

By:  /s/ DANIEL E. WOLF

Name: Daniel E. Wolf  
Title: Senior Managing Director

EXHIBIT A

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of \_\_\_\_\_ (this "Agreement"), to the Financing Agreement referred to below is entered into by and among EZCORP, Inc., a Delaware corporation (the "Borrower"), [NAME OF ADDITIONAL GUARANTOR], a (the "Additional Guarantor"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Fortress Credit Co LLC, a Delaware limited liability company ("Fortress"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), and Fortress, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

WHEREAS, the Borrower, each subsidiary of the Borrower listed as a "Guarantor" on the signature pages to the Financing Agreement (the "Guarantors", other than the Additional Guarantor), the Lenders and the Agents have entered into that certain Financing Agreement, dated as of September 12, 2016 (such agreement, as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Financing Agreement"), pursuant to which the Lenders have agreed to make term loans (each a "Loan" and collectively the "Loans") to the Borrower.

WHEREAS, the Borrower's obligation to repay the Loans and all other Obligations are guaranteed, jointly and severally, by the Guarantors;

WHEREAS, pursuant to Section 7.01(b) of the Financing Agreement, the Additional Guarantor is required to become a Guarantor by, among other things, executing and delivering this Agreement to the Collateral Agent; and

WHEREAS, the Additional Guarantor has determined that the execution, delivery and performance of this Agreement directly benefit, and are within the corporate or other organizational purposes and in the best interests of, the Additional Guarantor.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions. Reference is hereby made to the Financing Agreement for a statement of the terms thereof. All terms used in this Agreement which are defined therein and not otherwise defined herein shall have the same meanings herein as set forth therein.

SECTION 2. Joinder of Additional Guarantor.

(a) By its execution of this Agreement, the Additional Guarantor hereby (i) confirms that the representations and warranties contained in Article VI of the Financing Agreement are true and correct in all material respects (or, in the event that such representations and warranties are qualified by materiality or material adverse effect or language of similar import, such representations shall be true and correct in all respects) as to the Additional Guarantor as of the effective date of this Agreement, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects on and as of such earlier date (or, in the event that such representations and warranties are qualified by materiality or material adverse effect or language of similar import, such representations shall be true and correct in all respects)), and (ii) agrees that, from and after the effective date of this Agreement, the Additional Guarantor shall be a party to the Financing Agreement and shall be bound, as a Guarantor, by all the provisions thereof and shall comply with and be subject to all of the terms, conditions, covenants, agreements and obligations set forth therein and applicable to the Guarantors, including, without limitation, the guaranty of the Obligations made by the Guarantors, jointly and severally with the other Loan Parties, in favor of the Agents and the Lenders pursuant to Article XI of the Financing Agreement. The Additional Guarantor hereby agrees that from and after the effective date of this Agreement, each reference to a "Guarantor" or a "Loan Party" and each reference to the "Guarantors" or the "Loan Parties" in any Loan Document shall include the Additional Guarantor. The Additional Guarantor acknowledges that it has received a copy of the Financing Agreement and each other Loan Document and that it has read and understands the terms thereof.

(b) Attached hereto are supplements to each Schedule to the Financing Agreement revised to include all information required to be provided therein with respect to, and only with respect to, the Additional Guarantor. The Schedules to the Financing Agreement shall, without further action, be amended to include the information contained in each such supplement.

SECTION 3. Effectiveness. This Agreement shall become effective upon its execution by the Additional Guarantor, the Borrower, and each Agent and receipt by the Agents of the following, in each case in form and substance reasonably satisfactory to the Agents:

(i) executed counterparts to this Agreement, duly executed by the Borrower, the Additional Guarantor and the Agents, together with the Schedules referred to in Section 2(b) hereof;

(ii) a Supplement to the Security Agreement, substantially in the form of Exhibit C to the Security Agreement (the "Security Agreement Supplement"), duly executed by the Additional Guarantor, and any instruments of assignment or other documents required to be delivered to the Agents pursuant to the terms thereof;

(iii) a Pledge Amendment to the Security Agreement (a "Pledge Supplement") to which the parent company of the Additional Guarantor that is a Loan Party is a party, in substantially the form of Exhibit A thereto, duly executed by such Loan Party and providing for all Equity Interests of the Additional Guarantor owned by such Loan Party (other than any Excluded Property) to be pledged to the Collateral Agent pursuant to the terms thereof;

(iv) (A) subject to any limitations in the Loan Documents, certificates, if any, representing the issued and outstanding Equity Interests of the Additional Guarantor and each Subsidiary of the Additional Guarantor required to be delivered under the Loan Documents and (B) all original promissory notes of such Additional Guarantor, if any, that are required to be delivered under the Loan Documents, in each case, accompanied by instruments of assignment and transfer in such form as the Collateral Agent may reasonably request;

(v) appropriate financing statements on Form UCC-1 duly filed in such office or offices as may be necessary or, in the reasonable opinion of the Collateral Agent, desirable to perfect the security interests purported to be created by the Security Agreement Supplement and any Mortgage;



(vi) if requested pursuant to Section 7.01(b)(i)(D) of the Financing Agreement, a written opinion of counsel to the Loan Parties as to such matters as the Agents may reasonably request; and

(vii) subject to any limitations in the Loan Documents, such other agreements, instruments or other documents reasonably requested by the Collateral Agent in order to create, perfect, establish the first priority (subject to Permitted Liens) of or otherwise protect any Lien purported to be covered by the Security Agreement Supplement or any Additional Mortgage or otherwise to effect the intent that the Additional Guarantor shall become bound by all of the terms, covenants and agreements contained in the Loan Documents and that all property and assets (other than Excluded Property (as defined in the Security Agreement)) of the Additional Guarantor shall become Collateral for the Obligations free and clear of all Liens other than Permitted Liens.

SECTION 4. Notices, Etc. All notices and other communications shall comply with the terms of Section 12.01 of the Financing Agreement.

SECTION 5. General Provisions. (a) The Borrower and the Additional Guarantor hereby represents and warrants that as of the date hereof there are no material claims or offsets against or defenses or counterclaims to their respective obligations under the Financing Agreement or any other Loan Document.

(b) Except as supplemented hereby, the Financing Agreement and each other Loan Document shall continue to be, and shall remain, in full force and effect. This Agreement shall not be deemed (i) to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Financing Agreement or any other Loan Document or (ii) to prejudice any right or rights which the Agents or the Lenders may now have or may have in the future under or in connection with the Financing Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended, restated, supplemented or otherwise modified from time to time.

(c) The Additional Guarantor hereby expressly (i) authorizes the Collateral Agent to file appropriate financing statements on or continuation statements, and amendments

thereto, (including without limitation, any such financing statements that indicate the Collateral as "all assets" or words of similar import) in such office or offices as may be necessary or, in the reasonable opinion of the Collateral Agent, desirable to perfect the Liens to be created by the Security Agreement Supplement and each of the other Loan Documents and (ii) ratifies such authorization to the extent that the Collateral Agent has filed any such financing or continuation statements or amendments thereto, prior to the date hereof.

(d) The Additional Guarantor agrees to pay or reimburse the Agents for all of their reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Agreement, including, without limitation, the reasonable and documented out-of-pocket fees and disbursements of one outside counsel, in the manner and to the extent set forth in the Financing Agreement.

(e) This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Agreement by telecopier or electronic transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement.

(f) Section headings in this Agreement are included herein for the convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(g) In addition to and without limitation of any of the foregoing, this Agreement shall be deemed to be a Loan Document and shall otherwise be subject to all of the terms and conditions contained in Sections 12.09, 12.10 and 12.11 of the Financing Agreement, *mutatis mutandis*.

(h) This Agreement, together with the Financing Agreement and the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and thereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

**EZCORP, INC.**

By:

Name: Title:

COLLATERAL AGENT:

FORTRESS CREDIT CO LLC

By:

Name: Title:

ADDITIONAL GUARANTOR: [ ]

By: Name:

Title:

Address:

EXHIBIT B

FORM OF NOTICE OF BORROWING

EZCORP, INC.  
Building One, Suite 200  
2500 Bee Cave Road  
Austin, Texas 78746

\_\_, 201\_

Fortress Credit Co LLC  
as Administrative Agent for the Lenders  
party to the Financing Agreement referred to below  
1345 Avenue of the Americas  
46th Floor  
New York, NY 10105  
Attention: Constantine Dakolias

Ladies and Gentlemen:

The undersigned, EZCORP, Inc., a Delaware corporation (the "Borrower"), (i) refers to the Financing Agreement, dated as of September 12, 2016 (as the same may be amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, the "Financing Agreement"), by and among the Borrower, each domestic subsidiary of Borrower listed as a "Guarantor" on the signature pages thereto (together with each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder or otherwise guaranties all or any part of the Obligations (as defined therein), each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Fortress Credit Co LLC, a Delaware limited liability company ("Fortress"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), and Fortress, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the

"Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents") and (ii) hereby gives you notice pursuant to Section 2.02 of the Financing Agreement that the undersigned hereby requests a Loan under the Financing Agreement, and in that connection sets forth below the information relating to such loan (the "Proposed Loan") as required by Section 2.02(a) of the Financing Agreement. All capitalized terms used but not defined herein have the same meanings herein as set forth in the Financing Agreement.

(i) The aggregate principal amount of the Proposed Loan is \$[\_\_\_\_]1.

(ii) The Proposed Loan is a [Reference Rate Loan] [LIBOR Rate Loan, with an initial Interest Period of [one] [two][three] month(s)].

(iii) The borrowing date of the Proposed Loan is \_\_ , 201\_2.

(iv) The proceeds of the Proposed Loan should be made available to the undersigned in accordance with the wire instructions set forth on Annex I attached hereto.

[SIGNATURE PAGE FOLLOWS]

1 The Delayed Draw Term Loan shall be in a minimum amount of \$5,000,000 or such lesser total available amount of the Delayed Draw Term Loan Commitment.

2 The proposed borrowing date must be a Business Day and with respect to the Term Loan, must be the Effective Date.

[The undersigned hereby certifies that (i) the representations and warranties contained in the Article VI of the Financing Agreement and in each other Loan Document, certificate or other writing delivered to any Agent or any Lender on or prior to the date hereof are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of the date hereof as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date (in which case such representation or warranty shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations or warranties that already are qualified or modified as to "materiality" or "Material Adverse Effect" in the text thereof, which representations and warranties shall be true and correct in all respects subject to such qualification) on and as of such earlier date), (ii) no Event of Default has occurred and is continuing on the date of the Proposed Loan or will result from the making of the Proposed Loan and (iii) the conditions set forth in Section 5.02 and Section 2.01(c)(iii) of the Financing Agreement have been satisfied as of the date of the Proposed Loan.]3

Very truly yours, EZCORP, INC.

By:

Name: Title:

<sup>3</sup> Bracketed language only applicable if the Proposed Loan is a Delayed Draw Term Loan after the Effective Date.

#### EXHIBIT E

#### FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This ASSIGNMENT AND ACCEPTANCE AGREEMENT ("Assignment Agreement") is entered into as of \_\_\_\_\_, 201\_ between \_\_\_\_\_ ("Assignor") and \_\_\_\_\_ ("Assignee"). Reference is made to the agreement described in Item 2 of Annex I annexed hereto (as amended, restated, modified or otherwise supplemented from time to time, the "Financing Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Financing Agreement.

1. In accordance with the terms and conditions of Section 12.07 of the Financing Agreement, the Assignor hereby irrevocably sells, transfers, conveys and assigns without recourse, representation or warranty (except as expressly set forth herein) to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, that interest in and to the Assignor's rights and obligations under the Loan Documents as of the date hereof with respect to the Obligations owing to the Assignor, and the Assignor's portion of the Commitments and the Loans as specified on Annex I.

2. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim, and (ii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; (b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any other instrument or document furnished pursuant thereto; and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under the Loan Documents or any other instrument or document furnished pursuant thereto.

3. The Assignee (a) confirms that it has received copies of the Financing Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement; (b) agrees that it will, independently and without reliance upon the Administrative Agent, the Collateral Agent, the Assignor, or any other Lender, based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (c) confirms that it is eligible as an assignee under the terms of the Financing Agreement; (d) appoints and authorizes each of the Administrative Agent and the Collateral Agent to take such action as the

Administrative Agent or the Collateral Agent (as the case may be) on its behalf and to exercise such powers under the Loan Documents as are delegated to the Administrative Agent or the Collateral Agent (as the case may be) by the terms thereof, together with such powers as are reasonably incidental thereto; (e) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender; and (f) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Financing Agreement or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty.

4. Following the execution of this Assignment Agreement by the Assignor and the Assignee, it will be delivered by the Assignor to the Agents for recording by the Administrative Agent. The effective date of this Assignment Agreement (the "Settlement Date") shall be the latest of (a) the date of the execution hereof by the Assignor and the Assignee, (b) the date this Assignment Agreement has been accepted by the Collateral Agent (and the Borrower if required by the Financing Agreement) and recorded in the Register by the Administrative Agent, (c) the date of receipt by the Collateral Agent of a processing and recordation fee in the amount of \$5,000<sup>1</sup>, (d) the settlement date specified on Annex I, and (e) the receipt by Assignor of the Purchase Price specified in Annex I.

5. As of the Settlement Date (a) the Assignee shall be a party to the Financing Agreement and, to the extent of the interest assigned pursuant to this Assignment Agreement, have the rights and obligations of a Lender thereunder and under the other Loan Documents, and (b) the Assignor shall, to the extent of the interest assigned pursuant to this Assignment Agreement, relinquish its rights and be released from its obligations under the Financing Agreement and the other Loan Documents.

6. Upon recording by the Administrative Agent, from and after the Settlement Date, the Administrative Agent shall make all payments under the Financing Agreement and the other Loan Documents in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees (if applicable) with respect thereto) to the Assignee. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Financing Agreement and the other Loan Documents for periods prior to the Settlement Date directly between themselves on the Settlement Date.

7. GOVERNING LAW; CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE; WAIVER OF JURY TRIAL, ETC. Sections 12.09 (GOVERNING LAW), 12.10 (CONSENT TO JURISDICTION; SERVICE OF PROCESS AND VENUE), and 12.11 (WAIVER OF JURY TRIAL, ETC.) of the Financing Agreement are hereby incorporated by reference, *mutatis mutandis*.

8. This Assignment Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of this Assignment Agreement by electronic transmission shall be equally effective as delivery of an original executed counterpart.

[Remainder of page left intentionally blank.]

<sup>1</sup> The payment of such fee shall not be required in connection with an assignment by a Lender to a Lender, an Affiliate of such Lender or a Related Fund of such Lender, or if otherwise waived by the Collateral Agent.  
DOC ID - 24859156.4

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized, as of the date first above written.

[ASSIGNOR]

By:Name:

Title: Date:

[ASSIGNEE]

By:Name:

Title: Date:

ACCEPTED AND CONSENTED TO this

day

**[FORTRESS CREDIT CO LLC, as Collateral Agent**

By: Name:

Title:

**EZCORP, INC., as Borrower**

By: Name:

Title:]<sup>2</sup>

<sup>2</sup>If required by the Financing Agreement.

## ANNEX FOR ASSIGNMENT AND ACCEPTANCE

### ANNEX I

1. Borrower: EZCORP, Inc., a Delaware corporation
2. Name and Date of Financing Agreement:

Financing Agreement, dated as of September 12, 2016 (as the same may be amended, restated, supplemented or otherwise modified from time to time, including any replacement agreement therefor, the "Financing Agreement"), by and among the Borrower, each domestic subsidiary of Borrower listed as a "Guarantor" on the signature pages thereto (together with each other Person who executes a joinder agreement and becomes a "Guarantor" thereunder

or otherwise guaranties all or any part of the Obligations (as defined therein), each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Fortress Credit Co LLC, a Delaware limited liability company ("Fortress"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), and Fortress, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents").

- 3. Date of Assignment Agreement: \_\_\_\_\_
- 4. Amount of Delayed Draw Term Loan Commitment Assigned: \$\_\_
- 5. Amount of Term Loan Assigned: \$\_\_
- 6. Purchase Price: \$\_\_
- 7. Settlement Date: \_\_\_\_\_

8. Notice and Payment Instructions, etc.

Assignee: Assignor:

Attn: \_\_ Attn: \_\_ Fax No.: \_\_ Fax No.: \_\_

Bank Name: Bank Name: ABA Number: ABA Number: Account Name: Account Name: Account Number: Account Number: Sub-Account Name: Sub-Account Name: Sub-Account Number: Sub-Account Number: Reference: Reference: Attn: Attn:

EXHIBIT F

FORM OF COMPLIANCE CERTIFICATE

EZCORP, INC.  
Building One, Suite 200  
2500 Bee Cave Road  
Austin, Texas 78746

Fortress Credit Co LLC  
1345 Avenue of the Americas  
46th Floor  
New York, NY 10105  
Attention: Constantine Dakolias

Re: Compliance Certificate dated \_\_, 201\_\_

Ladies and Gentlemen:

Reference is made to that certain Financing Agreement, dated as of September 12, 2016 (such agreement, as amended, restated, supplemented or otherwise modified from time to time, being hereinafter referred to as the "Financing Agreement"), by and among EZCORP, Inc., a Delaware corporation (the "Borrower"), each subsidiary of Borrower listed as a "Guarantor" on the signature pages thereto (together with each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder or otherwise guaranties all or any part of the Obligations (as defined therein), each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Fortress Credit Co LLC, a Delaware limited liability company ("Fortress"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"), and Fortress, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents"). Capitalized terms used in this Compliance Certificate have the meanings set forth in the Financing Agreement unless specifically defined herein.

Pursuant to the terms of the Financing Agreement, the undersigned Authorized Officer of the Borrowing Agent hereby certifies that:

1. The [quarterly] [annual] financial statements of the Borrower and its Subsidiaries furnished in Schedule 1 hereto on the date hereof pursuant to Section 7.01(a) of the Financing Agreement fairly present, in all material respects, the financial position of the Borrower and its Subsidiaries as of the end of the period covered by such financial statements in accordance with GAAP applied in a manner consistent with that of the most recent audited

financial statements of the Borrower and its Subsidiaries furnished to the Agents and the Lenders, subject to the absence of footnotes and normal year-end adjustments.<sup>1</sup>

2. During the period covered by the financial statements delivered pursuant to Section 7.01(a) of the Financing Agreement, no Default or Event of Default has occurred or is continuing as of the date of such delivery, except as listed on Schedule 2 hereto (such Schedule describes the nature and period of existence thereof and the action the Borrower and its Subsidiaries have taken, are taking, or propose to take with respect thereto).<sup>2</sup>

3. The Borrower and its Subsidiaries are in compliance with the applicable covenants contained in Section 7.03 of the Financing Agreement as demonstrated on Schedule 3 hereto.<sup>3</sup>

4. Set forth on Schedule 4 hereto is a discussion and analysis of the financial condition and results of operations of the Borrower and its Subsidiaries for the portion of the Fiscal Year elapsed as of the date hereof (including a discussion of the reasons for any significant variations from the Projections for such period and the figures for the corresponding period in the previous Fiscal Year).<sup>4</sup>

5. [Set forth on Schedule 5 hereto is a summary of all material insurance coverage maintained as of such period by any Loan Party and all material changes in insurance coverage planned to be maintained by any Loan Party since the delivery of any such summary for any prior period.]<sup>5</sup>

<sup>1</sup> To be included in the Compliance Certificate delivered with financial statements required by Section 7.01(a)(ii) and Section 7.01(a)(iii) of the Financing Agreement.

<sup>2</sup> Description of the nature and period of existence of any Event of Default or Default and the action which the Borrower and its Subsidiaries propose to take or have taken with respect thereto to be included on Schedule 2 if such Event of Default or Default has occurred.

<sup>3</sup> To be included in the Compliance Certificate delivered with financial statements required by Section 7.01(a)(ii) and Section 7.01(a)(iii) of the Financing Agreement.

<sup>4</sup> To be included in the Compliance Certificate delivered with financial statements required by Section 7.01(a)(ii) and Section 7.01(a)(iii) of the Financing Agreement.

<sup>5</sup> To be included in the Compliance Certificate delivered with financial statements required by Section 7.01(a)(iii) of the Financing Agreement.

IN WITNESS WHEREOF, this Compliance Certificate is executed by the undersigned as of the date first written above.

**EZCORP, INC.**

Name: Title:

**Exhibit G**

**Subordination Terms**

Principal Subordination Terms for Subordinated Indebtedness held by a Person that is not an Affiliate of a Loan Party:



- Agreement to Subordinate. The holders of the Subordinated Indebtedness (the "Holders") agree that the payment of all obligations owing in respect of the Subordinated Indebtedness is subordinated in right of payment, to the extent and in the manner provided herein, to the prior payment in full in cash of all Obligations (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit and enforceable by the Agents and the Lenders.
- Liquidation; Dissolution; Bankruptcy. Upon any payment or distribution of the assets of the Loan Parties to creditors of the Loan Parties in a liquidation or dissolution of the Loan Parties or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to any of the Loan Parties or their respective property, in an assignment for the benefit of creditors or any marshaling of the Loan Parties' assets and liabilities:
  1. the Agents and the Lenders will be entitled to receive payment in full in cash of all Obligations due (including interest after the commencement of any bankruptcy proceeding at the rate specified in the Financing Agreement) before the Holders will be entitled to receive any payment with respect to the Subordinated Indebtedness;
  2. until all Obligations (as provided in clause (1) above) are paid in full, any distributions to which holders would be entitled but for this Section will be made to the Agents and the Lenders, as their interests may appear; and
  3. if a distribution is made to holders that, due to the subordination provisions of this agreement should not have been made to them, such Holders will be required to hold it in trust for the Agents and the Lenders of the Loan Parties and pay it over to them as their interests may appear.
- Default on the Obligations.
  1. The Loan Parties and its Subsidiaries may not make any payment or distribution to the Holder in respect of the Subordinated Indebtedness and may not acquire from the Holders any Subordinated Indebtedness for cash or property until all principal and other Obligations have been paid in full in cash if:
    - a. a payment default on Obligations occurs and is continuing beyond any applicable grace period in the agreement, indenture or other document governing such Senior Indebtedness; or
    - b. any other default occurs and is continuing pursuant to the Financing Agreement that permits the Agents or the Lenders to accelerate their maturity without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods (a "Payment Blockage Notice") from any of the Agents or the Lenders. If the Holders receive any such Payment Blockage Notice from any of the Agents or the Lenders, no subsequent Payment Blockage Notice may be delivered unless and until (A) at least [TBD] days have elapsed since the delivery of the immediately prior Payment Blockage Notice and (B) all scheduled payments of principal, interest and premium, if any, on the Subordinated Indebtedness that have come due have been paid in full in cash.
- When Distribution Must Be Paid Over. In the event that any Holder receives any payment of any Subordinated Indebtedness at a time when such payment is prohibited by the terms of the subordination provisions, such payment will be held by such Holder, in trust for the benefit of, and will be paid forthwith over and delivered, upon proper written request, to, the Agents and the Lenders as their interests may appear, for application to the payment of all Obligations remaining unpaid to the extent necessary to pay such Obligations in full in accordance with their terms.

## EXHIBIT H

### FORM OF SOLVENCY CERTIFICATE

September 12, 2016

This Solvency Certificate is delivered pursuant to Section 5.01(d)(xvi) of the Financing Agreement, dated as of the date hereof (the "Financing Agreement"), among EZCORP, Inc. ("Parent"), certain subsidiaries of Parent party thereto, Fortress Credit Co LLC, as administrative agent and collateral agent for the lenders party thereto (in such capacities, the "Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Financing Agreement.

The undersigned hereby certifies, solely in his capacity as an officer of the Parent and not in his individual capacity, as follows:

1. I am the Chief Financial Officer of the Parent. I am familiar with the Financing Facility and the other transactions contemplated by the Financing Agreement (collectively, the "Transactions") and have reviewed the Financing Agreement, financial statements referred to in Section 6.01(g) of the Financing Agreement and such documents and made such investigation as I deemed relevant for the purposes of this Solvency Certificate.

2. As of the date hereof, immediately prior to the consummation of the Transactions (on a pro forma basis giving effect to incurrence of indebtedness under the Financing Agreement), on and as of such date (i) the fair value of the assets of the Parent and its subsidiaries on a consolidated basis, on a going concern basis is not less than the total liabilities of the Parent and its subsidiaries on a consolidated basis; (ii) the present fair saleable value of the property of the Parent and its subsidiaries on a consolidated and going concern basis will be greater than the amount that will be required to pay the probable liability of the Parent and its subsidiaries on a consolidated basis as they become absolute and matured; (iii) the Parent and its subsidiaries on a consolidated basis will be able to realize upon their assets and pay their debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business; (iv) the Parent and its subsidiaries on a consolidated basis do not intend to, and do not believe that they will, incur debts or liabilities beyond their ability to pay as such debts and liabilities mature and (v) the Parent and its subsidiaries on a consolidated basis are not engaged in business or a transaction, and are not about to engage in business or a transaction, for which the Parent and its subsidiaries' property on a consolidated basis would constitute unreasonably small capital.

This Solvency Certificate is being delivered by the undersigned officer only in his capacity as Chief Financial Officer of the Parent and not individually and the undersigned shall have no personal liability to the Agent or the Lenders with respect thereto.

IN WITNESS WHEREOF, the undersigned has executed this Solvency Certificate on the date first written above.  
EZCORP, INC.

By:  
Name:  
Title:

**Schedule 1.01(B)**

**Specified Matters**

**Part A: Designated Transactions**

"Designated Transaction" means the purchase by a Loan Party (or the receipt of any assignment) of any one or more of the following: (a) all or a portion of a portfolio of receivables of Grupo Finmart securing various series of notes acquired by BP GFM Trust, which is administered by BasePoint Administrative, LLC (collectively, "Base Point"), pursuant to four separate securitization transactions, (b) all or any portion of the various series of notes acquired by BasePoint pursuant to such securitization transactions, (c) all or any portion of various currency hedge contracts established in connection with the various series of notes acquired by BasePoint pursuant to such securitization transactions, or (d) all or any portion of the direct or indirect rights of BasePoint under such securitization transactions, including without limitation any servicing agreement and purchase agreement; provided, that, in any such case:

(i) no Default or Event of Default has occurred and is continuing or will result from the making of such Investment,

(ii) the aggregate purchase price made by the Loan Parties (directly or indirectly) does not exceed \$24,000,000,

(iii) the Loan Parties acquiring such assets shall execute and deliver to the Collateral Agent any agreements, instruments, approvals, opinions or other documents reasonably requested by the Collateral Agent in order to create, perfect, establish the first priority (subject to Permitted Liens) of or otherwise protect any Lien purported to be covered by the Security Agreement or otherwise to effect the intent that all property and assets of acquired through such transaction shall become Collateral for the Obligations, other than exclusions expressly set forth in the Security Agreement,

(iv) such transaction occurs on or prior to December 31, 2016; and

(v) the other terms and conditions shall be reasonably acceptable to the Agents (such approval not to be unreasonably withheld, conditioned, or delayed).

"Designated Transaction Return Event" means the date on which the aggregate amount of the return in cash received by the Loan Parties in respect of the assets purchased by the Loan Party in connection with the Designated Transaction equals or exceeds the aggregate purchase price made by the Loan Parties in connection with the Designated Transaction, which the Borrower shall provide written notice to the Agents of each such return within three (3) Business Days after the receipt thereof, including the date of such return, the amount of such return and the aggregate amount of such return to date (against the aggregate purchase price made in respect of such Designated Transaction).

## **Part B: Grupo Finmart**

### **Item 1: Clause (m) of the definition of "Permitted Dispositions"**

Disposition of the Equity Interests in Grupo Finmart in accordance with the terms set forth in that certain agreement dated July 1, 2016 with AlphaCredit occurring on or prior to the Grupo Termination Date.

"Grupo Termination Date" means the earlier of (x) October 31, 2016, or such later date as is extended by the Administrative Agent in its sole discretion, and (y) the date on which the sale of the Equity Interests in Grupo Finmart in accordance with the terms set forth in that certain agreement dated July 1, 2016 with AlphaCredit is consummated.

### **Item 2: Clause (b) of the definition of "Permitted Intercompany Investments"**

(x) During the period commencing immediately after the Effective Date and continuing through the Grupo Termination Date, so long as the aggregate amount of all such Investments made by the Loan Parties (directly or indirectly) does not exceed \$15,000,000 (excluding any Permitted Investments described in clause (t) in the definition thereof) and (y) thereafter so long as the aggregate amount of all such Investments after the Grupo Termination Date does not exceed \$10,000,000; provided that (i) the Borrower provides written notice to the Agents of each Investment pursuant to this clause (b) within three (3) Business Days after the making of such Investment, which will include the date of such Investment, the amount of such Investment and the aggregate amount of all such Investments made pursuant to this clause (b) to the date of such written notice, (ii) no Loan Party may make Investments in connection with any Designated Transaction or to pay or otherwise provide credit support to any Indebtedness described in clause (t) of the definition of Permitted Indebtedness.

### **Item 3: Clause (t) of the definition of "Permitted Investments"**

Investments (including any related investments to facilitate such payments) to acquire or pay Indebtedness of Grupo Finmart existing on the Effective Date from or to Grupo Finmart's debtholders that have not consented to the sale of Grupo Finmart to AlphaCredit for an aggregate amount of up to \$24,700,000 (including "change of control" payments in respect of such Indebtedness); provided that such indebtedness shall be acquired or paid by the Borrower solely to enable the consummation of the sale of Grupo Finmart on or prior to the Grupo Termination Date; provided, further, that the amount of such indebtedness permitted to be so acquired or paid shall be reduced dollar-for-dollar by the amount of such debt that is permitted to remain outstanding by Grupo Finmart's existing debtholders who consent to the sale of Grupo Finmart to AlphaCredit; provided, further, that the Investments described in this clause (t) shall only be permitted to the extent made on or prior to the Grupo Termination Date.

### **Item 4: Section 5.03(b)**

Within 3 Business Days of the Grupo Termination Date, the Collateral Agent shall have received an executed joinder to the Intercompany Subordination Agreement and Global Intercompany Note by Grupo Finmart and its Subsidiaries, if the sale of Grupo Finmart to AlphaCredit has not been consummated on or before the Grupo Termination Date.

### **Item 5: Section 7.02(s)**

No Loan Party or its Subsidiaries (other than Grupo Finmart and its subsidiaries) shall prepay any Indebtedness of Grupo Finmart, in the event the sale of Grupo Finmart to AlphaCredit is not consummated on or prior to the Grupo Termination Date; provided that the Loan Parties may prepay such Indebtedness with the proceeds of, or in exchange for (i) Permitted Indebtedness and (ii) any issuance of equity in the Borrower designated for such purpose.

## SUBSIDIARIES OF EZCORP, INC.

Entity	Jurisdiction of Organization
Artiste Holding Limited	United Kingdom
Cash-N-Pawn International, Ltd.	Minnesota
Cash-N-Pawn of Minnesota, Ltd.	Minnesota
CCV Americas, LLC	Delaware
CCV Latin America Coöperatief, U.A.	Netherlands
CCV Pennsylvania, Inc.	Delaware
CCV Virginia, Inc.	Delaware
Change Capital International Holdings, B.V.	Netherlands
Change Capital, Inc.	Delaware
C-N-P Northwest, Ltd.	Minnesota
De Morgan Services Limited	United Kingdom
EZ Talent S. de R.L. de C.V.	Mexico
EZ Transfers S.A. de C.V.	Mexico
EZCORP (2015) Asia-Pacific PTE. LTD.	Singapore
EZCORP Latin America Coöperatief, U.A.	Netherlands
EZCORP Global Holdings, C.V.	Netherlands
EZCORP Global, B.V.	Netherlands
EZCORP International Holdings, LLC	Delaware
EZCORP International, Inc.	Delaware
EZCORP USA, Inc.	Delaware
EZMONEY Alabama, Inc.	Delaware
EZMONEY Canada Holdings, Inc.	British Columbia
EZMONEY Canada, Inc.	Delaware
EZMONEY Colorado, Inc.	Delaware
EZMONEY Hawaii, Inc.	Delaware
EZMONEY Holdings, Inc.	Delaware
EZMONEY Idaho, Inc.	Delaware
EZMONEY Kansas, Inc.	Delaware
EZMONEY Management, Inc.	Delaware
EZMONEY Missouri, Inc.	Delaware
EZMONEY South Dakota, Inc.	Delaware
EZMONEY Tario, Inc.	British Columbia
EZMONEY Tennessee, Inc.	Delaware
EZMONEY Utah, Inc.	Delaware
EZMONEY Wisconsin, Inc.	Delaware
EZParkway Services Limited	Ireland
EZParkway Trading Limited	Ireland
EZParkway Mexico Limited	Ireland
EZPAWN Alabama, Inc.	Delaware
EZPAWN Arizona, Inc.	Delaware
EZPAWN Arkansas, Inc.	Delaware
EZPAWN Colorado, Inc.	Delaware

**SUBSIDIARIES OF EZCORP, INC.**

<b>Entity</b>	<b>Jurisdiction of Organization</b>
EZPAWN Florida, Inc.	Delaware
EZPAWN Georgia, Inc.	Delaware
EZPAWN Holdings, Inc.	Delaware
EZPAWN Illinois, Inc.	Delaware
EZPAWN Indiana, Inc.	Delaware
EZPAWN Iowa, Inc.	Delaware
EZPAWN Management Mexico, S. de R.L. de C.V.	Mexico
EZPAWN Mexico Holdings, LLC.	Delaware
EZPAWN Mexico Ltd., LLC.	Delaware
EZPAWN Minnesota, Inc.	Delaware
EZPAWN Nevada, Inc.	Delaware
EZPAWN Oklahoma, Inc.	Delaware
EZPAWN Oregon, Inc.	Delaware
EZPAWN Services Mexico, S. de R.L. de C.V.	Mexico
EZPAWN Tennessee, Inc.	Delaware
EZPAWN Utah, Inc.	Delaware
Four Pawn, Inc.	Texas
Mister Money Holdings, Inc.	Colorado
Parkway Insurance, Inc.	Utah
Pawn Management, Inc.	Texas
Pawn Plus 9, LLC	Nevada
Pawn Plus 10, LLC	Nevada
Pawn Plus 11, LLC	Nevada
Pawn Plus 12, LLC	Nevada
Payday Loan Management, Inc.	Delaware
Premier Pawn and Jewelry, LLC	Delaware
Red Dog Holdings, LLC	Minnesota
Renueva Comercial, S.A.P.I. de C.V.	Mexico
Rich Data Corporation PTE. LTD.	Singapore
Texas EZMONEY, L.P.	Texas
Texas EZPAWN Management, Inc.	Delaware
Texas EZPAWN, L.P.	Texas
Texas PRA Management, L.P.	Texas
Twyford Developments Limited	United Kingdom
USA Pawn & Jewelry Co. I - Oregon, LLC	Nevada
USA Pawn & Jewelry Co. IX, LLC	Nevada
USA Pawn & Jewelry Co. XI, LLC	Nevada
USA Pawn & Jewelry Co. 19, LLC	Nevada
Yellow Dog Holdings, LLC	Minnesota

Consent of Independent Registered Public Accounting Firm

EZCORP, Inc.  
Austin, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-191675), Form S-8 (No. 333-191671), Form S-8 (No. 333-191677), Form S-8 (No. 333-202628), Form S-8 (No. 333-210647) and Form S-8 (No. 333-209088) of our reports dated December 14, 2016, relating to the consolidated financial statements, and the effectiveness of EZCORP, Inc.'s internal control over financial reporting, which is incorporated by reference in this Annual Report on Form 10-K.

/s/ BDO USA, LLP

Dallas, Texas

December 14, 2016

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. (333-191671, 333-191675, 333-191677, 333-202628, 333-210647, and 333-209088) on Form S-8 of our report dated November 26, 2014 (November 9, 2015 as to the effects of the restatement discussed in Note 22; December 23, 2015 as to Note 3 (relating to the adjustments for discontinued operations arising in 2015) and Note 18 (relating to the change in reportable segments in 2015); December 14, 2016 as to the effects of the restatement discussed in Note 2), relating to the consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for the year ended September 30, 2014 (before retrospective adjustments to the financial statements for the adoption of ASU 2014-08 ) (not presented herein) of EZCORP, Inc. and subsidiaries (which report expresses an unqualified opinion; includes an explanatory paragraph that the retrospective adjustments for the adoption of ASU 2014-08 were audited by other auditors; and includes an explanatory paragraph related to the restatement of the 2014 consolidated financial statements), appearing in this Annual Report on Form 10-K of EZCORP, Inc. for the year ended September 30, 2016.

/s/ *DELOITTE & TOUCHE LLP*

Austin, Texas  
December 14, 2016

**Certification of Stuart I. Grimshaw, Chief Executive Officer,  
pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934,  
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Stuart I. Grimshaw, certify that:

1. I have reviewed this Annual Report on Form 10-K of EZCORP, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 14, 2016

/s/ Stuart I. Grimshaw

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Stuart I. Grimshaw

Chief Executive Officer



**Certification of Mark S. Ashby, Chief Financial Officer,  
pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934,  
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Mark S. Ashby, certify that:

1. I have reviewed this Annual Report on Form 10-K of EZCORP, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 14, 2016

/s/ Mark S. Ashby

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Mark S. Ashby

Chief Financial Officer

**Certification of Stuart I. Grimshaw, Chief Executive Officer, and Mark S. Ashby, Chief Financial Officer,  
pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

The undersigned officer of EZCORP, Inc. hereby certify that (a) EZCORP's Annual Report on Form 10-K for the year ended September 30, 2016, as filed with the Securities and Exchange Commission, fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, as amended, and (b) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of EZCORP.

Date: December 14, 2016

/s/ Stuart I. Grimshaw

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Stuart I. Grimshaw  
Chief Executive Officer

/s/ Mark S. Ashby

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Mark S. Ashby  
Chief Financial Officer