SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

FOR THE TRANSITION PERIOD FROM ______________ TO _____________

COMMISSION FILE NUMBER 0-19424

EZCORP, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	74-2540145
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION	(IRS EMPLOYER IDENTIFICATION NO.)

1901 CAPITAL PARKWAY
AUSTIN, TEXAS 78746
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)
(ZIP CODE)

(512) 314-3400
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

NA
(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

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 X No__

APPLICABLE ONLY TO CORPORATE ISSUERS:

The only class of voting securities of the registrant issued and outstanding is the Class B Voting Common Stock, par value $.01 per share, 100% of which is owned by one record holder who is an affiliate of the registrant. There is no trading market for the Class B Voting Common Stock.

As of March 31, 2000, 10,822,010 shares of the registrant's Class A Non-voting Common Stock, par value $.01 per share and 1,190,057 shares of the registrant's Class B Voting Common Stock, par value $.01 per share were outstanding.

EZCORP, INC.
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PART I

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Condensed Consolidated Balance Sheets (Unaudited)

	March 31, 2000	March 31, 1999	September 30, 1999
		(In thousands)	
Assets:			
Current assets:			
Cash and cash equivalents	$ 1,816	$ 2,717	$ 2,899
Pawn loans	39,227	42,786	53,940
Service charges receivable	7,466	12,807	16,671
Inventory, net	40,433	47,750	58,241
Deferred tax asset	7,427	1,882	1,824
Federal income tax receivable	1,201	--	1,695
Prepaid expenses and other current assets	2,881	3,868	3,787
Total current assets	100,451	111,810	139,057
Investment in unconsolidated affiliate	13,480	13,065	13,195
Property and equipment, net	64,501	52,749	60,608
Other assets:			
Goodwill, net	13,568	13,957	13,868
Other intangible assets, net	3,187	3,105	3,153
Notes receivable from related parties	3,240	3,000	3,000
Other assets, net	1,195	1,486	1,196
Total assets	$ 199,622	$ 199,172	$ 234,077
Liabilities and stockholders' equity:			
Current liabilities:			
Current maturities of long-term debt	$ 11	$ 10	$ 11
Accounts payable and other accrued expenses	9,325	9,148	11,049
Customer layaway deposits	2,591	2,617	2,422
Income taxes payable	--	1,391	--
Total current liabilities	11,927	13,166	13,482
Long-term debt, less current maturities	63,606	51,118	83,112
Deferred tax liability	1,696	24	1,696
Other long-term liabilities	394	127	102
Total long-term liabilities	65,696	51,269	84,910
Commitments and contingencies			
Stockholders' equity:			
Preferred Stock, par value $.01 per share; Authorized 5,000,000 shares; none issued and outstanding	--	--	--
Class A Non-voting Common Stock, par value $.01 per share; Authorized 40,000,000 shares; 10,831,043 issued and 10,822,010 outstanding at March 31, 2000 and September 30, 1999; 10,820,586 issued and 10,811,553 outstanding at March 31, 1999	108	108	108
Class B Voting Common Stock, convertible, par value $.01 per share; Authorized 1,198,990 shares; 1,190,057 issued and outstanding at March 31, 2000, March 31, 1999, and September 30, 1999	12	12	12
Additional paid-in capital	114,501	114,398	114,470
Retained earnings	7,700	21,060	21,715
	122,321	135,578	136,305
Treasury stock (9,033 shares)	(35)	(35)	(35)
Receivable from stockholder	(729)	(729)	(729)
Accumulated other comprehensive income	442	(77)	144
Total stockholders' equity	121,999	134,737	135,685
Total liabilities and stockholders' equity	$ 199,622	$ 199,172	$ 234,077

See Notes to Interim Condensed Consolidated Financial Statements (unaudited).

Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999	Six Months Ended March 31, 2000	Six Months Ended March 31, 1999
	(In thousands, except per share amounts)			
Revenues:				
Sales	$ 39,436	$ 36,325	$ 77,525	$ 70,759
Pawn service charges	13,981	23,542	29,575	49,373
Other	280	216	537	366
	53,697	60,083	107,637	120,498
Cost of goods sold	24,850	31,101	47,482	60,122
Net revenues	28,847	28,982	60,155	60,376
Operating expenses:				
Operations	21,970	20,047	43,778	40,164
Administrative	5,171	2,597	9,498	6,945
Depreciation and amortization	2,561	2,196	5,083	4,481
	29,702	24,840	58,359	51,590
Operating income (loss)	(855)	4,142	1,796	8,786
Interest expense, net	1,200	819	2,532	1,665
Equity in net income of unconsolidated affiliate	(83)	(163)	(148)	(273)
(Gain) loss on sale of assets	129	17	(451)	88
Income (loss) before income taxes	(2,101)	3,469	(137)	7,306
Income tax expense (benefit)	(714)	1,318	(47)	2,776
Income (loss) before cumulative effect of a change in accounting principle	(1,387)	2,151	(90)	4,530
Cumulative effect on prior years (to September 30, 1999) of change in method of revenue recognition, net of tax	--	--	(13,625)	--
Net income (loss)	$ (1,387)	$ 2,151	$ (13,715)	$ 4,530
Amounts per common share (fully diluted):				
Income (loss) before cumulative effect of a change in accounting principle	$ (0.12)	$ 0.18	$ (0.01)	$ 0.38
Cumulative effect on prior years (to September 30, 1999) of change in method of revenue recognition, net of tax	$ --	$ --	$ (1.13)	$ --
Net income (loss)	$ (0.12)	$ 0.18	$ (1.14)	$ 0.38
Weighted average shares outstanding:				
Basic	12,012	12,002	12,012	12,002
Fully diluted	12,014	12,007	12,013	12,008
Cash dividends per common share	$ --	$ 0.0125	$ 0.0125	$ 0.0250
Pro forma amounts assuming the new revenue recognition method is applied retroactively:				
Net income (loss)	$ (1,387)	$ 2,459	$ (90)	$ 3,833
Net income (loss) per diluted share	$ (0.12)	$ 0.20	$ (0.01)	$ 0.33

See Notes to Interim Condensed Consolidated Financial Statements (unaudited).

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended March 31, 2000	Six Months Ended March 31, 1999
	(In thousands)	
Operating Activities:		
Net income (loss)	$ (13,715)	$ 4,530
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cumulative effect of a change in accounting principle	13,625	--
Depreciation and amortization	5,083	4,481
Deferred income taxes	1,722	--
Net (gain)/loss on sale or disposal of assets	(451)	88
Income from investment in unconsolidated affiliate	(148)	(273)
Changes in operating assets and liabilities:		
Service charges receivable	2,036	2,036
Inventory	4,202	(3,597)
Notes receivable from related parties	(240)	--
Prepaid expenses, other current assets, and other assets, net	1141	(189)
Accounts payable and accrued expenses	(1,649)	274
Customer layaway deposits	169	439
Other long-term liabilities	(114)	(25)
Federal income taxes receivable	319	840
Federal income taxes payable	--	1,391
Net cash provided by operating activities	11,980	9,995
Investing Activities:		
Pawn loans forfeited and transferred to inventory	39,356	38,881
Pawn loans made	(90,211)	(97,761)
Pawn loans repaid	65,568	65,953
Net decrease in loans	14,713	7,073
Additions to property, plant, and equipment	(11,735)	(13,205)
Additions to intangible assets	(488)	(1,738)
Acquisitions, net of cash acquired	--	(1,501)
Investment in unconsolidated affiliate	161	(1,930)
Proceeds from sale of assets	4,092	--
Net cash provided by (used in) investing activities	6,743	(11,301)
Financing Activities:		
Proceeds from bank borrowings	14,500	18,000
Payments on borrowings	(34,006)	(15,005)
Payment of dividends	(300)	(300)
Net cash provided by (used in) financing activities	(19,806)	2,695
Change in cash and cash equivalents	(1,083)	1,389
Cash and cash equivalents at beginning of period	2,899	1,328
Cash and cash equivalents at end of period	$ 1,816	$ 2,717
Non-cash Investing and Financing Activities:		
Foreign currency translation adjustment	$ 298	$ (47)
Issuance of stock options	$ 31	$ --

See Notes to Interim Condensed Consolidated Financial Statements (unaudited).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2000

NOTE A: BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of EZCORP, Inc. and Subsidiaries have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring entries) considered necessary for a fair presentation have been included. The accompanying financial statements should be read with the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 1999.

The Company's business is subject to seasonal variations, and operating results for the six-month period ended March 31, 2000 are not necessarily indicative of the results of operations for the full fiscal year.

NOTE B: CHANGE IN ACCOUNTING PRINCIPLE

During the second quarter of fiscal 2000, the Company changed its method of revenue recognition on pawn loans by reducing the accrual of pawn service charge revenue to the estimated amount which will be realized through loan collection and recording forfeited collateral at the lower of cost (the principal amount of the loan) or market. Previously, pawn service charges were accrued on all loans, and the carrying value of the forfeited collateral was the lower of cost (principal amount of loan plus accrued pawn service charges) or market.

The Company believes the new method of revenue recognition is preferable in that it better aligns reported net revenues and earnings with current economic trends in its business and the management of the Company. In addition, the Company believes the new method improves comparability of its operating results and financial position with similar companies.

The new method has been applied as of the beginning of the current fiscal year (October 1, 1999). The charge of $13.6 million included in the accompanying income statement for the six months ended March 31, 2000 represents the cumulative effect of applying the new method retroactively (net of an income tax benefit of $7.0 million). The effect of the accounting change on the three months ended March 31, 2000 was to reduce net loss by $2.0 million ($0.17 per share). The effect of the change on the six months ended March 31, 2000, excluding the cumulative effect of $13.6 million was to decrease the net loss by $2.8 million ($0.23 per share). The pro forma amounts presented on the accompanying statements of operations for prior periods represent the effect of retroactive application assuming the new accounting method, net of related income taxes, to prior periods.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2000

The effect of the change on the three months ended December 31, 1999 is as follows (in thousands, except per share amounts):

Net income as previously reported	$ 450
Effect of change in revenue recognition method	847
Income before cumulative effect of a change in accounting principle	1,297
Cumulative effect on prior years (to September 30, 1999) of change in method of revenue recognition, net of tax	(13,625)
Net loss	$ (12,328)
Amounts per common share (fully diluted):	
Net income as previously reported	$ 0.04
Effect of change in revenue recognition method	0.07
Income before cumulative effect of a change in accounting principle	0.11
Cumulative effect on prior years (to September 30, 1999) of change in method of revenue recognition, net of tax	(1.13)
Net loss	$ (1.02)

NOTE C: ACCOUNTING PRINCIPLES AND PRACTICES

The provision for federal income taxes has been calculated based on the Company's estimate of its effective tax rate for the full fiscal year.

The Company provides inventory reserves for shrinkage and cost in excess of estimated market value. The Company estimates these reserves using analysis of sales trends, inventory aging, sales margins and shrinkage on inventory. At March 31, 2000 (after giving effect to the change in accounting principle discussed in Note B), inventory reserves were $1.3 million. Inventory reserves at March 31, 1999 and September 30, 1999 amounted to $6.9 million and $8.3 million, respectively ($1.1 million and $1.4 million, respectively, pro forma for the effect of the accounting change).

Property and equipment is shown net of accumulated depreciation of $41.8 million, $33.4 million, and $37.6 million at March 31, 2000, March 31, 1999, and September 30, 1999, respectively.

Certain prior year balances have been reclassified to conform to the fiscal 2000 presentation.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2000

NOTE D: EARNINGS PER SHARE

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2000	1999	2000	1999
Numerator				
Numerator for basic and diluted earnings per share: net income (loss)	$ (1,387)	$ 2,151	$ (13,715)	$ 4,530
Denominator				
Denominator for basic earnings per share:				
Weighted average shares	12,012	12,002	12,012	12,002
Effect of dilutive securities:				
Employee Stock Options	2	--	1	--
Warrants	--	5	--	6
Dilutive potential common shares	2	5	1	6
Denominator for diluted earnings per share: adjusted weighted average shares and assumed conversions	12,014	12,007	12,013	12,008
Basic earnings (loss) per share	$ (0.12)	$ 0.18	$ (1.14)	$ 0.38
Diluted earnings (loss) per share	$ (0.12)	$ 0.18	$ (1.14)	$ 0.38

For the three months ended March 31, 2000, options to purchase 1,583,872 weighted average shares of common stock at an average price of $11.20 per share were outstanding. Options to purchase 1,563,543 weighted average shares of common stock at an average price of $11.29 were excluded from the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive. For the six months ended March 31, 2000, options to purchase 1,595,220 weighted average shares of common stock at an average price of $11.20 per share were outstanding. Options to purchase 1,585,111 weighted average shares of common stock at an average price of $11.25 were excluded from the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive.

For the three months ended March 31, 1999, options to purchase 1,655,992 weighted average shares of common stock at an average price of $11.23 per share were outstanding. For the six months ended March 31, 1999, options to purchase 1,459,771 weighted average shares of common stock at an average price of $11.40 per share were outstanding. These options were excluded from the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive.

NOTE E: INVESTMENT IN UNCONSOLIDATED AFFILIATE

The Company owns 13,276,666 common shares of Albemarle & Bond Holdings, plc ("A&B"), representing 29.86% of A&B's outstanding shares.

The Company accounts for its investment in A&B using the equity method. Since A&B's fiscal year ends three months prior to the Company's fiscal year, the income reported by the Company for its investment in A&B is on a

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2000

three month lag. The income reported for the Company's six month periods ended March 31, 2000 and 1999 represents its percentage interest in the results of A&B's operations, reduced by the amortization of the excess purchase price over fair market value, from July 1, 1999 to December 31, 1999 and from July 1, 1998 to December 31, 1998, respectively.

NOTE F: LONG-TERM DEBT

At March 31, 2000 the Company was in violation of the leverage ratio and the fixed charge coverage ratio covenants of its credit agreement with several banks. The banks have agreed to waive these violations in consideration of certain amendments to the credit agreement. Among other provisions, the amended credit agreement reduces the banks' aggregate commitment from $110 million to $85 million, requires the Company to pledge substantially all its assets as security for amounts advanced, and adjusts the interest rate to the agent bank's Prime Rate or Eurodollar rate plus 0 to 450 basis points, depending on certain performance criteria. During the next quarter, the Company will review with the banks a plan and financial projection for the balance of the term of the credit agreement, which matures on December 3, 2001. It is management's opinion that mutually satisfactory covenants will be negotiated based on this plan. At March 31, 2000, the Company had $64 million outstanding under this credit agreement.

NOTE G: CONTINGENCIES

From time to time, the Company is involved in litigation relating to claims arising from its normal business operations. Currently, the Company is a defendant in several lawsuits, some of which involve claims for substantial amounts. While the ultimate outcome of these lawsuits cannot be predicted at this time, based upon consultation with its legal counsel, the Company believes the resolution of these matters will not have a material adverse effect on the Company's financial condition or results of operations. However, there can be no assurance as to the ultimate outcome of these matters.

NOTE H: COMPREHENSIVE INCOME/(LOSS)

Comprehensive income (loss) includes net income and other revenues, expenses, gains and losses that are excluded from net income but are included as a component of total shareholders' equity. Comprehensive loss for the three and six months ended March 31, 2000 was approximately $(1.1) million and $(13.4) million, and the comprehensive income for the three and six months ended March 31, 1999 was approximately $2.0 million and $4.5 million, respectively. The difference between comprehensive income (loss) and net income (loss) results primarily from the effect of foreign currency translation adjustments in accordance with Statement of Financial Accounting Standards No. 52, "Foreign Currency Translation." The accumulated balance of foreign currency activity excluded from net income is presented in the Condensed Consolidated Balance Sheets as "Accumulated other comprehensive income."

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion in this section of this report contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this section and those discussed elsewhere in this report.

Accounting Change

During the second quarter of fiscal 2000, the Company changed its method of revenue recognition on pawn loans by reducing the accrual of pawn service charge revenues to the estimated amount that will be realized through loan collection, and recording forfeited collateral at the lower of the principal balance of the loan or estimated market value. Previously, pawn service charges were accrued on all loans, and the carrying value of the forfeited collateral was the lower of cost (principal amount of loan plus accrued pawn service charges) or market. The Company believes the new method of revenue recognition is preferable in that it better aligns reported net revenues and earnings with current economic trends in its business and the management of the Company. Additionally, the new method improves the comparability of the Company's financial position and operating result with similar companies. This change was made effective October 1, 1999, the first day of the Company's fiscal year.

During the period of time between the inception of a pawn loan and the later sale of the forfeited collateral, the change in accounting principle will not affect the amount of net revenues or earnings reported by the Company. It will affect only the timing of net revenues and earnings recognition. The new method will more closely align net revenues and earnings recognition with the actual collection of cash from loan payments and the sale of forfeited collateral. Additionally, the new method will reduce the impact of short-term or permanent changes in the market value of forfeited collateral on inventory reserve requirements. In management's opinion, these factors will reduce the reliance upon accounting estimates in reporting the Company's results of operations.

Management has implemented changes in the Company's operating practices and taken other actions, including the modification of employee compensation programs, to provide additional incentives for cash returns on capital employed. Adoption of the new accounting method is consistent with these actions and will present external financial statements on a basis more reflective of how the Company is managed internally.

The $13.6 million cumulative effect of this accounting change on prior years (net of a tax benefit of $7.0 million) increased net loss for the six months ended March 31, 2000. Of the $1.14 net loss per share for the six months ended March 31, 2000, $1.13 per share is attributable to the cumulative effect of the accounting change. The net loss per share for the second quarter was $0.12, compared to a pro forma net income per share of $0.20 for the second quarter of 1999 assuming retroactive application of the accounting change.

Second Quarter Ended March 31, 2000 vs. Second Quarter Ended March 31, 1999

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the three months ended March 31, 2000 and 1999.

	Three Months Ended March 31, (a) 2000	1999 (Pro Forma)	% or Point Change(b)
Net revenues:			
Sales	$ 39,436	$ 36,325	8.6%
Pawn service charges	13,981	14,449	(3.2)%
Other	280	216	29.6%
Total revenues	53,697	50,989	5.3%
Cost of goods sold	24,850	21,445	15.9%
Net revenues	$ 28,847	$ 29,544	(2.4)%
Other data:			
Gross profit as a percent of sales	37.0%	41.0%	(4.0) pts.
Average annual inventory turnover	2.2x	2.2x	0.0x
Inventory per store at end of the period	$ 120	$ 115	4.3%
Loan balance per store at end of period	$ 117	$ 135	(13.3)%
Average annualized yield on loan portfolio	132%	129%	3.0 pts.
Redemption rate	79%	77%	2.0 pts.
Expenses as a percent of total revenues:			
Operating	40.9%	39.3%	1.6 pts.
Administrative	9.6%	5.1%	4.5 pts.
Depreciation and amortization	4.8%	4.3%	0.5 pt.
Interest, net	2.2%	1.6%	0.6 pt.
Locations in operation:			
Beginning of period	334	304	
Acquired	--	2	
Established	2	12	
Sold, combined or closed	--	--	
End of period	336	318	

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(a) In thousands, except percentages, inventory turnover and store count.

(b) In comparing the period differences between dollar amounts or per store counts, a percentage change is used. In comparing the period differences between two percentages, a percentage point (pt.) change is used.

Six Months Ended March 31, 2000 vs. Six Months Ended March 31,1999

The following table sets forth selected, unaudited, consolidated financial data with respect to the Company for the six months ended March 31, 2000 and 1999.

	Six Months Ended March 31, (a) 2000	Six Months Ended March 31, (a) 1999 (Pro Forma)	% or Point Change(b)
Net revenues:			
Sales	$ 77,525	$ 70,759	9.6%
Pawn service charges	29,575	29,039	1.8%
Other	537	366	46.7%
Total revenues	107,637	100,164	7.5%
Cost of goods sold	47,482	40,811	16.3%
Net revenues	$ 60,155	$ 59,353	1.4%
Other data:			
Gross profit as a percent of sales	38.8%	42.3%	(3.5) pts.
Average annual inventory turnover	2.0x	2.1x	(0.1)x
Inventory per store at end of the period	$ 120	$ 115	4.3%
Loan balance per store at end of period	$ 117	$ 135	(13.3)%
Average annualized yield on loan portfolio	127%	123%	4.0 pts.
Redemption rate	76.5%	75.7%	0.8 pt.
Expenses as a percent of total revenues:			
Operating	40.7%	40.1%	0.6 pt.
Administrative	8.8%	6.9%	1.9 pts.
Depreciation and amortization	4.7%	4.5%	0.2 pt.
Interest, net	2.4%	1.7%	.07 pt.
Locations in operation:			
Beginning of period	331	286	
Acquired	--	29	
Established	5	3	
Sold, combined or closed	--	--	
End of period	336	318	

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(a) In thousands, except percentages, inventory turnover and store count.

(b) In comparing the period differences between dollar amounts or per store counts, a percentage change is used. In comparing the period differences between two percentages, a percentage point (pt.) change is used.

RESULTS OF OPERATIONS

The following discussion compares results for the three and six month periods ended March 31, 2000 ("Fiscal 2000 Periods") to the three and six month periods ended March 31, 1999 ("Fiscal 1999 Periods"). The discussion should be read in conjunction with the accompanying financial statements and related notes. For purposes of management's discussion and analysis of results of operations and financial condition, all comparisons to the Fiscal 2000 Periods reflect the pro forma effects of applying the new accounting principle to the consolidated financial statements as if the change had occurred on September 30, 1998.

The Company's primary activity is the making of small, non-recourse loans secured by tangible personal property. The income earned on this activity is pawn service charge revenue. For the three month Fiscal 2000 Period, pawn service charge revenue decreased $0.5 million from the three month Fiscal 1999 Period to $14.0 million. This resulted from a decrease in same store pawn service charge revenues ($1.0 million) primarily due to a 25 percent reduction in average same store pawn loan balances, offset by an increase in pawn service charge revenues from new stores not open the full three-month period ($0.5 million). The annualized yield on the average pawn loan balance increased 3.0 percentage points from the Three-month Fiscal 1999 Period to 132 percent.

For the Six-month Fiscal 2000 Period, pawn service charge revenue increased $0.5 million from the Six-month Fiscal 1999 Period to $29.6 million. This resulted from an increase in pawn service charge revenues from new stores not open the full six-month period ($1.7 million), offset by a decrease in same store pawn service charge revenues ($1.2 million) primarily due to a 21 percent reduction in average same store pawn loan balances. The annualized yield on the average pawn loan balance increased four percentage points from the Six-month Fiscal 1999 Period to 127 percent. Variations in the annualized loan yield, as we saw between these periods, are due generally to changes in the loan redemption rate and a mix shift in the loan portfolio between loans with different loan yields.

In response to falling general merchandise prices, primarily on consumer electronics, and volatile gold prices, the Company, in recent quarters, lowered the amount it will lend on certain general merchandise categories by approximately 10% and on jewelry by approximately 8%. These changes have reduced the loan balances in stores open more than a year and slowed loan growth in new stores. The Company expects these changes in lending practices to slow loan growth for the next two to three quarters.

A secondary, but related, activity of the Company is the sale of merchandise, primarily collateral forfeited from its lending activity. For the Three-month Fiscal 2000 Period, sales increased $3.1 million from the Three-month Fiscal 1999 Period to approximately $39.4 million. This resulted from an increase in same store merchandise sales ($1.2 million) and new store sales ($1.9 million). Annualized inventory turnover for the Three-month Fiscal 2000 Period, at 2.2 times, was unchanged from the turnover for the comparable period of 1999.

For the Six-month Fiscal 1999 Period, sales increased $6.8 million from the Six-month Fiscal 1999 Period to approximately $77.5 million. This resulted from an increase in same store merchandise sales ($1.0 million), new store sales ($5.6 million), and an increase in jewelry which was sold to scrap dealers or through wholesale channels ($0.2 million). Annualized inventory turnover, at 2.0 times, was slightly lower in the Six-month Fiscal 2000 Period compared to the Six-month Fiscal 1999 Period largely due to new stores, which typically have slower inventory turnover.

For the Three-month Fiscal 2000 Period, gross profits as a percentage of sales decreased four percentage points from the Three-month Fiscal 1999 Period to 37.0 percent. This decrease results from lower gross margins on merchandise sales (3.8 percentage points), a decrease in inventory shrinkage when measured as a percentage of merchandise sales (down 0.2 of a percentage point to approximately 1.2 percent) and lower gross margins on wholesale and scrap jewelry sales (0.4 of a percentage point). Over the last several quarters, the Company reduced its merchandise pricing and loan guidelines in response to a reduction in competitive retail prices, primarily in jewelry and electronics. The majority of the reduction in gross margins on merchandise sales was due to these price reductions and inventory forfeited by customers or acquired during these periods.

For the Six-month Fiscal 2000 Period, gross profits as a percentage of sales decreased 3.5 percentage points from the Six-month Fiscal 1999 Period to 38.8%. This decrease results from lower margins on merchandise sales (3.1 percentage points) and lower margins on wholesale and scrap jewelry sales (0.4 of a percentage point). Inventory shrinkage for the Six-month Fiscal 2000 Period was unchanged from the same period of the prior year at 1.1 percent, when measured as a percent of merchandise sales.

In the Three-month Fiscal 2000 Period, operating expenses as a percentage of total revenues increased 1.6 percentage points from the Three-month Fiscal 1999 Period to 40.9 percent. This increase results primarily from new stores, which typically experience higher levels of operating expense relative to revenues (1.3 percentage points) and an increase in same store operating expenses, primarily labor (0.3 of a percentage point). Administrative expenses increased 4.5 percentage points to 9.6 percent, primarily due to higher labor and incentive compensation expense (2.2 percentage points), the write-down of a past due note receivable (0.8 of a percentage point), and non-capitalizable software development costs (0.6 of a percentage point).

In the Six-month Fiscal 2000 Period, operating expenses as a percentage of total revenues increased 0.6 of a percentage point from the Six-month Fiscal 1999 Period to 40.7 percent. This increase results primarily from new stores, which typically experience higher levels of operating expense relative to revenues (0.8 of a percentage point), offset by a reduction in same store operating expenses (0.2 of a percentage point). Administrative expenses increased 1.9 percentage points to 8.8 percent, primarily from higher labor and incentive compensation expense (0.7 of a percentage point), the write-down of a past due note receivable (0.3 of a percentage point), and non-capitalizable software development costs (0.3 of a percentage point).

Interest expense increased by 0.6 and 0.7 of a percentage point, respectively, from the Fiscal 1999 Periods largely due to increased average debt balances.

Liquidity and Capital Resources

Net cash provided by operating activities for the Six-month Fiscal 2000 Period was $12.0 million compared to $10.0 million provided in the Fiscal 1999 Period, an increase of $2.0 million. The decrease in inventory, which increases the cash provided by operating activities, was $4.2 million in the Fiscal 2000 Period compared to an increase in inventory of $3.6 million in the comparable Fiscal 1999 Period, comprising $7.8 million of the net increase in cash provided by operating activities. Partially offsetting this source of cash was a $4.6 million reduction in the net income prior to the cumulative effect of a change in accounting principles and a decrease in accounts payable and accrued expenses which was $1.9 million larger than the change in the Fiscal 1999 Period. Smaller changes in other operating assets and liabilities reduced cash provided by operating activities $0.8 million, as did a gain of $0.5 million on the sale of assets in the Fiscal 2000 Period. Net cash provided by investing activities was $6.7 million for the Fiscal 2000 Period compared to $11.3 million used in the Fiscal 1999 Period. The change is due to larger decreases in pawn loan balances in the Fiscal 2000 Period compared to the Fiscal 1999 Period, lower levels of capital expenditures and investments, and proceeds of $4.1 million from the sale of certain assets. The change in accounting principle had no impact on cash generated from operating activities.

In the Fiscal 2000 Period, the Company invested approximately $11.7 million to upgrade or replace existing equipment and computer systems, open five newly established stores, and make improvements to several existing stores. The Company funded these expenditures from cash flow provided by operating activities while reducing bank borrowings by approximately $19.5 million. The Company plans to significantly reduce its new store expansion to six stores during fiscal 2000, including the five stores already opened. The Company anticipates that cash flow from operations and funds available under its amended bank line of credit will be adequate to fund planned capital expenditures and working capital requirements for the remainder of the fiscal year. However, there can be no assurance that the Company's cash flow from operating activities and funds available under the line of credit will be adequate for these expenditures.

At March 31, 2000 the Company was in violation of the leverage ratio and the fixed charge coverage ratio covenants of its credit agreement with several banks. The banks have agreed to waive these violations in consideration of certain amendments to the credit agreement. Among other provisions, the amended credit agreement reduces the banks' aggregate commitment from $110 million to $85 million, requires the Company to pledge substantially all its assets as security for amounts advanced, and adjusts the interest rate to the agent bank's Prime Rate or Eurodollar rate plus 0 to 450 basis points, depending on certain performance criteria. During the next quarter, the Company will review with the banks a plan and financial projection for the balance of the term of the credit agreement, which matures on December 3, 2001. It is management's opinion that mutually satisfactory covenants will be negotiated based on this plan. At March 31, 2000, the Company had $64 million outstanding under this credit agreement.

Seasonality

Historically, pawn service charge revenues are highest in the fourth fiscal quarter (July, August and September) due to higher loan demand during the summer months and merchandise sales are highest in the first and second fiscal quarters (October through March) due to the holiday season and tax refunds.

Qualitative and Quantitative Disclosures about Market Risk

The following discussion about the Company's market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. The Company is exposed to market risk related to changes in interest rates and foreign currency exchange rates. The Company does not use derivative financial instruments.

The Company's earnings are affected by changes in interest rates due to the impact those changes have on its variable-rate debt instruments. The majority of the Company's long-term debt at March 31, 2000 is comprised of variable-rate debt instruments. At March 31, 2000, the interest rate on the majority of the Company's variable-rate debt instruments was 131 basis points higher than it was at September 30, 1999. If interest rates average 131 basis points more during fiscal 2000, the Company's interest expense for the year would increase by approximately $0.8 million. This amount is determined by considering the impact of the recent interest rate increase on the Company's variable rate long-term debt at March 31, 2000.

The Company's earnings and financial position are affected by foreign exchange rate fluctuations related to the equity investment in Albemarle & Bond Holdings, plc ("A&B"). A&B's functional currency is the U.K. pound. The U.K. pound exchange rate can directly and indirectly impact the Company's results of operations and financial position in several ways, including potential economic recession in the U.K. resulting from a devalued pound. The impact on the Company's financial position and results of operations of a hypothetical change in the exchange rate between the U.S. dollar and the U.K. pound cannot be reasonably estimated. The translation adjustment representing the weakening in the U.K. pound during the quarter ended March 31, 2000 was approximately $0.3 million. On March 31, 2000, the U.K. pound closed at 0.6266 to 1.00 U.S. dollar, an increase from 0.6186 at December 31, 1999. No assurance can be given as to the future valuation of the U.K. pound and how further movements in the pound could effect future earnings or the financial position of the Company.

Forward-Looking Information

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statement of historical information provided herein are forward-looking and may contain information about financial results, economic conditions, trends and known uncertainties. The Company cautions the reader that actual results could differ materially from those expected by the Company depending on the outcome of certain factors, including without limitation (i) fluctuations in the Company's inventory and loan balances, inventory turnover, average yield on loan portfolio, redemption rates, labor and employment matters, competition, operating risk, acquisition and expansion risk, liquidity and capital requirements, the Company's ability to amend its credit agreement with mutually satisfactory covenants, and the effect of government and environmental regulations and (ii) adverse changes in the market for the Company's services. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligations to release publicly the results of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereon, including without limitation, changes in the Company's business strategy or planned capital expenditures, or to reflect the occurrence of unanticipated events.

PART II

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company is involved in litigation relating to claims arising from its normal business operations. Currently, the Company is a defendant in several lawsuits. Some of these lawsuits involve claims for substantial amounts. While the ultimate outcome of these lawsuits cannot be ascertained, after consultation with counsel, the Company believes the resolution of these suits will not have a material adverse effect on the Company's financial condition or results of operations. However, there can be no assurance as to the ultimate outcome of these matters.

ITEM 2. CHANGES IN SECURITIES

Not Applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

At March 31, 2000, the Company obtained a waiver from its credit agreement lenders for the breach of its leverage ratio covenant and its fixed charge coverage ratio covenant at that date.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a)

Exhibit Number	Description	Incorporated by Reference to
10.79	Second Amendment to Credit Agreement and Waiver between the Company and Wells Fargo Bank Texas, N.A., as Agent and Issuing Bank, re: $85 million Revolving Credit Loan.	Filed herewith
18	Letter from Ernst & Young LLP re: change in accounting principle	Filed herewith
27	Financial Data Schedule	Filed herewith

(b) Reports on Form 8-K

The Company has not filed any reports on Form 8-K for the quarter ended March 31, 2000.

SIGNATURE

Pursuant to the requirements 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.
(Registrant)

Date: May 15, 2000

By: /s/ DAN N. TONISSEN

(Signature)

Daniel N. Tonissen
Senior Vice President,
Chief Financial Officer &
Director

EXHIBIT INDEX

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	27	Financial Data Schedule	Filed herewith

EXHIBIT 10.79

EZCORP, INC.

SECOND AMENDMENT TO

CREDIT AGREEMENT

AND WAIVER

AMENDED AS OF MARCH 31, 2000

WELLS FARGO BANK TEXAS, NATIONAL ASSOCIATION

AS AGENT

AND

ISSUING BANK

SECOND AMENDMENT TO CREDIT AGREEMENT AND WAIVER

THIS SECOND AMENDMENT TO CREDIT AGREEMENT AND WAIVER (this "AMENDMENT") entered into as of March 31, 2000, is among EZCORP, INC., a Delaware corporation ("BORROWER"), each of the Lenders, and WELLS FARGO BANK TEXAS, NATIONAL ASSOCIATION (successor by consolidation to Wells Fargo Bank (Texas), National Association), a national banking association, as Agent for itself and the other Lenders (in such capacity, together with its successors in such capacity the "AGENT"), and as the Issuing Bank.

RECITALS:

A. Borrower, Agent, Lenders and Issuing Bank have previously entered into that certain Credit Agreement dated as of December 10, 1998, as amended by that certain First Amendment to Credit Agreement dated as of September 29, 1999 (as amended, the "AGREEMENT").

B. Borrower, Agent, Lenders and Issuing Bank now desire to amend the Agreement to (i) reduce the aggregate Commitment from One Hundred Ten Million Dollars ($110,000,000) to Eighty-Five Million Dollars ($85,000,000), (ii) provide collateral to secure the Obligations, (iii) modify certain financial covenants, (iv) modify the pricing table in Section 2.10 of the Agreement, and (v) make such other modifications, in each case as hereinafter more specifically provided.

C. Borrower has advised Agent and Lenders that a Default has occurred under the Agreement and has requested a waiver thereof. The Required Lenders desire to grant such waiver as herein provided.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I

Definitions

Section I.1 Definitions. All capitalized terms not otherwise defined herein, shall have the same meanings as in the Agreement, as amended hereby.

ARTICLE II

Amendments and Waiver

Section II.1 Recitals. Effective as of the date hereof, the reference in the recitals to the Agreement to the dollar amount "One Hundred Ten Million and No/100 Dollars ($110,000,000.00)" is hereby deleted and the reference to the dollar amount "Eighty-Five Million and No/100 Dollars ($85,000,000.00)" is inserted in lieu thereof.

Section II.2 Definitions. (a) Effective as of the date hereof, the definition "Loan Documents" is hereby amended and restated to read as follows:

> "Loan Documents" means this Agreement, the Notes, the Guaranties, the Contribution and Indemnification Agreement, the Borrower Security Agreement, the Subsidiary Security Agreement, the Borrower Pledge Agreement, the Subsidiary Pledge

Agreement, the Real Property Security Documents and all other promissory notes, security agreements, assignments, deeds of trust, guaranties, and other instruments, documents, and agreements now or hereafter executed and delivered pursuant to or in connection with this Agreement, as such instruments, documents, and agreements may be amended, modified, renewed, extended, or supplemented from time to time.

(b) Effective as of the date hereof, the following definitions are added to Section 1.1 of the Agreement in appropriate alphabetical order:

"Borrower Pledge Agreement" means the Borrower Pledge Agreement of the Borrower in favor of the Agent for the benefit of the Lenders in substantially the form of Exhibit "G-1" hereto, as the same may be amended, supplemented, or modified.

"Borrower Security Agreement" means the Borrower Security Agreement of the Borrower in favor of the Agent for the benefit of the Lenders in substantially the form of Exhibit "F-1" hereto, as the same may be amended, supplemented, or modified.

"Collateral" means the property in which Liens have been granted to the Agent for the benefit of the Lenders pursuant to the Borrower Security Agreement, the Borrower Pledge Agreement, the Subsidiary Security Agreement, the Subsidiary Pledge Agreement, the Real Property Security Documents, or any other agreement, document, or instrument executed by the Borrower or a Guarantor in accordance with Section 8.13, whether such Liens are now existing or hereafter arise.

"Real Property" means the fee owned real property and interests in fee owned real property of the Borrower and the Subsidiaries, including without limitation, that fee owned real property identified on Schedule 1.1(c) attached hereto, and all improvements and fixtures thereon and all appurtenances thereto, whether now existing or hereinafter arising.

"Real Property Security Documents" means all deeds of trust, mortgages and other instruments, documents and agreements executed and delivered by the Borrower or any Guarantor in favor of the Agent for the benefit of the Lenders, which creates a Lien on such Person's interests in the Real Property, as the same may be amended, supplemented or modified.

"Subsidiary Pledge Agreement" means the Subsidiary Pledge Agreement of each Guarantor in favor of the Agent for the benefit of the Lenders in substantially the form of Exhibit "G-2" hereto, as the same may be amended, supplemented or modified.

"Subsidiary Security Agreement" means the Subsidiary Security Agreement of each Guarantor in favor of the Agent for the benefit of the Lenders in substantially the form of Exhibit "F-2" hereto, as the same may be amended, supplemented, or modified.

Section II.3 Amendment to Pricing Table in Section 2.10. (a) Effective as of May 15, 2000, the table set forth in Section 2.10 of the Agreement is hereby amended and restated to read in its entirety as follows:

Leverage Ratio	Commitment Fee	Eurodollar Margin	Base Rate Margin
Greater than or equal to 5.5 to 1.0	0.25%	4.50%	2.50%
Greater than or equal to 4.5 to 1.0 but less than 5.5 to 1.0	0.25%	3.75%	1.75%
Greater than or equal to 3.5 to 1.0 but less than 4.5 to 1.0	0.25%	3.00%	1.0%
Greater than or equal to 3.0 to 1.0 but less than 3.5 to 1.0	0.25%	2.000%	0%
Greater than or equal to 2.0 to 1.0 but less than 3.0 to 1.0	0.25%	1.375%	0%
Less than 2.0 to 1.0	0.25%	1.00%	0%

(b) Effective as of the date hereof, the following is added to the end of Section 2.10 of the Agreement, to read as follows:

> Notwithstanding anything contained herein to the contrary, for the period beginning May 15, 2000 until the next Adjustment Date, the Commitment Fee, the Eurodollar Margin and the Base Rate Margin shall automatically be adjusted to the highest applicable percentage set forth in the grid above.

Section II.4 Mandatory Reduction or Termination of Commitments. Effective as of the date hereof, the following is added to the end of Section 2.11(b) of the Agreement, to read as follows:

> In addition, on the date the Borrower or any Subsidiary receives funds from mortgages on Real Property, the Commitments shall automatically be reduced by the amount of such funds received, which amount shall not be less than 75% of the appraisal value of such Real Property as determined by the appraisal described in Section 8.13(f) and the Borrower shall simultaneously prepay the amount by which the unpaid principal amount of the Advances plus the Letter of Credit Liabilities exceeds the Commitments (after giving effect to such reduction) plus accrued and unpaid interest on the principal amount so prepaid.

Section II.5 Further Assurances. Effective as of the date hereof, Section 8.10 of the Agreement is hereby amended and restated to read in its entirety as follows:

> Section 8.10 Further Assurances. The Borrower will, and will cause each Subsidiary to, execute and deliver such further agreements and instruments and take such further action as may be reasonably requested by the Agent to carry out the provisions and purposes of this Agreement and the other Loan Documents. Without limiting the foregoing, upon the creation or acquisition of any Subsidiary or a new store by a new Subsidiary or by an existing Subsidiary in a new state, the Borrower shall (a) provide written notice of such event to the Agent within five (5) Business Days following the date the Borrower has knowledge thereof, and (b) cause each such domestic Subsidiary to execute and deliver a Guaranty, a Contribution and Indemnification Agreement, a Subsidiary Security Agreement, a Subsidiary Pledge Agreement, Real Property Security Documents and Uniform Commercial Code financing statements and such other documents required by Section 8.13, each in form and substance satisfactory to the Agent, within thirty (30) calendar days following the date the Borrower has knowledge thereof. If any Subsidiary is created or acquired after the date hereof, the Borrower shall execute and deliver to the Agent (a) an amendment to this Agreement to amend Schedule 7.14 to this Agreement (which only needs the signature of the Agent to be effective if the only change is the addition of the new Subsidiary and (b) any other documents which would have otherwise been required to be delivered to the Agent and the Lenders if such Subsidiary had been a Subsidiary as of March 31, 2000.

Section II.6 Post-Closing Items; Real Property Security Documents. Effective as of the date hereof, a new Section 8.13 is hereby added to Article VIII of to the Agreement to read in its entirety as follows:

Section 8.13 Post-Closing Items; Real Property Security Documents. The Borrower agrees that it shall, and shall cause each Significant Subsidiary, to:

(a) Use its best efforts to obtain and deliver to the Agent on or before August 15, 2000 from each landlord of each real property leased to the Borrower or any Subsidiary, waivers or subordinations to the grant by the Borrower and the Subsidiaries of a Lien to the Agent in the personal property Collateral located on such leased real property, in each case in form and substance reasonably satisfactory to the Agent;

(b) Execute and deliver to the Agent on or before July 7, 2000 Real Estate Security Documents, all in form and substance reasonably satisfactory to the Agent, covering each parcel of the Real Property, with a metes and bounds or other description of each such parcel attached thereto sufficient to permit the filing of such Real Property Security Documents in the applicable real property records;

(c) Deliver to the Agent as soon as available but in any event on or before June 30, 2000, with respect to each parcel of the Real Property, a title insurance commitment issued by a title insurance company selected by the Borrower and reasonably acceptable to the Agent, and all documentation evidencing any exceptions to title reflected thereon, all of which shall be in form and substance reasonably satisfactory to the Agent;

(d) Deliver to the Agent on or before August 31, 2000, with respect to each parcel of the Real Property, a survey of such Real Property and certified by a licensed surveyor selected by the Borrower and reasonably acceptable to the Agent, in form and substance reasonably satisfactory to the Agent;

(e) Deliver to the Agent as soon as available but in any event on or before August 31, 2000, with respect to each parcel of the Real Property, a phase I environmental report for such Real Property, prepared by a third party environmental engineer selected by the Borrower and reasonably acceptable to the Agent;

(f) Deliver to the Agent as soon as available but in any event on or before July 31, 2000, with respect to each parcel of the Real Property, an appraisal for such Real Property by a licensed appraiser selected by the Agent in form and substance satisfactory to the Agent;

(g) Deliver to the Agent as soon as available but in any event on or before September 30, 2000, with respect to each parcel of the Real Property, a lender's title insurance policy (together with any required endorsements thereto) issued by a title insurer selected by the Borrower and reasonably satisfactory to the Agent in an amount equal to the fair market value of the underlying property as determined by the appraisal described in subsection (f) above; and

(h) Deliver to the Agent as soon as available but in any event on or before June 15, 2000, certificates of the appropriate government officials of each state in which EZPAWN Alabama, Inc. is required to qualify to do business and where failure to so qualify could reasonably be expected to have a Material Adverse Effect, all dated after May 1, 2000.

Section II.7 Debt. Effective as of the date hereof, Section 9.1(c) of the Agreement is hereby amended and restated to read as follows:

> (c) Debt incurred in connection with refinancings secured by mortgages on Real Property described in Section 2.11(b), provided that proceeds from such Debt permanently reduce the Commitments pursuant to Section 2.11(b).

Section II.8 Limitations on Liens. (a) Effective as of the date hereof, (i) the word "and" appearing as the last word of Section 9.2(d) of the Agreement is hereby deleted and (ii) Section 9.2(e) of the Agreement is hereby amended and restated to read in its entirety as follows:

> (e) Purchase money Liens securing Permitted Debt described in Section 9.1(b); provided that, the Debt secured by any such Lien encumbers only the assets so purchased; and

(b) Effective as of the date hereof, a new Section 9.2(f) is hereby added to Article IX of the Agreement to read in its entirety as follows:

> (f) Liens securing Permitted Debt described in Section 9.1(c); provided that, the Debt secured by any such Lien encumbers only the Real Property refinanced by such Permitted Debt.

Section II.9 Restricted Payments. Effective as of the date hereof, Section 9.4 of the Agreement is hereby amended and restated to read as follows:

> Section 9.4 Restricted Payments. The Borrower will not declare or pay any dividends or make any other payment or distribution (whether in cash, property, or obligations) on account of its capital stock, or redeem, purchase, retire, or otherwise acquire any of its capital stock, or permit any of its Subsidiaries to purchase or otherwise acquire any capital stock of the Borrower or another Subsidiary, or set apart any money for a sinking or other analogous fund for any dividend or other distribution on its capital stock or for any redemption, purchase, retirement, or other acquisition of any of its capital stock.

Section II.10 Investments. Effective as of the date hereof, Section 9.5 of the Agreement is hereby amended and restated to read as follows:

> Section 9.5 Investments. The Borrower will not make, and will not permit any Subsidiary to make, any advance, loan, extension of credit, or capital contribution to or investment in, or purchase to own, or permit any Subsidiary to purchase or own, any stock, bonds, notes, debentures, or other securities of any Person, except:
>
> > (a) loans and investments listed on Schedule 9.5; and
> >
> > (b) any loans and investments not covered in the previous section of this Section 9.5 not to exceed One Million Dollars ($1,000,000) in the aggregate.

Section II.11 Dispositions of Assets. Effective as of the date hereof, (a) the reference in Section 9.8(d) of the Agreement to the dollar amount "Fifteen Million Dollars ($15,000,000)" is deleted and the reference to the dollar amount "Seventeen Million Dollars ($17,000,000)" is inserted in lieu thereof and (b) the reference in Section 9.8(d) of the Agreement to the date "September 30, 1998" is deleted and the reference to the date "March 31, 2000" is inserted in lieu thereof.

Section II.12 Consolidated Net Worth. Effective as of the date hereof, Section 10.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

Section 10.1 Consolidated Net Worth. Beginning with the Fiscal Quarter ending March 31, 2000, the Borrower will at all times maintain Consolidated Net Worth in an amount not less than (a) One Hundred Fifteen Million Dollars ($115,000,000), plus (b) an amount equal to one hundred percent (100%) of Consolidated Net Income (not less than zero dollars [$0.00]) for all periods subsequent to the Fiscal Quarter ending March 31, 2000, plus (c) an amount equal to one hundred percent (100%) of the Net Proceeds of all equity offerings (including conversions of debt securities into common stock) of the Borrower subsequent to March 31, 2000.

Section II.13 Capital Expenditures. Effective as of the date hereof, Section 10.3 of the Agreement is hereby amended and restated in its entirety to read as follows:

Section 10.3 Capital Expenditures. Borrower will not permit the aggregate amount of Capital Expenditures of the Borrower and the Subsidiaries to exceed (a) Eighteen Million Dollars ($18,000,000) during the Fiscal Year ending September 30, 2000 and (b) Five Million Dollars ($5,000,000) during any Fiscal Year thereafter.

Section II.14 Events of Default. Effective as of the date hereof, the reference in Section 11.1(c) of the Agreement to "Section 8.1" is deleted and the reference to "Section 8.1, Section 8.13" is inserted in lieu thereof.

Section II.15 Successor Agent. Effective as of the date hereof, a new paragraph is hereby added to Section 12.7 of the Agreement to read as follows:

In the event that the Agent, for the benefit of itself and the Lenders, elects or is required to proceed with a foreclosure or other enforcement of any Lien granted to the Agent for the benefit of itself and the Lenders, the Agent may, without in any manner limiting its available remedies, and at the request of the Required Lenders shall, submit a bid for all Lenders (including itself) in the form of a credit against the Obligations, and the Agent or its designee, in the event that the Agent or its designee is the successful bidder at any such foreclosure sale, shall accept title, for the benefit of itself and the Lenders, to the Collateral sold at such foreclosure sale. The Collateral purchased at any such sale held shall be owned by the Agent, or its designee, for the benefit of the Lenders. All monies received or collected by the Agent in respect of the Collateral in connection with a foreclosure sale, or any other disposition of the Collateral, shall be paid to the Lenders pro-rata consistent with Section 4.4 hereof.

Section II.16 Amendments. Effective as of the date hereof, (i) the word "and" appearing as the last word of Section 13.10(f) of the Agreement is hereby deleted, (ii) the period appearing at the end of Section 13.10(g) is hereby amended to be a semi-colon followed by the word "and," and (iii) a new Section 13.10(h) is hereby added to the Agreement to read: "(h) release any Collateral securing the Obligations except in accordance with and as contemplated by the Loan Documents."

Section II.17 Reduction of Commitment. Effective as of the date hereof the aggregate Commitment is hereby reduced from One Hundred Ten Million Dollars ($110,000,000) to Eight-Five Million Dollars ($85,000,000), and accordingly Schedule 1.1(a) to the Agreement is hereby amended to read in the form attached hereto as Schedule 1.1(a).

Section II.18 Exhibits "F-1", "F-2", "G-1" and "G-2" and Schedules 9.1 and 9.5 to the Agreement. Effective as of the date hereof, all references in the Agreement to "Exhibit 'F-1'", "Exhibit 'F-2'", "Exhibit 'G-1'", "Exhibit 'G-2'", "Schedule 9.1" and "Schedule 9.5" are deemed to refer to the Exhibit "F-1", Exhibit "F-2", Exhibit "G-1", Exhibit "G-2", Schedule 9.1 and Schedule 9.5 attached hereto.

Section II.19 Waiver. The Borrower has advised the Agent, the Issuing Bank and the Lenders that (a) a violation of the Leverage Ratio covenant contained in Section 10.2 of the Agreement occurred during the Fiscal Quarter ended March 31, 2000, and (b) a violation of the Fixed Charge Coverage Ratio covenant contained in Section 10.5 of the Agreement occurred during the Fiscal Quarter ended March 31, 2000 (collectively, the "COVENANT DEFAULTS"). Effective as of the date hereof, the Required Lenders hereby waive the Covenant Defaults.

ARTICLE III

Conditions Precedent

Section III.1 Condition. The effectiveness of this Amendment is subject to the satisfaction of the following conditions precedent:

(a) Agent shall have received all of the following, each dated (unless otherwise indicated) the date of this Amendment, in form and substance satisfactory to the Agent:

(i) This Amendment executed by the Borrower, the Agent, the Issuing Bank and the Required Lenders and consented to by the Guarantors.

(ii) The Borrower Security Agreement (herein so called) in the form attached hereto as Exhibit "F-1" executed by the Borrower.

(iii) The Subsidiary Security Agreement (herein so called) in the form attached hereto as Exhibit "F-2" executed by the Guarantors.

(iv) The Borrower Pledge Agreement (herein so called) in the form attached hereto as Exhibit "G-1" executed by the Borrower.

(v) The Subsidiary Pledge Agreement (herein so called) in the form attached hereto as Exhibit "G-2" executed by the Guarantors.

(vi) UCC-1 Financing Statements (the "FINANCING STATEMENTS") executed by the Borrower and the Guarantors in connection with the Borrower Security Agreement, the Subsidiary Security Agreement, the Borrower Pledge Agreement and the Subsidiary Pledge Agreement.

(vii) Resolutions of the Board of Directors of Borrower certified by its secretary or assistant secretary which authorizes the execution, delivery and performance by Borrower of this Amendment, the Borrower Security Agreement, the Borrower Pledge Agreement, the Financing Statements and the other Loan Documents executed in connection herewith.

(viii) A certificate of incumbency certified by the secretary or the assistant secretary of Borrower certifying the names of the officers thereof authorized to sign this Amendment, the Borrower Security Agreement, the Borrower Pledge Agreement, the Financing Statements and the other Loan Documents together with specimen signatures of such officers.

(ix) Resolutions of the Board of Directors of each of the Guarantors certified by its secretary or assistant secretary which authorize the execution, delivery and performance by each of the Guarantors of this Amendment, the Subsidiary Security Agreement, the Subsidiary Pledge Agreement, the Financing Statements and the other Loan Documents executed in connection herewith.

(x) A certificate of incumbency certified by the secretary or the assistant secretary of each Guarantor certifying the names of the officers thereof authorized to sign this Amendment, the Subsidiary Security Agreement, the Subsidiary Pledge Agreement, the Financing Statements and the other Loan Documents together with specimen signatures of such officers.

(xi) A bring down certificate of the Secretary or Assistant Secretary of the Borrower and each Guarantor certifying that the Articles of Incorporation (or Partnership Agreement) and Bylaws have not been modified in any respect from the copies thereof previously provided to the Agent and the Lenders in connection with the Credit Agreement dated as of December 10, 1998 among the Borrower, the Agent, the Issuing Bank and the Lenders.

(xii) Certificates of the appropriate government officials of the state of incorporation of the Borrower and each Guarantor (and state of formation as to Texas EZPAWN L.P. ("TELP")) as to the existence and good standing of the Borrower and each Guarantor and certificates of the appropriate government officials of each state in which the Borrower and each Guarantor is required to qualify to do business and where failure to so qualify could reasonably be expected to have a Material Adverse Effect, all dated within ten (10) days of May 15, 2000.

(xiii) A favorable opinion of Sheinfeld, Maley & Kay, P.C., legal counsel to the Borrower and each Guarantor satisfactory to the Agent as to such matters as the Agent may reasonably request.

(b) No Default. No Default (other than the Covenant Defaults) shall have occurred and be continuing.

(c) Representations and Warranties. All of the representations and warranties contained in Article VII of the Agreement, as amended hereby and in the other Loan Documents shall be true and correct on and as of the date of this Amendment with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent such representations and warranties speak to a specific date.

(d) Waiver and Amendment Fee. Borrower shall have paid to the Agent for the account of the Lenders executing this Amendment a waiver of default and amendment fee in an amount equal to 0.10% of such Lender's Commitment as reduced by Section 2.17 of this Amendment.

ARTICLE IV

Ratifications, Representations and Warranties

Section IV.1 Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Agreement and except as expressly modified and superseded by this Amendment, the terms and provisions of the Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Borrower, Required Lenders, Issuing Bank and Agent agree that the Agreement as amended hereby and the other Loan Documents shall continue to be legal, valid, binding and enforceable in accordance with their respective terms.

Section IV.2 Representations and Warranties. Borrower hereby represents and warrants to Lenders, Agent and Issuing Bank that (i) the execution, delivery and performance of this Amendment and any and all other Loan Documents executed and/or delivered in connection herewith have been authorized by all requisite corporate action on the part of Borrower and will not violate the articles of incorporation or bylaws of Borrower, (ii) the representations and warranties contained in the Agreement, as amended hereby, and any other Loan Document are true and correct on and as of the date hereof as though made on and as of the date hereof, except to the extent such representations and warranties speak to a specific date, (iii) no Event of Default (other than the Covenant Defaults) has occurred and is continuing and no event or condition has occurred that with the giving of notice or lapse of time or both would be an Event of Default, (iv) Borrower is in full compliance with all covenants and agreements contained in the Agreement as amended hereby, (v) the Borrower has no Subsidiaries other than those listed on Schedule 7.14 to the Agreement. All of the outstanding capital stock of each corporate Subsidiary has been validly issued, is fully paid and is nonassessable.

ARTICLE V

Miscellaneous

Section V.1 Survival of Representations and Warranties. All representations and warranties made in this Amendment or any other Loan Document including any Loan Document furnished in connection with this Amendment shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by Lenders, Agent or Issuing Bank or any closing shall affect the representations and warranties or the right of Lenders or Agent or Issuing Bank to rely upon them.

Section V.2 Reference to Agreement. Each of the Loan Documents, including the Agreement and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Agreement as amended hereby, are hereby amended so that any reference in such Loan Documents to the Agreement shall mean a reference to the Agreement as amended hereby.

Section V.3 Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

Section V.4 Applicable Law. This Amendment and all other Loan Documents executed pursuant hereto shall be deemed to have been made and to be performable in Austin, Travis County, Texas and shall be governed by and construed in accordance with the laws of the State of Texas.

Section V.5 Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of Lenders, Agent, Issuing Bank and Borrower and their respective successors and assigns, except Borrower may not assign or transfer any of its rights or obligations hereunder without the prior written consent of Banks.

Section V.6 Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument. Signatures transmitted by facsimile shall be effective as originals.

Section V.7 ENTIRE AGREEMENT. THIS AMENDMENT AND ALL OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THIS AMENDMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

[Remainder of Page Intentionally Left Blank]

Executed as of the date first written above.

BORROWER:

EZCORP, INC.

By:

Daniel N. Tonissen
Chief Financial Officer

Address for Notices:

1901 Capital Parkway
Austin, TX 78746
Fax No.: (512) 314-3402
Telephone No.: (512) 329-5233
Attention: Dan Tonissen
Chief Financial Officer

AGENT AND ISSUING BANK:

WELLS FARGO BANK TEXAS, NATIONAL
ASSOCIATION

By:

Keith Smith
Vice President

Address for Notices:

111 Congress Avenue, Suite 300
Austin, TX 78701
Fax No.: (512) 344-7318
Telephone No.: (512) 344-7011
Attention: Keith Smith

LENDERS:

WELLS FARGO BANK TEXAS, NATIONAL
ASSOCIATION

By:

Keith Smith
Vice President

Address for Notices:

111 Congress Avenue, Suite 300
Austin, TX 78701
Fax No.: (512) 344-7318
Telephone No.: (512) 344-7011
Attention: Keith Smith

Lending Office for Prime Rate Advances
and Eurodollar Advances
111 Congress Avenue
Austin, Texas 78701

BANK ONE, TEXAS, NATIONAL ASSOCIATION

By:

Name:

Title:

Address for Notices:

221 W. Sixth Street, Suite 219
Austin, TX 78701
Fax No.: (512) 479-5720
Telephone No.: (512) 479-5783
Attention: Chris Calvert

Lending Office for Prime Rate Advances
and Eurodollar Advances
221 W. Sixth Street, Suite 219
Austin, Texas 78701

GUARANTY FEDERAL BANK, F.S.B.

By:

Name:

Title:

Address for Notices:

301 Congress, Suite 1500
Austin, TX 78701
Attention: Chris Harkrider
Fax No.: (512) 320-1041
Telephone No.: (512) 320-1205

Lending Office for Prime Rate Advances
and Eurodollar Advances
8333 Douglas Avenue
Dallas, TX 75255

COMERICA BANK-TEXAS

By:

Name:

Title:

Address for Notices:

P.O. Box 2727
Austin, Texas 78768
Fax No.: (512) 427-7120
Telephone No.: (512) 427-7121
Attention: Mark Hensley

and

1601 West Elm Street
Thanksgiving Tower, 4th Floor
P.O. Box 650282
Dallas, Texas 75265-0282
Telephone No.: (214) 969-6472
Attention: Gary Orr, Chief Credit Officer

Lending Office for Prime Rate Advances
and Eurodollar Advances
804 Congress Avenue
Suite 320
Austin, Texas 78701

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION

By:

Name:

Title:

Address for Notices

700 Lavaca, 2nd Floor
Austin, Texas 78701
Fax No.: (512) 479-2814
Telephone No.: (512) 479-2244
Attention: Blake Beavers

Lending Office for Prime Rate Advances
and Eurodollar Advances
700 Lavaca, 2nd Floor
Austin, Texas 78701

Guarantors hereby consent and agree to this Amendment and agree that each Guaranty shall remain in full force and effect and shall continue to (i) guarantee the Obligations, and (ii) be the legal, valid and binding obligation of Guarantors enforceable against Guarantors in accordance with their respective terms.

GUARANTORS:

EZPAWN ALABAMA, INC.
EZPAWN ARKANSAS, INC.
EZPAWN COLORADO, INC.
EZPAWN FLORIDA, INC.
EZPAWN GEORGIA, INC.
EZPAWN HOLDINGS, INC.
EZPAWN INDIANA, INC.
EZPAWN LOUISIANA, INC.
EZPAWN NEVADA, INC.
EZPAWN NORTH CAROLINA, INC.
EZPAWN OKLAHOMA, INC.
EZPAWN TENNESSEE, INC.
TEXAS EZPAWN MANAGEMENT, INC.
EZ CAR SALES, INC.
EZPAWN CONSTRUCTION, INC.
EZPAWN KANSAS, INC.
EZPAWN KENTUCKY, INC.
EZPAWN MISSOURI, INC.
EZPAWN SOUTH CAROLINA, INC.
EZCORP INTERNATIONAL, INC.
EZ MONEY NORTH CAROLINA, INC.

By:

Daniel N. Tonissen
Senior Vice President

TEXAS EZPAWN L.P.

By: TEXAS EZPAWN MANAGEMENT, INC.,
its sole general partner

By:

Daniel N. Tonissen
Senior Vice President

EXHIBIT 18

May 15, 2000

Board of Directors

EZCORP, Inc.
1901 Capital Parkway
Austin, Texas 78746

Dear Sirs:

Note B of Notes to Interim Condensed Consolidated Financial Statements (Unaudited) of EZCORP, Inc. included in its Form 10-Q for the period ended March 31, 2000 describes a change in the method of accounting for pawn service charge revenue recognition. After the change, the Company will accrue pawn service charge revenues only on the percentage of loans expected to be repaid, and inventory obtained through loan default will be recorded at the lower of cost (the principal amount of the loan) or market. Previously, pawn service charges were accrued on all loans, and the carrying value of the forfeited collateral was the lower of cost (principal amount of loan plus accrued pawn service charges) or market.

There are no authoritative criteria for determining a "preferable" pawn service charge method based on the particular circumstances; however, we conclude that such change in the method of accounting is to an acceptable alternative method which, based on your business judgment to make this change and for the stated reasons, is preferable in your circumstances. We have not conducted an audit in accordance with generally accepted auditing standards of any financial statements of the Company as of any date or for any period subsequent to September 30, 1999, and therefore we do not express any opinion on any financial statements of EZCORP, Inc. subsequent to that date.

Very truly yours,

/s/ Ernst & Young LLP

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MAR-31-2000
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(13,715)
(1.14)
(1.14)