

EZCORP INC  
Form S-4/A  
November 04, 2008

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*File No. 333-153703*

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM S-4/A  
PRE-EFFECTIVE AMENDMENT NO. 1  
to  
REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933  
EZCORP, INC.  
(Exact name of registrant as specified in its charter)**

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**5900**  
(Primary Standard Industrial  
Classification Code Number)  
**1901 CAPITAL PARKWAY  
AUSTIN, TEXAS 78746  
(512) 314-3400**

**74-2540145**  
(I.R.S. Employer  
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

Approximate dates of commencement of proposed sale to public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the information of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said section 8(a), may determine.**

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The information in this proxy statement/prospectus is not complete and may be changed. EZCORP may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this document is a part, is declared effective. This proxy statement/prospectus is not an offer to sell these securities and EZCORP is not soliciting an offer to buy these securities in any state where an offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 4, 2008  
**VALUE FINANCIAL SERVICES, INC.**  
**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**Date:** \_\_\_\_\_, 2008

**Time:** 5:00 p.m.

**Place:** The Memphis Hilton  
939 Ridge Lake Boulevard  
Memphis, TN 38120

Dear Shareholders:

The board of directors of Value Financial Services, Inc., a Florida corporation (VFS), has called this special meeting of shareholders for the following purposes:

1. To approve: (i) the articles of amendment to the amended and restated articles of incorporation of VFS to amend the effective time of a mandatory conversion of series A-1 participating stock, series A-2 participating stock and series B participating stock to occur upon approval of such mandatory conversion with no requirement of prior written notice, subject to approval and completion of the merger; and (ii) the conversion of all participating stock into common stock, subject to approval and completion of the merger (upon completion of the merger, all accrued and unpaid dividends due to the holders of the series A-2 participating stock will be paid in full).
2. To approve the merger agreement by and between VFS, EZCORP, Inc., a Delaware corporation (EZCORP) and Value Merger Sub, Inc., a Florida corporation (Merger Sub) pursuant to which Merger Sub will merge with and into VFS. In the merger, VFS's shareholders will receive 0.75 shares of EZCORP's Class A Non-voting Common Stock (the EZCORP Shares) for each share of VFS's common stock. EZCORP will also pay a limited amount of additional consideration to VFS shareholders who sell their EZCORP Shares in the open stock market within 125 days after closing of the merger at prices either above or below \$14.67 per share. Further, EZCORP will pay cash of \$11.00 per share for up to 20% of the outstanding VFS common stock, on an as converted basis, to VFS shareholders who elect to receive cash instead of EZCORP Shares.
3. To transact any other business that may properly come before the special meeting.

**Appraisal Rights**

VFS has determined that you are entitled to assert appraisal rights under Chapter 607 of the Florida Statutes. In accordance with Florida law, a copy of Sections 607.1301-607.1333 of the Florida Statutes, regarding your entitlement to assert appraisal rights, is attached as Exhibit D to the accompanying proxy statement/prospectus.

**Record Date**

If you were a shareholder of record as of September 16, 2008, you are entitled to notice of and to vote on matters to which you are entitled at the special meeting. A list of VFS's shareholders entitled to vote at the meeting will be available during business hours at our offices, 1063 Maitland Commons Boulevard, Suite 200, Maitland, Florida 32751 for examination by any shareholder for any purpose germane to the meeting.

By Order of the Board of Directors,

/s/ John D. Thedford

John D. Thedford

*Chairman of the Board, Chief Executive Officer and President*

\_\_\_\_\_, 2008

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**Exhibits**

- A The Merger Agreement
- B Articles of Amendment to the Amended and Restated Articles of Incorporation of VFS
- C Fairness Opinion of Stephens, Inc.
- D Selected Provisions of the Florida Business Corporation Act (Appraisal Rights)
- E The Voting Agreement
- F Proxy Ballot

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

The following questions and answers are intended to address some commonly asked questions regarding the special meeting, the merger, the merger agreement, the amendment and the conversion. These questions and answers may not address all questions that may be important to you as a shareholder of Value Financial Services, Inc. (VFS). Please refer to the more detailed information contained elsewhere in this proxy statement/prospectus, the exhibits to this proxy statement/prospectus and the documents referred to in and delivered with this proxy statement/prospectus.

**Q: WHAT AM I BEING ASKED TO VOTE ON?**

**A:** Holders of outstanding VFS shares are being asked to vote on the following proposals:

1. To approve: (i) the amendment; and (ii) the conversion, both of which are subject to approval of the merger and the merger agreement and completion of the merger (upon completion of the merger, all accrued and unpaid dividends due to the holders of the series A-2 participating stock will be paid in full);
2. To approve the merger agreement and the merger; and
3. To transact any other business that may properly come before the special meeting.

**Q: WHAT IS THE DATE, TIME AND PLACE OF THE SPECIAL MEETING?**

**A:** The special meeting of shareholders of VFS will be held at the Memphis Hilton located at 939 Ridge Lake Boulevard, Memphis, TN 38120, on \_\_\_\_\_, 2008, at 5:00 p.m., local time.

**Q: WHO IS SOLICITING MY PROXY?**

**A:** This proxy is being solicited by the board of directors of VFS.

**Q: WHAT ARE THE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER?**

**A:** Subject to the discussion under Material United States Federal Income Tax Consequences of the Merger, in connection with the filing of the registration statement of which this document forms a part, the merger will (1) qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Internal Revenue Code or the Code) and (2) EZCORP, Inc. (EZCORP), Value Merger Sub, Inc. and VFS will each be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code. Assuming the merger so qualifies, for United States federal income tax purposes, United States holders of VFS common stock will recognize gain (but will not recognize any loss), and the gain recognized will be equal to the lesser of (i) any cash received and (ii) the excess of (x) the sum of the cash received and the fair market value of the EZCORP common stock received over (y) the VFS common shareholder's tax basis in the shares of VFS common stock exchanged. In addition, the VFS common shareholder will recognize gain or loss attributable to cash received in lieu of a fractional share of EZCORP common stock. Please refer to the section entitled The Merger Material United States Federal Income Tax Consequences of the Merger beginning on page [\_\_\_\_] of this proxy statement/prospectus.

**Q: WHAT IF I DON'T AGREE WITH VFS'S DETERMINATION OF THE FAIR VALUE OF MY SHARES?**

**A:** Under Florida law, you are entitled to assert your appraisal rights with respect to your shares and demand payment of your estimate of the fair value of your shares, as determined immediately prior to completion of the merger. A court of competent jurisdiction would then make a determination of the fair value of your shares, and VFS would pay you that amount, in cash. **In order to perfect your appraisal rights, you must not vote any of your shares in favor of the merger or the merger agreement, and you must fully comply with the provisions in Sections 607.1301-607.1333 of the Florida Statutes, which are summarized in *The Merger Agreement Appraisal Rights*, page 82, and the full text of which is set forth in Exhibit D attached to this proxy statement/prospectus.**

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**Q: DO I HAVE APPRAISAL RIGHTS?**

A: Yes. As a holder of VFS common stock, you are entitled to appraisal rights under the Florida Business Corporation Act in connection with the merger if you meet certain conditions and follow certain required procedures. See The Merger Appraisal Rights beginning on page [\_\_\_\_] of this proxy statement/prospectus.

**Q: WHAT IF THE AMENDMENT OR CONVERSION IS APPROVED AND THE MERGER IS NOT?**

A: Neither the amendment nor the conversion will become effective unless the merger agreement and the merger are approved and the merger is completed.

**Q: WHAT IS THE EFFECT OF THE AMENDMENT?**

A: Currently, if holders of any series of VFS participating stock vote to convert their shares into common stock, the conversion will not become effective until ten days notice has been delivered to each affected holder. The amendment removes the ten day notice requirement, such that the conversion will occur upon approval of the conversion as described herein.

**Q: WILL I BE PAID ANY OF THE UNPAID DIVIDENDS OWED TO ME?**

A: It depends on the class of stock you hold as of the record date. The only shareholders entitled to dividends are the holders of VFS series A-2 participating stock. Such holders will be paid all of their accrued and unpaid dividends upon completion of the merger. As of June 30, 2008, the accrued, unpaid dividends on the series A-2 participating stock totaled approximately \$2.5 million. We estimate the accrued dividends on the series A-2 participating stock will equal approximately \$3.9 million upon completion of the merger and is approximately \$3.4 million as of the date of this proxy statement/prospectus.

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**Q: HOW DOES THE VFS BOARD OF DIRECTORS RECOMMEND THAT I VOTE?**

A: The VFS board of directors recommends that you should vote **FOR** each of the proposals.

**Q: HAVE ANY VFS SHAREHOLDERS ALREADY COMMITTED TO VOTE FOR THE PROPOSALS?**

A: Yes, three members of the VFS board of directors have agreed to vote their shares in favor of the merger. *See The Voting Agreement, page 85.*

**Q: WHO IS ENTITLED TO VOTE AT THE SPECIAL MEETING?**

A: Only shareholders of record as of the close of business on September 16, 2008, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. If you hold shares of VFS series A-1 participating stock or VFS series B participating stock, you will have one vote at the special meeting for each share you owned at the close of business on the record date with respect to the merger. If you hold shares of VFS series A-2 participating stock, you will have 4.43 votes at the special meeting for each share you owned at the close of business on the record date with respect to the merger. With respect to the amendment and the conversion, each share of each class of VFS participating stock is entitled to one vote within their respective class.

**Q: WHAT DO I NEED TO DO NOW? HOW DO I VOTE?**

A: We urge you to read this proxy statement/prospectus, including its exhibits, carefully, and to consider how the conversion, the amendment, the merger agreement and the merger affect you. If you are a shareholder of record, then you can ensure that your shares are voted at the special meeting by submitting your proxy.

**Q: HOW ARE VOTES COUNTED?**

A: For any proposal, you may vote **FOR**, **AGAINST** or **ABSTAIN**. Abstentions will not count as votes cast on a proposal, but will count for the purpose of determining whether a quorum is present. As a result, if you **ABSTAIN**, it has the same effect as if you vote **AGAINST** the applicable proposal.

If you sign and return your proxy and do not indicate how you want to vote, your proxy will be voted **FOR** each of the proposals, and in accordance with the judgment of the person(s) named as attorneys in the proxy on any other matters properly brought before the meeting for a vote.

**Q: MAY I VOTE IN PERSON?**

A: Yes. You may attend the special meeting and vote your shares in person. We urge you to sign, date and return the enclosed proxy card or to vote as soon as possible, even if you plan to attend the special meeting, as it is important that your shares be represented and voted at the special meeting. If you attend the special meeting, you may vote in person as you wish, even

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though you have previously returned your proxy card. *See Q: May I change my vote after I have mailed my signed proxy card?, below.*

**Q: WHEN SHOULD I SEND IN MY PROXY CARD?**

A: You should send in your proxy card as soon as possible so that your shares will be voted at the special meeting.

**Q: MAY I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?**

A: Yes. You may change your vote at any time before the shares reflected on your proxy card are voted at the special meeting. If your shares are registered in your name, you can do this in one of three ways: (1) you can deliver to VFS a written notice stating that you would like to revoke your proxy; the written notice should bear a date later than the proxy card; (2) you can complete, execute and deliver to VFS a new, later-dated proxy card for the same shares, provided the new proxy card is received before the polls close at the special meeting; or (3) you can attend the meeting and vote in person. Your attendance alone will not revoke your proxy. Any written notice of revocation should be delivered to VFS corporate secretary at or before the taking of the vote at the special meeting.

**Q: SHOULD I SEND IN MY STOCK CERTIFICATE(S) NOW?**

A: No. After the merger is completed, you will receive written instructions, including a letter of transmittal, for exchanging your shares for the applicable merger consideration.

**Q: WHEN DO THE PARTIES EXPECT THE MERGER TO BE COMPLETED?**

A: The parties expect to complete the merger immediately after shareholder approval of the conversion, the amendment, the merger and the merger agreement. It should be noted that if the merger has not been consummated by December 31, 2008, any of the parties to the merger agreement may terminate the merger agreement.

**Q: WHEN WILL I RECEIVE THE CONSIDERATION FOR MY SHARES?**

A: After the merger is completed, you will receive written instructions, including a letter of transmittal, that explain how to exchange your shares for the applicable consideration. When you properly complete and return the required documentation described in the written instructions, you will promptly receive from the paying agent a payment of the cash portion of the consideration for your shares.

**Q: WHO CAN HELP ANSWER MY OTHER QUESTIONS?**

A: If you have any questions please call John Thedford at (407) 339-0064 or VFS's legal counsel, Jeffery Bahnsen, Esq., at (561) 955-7600.

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**PROXY STATEMENT/PROSPECTUS  
SUMMARY**

*The following is a summary of the information contained elsewhere in this proxy statement/prospectus. This summary may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the other documents to which it refers. In particular, you should read the Exhibits attached to this proxy statement/prospectus, including the merger agreement which is attached as Exhibit A and is incorporated by reference into this proxy statement/prospectus. In addition, EZCORP incorporates by reference into this proxy statement/prospectus important business and financial information about EZCORP. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled Where You Can Find More Information, page 122.*

**The Companies**

EZCORP, Inc.

1901 Capital Parkway

Austin, TX 78746

(512) 314-3400

<http://www.ezcorp.com>

EZCORP is primarily a lender or provider of credit services to individuals who do not have cash resources or access to credit to meet their short-term cash needs. In 294 U.S. EZPAWN and 30 Mexico Empeño Fácil locations open on June 30, 2008, EZCORP offers non-recourse loans collateralized by tangible personal property, commonly known as pawn loans. At these locations, EZCORP also sells merchandise, primarily collateral forfeited from its pawn lending operations, to consumers looking for good value. In 461 EZMONEY locations and 71 EZPAWN locations open on June 30, 2008, EZCORP offers short-term non-collateralized loans, often referred to as payday loans, or fee based credit services to customers seeking loans.

Value Financial Services, Inc.

1063 Maitland Center Commons Blvd.

Suite 200

Maitland, FL 32751

[www.valuepawnandjewelry.com](http://www.valuepawnandjewelry.com)

VFS operates 60 stores in Florida, making it the second largest pawn lender in the state, based on information provided by the National Pawnbrokers Association. VFS also operates seven stores in Georgia and Tennessee, each of which has characteristics that VFS believes are generally favorable to the provision of pawn loans.

Value Merger Sub, Inc.

1901 Capital Parkway

Austin, TX 78746

(512) 314-3400

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Merger Sub is a wholly-owned subsidiary of EZCORP that was incorporated in Florida on June 5, 2008. Merger Sub does not engage in any operations and exists solely to facilitate the merger.

**Structure of the Merger (See Page 91)**

Under the terms of the proposed merger, Merger Sub will be merged with and into VFS. The separate corporate existence of Merger Sub will cease, and VFS will continue as the surviving corporation and will become a wholly-owned subsidiary of EZCORP upon completion of the merger. The merger agreement dated September 16, 2008, by and among EZCORP, VFS and Merger Sub is attached as Exhibit A to this proxy statement/prospectus.

The completion of the merger is scheduled to take place immediately after the approval of the (1) amendment of VFS's articles of incorporation to amend the effective time of a mandatory conversion of certain participating stock to occur upon approval of such mandatory conversion with no requirement of prior written notice, (2) conversion of all shares of VFS participating stock into VFS common stock, and (3) merger agreement and the merger by a majority of the VFS shareholders and when each of the other conditions of the merger agreement have been satisfied or waived. It should be noted that if the merger has not been consummated by December 31, 2008, any of the parties to the merger agreement may terminate the merger agreement.

**Merger Consideration (See Page 91)**

VFS shareholders will be entitled to receive, upon the effectiveness of the merger and at such shareholder's election, either (1) 0.75 shares of EZCORP Class A Non-voting Common Stock (the "EZCORP Shares"), rounded up to the nearest whole EZCORP Share, or (2) \$11.00 cash for each share of VFS common stock owned by such shareholder at the effective time of the merger. The cash consideration is limited to 20% or less of the issued and outstanding VFS common stock, assuming for all purposes the exercise or conversion into common stock of all their outstanding capital stock other than common stock and exercise of all options, warrants or other conversion rights or rights to acquire VFS's common stock (the "VFS Common Stock"), and will be prorated if more VFS shareholders than the maximum decide to elect to receive the cash consideration.

The components of the merger consideration were developed by EZCORP to satisfy the following concerns of EZCORP and VFS, and the needs of VFS shareholders as EZCORP perceived them:

EZCORP desired, to the extent acceptable to VFS shareholders, to issue EZCORP Shares as consideration in the merger.

EZCORP realized that if it issued stock instead of cash as consideration, the time involved to complete the merger would be longer because of the necessity for SEC registration to issue the stock.

EZCORP believed that use of EZCORP stock as consideration would be acceptable to more VFS shareholders if EZCORP provided some sort of price protection against market swings in the EZCORP stock price.

EZCORP wanted to offer an incentive for taking EZCORP stock which would also improve the price per share and thereby discourage competing offers, or at least make EZCORP's offer look more attractive to the VFS shareholders.

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EZCORP believed that several of the smaller VFS shareholders wanted cash and not stock.

These considerations led EZCORP to offer a limited option to receive either EZCORP stock or cash in the merger and also to offer the deficiency guaranty and premium reserve described below. If you sell your EZCORP Shares in open market sales on NASDAQ within 125 days after closing of the merger, you may be entitled to additional payments described in the next section.

**Value of Merger Consideration the Deficiency Guaranty and the Premium Reserve (See Page 91)***Deficiency Guaranty*

EZCORP has agreed to provide VFS shareholders some price protections if they sell their EZCORP Shares received in the merger within 125 days after the closing of the merger. Pursuant to such guaranty, EZCORP will pay a selling shareholder the difference between \$14.67 per share and the gross price per share the selling shareholder actually receives, if less than \$14.67 per share, up to a maximum of \$4.01 per share.

If you sell your EZCORP Shares at \$14.67 per share, you will receive the equivalent of \$11.00 per share of VFS Common Stock ( $\$14.67 \times 0.75$  EZCORP Shares = \$11.00 per VFS share). If you sell your EZCORP Shares at less than \$10.66 per share within 125 days after the closing of the merger, the total amount of consideration, including the deficiency guaranty, will be less than \$11.00 per share of VFS Common Stock, because the deficiency guaranty will not make up the entire difference between the sale price of your EZCORP Shares and the \$11.00 cash per share merger consideration. Two examples of the deficiency guaranty are set forth below:

| Sales Price of | Deficiency<br>Guaranty | Total Amount<br>Received for<br>EZCORP | Equivalent<br>Value per |
|----------------|------------------------|--|-------------------------|
| EZCORP Share   | Amount                 | Share                                  | VFS Share               |
| \$12.00        | \$2.67                 | \$ 14.67                               | \$11.00                 |
| \$10.00        | \$4.01                 | \$ 14.01                               | \$10.51                 |

In the second example above, the equivalent price per VFS share (when multiplied by the 0.75 exchange rate of EZCORP Shares per each share of VFS Common Stock) equals less than the \$11.00 agreed value of VFS shares for purposes of the merger.

If and to the extent that a VFS shareholder does not sell their EZCORP Shares within 125 days after the closing of the merger, they will not be entitled to any deficiency guaranty payment.

*Premium Reserve*

In addition to the deficiency guaranty, EZCORP has agreed to provide VFS shareholders who decide to sell their EZCORP Shares within 125 days after the closing of the merger a premium for sales of their EZCORP Shares for more than \$14.67 per share. For VFS



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shareholders who sell their EZCORP Shares for more than \$14.67 per share and, after a five day waiting period to facilitate share distribution, within the (1) first 35 day period from the date of the closing of the merger, EZCORP will pay \$1.33 per share, (2) second 30 day period from the date of the closing of the merger, \$1.00 per share, (3) third 30 day period from the date of the closing of the merger, \$0.67 per share, and (4) fourth 30 day period from the date of the closing of the merger, \$0.33 per share.

For example, a VFS shareholder who sells his stock for \$15.00 per share within 125 days after the closing of the merger would receive the following: in the following cases

| Days<br>After<br>Closing | Sales Price of<br>EZCORP<br>Share | Premium<br>Reserve<br>Amount | Total Amount<br>Received for<br>EZCORP<br>Share | Equivalent<br>Value per<br>VFS Share |
|--------------------------|-----------------------------------|------------------------------|---|--------------------------------------|
| 20                       | \$ 15.00                          | \$1.33                       | \$ 16.33  | \$12.25                              |
| 45                       | \$ 15.00                          | \$1.00                       | \$ 16.00  | \$12.00                              |
| 90                       | \$ 15.00                          | \$0.67                       | \$ 15.67  | \$11.75                              |
| 120                      | \$ 15.00                          | \$0.33                       | \$ 15.33  | \$11.50                              |

If and to the extent that a VFS shareholder does not sell their EZCORP Shares within 125 days after the closing of the merger, or sell the shares for less than \$14.67 per share, they will not be entitled to any premium reserve payment. EZCORP will promptly pay the full amount of any premium reserve payments that become due. The maximum amount EZCORP will be required to pay is \$6,646,527, if all VFS shareholders elect to receive EZCORP Shares, and all of these shares are sold for more than \$14.67 per share within 35 days after closing.

**Comparative Market Prices and Share Information**

EZCORP Class A Non-voting Common Stock is quoted on the NASDAQ Global Select Market under the symbol EZPW. VFS, as a private company, does not have publicly traded stock. EZCORP offered to pay \$11.00 per share as merger consideration. The following table shows the closing sale price of EZCORP Class A Non-voting Common Stock as reported on the NASDAQ Global Select Market on September 16, 2008, the last trading day before we announced the merger, and on [ ], 2008, the last practicable trading day before distribution of this document. This table also shows the implied value of the EZCORP Shares to be used as merger consideration for each share of VFS common stock, which we calculated by multiplying the closing price of EZCORP Shares on those dates by the exchange ratio of 0.75. This implied value excludes the effect of any deficiency guaranty or premium reserve payment, as described above, as we cannot predict whether VFS shareholders will sell their EZCORP Shares during the period covered by the deficiency guarantee and premium reserve or the price at which VFS shareholders would sell their EZCORP Shares.

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|                       | EZCORP<br>Class A             |                     | Implied Value<br>of<br>One Share of<br>VFS |
|-----------------------|-------------------------------|---------------------|--|
|                       | Non-voting<br>Common<br>Stock | VFS Common<br>Stock | Common Stock                               |
| At September 16, 2008 | \$ 16.35                      | \$ 11.00            | \$ 12.2625                                 |
| At [ ], 2008          | \$ [ ]                        | \$ [ ]              | \$ [ ]                                     |

*The market price of EZCORP Class A Non-voting Common Stock will fluctuate prior to the merger. VFS shareholders are urged to obtain current market quotations for EZCORP's shares prior to making any decision with respect to the merger.*

**The EZCORP Shares are Non-Voting (See Page 99)**

The EZCORP Shares to be issued in the merger do not have voting rights. Only the Series B Voting Common Stock of EZCORP has the right to vote on any matter not required by the Delaware General Corporation Law to be voted upon separately by each class of equity securities. As such, VFS shareholders who receive EZCORP Shares in the merger will not have the right to vote for the election of directors or for other matters generally requiring a vote of common stockholders of a corporation. *See Comparison of the Rights and Privileges of the VFS Common Stock and the EZCORP Shares, page 99.*

**Conditions to Closing the Merger (See Page 93)**

The respective obligations of EZCORP, VFS and Merger Sub to complete the merger are subject to the satisfaction of a number of conditions.

**Termination (See Page 95)**

The merger agreement may be terminated by EZCORP, VFS or Merger Sub under certain circumstances at any time prior to the completion of the merger, whether before or after adoption of the merger agreement by VFS shareholders.

**Termination Fee (See Page 96)**

A termination fee of \$5 million may be payable by VFS to EZCORP upon the termination of the merger agreement under certain circumstances, including the failure of the VFS shareholders to approve the merger.

**Non-Solicitation Agreement (See Page 96)**

VFS has agreed that it will not solicit or encourage, directly or indirectly, any proposal or offer or engage in any negotiations with respect to any Acquisition Proposal, as such term is defined in the merger agreement. VFS has also agreed that it will immediately cease and cause to be terminated any existing negotiations with any third parties with respect to any Acquisition Proposal.

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VFS has agreed to promptly notify EZCORP if it receives any other acquisition proposals or acquisition inquiries and the material terms thereof.

**Recommendation of the VFS Board of Directors to its Shareholders (See Pages 56 and 66)**

The VFS board of directors has unanimously determined that the merger agreement and the merger are advisable and fair to, and in the best interests of, VFS and its shareholders, and unanimously approved the merger and the merger agreement. The VFS board of directors unanimously recommends that the VFS shareholders vote **FOR** each of the proposals. *See Reasons for the Merger, page 66. You should read this section.*

**Risk Factors (See Page 21)**

VFS shareholders should carefully consider the risk factors listed in this proxy statement/prospectus in evaluating whether to vote in favor of the proposal to adopt the merger agreement.

**Opinion of VFS's Financial Advisor (See Page 69)**

VFS's financial advisor, Stephens, Inc., (Stephens), delivered its opinion to the board of directors of VFS to the effect that, as of September 10, 2008, and based upon and subject to the various considerations described in its written opinion, the consideration to be received by the holders of VFS common stock pursuant to the merger agreement was fair, from a financial point of view, to the holders of such common stock.

The full text of the written opinion of Stephens, which sets forth the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by Stephens in rendering its opinion, is attached as Exhibit C to this proxy statement/prospectus. VFS shareholders are urged to, and should, read the opinion carefully and in its entirety. Stephens provided its opinion for the use and benefit of the board of directors of VFS in connection with its consideration of the merger. The Stephens opinion addresses only the fairness, from a financial point of view, of the consideration to be received by the VFS shareholders as of September 10, 2008, the date of the Stephens opinion. Although the merger agreement was revised to provide each shareholder with the right to select the category of merger consideration to be received (e.g., cash or stock), the VFS board did not request Stephens to provide an updated fairness opinion because Stephens had only opined as to the fairness, from a financial point of view, of the merger consideration of \$11.00 per share and not as to the category of consideration to be received. Accordingly, because the merger consideration of \$11.00 per share remained the same and Stephens had already opined as to its fairness, from a financial point of view, the VFS board did not believe that an updated fairness opinion would have provided it with any new or meaningful information. The Stephens opinion does not address the merits of the underlying decision by VFS to engage in the merger and does not constitute a recommendation as to how any holder of VFS Common Stock should vote on the proposed merger or any other matter.

**Vote Required by VFS Shareholders (See Page 54)**

The affirmative vote of a majority of the shares of each class of VFS stock, voting separately as a class, is required to approve the amendment and the conversion. The affirmative

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vote of a majority of the shares of the series A-1 and B participating stock voting together as a class and the series A-2 participating stock voting separately as a class is required to approve the merger and merger agreement.

As of the record date for the special meeting, VFS's directors, executive officers and their affiliates, as a group, beneficially owned and were entitled to vote an aggregate of approximately 57% of the outstanding series A-1, 8% of the outstanding series A-2 and 42% of the outstanding series B participating stock.

Pursuant to a voting agreement entered into by and among EZCORP, Merger Sub and three VFS directors who are shareholders of VFS, these VFS shareholders have agreed to vote their shares of VFS Common Stock in favor of adoption of the merger agreement. As of the record date for the VFS special meeting, VFS shareholders who are a party to the Voting Agreement collectively owned an aggregate of approximately 47% of the outstanding series A-1, 8% of the outstanding series A-2 and 37% of the outstanding series B participating stock.

**Interests of Certain VFS Officers and Directors in the Merger (See Page 86)**

When considering the recommendation by the VFS board of directors, you should be aware that John Thedford, the Chairman of the board, CEO and President of VFS, has interests in the merger that are different from, or in addition to, those of other VFS shareholders. Mr. Thedford will be released from his current employment obligations to VFS upon consummation of the merger. Mr. Thedford will then become an employee of Texas EZPAWN, L.P., a subsidiary of EZCORP and his title will be President of EZPAWN Worldwide. Mr. Thedford will be entitled to the following as the President of EZPAWN Worldwide:

- (1) A base salary of \$524,000 per year, with consideration for yearly merit increases, which are not guaranteed;
- (2) An unguaranteed annual bonus whereby Mr. Thedford may not earn any bonus or he may earn up to 150% of his base salary;
- (3) Consideration for (no guaranty) stock compensation based on performance; and
- (4) Severance payment equal to one year's salary if terminated without cause.

In comparison, Mr. Thedford, under his current employment agreement with VFS, is entitled to a base salary of \$425,000 per year and is eligible to earn a yearly bonus of 100% of his base salary. Mr. Thedford is not, however, eligible to receive any performance based equity compensation under his current employment agreement with VFS.

**EZCORP Will List the EZCORP Shares on NASDAQ (See Page 82)**

EZCORP has agreed to use its reasonable best efforts to cause the EZCORP Shares to be issued to VFS shareholders pursuant to the merger agreement to be authorized for listing on the NASDAQ Global Select Market, subject to notice of issuance. The listing of the shares on the NASDAQ Global Select Market (subject to notice of issuance) is a condition to VFS's obligation to complete the merger.

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**Accounting Treatment of the Merger (See Page 82)**

The merger will be accounted for as a purchase transaction for EZCORP, as the acquirer, for financial reporting purposes under U.S. generally accepted accounting principles.

**EZCORP's Credit Facility (See Page 98)**

EZCORP has secured an amendment to its existing credit facility with a banking syndicate led by Wells Fargo Bank, N.A., as agent and issuing bank. This amendment to EZCORP's credit facility will provide for, among other things, (1) an \$80 million revolving credit facility that EZCORP may request to be increased to \$110 million, and (2) a \$40 million term loan.

The credit facility amendments and related loan documents have been placed in escrow pending the earlier of (1) the closing of the merger or (2) December 31, 2008.

**SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA OF EZCORP**

The tables below present summary selected consolidated financial data of EZCORP prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The following selected financial data should be read in conjunction with EZCORP's consolidated financial statements and related notes, Management's Discussion and Analysis of Financial Condition and Results of Operations, and other financial information in EZCORP's Annual Report on Form 10-K for the fiscal year ended September 30, 2007 as filed with the SEC on December 14, 2007, which is incorporated by reference into this proxy statement/prospectus. *See Where You Can Find More Information, page 122.*

The consolidated statement of operations data set forth below for the nine months ended June 30, 2008 and June 30, 2007 and the consolidated balance sheet data as of June 30, 2008 and June 30, 2007, are derived from, and are qualified by reference to the unaudited condensed consolidated financial statements of EZCORP and the related notes thereto that are incorporated by reference into this proxy statement/prospectus. The consolidated statement of operations data set forth below for the fiscal year ended September 30, 2007, September 30, 2006 and September 30, 2005, and the consolidated balance sheet data as of September 30, 2007 and September 30, 2006, are derived from, and qualified by reference to, the audited financial statements of EZCORP and the related notes thereto that are incorporated by reference into this proxy statement/prospectus. The consolidated statement of operations data for the fiscal year ended September 30, 2004 and September 30, 2003, and the consolidated balance sheet data as of September 30, 2005, September 30, 2004 and September 30, 2003, are derived from audited financial statements not included in, or incorporated by reference into, this proxy statement/prospectus.

**Table of Contents****Selected Financial Data EZCORP**

Fiscal Years Ended September 30,

2003 2004 2005 2006 2007

*(Amounts in thousands, except per share and store figures)***Operating Data:**

|   |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|
| Sales   | \$ 134,591 | \$ 143,472 | \$ 148,410 | \$ 177,424 | \$ 192,987 |
| Pawn service charges  | 58,175     | 59,090     | 62,274     | 65,325     | 73,551     |
| Signature loan fees   | 12,538     | 23,874     | 42,200     | 71,840     | 104,347    |
| Other   | 1,045      | 1,361      | 1,275      | 1,263      | 1,330      |
| Total revenues  | 206,349    | 227,797    | 254,159    | 315,852    | 372,215    |
| Cost of goods sold  | 86,100     | 88,202     | 90,678     | 106,873    | 118,007    |
| Net revenues  | 120,249    | 139,595    | 163,481    | 208,979    | 254,208    |
| Store operating expenses  | 81,822     | 87,898     | 97,079     | 111,738    | 128,602    |
| Signature loan bad debt   | 3,551      | 8,067      | 13,000     | 17,897     | 28,508     |
| Corporate administrative expenses   | 17,008     | 21,845     | 23,067     | 27,749     | 31,749     |
| Depreciation and amortization   | 8,775      | 7,512      | 8,104      | 8,610      | 9,812      |
| Interest expense (income), net  | 2,006      | 1,528      | 1,275      | (79)       | (1,373)    |
| Equity in net income of unconsolidated affiliate  | (1,412)    | (1,739)    | (2,173)    | (2,433)    | (2,945)    |
| (Gain) loss on sale of assets   | 170        | 3          | 79         | (7)        | (72)       |
| Impairment of investment  | 1,100      |            |            |            |            |
| Income before income taxes and cumulative effect of adopting a new accounting principle | 7,229      | 14,481     | 23,050     | 45,504     | 59,927     |
| Income tax expense (benefit)  | (1,170)    | 5,358      | 8,298      | 16,245     | 22,053     |
| Income before cumulative effect of adopting a new accounting principle                  | 8,399      | 9,123      | 14,752     | 29,259     | 37,874     |
| Cumulative effect of adopting a new accounting principle, net of tax                    | (8,037)    |            |            |            |            |
| Net income  | \$ 362     | \$ 9,123   | \$ 14,752  | \$ 29,259  | \$ 37,874  |
| Earnings per common share, diluted  | \$ 0.01    | \$ 0.23    | \$ 0.36    | \$ 0.69    | \$ 0.88    |
| Cash dividends per common share   | \$         | \$         | \$         | \$         | \$         |
| Weighted average common shares and share equivalents, diluted                           | 37,656     | 39,366     | 40,722     | 42,264     | 43,230     |
| Stores operated at end of period  | 284        | 405        | 514        | 614        | 731        |

September 30,

2003 2004 2005 2006 2007

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(in thousands)

**Balance Sheet Data:**

|                      |           |           |           |           |           |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Pawn loans           | \$ 47,955 | \$ 49,078 | \$ 52,864 | \$ 50,304 | \$ 60,742 |
| Payday loans         | 3,630     | 7,292     | 1,634     | 2,443     | 4,814     |
| Inventory            | 29,755    | 30,636    | 30,293    | 35,616    | 37,942    |
| Working capital      | 90,885    | 93,062    | 92,954    | 117,539   | 124,871   |
| Total assets         | 153,690   | 164,322   | 165,448   | 197,858   | 251,186   |
| Long-term debt       | 31,000    | 25,000    | 7,000     |           |           |
| Stockholders equity  | 105,478   | 116,729   | 133,543   | 170,140   | 215,925   |
| Book value per share | \$ 2.88   | \$ 3.15   | \$ 3.46   | \$ 4.20   | \$ 5.23   |

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|   | Nine Months Ended June 30,  |            |
|---|---|------------|
|   | 2007  | 2008       |
|   | <i>(Amounts in thousands, except per share and store figures)</i> |            |
| <b>Operating Data:</b>  |   |            |
| Sales   | \$ 141,688  | \$ 170,472 |
| Pawn service charges  | 51,496  | 67,384     |
| Signature loan fees   | 74,132  | 94,917     |
| Other   | 1,007   | 1,228      |
| <br>  |   |            |
| Total revenues  | 268,323   | 334,001    |
| Cost of goods sold  | 85,618  | 101,732    |
| <br>  |   |            |
| Net revenues  | 182,705   | 232,269    |
| Store operating expenses                                      | 94,087  | 113,185    |
| Signature loan bad debt                                       | 19,086  | 24,847     |
| Corporate administrative expenses                             | 23,528  | 29,541     |
| Depreciation and amortization                                 | 7,194   | 9,027      |
| Interest expense (income), net                                | (1,285)   | (131)      |
| Equity in net income of unconsolidated affiliate              | (2,185)   | (3,162)    |
| (Gain) loss on sale of assets                                 | (131)   | 527        |
| Other   |   | 11         |
| <br>  |   |            |
| Income before income taxes                                    | 42,411  | 58,424     |
| Income tax expense  | 15,692  | 22,026     |
| <br>  |   |            |
| Net income  | \$ 26,719   | \$ 36,398  |
| <br>  |   |            |
| Earnings per common share, diluted                            | \$ 0.62   | \$ 0.84    |
| <br>  |   |            |
| Cash dividends per common share                               | \$  | \$         |
| <br>  |   |            |
| Weighted average common shares and share equivalents, diluted | 43,393  | 43,269     |
| <br>  |   |            |
| Stores operated at end of period                              | 688   | 785        |
| <br>  |   |            |
|   | June 30,  |            |
|   | 2007  | 2008       |
|   | <i>(in thousands)</i>   |            |
| <b>Balance Sheet Data:</b>                                    |   |            |
| Pawn loans  | \$ 58,053   | \$ 68,022  |
| Payday loans  | 4,514   | 6,598      |
| Inventory   | 33,641  | 39,444     |
| Working capital   | 129,223   | 147,732    |
| Total assets  | 231,364   | 285,999    |
| Long-term debt  |   |            |
| Stockholders' equity  | 203,586   | 256,716    |



|                      |  |         |         |
|----------------------|--|---------|---------|
| Book value per share |  | \$ 4.93 | \$ 6.19 |
|----------------------|--|---------|---------|

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**SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA OF VFS**

The tables below present summary selected consolidated financial data of VFS prepared in accordance with U.S. generally accepted accounting principles, or GAAP. You should read the information set forth below in conjunction with the selected consolidated financial data, the audited consolidated financial statements and related notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations in this proxy statement/prospectus.

The summary selected consolidated operating data for the six months ended June 30, 2008 and June 30, 2007, and the summary selected consolidated balance sheet data as of June 30, 2008 are derived from the unaudited consolidated financial statements of VFS and the related notes thereto that are contained elsewhere in this proxy statement/prospectus. The summary selected consolidated operating data for the fiscal years ended December 31, 2007, 2006 and 2005 and the summary selected consolidated balance sheet data as of December 31, 2007, 2006 and 2005 are derived from the audited consolidated financial statements of VFS and the related notes thereto that are contained elsewhere in this proxy statement/prospectus. The summary selected consolidated balance sheet data as of June 30, 2007 are derived from the unaudited consolidated financial statements of VFS not contained in this proxy statement/prospectus but that were prepared on the same basis as those contained elsewhere in this proxy statement/prospectus. The summary selected consolidated statement of income data for the fiscal years ended December 31, 2004 and 2003 and the summary selected balance sheet data as of December 31, 2004 and 2003 are derived from the audited consolidated financial statements of VFS not contained in this proxy statement/prospectus but that were prepared on the same basis as those contained elsewhere in this proxy statement/prospectus.

**Table of Contents****Selected Financial Data VFS**

|   | Fiscal Years Ended December 31,                                   |           |                      |           |           |
|---|---|-----------|----------------------|-----------|-----------|
|   | 2003  | 2004      | 2005                 | 2006      | 2007      |
|   | <i>(Amounts in thousands, except per share and store figures)</i> |           |                      |           |           |
| <b>Operating Data:</b>  |   |           |                      |           |           |
| Sales   | \$ 34,299   | \$ 39,802 | \$ 47,378            | \$ 62,348 | \$ 76,514 |
| Pawn service charges  | 17,361  | 18,611    | 20,786               | 24,090    | 28,394    |
| Other   | 943   | 1,150     | 1,085                | 1,376     | 1,566     |
| Total revenues  | 52,603  | 59,563    | 69,249               | 87,814    | 106,474   |
| Cost of goods sold  | 22,883  | 25,120    | 29,289               | 39,339    | 47,834    |
| Net revenues  | 29,720  | 34,443    | 39,960               | 48,475    | 58,640    |
| Store operating expenses (excluding depreciation)             | 19,240  | 20,879    | 23,822               | 28,865    | 34,265    |
| Corporate administrative expenses                             | 4,623   | 5,211     | 6,499                | 7,815     | 21,234    |
| Depreciation  | 1,557   | 1,406     | 1,435                | 1,674     | 1,816     |
| Interest expense (income), net                                | 1,516   | 1,264     | 1,297                | 1,135     | 2,544     |
| Loss on sale of assets  |   | 162       | 60                   | 108       | 248       |
| Income (loss) before income taxes                             | 2,784   | 5,521     | 6,847                | 8,878     | (1,467)   |
| Income tax expense (benefit)                                  | (1,434)   | (12,354)  | 2,593                | 3,448     | (486)     |
| Net income (loss)   | \$ 4,218  | \$ 17,875 | \$ 4,254             | \$ 5,430  | \$ (981)  |
| Earnings per common share, basic*                             | n/a   | n/a       | n/a                  | n/a       | n/a       |
| Earnings (loss) per common share, diluted                     | \$ 0.68   | \$ 2.90   | \$ 0.69              | \$ 0.88   | \$ (0.15) |
| Cash dividends per common share **                            | n/a   | n/a       | n/a                  | n/a       | n/a       |
| Cumulative participating stock dividends                      | \$ 2,975  | \$ 3,570  | \$ 4,112             | \$ 4,792  | \$ 3,834  |
| Weighted average common shares and share equivalents, basic*  | n/a   | n/a       | n/a                  | n/a       | n/a       |
| Weighted average common shares and share equivalents, diluted | 6,161   | 6,161     | 6,161                | 6,161     | 6,413     |
|   | 2003  | 2004      | December 31,<br>2005 | 2006      | 2007      |
|   | <i>(in thousands)</i>   |           |                      |           |           |
| <b>Balance Sheet Data:</b>                                    |   |           |                      |           |           |
| Cash  | \$ 771  | \$ 727    | \$ 1,646             | \$ 760    | \$ 795    |
| Total assets  | 37,192  | 47,628    | 51,663               | 51,849    | 57,175    |
| Total debt  | 23,200  | 16,483    | 17,517               | 11,711    | 31,188    |
| Total shareholders equity                                     | 9,455   | 27,330    | 30,832               | 36,260    | 18,582    |
| Book value per share  | \$ 1.75   | \$ 5.06   | \$ 5.71              | \$ 6.71   | \$ 3.16   |

\*

For all periods presented, VFS had no outstanding common stock. Therefore, the calculation of the weighted average number of common shares outstanding, basic and earnings (loss) per common share, basic is not applicable.

\*\* For all periods presented, VFS had no outstanding common stock. Therefore, the calculation of cash dividends declared per common share is not applicable. However, on April 3, 2007, VFS's board of directors declared a cash dividend totaling approximately \$21.4 million to the holders of the 1,516,590 shares of Series A-2 participating stock outstanding, representing accumulated unaccrued dividends for

the period from  
August 2001  
through  
June 2007.

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|   | Six Months Ended June 30,   |           |
|---|---|-----------|
|   | 2007  | 2008      |
|   | <i>(Amounts in thousands, except per share and store figures)</i> |           |
| <b>Operating Data:</b>  |   |           |
| Sales   | \$ 33,376   | \$ 42,249 |
| Pawn service charges  | 13,660  | 15,370    |
| Other   | 718   | 712       |
| <br>  |   |           |
| Total revenues  | 47,754  | 58,331    |
| Cost of goods sold  | 20,701  | 25,335    |
| <br>  |   |           |
| Net revenues  | 27,053  | 32,996    |
| Store operating expenses (excluding depreciation)             | 16,536  | 19,732    |
| Corporate administrative expenses                             | 13,130  | 5,767     |
| Depreciation  | 847   | 973       |
| Interest expense (income), net                                | 432   | 1,000     |
| Loss on sale of assets  | 117   | 10        |
| <br>  |   |           |
| Income (loss) before income taxes                             | (4,009)   | 5,514     |
| Income tax expense (benefit)                                  | (1,557)   | 2,188     |
| <br>  |   |           |
| Net income (loss)   | \$ (2,452)  | \$ 3,326  |
| <br>  |   |           |
| Earnings (loss) per common share, basic*                      | n/a   | n/a       |
| Earnings (loss) per common share, diluted                     | \$ (0.40)   | \$ 0.50   |
| <br>  |   |           |
| Cash dividends per common share **                            | n/a   | n/a       |
| Cumulative participating stock dividends                      | \$ 2,612  | \$ 1,256  |
| <br>  |   |           |
| Weighted average common shares and share equivalents, basic*  | n/a   | n/a       |
| Weighted average common shares and share equivalents, diluted | 6,176   | 6,646     |

|                            | June 30,              |         |
|----------------------------|-----------------------|---------|
|                            | 2007                  | 2008    |
|                            | <i>(in thousands)</i> |         |
| <b>Balance Sheet Data:</b> |                       |         |
| Cash                       | \$ 3,082              | \$ 762  |
| Total assets               | 60,728                | 57,665  |
| Total debt                 | 37,344                | 29,700  |
| Total shareholders' equity | 17,214                | 21,907  |
| Book value per share       | \$ 2.92               | \$ 3.72 |

\* For all periods presented, VFS had no outstanding

common stock.  
Therefore, the  
calculation of  
the weighted  
average number  
of common  
shares  
outstanding,  
basic and  
earnings  
(loss) per  
common share,  
basic is not  
applicable.

\*\* For all periods  
presented, VFS  
had no  
outstanding  
common stock.  
Therefore, the  
calculation of  
cash dividends  
declared per  
common share  
is not  
applicable.  
However, on  
April 3, 2007,  
VFS's board of  
directors  
declared a cash  
dividend  
totaling  
approximately  
\$21.4 million to  
the holders of  
the 1,516,590  
shares of  
Series A-2  
participating  
stock  
outstanding,  
representing  
accumulated  
unaccrued  
dividends for  
the period from  
August 2001  
through  
June 2007.





**Table of Contents****SUMMARY SELECTED UNAUDITED PRO FORMA  
CONDENSED COMBINED FINANCIAL DATA**

The following table presents summary unaudited pro forma condensed combined financial data which reflects the merger. The summary unaudited pro forma condensed combined financial data are derived from and should be read in conjunction with the unaudited pro forma condensed combined financial statements and related notes thereto included in this proxy statement/prospectus. See *Unaudited Pro Forma Financial Statements, page 106*, and *Unaudited Pro Forma Financial Statements - Notes to Unaudited Pro Forma Condensed Combined Financial Statements, page 112*.

|   | Year Ended<br>September<br>30, 2007                               | Nine Months<br>Ended<br>June 30,<br>2007 | Nine Months<br>Ended<br>June 30,<br>2008 |
|---|---|--|--|
|   | <i>(Amounts in thousands, except per share and store figures)</i> |  |  |
| <b>Operating Data:</b>  |   |  |  |
| Sales   | \$ 265,014  | \$ 195,074                               | \$ 237,290                               |
| Pawn service charges  | 100,968   | 71,499                                   | 90,098                                   |
| Signature loan fees   | 104,347   | 74,132                                   | 94,917                                   |
| Other   | 2,841   | 2,136                                    | 2,405                                    |
| Total revenues  | 473,170   | 342,841                                  | 424,710                                  |
| Cost of goods sold  | 163,736   | 119,454                                  | 142,306                                  |
| Net revenues  | 309,434   | 223,387                                  | 282,404                                  |
| Store operating expenses                                      | 160,997   | 117,873                                  | 142,326                                  |
| Signature loan bad debt                                       | 28,508  | 19,086                                   | 24,847                                   |
| Corporate administrative expenses                             | 49,401  | 38,624                                   | 39,472                                   |
| Depreciation and amortization                                 | 11,584  | 8,520                                    | 10,483                                   |
| Interest expense (income), net                                | 1,164   | 617                                      | 1,772                                    |
| Equity in net income of unconsolidated affiliate              | (2,945)   | (2,185)                                  | (3,162)                                  |
| (Gain) loss on sale of assets                                 | 171   | (5)                                      | 588                                      |
| Other   |   |  | 11                                       |
| Income before income taxes                                    | 60,554  | 40,857                                   | 66,067                                   |
| Income tax expense (benefit)                                  | 22,299  | 15,074                                   | 25,023                                   |
| Net income  | \$ 38,255   | \$ 25,783                                | \$ 41,044                                |
| Earnings per common share, diluted                            | \$ 0.81   | \$ 0.54                                  | \$ 0.87                                  |
| Cash dividends per common share                               | \$  | \$                                       | \$                                       |
| Weighted average common shares and share equivalents, diluted | 47,218  | 47,381                                   | 47,257                                   |
| Stores operated at end of period                              | 793   | 750                                      | 850                                      |

June 30, 2008

*(in thousands)***Balance Sheet Data:**

|  |           |
|--|-----------|
| Pawn loans                               | \$ 86,039 |
| Payday loans                             | 6,598     |
| Inventory                                | 52,721    |
| Working capital                          | 153,099   |
| Total assets                             | 383,297   |
| Long-term debt (current and non-current) | 27,752    |
| Stockholders' equity                     | 320,205   |
| Book value per share                     | \$ 7.05   |

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**COMPARATIVE PER SHARE DATA**

The following table presents for EZCORP Class A Non-voting Common Stock and VFS participating stock, assuming conversion to common stock, certain historical, pro forma and pro forma-equivalent per share financial information. In accordance with requirements of the SEC, the pro forma and pro forma-equivalent per share information gives effect to the merger as if the merger had been effective on the dates presented, in the case of the book value data, and as if the merger had become effective on October 1, 2006, the beginning of the first period presented, in the case of the net income and dividends paid data. The unaudited pro forma data in the table assumes that the merger is accounted for using the purchase method of accounting and represents a current preliminary estimate based on available information of the combined company's results of operations. The pro forma financial adjustments record the assets and liabilities of VFS at their preliminary estimated fair values and are subject to adjustment as additional information becomes available and as additional analyses are performed. See Unaudited Pro Forma Condensed Combined Financial Information on page [ ]. The information in the following table is based on, and should be read together with, the historical financial information that we have presented in our prior filings with the SEC.

We anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses and revenue enhancement opportunities. The unaudited pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of possible business model changes as a result of current market conditions which may impact revenues, expense efficiencies and other factors. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during these periods nor is it indicative of the results of operations in future periods or the future financial position of the combined company. The Comparative Per Share Data for the nine months ended June 30, 2008 and the year ended September 30, 2007 combines the historical income per share data of EZCORP and VFS giving effect to the merger as if the merger had become effective on October 1, 2006, using the purchase method of accounting. The pro forma adjustments are based upon available information and certain assumptions that EZCORP management believes are reasonable. Upon completion of the merger, the operating results of VFS will be reflected in the consolidated financial statements of EZCORP on a prospective basis.

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|  | <b>Comparative Per Share Data (1)</b> |            |                                       |   |
|--|---------------------------------------|------------|---------------------------------------|---|
|  | <b>EZCORP</b>                         | <b>VFS</b> | <b>Pro Forma<br/>Combined<br/>(2)</b> | <b>Per<br/>Equivalent<br/>VFS Share<br/>(3)</b> |
| <b>Income (loss) from continuing operations - diluted:</b> |                                       |            |                                       |   |
| For the year ended September 30, 2007                      | \$0.88                                | N/A        | \$ 0.81                               | \$ 0.61   |
| For the year ended December 31, 2007                       | N/A                                   | \$(0.15)   | N/A                                   | N/A   |
| For the nine months ended June 30, 2008                    | \$0.84                                | N/A        | \$ 0.87                               | \$ 0.65   |
| For the six months ended June 30, 2008                     | N/A                                   | \$ 0.50    | N/A                                   | N/A   |
| <b>Dividends paid per common share (4):</b>                |                                       |            |                                       |   |
| For the year ended September 30, 2007                      | \$                                    | \$         | \$                                    | \$  |
| For the nine months ended June 30, 2008                    | \$                                    | \$         | \$                                    | \$  |
| <b>Book value (5):</b>                                     |                                       |            |                                       |   |
| As of September 30, 2007                                   | \$5.23                                | \$ 3.16    | N/M                                   | N/M   |
| As of June 30, 2008  | \$6.19                                | \$ 3.72    | \$ 7.05                               | \$ 5.29   |

(1) Due to different fiscal year-end dates, interim results are not directly comparable. EZCORP interim results are for a nine-month period and VFS interim results are for a six-month period. Pro Forma Combined results and Per Equivalent VFS Share results include the results of each entity for the comparable EZCORP fiscal periods of the year ended September 30, 2007 and the

nine months  
ended June 30,  
2008.

- (2) Does not reflect the impact of possible business model changes that may impact revenues, expense efficiencies and other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict future results.
- (3) Reflects VFS shares at the exchange ratio of 0.75.
- (4) For all periods presented, VFS had no outstanding common stock. Therefore, the calculation of cash dividends paid per common share is not applicable. However, on April 3, 2007, VFS's board of directors declared a cash dividend totaling approximately \$21.4 million to the holders of the 1,516,590

shares of  
Series A-2  
participating  
stock  
outstanding,  
representing  
accumulated  
unaccrued  
dividends for  
the period from  
August 2001  
through  
June 2007.

- (5) Book value as  
of  
September 30,  
2007 is not  
meaningful  
(N/M) as  
purchase price  
accounting  
adjustments  
were calculated  
as of June 30,  
2008.

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**RISK FACTORS**

*You should carefully consider the following risks before deciding whether to vote in favor of the merger proposal. In addition, you should read and consider the risks associated with the business of EZCORP, which risks can be found in the documents incorporated by reference into this proxy statement/prospectus, because these risks will also affect the combined company.*

**Risks Related to the Merger and the Combined Entity**

***The integration of VFS with EZCORP's business after the merger may not be successful or anticipated benefits from the merger may not be realized.***

After completion of the merger, EZCORP will have significantly larger operations than EZCORP did prior to the merger. EZCORP's ability to realize the benefits of the merger will depend in part on the timely integration of VFS's organization, operations, procedures, policies and technologies with EZCORP, as well as the harmonization of differences in VFS's business culture and practices with EZCORP. EZCORP's management will be required to devote a significant amount of time and attention to integrating VFS's business with EZCORP. There is a significant degree of difficulty and management involvement inherent in that process. These difficulties include the following:

integrating the operations of VFS's business with EZCORP's business while carrying on the ongoing operations of each business;

diversion of management's attention from the management of daily operations to the integration of VFS with EZCORP;

managing a significantly larger company than before completion of the merger;

realizing economies of scale and eliminating duplicative overheads;

the possibility of faulty assumptions underlying EZCORP's expectations regarding the integration process;

coordinating businesses located in different geographic regions;

integrating VFS's business culture and practices with EZCORP, which may prove to be incompatible;

attracting and retaining the personnel associated with VFS's business following the merger;

creating and instituting uniform standards, controls, procedures, policies and information systems and minimizing the costs associated with such matters; and

integrating information, purchasing, accounting, finance, sales, billing, payroll and regulatory compliance systems.

There is no assurance that VFS will be successfully or cost-effectively integrated into EZCORP. The process of integrating VFS into EZCORP's operations may cause an interruption of, or loss of momentum in, the activities of EZCORP's business. If EZCORP's management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, the business of the combined companies could suffer and the results of its operations and financial condition may be harmed.

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All of the risks associated with the integration process could be exacerbated by the fact that EZCORP may not have a sufficient number of employees with the requisite expertise to integrate the businesses or to operate the combined business after the merger. If the combined companies do not hire or retain employees with the requisite skills and knowledge to run its business including the acquired VFS business after the merger, it may have a material adverse effect on the combined companies.

EZCORP cannot assure you that it will realize the anticipated benefits and value of the merger or successfully integrate VFS with EZCORP's existing operations. Even if EZCORP is able to successfully combine VFS's business operations with EZCORP's, it may not be possible to realize the full benefits and value that are currently expected to result from the merger, or realize these benefits and value within the time frame that is currently expected. For example, the elimination of duplicative costs may not be possible or may take longer than anticipated, or the benefits and value gained from the merger may be offset by costs incurred or delays in integrating the companies. If the combined companies fail to realize anticipated cost savings, synergies or revenue enhancements EZCORP anticipates from the merger, its financial results and results of operations may be adversely affected.

EZCORP has not engaged in any prior mergers and has not made any other acquisitions of companies or assets as large as VFS. EZCORP has engaged in other acquisitions in the range of \$20 million and less. It has not experienced significant operating problems with these acquisitions.

***A change in the business climate may cause the actual benefits and value of the merger to differ from the anticipated benefits and value of the merger.***

A change in the business climate surrounding the business after the merger may affect the combined companies' customer activities and actions. This could cause its financial results and results of operations to be adversely affected. This may also cause the actual benefits and value of the merger to differ from the benefits and value anticipated from the merger.

***VFS shareholders may receive merger consideration that is inconsistent with their elections.***

Although VFS shareholders will be able to elect to receive cash or EZCORP Shares for their VFS Common Stock, the merger agreement provides that the election to receive cash is limited to 20% of the total VFS Common Stock. Because of this limitation, if you elect to receive cash, your election may be re-allocated if the total cash elections exceed approximately 20% of the VFS Common Stock.

***The Internal Revenue Service may not treat the merger as a tax-free transaction within the meaning of Section 368(a) of the Code.***

While the parties anticipate that the merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code, there can be no assurance that the IRS will agree. A successful IRS challenge to the status of the merger as a tax-free reorganization would result in a VFS shareholder being treated as if he or she sold his or her VFS common stock in a



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taxable transaction. In such event, a VFS shareholder would be required to recognize all of his or her realized gain or loss with respect to the disposition of his or her VFS common stock equal to the difference between such VFS shareholder's basis in such stock and the fair market value, as of the date the merger becomes effective, of the EZCORP common stock.

**Risks Related to EZCORP**

***EZCORP will incur significant costs and expenses associated with the merger.***

EZCORP expects to incur significant costs and expenses associated with the merger, which include but are not limited to transaction fees (approximately \$0.6 million), professional service fees (approximately \$0.5 million) and regulatory filing fees (approximately \$0.1 million). EZCORP also believes it may incur charges to operations, which are not currently reasonably estimable, in the quarter in which the merger is completed or the following quarters, to reflect costs associated with integrating VFS into EZCORP. There can be no assurance that EZCORP will not incur additional material charges in subsequent quarters to reflect additional costs associated with the merger and the integration of VFS into EZCORP.

***Issuance of the EZCORP Shares in the merger could have a dilutive effect and cause EZCORP's earnings per share to decrease.***

In the merger, EZCORP will issue a total of nearly 5 million shares of its Class A Non-voting Common Stock if all VFS shareholders elect to receive EZCORP Shares. This will increase the number of issued and outstanding shares of EZCORP Class A Non-voting Common Stock by approximately 13%. If EZCORP is unable to realize sufficient value from the acquisition of VFS and its assets in the merger, the issuance of these shares would decrease the net asset value per share of EZCORP stock, thereby decreasing the value of those shares in the hands of EZCORP shareholders and possibly causing EZCORP's stock market price to drop.

***The Florida Business Corporation Act gives shareholders the right to have the value of their stock appraised by a Florida court, which could raise the cost of acquiring the VFS stock.***

The Florida Business Corporation Act provides that shareholders who do not vote in favor of the merger, assert their right to be paid fair value for their shares and do not accept EZCORP's estimate of the fair value of VFS shares after the merger, can seek to have a Florida state court review the transaction and award them fair value for their shares. If a significant number of minority shareholders assert these appraisal rights, a Florida court might disagree with EZCORP's valuation and award the shareholders a significantly higher price than the \$11.00 per share EZCORP intends to pay. *See The Merger Agreement Appraisal Rights, page 82.*

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***The Guaranty Fund and the Premium Reserve may increase the incentive of the VFS shareholders to sell the EZCORP Shares they obtain in the merger and drive down the price of EZCORP stock.***

To induce VFS's board of directors and shareholders to approve the merger, EZCORP agreed to pay additional cash consideration to the VFS shareholders if they sell their stock within 125 days after closing of the merger, if they sell at a price either above or below \$14.67 per EZCORP Share. During the 125 day period, the additional cash consideration gives a limited amount of price protection to VFS shareholders if the EZCORP Share price falls, and to provide an incentive to sell EZCORP Shares at prices only in excess of the \$14.67 valuation on which the merger consideration was based. *See The Merger Agreement Value of Merger Consideration the Deficiency Guaranty and the Premium Reserve, page 91.*

Because these additional payments are available for only a limited, 125 day period after closing, VFS shareholders may feel an additional urge to sell their EZCORP Shares to obtain either the price protection, if the price goes down, or the premium payment, if the price goes up. Thus, these potential payments could increase selling of EZCORP Shares and send EZCORP's share price down, resulting in losses in EZCORP share value to those VFS shareholders who do not sell their EZCORP Shares.

***Stephens may not have considered all facts a VFS shareholder would believe to be important to a decision whether to approve the merger.***

The VFS board of directors received an opinion from Stephens dated September 10, 2008, that the merger was fair to the VFS shareholders. At the time the opinion was rendered the proposed transaction differed from the one embodied in the final merger agreement, principally because on September 10, the exchange of EZCORP Shares in the merger was to be made only to a limited number of VFS shareholders instead of to all VFS shareholders. In addition, Stephens did not address the relative merits of the merger agreement in comparison with any potential alternatives to the merger. Further, it does not address the underlying decision of the board to proceed with or effect the merger, or any other aspect of the board's consideration of the merger. Therefore, VFS shareholders might conclude that the Stephens opinion failed to address all concerns that they wish to have addressed in considering whether to approve the merger. *See Reasons for the Merger, page 69, and The Stephens Fairness Opinion, page 69.*

**Risks Related to VFS**

***The merger agreement restricts VFS's ability to negotiate with other potential acquirers and may discourage others from making a more attractive acquisition offer.***

The merger agreement contains a non-solicitation clause that prevents VFS and its officers, directors, employees, agents or representatives from directly or indirectly soliciting or encouraging other acquisition proposals from third parties prior to the effective date. By refraining from seeking other better offers, VFS may forego a potentially better acquisition proposal from a third party. *See The Merger Agreement Non-Solicitation Agreement, page 96.*

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*If VFS terminates the merger agreement it may be required to pay EZCORP a termination fee, and the termination fee may discourage others from making a more favorable acquisition offer to VFS and may increase the costs to VFS if the merger is not consummated.*

The merger agreement requires VFS to pay a \$5 million termination fee to EZCORP if:

VFS terminates the merger agreement because it has entered into an acquisition transaction with a third party as described in the preceding paragraph;

The VFS board of directors fails to recommend the merger to its shareholders;

The VFS shareholders fail to approve the merger;

The merger agreement is terminated by EZCORP or the Merger Sub after a material breach of the merger agreement by VFS; or

The merger agreement is terminated by EZCORP or the Merger Sub because VFS has not satisfied any of the conditions precedent to EZCORP's and Merger Sub's obligations to close.

Existence of the termination fee may discourage other third parties from considering an offer to acquire VFS on terms more attractive than those contained in the merger agreement, because it increases the cost of an acquisition of VFS by third parties by the \$5 million amount of the fee. It limits the ability of VFS to pursue alternatives to the merger that could potentially be better for the VFS shareholders than the merger.

In addition, the termination fee is payable if the board of directors fails to recommend the merger to the VFS shareholders, if the VFS shareholders do not vote to approve the merger or if the merger agreement is terminated by EZCORP after a breach of the Agreement or fail to satisfy a condition to closing by VFS. Potential payment of the termination fee in any of these events would harm VFS's financial results in the period in which the fee would become payable.

**Cautionary Statement Regarding Forward-Looking Statements**

This proxy statement/prospectus and the documents incorporated herein by reference include 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. The parties intend that all forward-looking statements be subject to the safe harbors created by these laws. All statements other than statements of historical information are forward-looking and may contain information about financial results, economic conditions, trends, planned store openings, acquisitions and known uncertainties. These statements are often, but not always, made with words or phrases like may, should, could, predict, potential, believe, expect, anticipate, seek, estimate, intend, plan, projection, or similar expressions. All forward-looking statements are based on current expectations regarding important risk factors. Many of these risks and uncertainties are beyond our control, and in many cases, the parties cannot predict all of the risks and uncertainties that could cause its actual results to differ materially from those expressed in the forward-looking statements. Actual results could differ materially from those expressed in the forward-looking

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statements, and you should not regard them as a representation that the expected results will be achieved. Important risk factors that could cause results or events to differ from current expectations are described in this proxy statement/prospectus under the heading "Risk Factors" and in the sections entitled "Risk Factors" in EZCORP's Annual Report on Form 10-K for the year ended September 30, 2007. These factors are not intended to be an all-encompassing list of risks and uncertainties that may affect EZCORP's operations, performance, development and results. You are cautioned not to overly rely on these forward-looking statements, which are current only as of the date hereof. The parties undertake no obligation to release publicly the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this report, including without limitation, changes in our business strategy or planned capital expenditures, acquisitions, store growth plans or to reflect unanticipated events.

**THE MERGER PARTIES**

**EZCORP**

EZCORP lends or provides credit services to individuals who do not have cash resources or access to credit to meet their short-term cash needs. Our services include pawn loans and short-term non-collateralized loans, often called payday loans or fee-based credit services to customers seeking loans (collectively, "signature loans"). The pawn loans are non-recourse loans collateralized by tangible personal property. We also sell merchandise, primarily collateral forfeited from our pawn lending operations, to customers looking for good value. Our business, operations and financial information are described in detail in our annual report on Form 10-K, quarterly reports on Form 10-Q and other reports which are incorporated by reference into this proxy statement/prospectus.

EZCORP's principal executive offices are located at 1901 Capital Parkway, Austin, Texas 78746. Its telephone number is (512) 314-3400.

**Value Financial Services**

The following description of VFS, its history and business, is provided by the management of VFS.

VFS was founded in 1994 by John Thedford, its president and chief executive officer, and currently operates 67 stores in three states—Florida (60 stores), Tennessee (four stores) and Georgia (three stores) under the trade names

Value Pawn and Jewelry in Florida and Georgia and Check Jewelry & Loan in Tennessee. For the year ended December 31, 2007 and the six months ended June 30, 2008, its average revenue per store was approximately \$1.7 million and \$897,000, respectively. It is the second largest pawn broker in Florida, based on information provided by the National Pawnbrokers Association. VFS lends money on a short-term basis against pledged tangible personal property such as jewelry, electronic equipment, tools, sporting goods, musical instruments and other items of value, and also sells merchandise, including forfeited collateral from pawn loans. Its customers typically require pawn loans for their immediate cash needs, and often use its services for reasons of convenience and/or lack of credit alternatives. As of June 30, 2008, VFS employed over 600 team members.

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VFS's principal executive offices are located at 1063 Maitland Center Commons Blvd., Suite 200, Maitland, Florida 32751. Its telephone number is (407) 339-6608.

*Pawn Lending Activities*

When receiving a pawn loan from VFS, a customer pledges personal property to VFS as security for the loan. VFS delivers a pawn transaction agreement, commonly referred to as a pawn ticket, to the customer, along with the proceeds of the loan. If the customer does not pay all accrued pawn service charges or redeem the property within a specified time period (typically 60 days), the customer forfeits the property to VFS, and VFS sells the property.

VFS's customers are obligated to pay a pawn service charge to compensate VFS for the use of the funds loaned. The pawn service charge is typically calculated as a percentage of the pawn loan amount based on the size and duration of the transaction, in a manner similar to which interest is charged on a bank loan, and ranges from 12.5% to 25.0% per month, or 187.5% to 300.0% annually, in the states in which VFS currently operates, as permitted by applicable state pawnshop laws. These pawn service charges contributed approximately 30.0% of VFS's total revenues in 2005, 27.4% in 2006 and 26.7% in 2007.

Pledged property is held through the term of the pawn loan, which is 30 days with an automatic extension period of 30 days unless the pawn loan is repaid or renewed earlier. In the event that the borrower does not repay or renew a loan within the 60-day period, the unredeemed collateral is forfeited to VFS and becomes inventory available for sale in the store. The collateral is transferred to inventory at a value equal to the principal amount of the loan, exclusive of accrued interest and service charges. The following table summarizes the life cycle of a typical pawn loan:

- (1) Example  
assumes a sale  
value of \$170  
and a 68.0%  
loan-to-value  
ratio. Amounts  
shown are not  
cumulative.

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VFS generally lends an amount equal to between 60.0% and 65.0% of the estimated resale value of an item of collateral, based on its customer's needs and its history with them. The principal criteria VFS uses to determine the amount of a loan are the amount needed by the customer, the customer's transaction history with VFS, VFS's perception of the customer's emotional attachment to the collateral and the estimated sale value of the collateral. VFS relies on many sources to determine the estimated sale value, including its experience in selling similar items, catalogs, blue books, newspapers and internet research. VFS does not use a standard or mandated percentage of estimated sale value in determining the loan amount. Instead, VFS's team members may set the percentage for a particular item and determine whether the item's sale, if it is forfeited to the pawnshop, would yield a profit margin consistent with its historical experience with similar items. Any proposed loan in excess of \$500 requires approval from a regional manager. VFS holds the pledged property through the term of the loan, which generally is 30 days with an automatic 30-day extension period, unless earlier redeemed, renewed or extended. A majority of VFS's pawn loans are either paid in full with accrued pawn service charges or are renewed or extended by the customer's payment of accrued pawn service charges. If a customer does not repay, renew or extend the loan, the unredeemed collateral is forfeited to VFS and becomes merchandise available for sale through its pawnshops or to wholesale sources or a smelter. VFS does not record pawn loan losses or charge-offs because the amount advanced becomes the carrying cost of the forfeited collateral that is to be recovered through the merchandise sale function described below. VFS does not have recourse against the customer for the loan. As a result, the customer's creditworthiness is not a factor in VFS's loan decision, and a decision not to redeem pawned property does not affect the customer's personal credit status. When a customer fails to repay a pawn loan, VFS relies on the sale of pawned property to recover the principal amount of the loan, plus a yield on the investment.

VFS's strategy is generally to make pawn loans where there is a substantial likelihood that the customer will repay the loan and redeem the property. However, because the supply of inventory available for sale in VFS's stores is derived in part from forfeitures of pledged property, VFS attempts to attain an appropriate balance of redemptions and forfeitures to ensure that there is an appropriate level of inventory available for sale in its stores. In 2005, 2006 and 2007, approximately 78.8%, 77.8% and 77.7%, respectively, of the pawn loans made by VFS were redeemed in full or were renewed or extended through the payment of accrued pawn service charges.

At June 30, 2008, VFS had 111,728 outstanding pawn loans totaling approximately \$18 million, with an average balance of approximately \$161 per loan.

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Presented below is information with respect to pawn loans made, redeemed and forfeited for VFS's pawn lending operations for the years ended December 31, 2005, 2006 and 2007 and the six months ended June 30, 2008 (in thousands):

|  | <b>2005</b>   |                     | <b>2006</b>   |                     | <b>2007</b>   |                     | <b>6/30/2008</b> |                     |
|--|---------------|---------------------|---------------|---------------------|---------------|---------------------|------------------|---------------------|
|  | <b>Amount</b> | <b>No. of Loans</b> | <b>Amount</b> | <b>No. of Loans</b> | <b>Amount</b> | <b>No. of Loans</b> | <b>Amount</b>    | <b>No. of Loans</b> |
| Beginning balance  | \$ 9,645      | 76                  | \$11,598      | 86                  | \$14,528      | 97                  | 16,759           | 103                 |
| New loans made   | 51,119        | 480                 | 62,080        | 515                 | 71,600        | 559                 | 36,964           | 278                 |
| Loans redeemed, excluding renewals and extensions                    | 26,437        | 225                 | 30,770        | 236                 | 33,692        | 250                 | 19,301           | 139                 |
| Loans forfeited  | 22,729        | 246                 | 28,380        | 268                 | 35,677        | 302                 | 16,406           | 132                 |
| Net increase (decrease) in pawn loans outstanding at end of the year | 1,953         | 9                   | 2,930         | 12                  | 2,231         | 62                  | 1,257            | 8                   |
| Ending balance   | \$11,598      | 86                  | \$14,528      | 97                  | 16,759        | 103                 | 18,016           | 111                 |
| Loans renewed/extended   | \$56,984      | 333                 | \$69,939      | 368                 | \$87,311      | 427                 | 45,915           | 217                 |

*Merchandise Sales Activities*

VFS sells merchandise that has been forfeited to it when a pawn loan is not redeemed. VFS sells merchandise principally at its pawnshops, but it also sells some items through wholesale sources or, in the case of some gold jewelry, to a smelter. VFS also sells in its pawnshops used goods purchased from the general public and some new merchandise, principally accessory merchandise that compliments and enhances the marketability of items such as tools, consumer electronics and jewelry. While VFS offers refunds and exchanges for certain merchandise items, it generally does not provide its customers with warranties on used merchandise. Proceeds from sales of merchandise contributed 70.0% of VFS's total revenues in 2005, 72.6% in 2006 and 71.9% in 2007. Presented below is information with respect to the sources of merchandise acquired during the years ended December 31, 2005, 2006 and 2007 (in thousands):

|   | <b>2005</b> | <b>2006</b> | <b>2007</b> |
|---|-------------|-------------|-------------|
| Beginning balance                             | \$ 7,827    | \$10,566    | \$12,204    |
| Merchandise acquired through loan forfeitures | 22,729      | 28,383      | 35,676      |
| Merchandise purchased from customers          | 6,507       | 9,086       | 11,596      |
| Merchandise purchased from vendors            | 2,709       | 3,459       | 1,782       |
| Total merchandise acquired                    | 31,945      | 40,928      | 49,054      |
| Less: merchandise sold                        | 29,206      | 39,290      | 47,734      |
| Ending balance                                | \$10,566    | \$12,204    | \$13,524    |

The recovery of the amount advanced and the realization of a profit on the sale of merchandise depend on VFS's initial assessment of the property's estimated sale value when the

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pawn loan is made. For 2005, 2006 and 2007, VFS experienced profit margins on sales of merchandise of 38.2%, 36.9% and 37.5%, respectively. Changes in gold prices will also generally increase or decrease the sale value of jewelry items acquired in pawn transactions and could enhance or adversely affect VFS's profit or recovery of the carrying cost of the acquired collateral. VFS does not engage in any hedging transactions with respect to market prices for gold or other precious metals. For 2005, 2006 and 2007, sales of jewelry represented approximately 48.7%, 47.6% and 44.9%, respectively, of VFS's total retail merchandise sales.

The following table illustrates the percentage of merchandise held in inventory as of June 30, 2008, by category:

| <b>Category</b> | <b>%</b> |
|-----------------|----------|
| Jewelry         | 63.4     |
| Electronics     | 16.2     |
| Tools           | 7.0      |
| Other           | 13.4     |

During the two-year period from 2005 to 2007, same-store merchandise sales increased by approximately 22.9%, from \$663,345 in 2005 to \$815,356 in 2007. During that same period, the amount of VFS's average retail merchandise sale increased by 14.4%, from \$90 in 2004 to \$104 in 2007.

Customers may purchase merchandise on a layaway plan under which the customer makes an initial cash deposit representing a portion of the sales price and pays the balance in regularly scheduled, non-interest bearing payments. VFS segregates the layaway item and holds it until the customer has paid the full sales price. If the customer fails to make a required payment, the customer's deposit is forfeited to VFS and the item is placed with the other merchandise held for sale. Layaways are recorded as sales when paid in full. At June 30, 2008, VFS held approximately \$866,000 in customer layaway deposits.

VFS's inventory is stated at the lower of cost or market. In the case of merchandise acquired through forfeited pawn loans, the acquisition cost is the principal value of the pawn loan. VFS provides an allowance for valuation and shrinkage of its merchandise. The amount of this allowance is based on management's evaluation of factors such as historical shrinkage and the quantity and age of merchandise on hand. At June 30, 2008, total pawn operations merchandise on hand was \$13.3 million, after deducting an allowance for valuation and shrinkage of merchandise of \$0.3 million.



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*Management's Discussion And Analysis Of Financial Condition And Results Of Operations*

*The following discussion and analysis of VFS' financial condition and results of operations is provided by the management of VFS and should be read in conjunction with its consolidated financial statements and related notes that appear elsewhere in this proxy statement/prospectus. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect the plans, estimates and beliefs of VFS. Actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this proxy statement/prospectus, particularly in Risk Factors beginning on page 21.*

**General**

For 2007 and the six months ended June 30, 2008, VFS generated total revenues of \$106.5 million and \$58.3 million, respectively. VFS' revenues have grown substantially in recent years, at a compound annual growth rate of 19.3% from 2003 to 2007. From 2003 to 2007, its store operating margins improved from 19.9% to 21.4%.

VFS believes that the experience and qualifications of a store manager are critical components of a store's success. VFS has found that there is a strong correlation between the length of tenure of a store manager and the financial performance of that store, as a more experienced store manager tends to better understand the needs of a particular store's customers. As of June 30, 2008, the average tenure of its store managers was 30.0 months, and 37 of its 67 store managers have been VFS team members for two years or more.

Because there is such a compelling correlation with financial success, VFS allocates significant resources to lowering its team member turnover and, correspondingly, team member continuity in the same store. Improvements in these variables lead to efficiency gains and productivity increases. Moreover, increased tenure leads to the establishment and maintenance of long-term relationships with customers that breed customer loyalty and repeat business. VFS estimates that approximately 80 percent of its transactions are related to repeat customers and it considers customer relationships an important element in the determination of a store's success.

The strength of an individual store team's relationships with its customer base will largely determine its success in developing its pawn loan portfolio and, by extension, its revenue potential; the quality of a store's pawn loan portfolio is a reliable indicator of a store's revenue potential. While approximately 50.0% of VFS' revenues are directly derived from pawn service charges on pawn loans, most sales revenues from merchandise sales are indirectly derived by way of forfeited pawn loans that become merchandise for sale. Accordingly, it is critical for store teams to cultivate and maintain customer relationships and increased team member continuity helps to ensure that.

VFS' human resources strategy depends on its ability to recruit and retain its team members. The recruiting aspect of this approach is vulnerable to employment market conditions

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as low unemployment shrinks the pool of available candidates. It is, however, important that VFS not compromise the integrity of its hiring standards in response to challenging economic conditions. With this in mind, VFS employs the use of an objective personality measurement tool to assist in hiring decisions. Though this tool does not address the availability of candidates, it does help to ensure that exceptions do not dilute VFS' human resource approach.

While VFS believes that its successful performance has been the result of its strategic management, it has also benefited recently from the external favorable spot pricing in the gold market. VFS allocates a portion of its gold inventory each month to be sent to a gold smelter for liquidation. This practice is a key component in VFS' cash and inventory management processes that has taken on greater significance over the years as gold pricing has steadily increased. Net revenues derived from scrap gold sales totaled \$9.6 million in 2007 and represented 16.4% of total net revenues. By comparison, in 2003, net revenues derived from gold scrap sales totaled \$1.4 million and represented 4.9% of net revenues.

A decline in the price of gold would result in a short-term negative impact to VFS' gold scrap sales revenues and the value of its jewelry inventories. VFS believes, however, that due to the short-term nature of its loan transactions, it would be able to adapt quickly to the changing market and mitigate this risk. VFS has the flexibility to shift resources in favor of its retail sales operations in order to balance the revenue gains and losses.

**Components of Revenues and Expenses**

Its revenues are derived primarily from pawn service charges on pawn loans and sales of merchandise, primarily forfeited collateral from pawn loans. If a pawn loan is not repaid prior to the expiration of the automatic extension period, the property is forfeited to VFS and transferred to inventory at a value equal to the principal amount of the loan, exclusive of accrued interest. VFS accrues pawn service charge revenue based on anticipated redemption activity for pawn loans during each reporting period. VFS has historically been able to estimate redemption rates with a high degree of accuracy due to the short-term nature of its pawn loans. As a result, the yields on its outstanding loan portfolio will fluctuate in correspondence with redemption activity. While its redemption rates have historically averaged almost 80.0% over the course of any 12-month period, seasonality and other economic factors produce periodic variations and, as a result, yield rates will vary accordingly.

VFS also generates revenue from fee income and through forfeited layaway deposits. Fee income results from fees collected from customers for the replacement of lost pawn tickets and for check cashing services. Forfeited layaway deposits occur when a customer defaults on the layaway terms and forfeits the respective deposits.

The cost of merchandise sales includes all costs related to the acquisition of merchandise. In most cases, merchandise is acquired through forfeited pawn loans and the acquisition cost is the principal value of the pawn loan. In the case of merchandise purchased from an outside vendor, its cost will include the amount paid to the vendor plus any freight and taxes. In addition, a small component of merchandise sales cost includes expenses associated with inventory loss and breakage.

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Store operating expenses consist of all items directly related to the operation of its stores, including salaries and related payroll costs, rent, utilities, equipment, advertising, property taxes, licenses, supplies and security. Because VFS currently leases all 67 of its stores, rent is its largest store operating expense after payroll costs. VFS is responsible for facility costs, including taxes and insurance, under most of its leases.

General and administrative expenses consist of items relating to its administration and the operation of its corporate offices, including the compensation and benefit costs of corporate management, regional managers and other operations management personnel, accounting and administrative costs, information technology costs, liability and casualty insurance and legal and accounting fees. General and administrative expenses also include depreciation expenses and costs of asset disposals related to its ongoing capital expenditures. Other expenses consist primarily of asset disposal costs, which represent the remaining book value of equipment that is replaced before the end of its depreciable life.

**Critical Accounting Policies And Estimates**

Management's Discussion and Analysis of Financial Condition and Results of Operations is based on its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, inventory, long-lived and intangible assets, income taxes, contingencies and litigation. Management bases its estimates on historical experience, empirical data and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

Management believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

**Pawn service charges revenue recognition.** VFS accrues pawn service charges revenue based on anticipated redemption activity for pawn loans during each reporting period. Pawn loans written during each calendar month are aggregated and tracked for performance. Loan transactions may conclude based upon redemption, renewal or forfeiture of the loan collateral. The gathering of this empirical data allows us to analyze the characteristics of its outstanding pawn loan portfolio and estimate the probability of collection of pawn service charges. If the future actual performance of the loan portfolio differs significantly (positively or negatively) from expectations, revenue for the next reporting period would be likewise affected.

Due to the short-term nature of pawn loans, VFS can quickly identify performance trends. For 2007, \$28.0 million, or 98.5%, of recorded pawn service charges represented cash collected from customers and the remaining \$0.4 million, or 1.5%, represented an increase in the service charges receivable during the year. At the end of 2007 and based on the revenue recognition method described above, VFS had accrued \$3.3 million of service charges

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receivable. Assuming the year-end accrual of service charges revenue was over-estimated by 10.0%, service charges revenue would decrease by \$0.3 million in 2008. Some or all the decrease would potentially be mitigated through the profit on the sales of the related forfeited loan collateral.

**Inventory.** Inventory represents merchandise acquired from forfeited pawn loans, merchandise purchased directly from the public and new merchandise purchased from vendors. The carrying value of the inventory is stated at the lower of cost or market. In the case of merchandise acquired through forfeited pawn loans, the acquisition cost is the principal value of the pawn loan. Management provides an allowance for shrinkage and valuation based on its evaluation of the merchandise. Because pawn loans are made without recourse to the borrower, VFS does not investigate or rely upon the borrower's creditworthiness, but instead bases its lending decision on an evaluation of the pledged personal property and the customer's transaction history with the company. The amount that VFS is willing to finance to any particular customer ranges based on the store manager's evaluation of the customer's need and ability to repay backed by an informal appraisal of the market value of the collateral. Overall, this appraisal generally results in a loan-to-value ratio of approximately 60.0%. In 2007, VFS averaged costs of sales of 62.5%, leading to sales profit margins of 37.5%. VFS uses numerous sources in determining an item's estimated market value including its experience in selling similar items, catalogs, blue books, newspapers and internet research. VFS performs a physical count of its merchandise in each location on a cyclical basis and reviews the composition of inventory by category and age in order to assess the adequacy of the allowance, which was \$0.3 million, representing 2.4% of the inventory balance at December 31, 2007. Adverse changes in the market value of its inventory may require an increase in the valuation allowance.

**Valuation of Goodwill.** VFS assesses the impairment of its goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is an intangible asset with an indefinite useful life, thus it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the assets might be impaired. Factors that could trigger an impairment review include significant underperformance relative to expected or projected future cash flows, significant changes in the strategy of the overall business and significant industry trends. When management determines that the carrying value of goodwill may not be recoverable, impairment is measured based on the excess of the asset's carrying value over the estimated fair value.

**Income Taxes.** As part of the process of preparing its consolidated financial statements, VFS is required to estimate income taxes in each of the jurisdictions in which VFS operates. This process involves estimating the actual current tax exposure together with assessing temporary differences in recognition of income for tax and accounting purposes. These differences result in deferred tax assets and liabilities and are included within its consolidated balance sheet. Management must then assess the likelihood that the deferred tax assets will be recovered from future taxable income and, to the extent it believes that recovery is not likely, it must establish a valuation allowance. An expense, or benefit, is included within the tax provision in the statement of operations for any increase, or decrease, in the valuation allowance for a given period.

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Management judgment is required in determining the provision for income taxes, the deferred tax assets and liabilities and any valuation allowance recorded against net deferred tax assets. If VFS were to determine that it could not realize all or part of its net deferred tax assets in the future, VFS would have to charge an adjustment to the deferred tax assets in the income taxes in the period that such determination was made. Likewise, should VFS determine that it could in the future realize its deferred tax assets in an amount exceeding the net recorded amount, VFS could adjust the deferred tax assets to reduce the provision for income taxes in the period that such determination was made.

Its net deferred tax assets include substantial amounts of net operating loss carryforwards, totaling approximately \$15.0 million and \$12.8 million for federal and state, respectively. The utilization of its net operating loss carryforwards may be limited in any given year under certain circumstances. Events which may affect its ability to utilize these carryforwards include, but are not limited to, future profitability, cumulative stock ownership changes of 50.0% or more over a three-year period, as defined by Section 382 of the Internal Revenue Code, and the timing of the utilization of the tax benefit carryforwards.

**Recently Issued Accounting Standards**

In September 2006, FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements ( SFAS No. 157 ). SFAS No. 157 defines fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and emphasizes that fair value is a market-based measurement, not an entity-specific measurement. It establishes a fair value hierarchy and expands disclosures about fair value measurements in both interim and annual periods. In February 2008, FASB issued FASB Staff Position ( FSP ) FAS 157-2, Effective Date of FASB Statement No. 157 , which delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed in the financial statements on a nonrecurring basis. The FSP partially defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 and interim periods within those fiscal years for items within the scope of this FSP. The adoption of SFAS No. 157 and FSP FAS 157-2 did not have a material effect on the Company's consolidated financial position or results of operations. The Company has not applied the provisions of SFAS No. 157 to its nonfinancial assets and nonfinancial liabilities in accordance with FSP FAS 157-2. The Company will apply the provisions of SFAS No. 157 to these assets and liabilities beginning January 1, 2009 as required by FSP FAS 157-2.

In February 2007, FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities ( SFAS No. 159 ). SFAS No. 159 permits entities to choose, at specified election dates, to measure eligible items at fair value (the fair value option ) and requires an entity to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. SFAS No. 159 was effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 159 did not have a material effect on the Company's consolidated financial position or results of operations.

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In December 2007, FASB issued Statement of Financial Accounting Standards No. 141, Business Combinations Revised ( SFAS No. 141(R) ). SFAS No. 141(R) establishes principles and requirements for how an acquirer in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interests in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase price; and, determines what information to disclose to enable users of the consolidated financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The application of SFAS No. 141(R) will cause management to evaluate future transaction returns under different conditions, particularly the near term and long term economic impact of expensing transaction costs up front.

In March 2008, FASB issued Statement of Financial Accounting Standards No. 161, Disclosure about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133 ( SFAS No. 161 ). SFAS No. 161 requires enhanced disclosures concerning (1) the manner in which an entity uses derivatives (and the reason it uses them), (2) the manner in which derivatives and related hedged items are accounted for under SFAS No. 133 and interpretations thereof, and (3) the effects that derivatives and related hedged items have on an entity's financial position, financial performance, and cash flows. VFS must adopt SFAS No. 161 by January 1, 2009. VFS does not expect SFAS No. 161 to have a material effect on its financial position, results of operations, or cash flows.

**Table of Contents****Results of Operations**

The following table sets forth the components of its consolidated statements of operations for the periods indicated, expressed in dollars and as a percentage of total revenues (dollars in thousands):

|   | Year Ended December 31, |       |           |       |                       |       | Six Months Ended June 30 , |       |           |       |
|---|-------------------------|-------|-----------|-------|-----------------------|-------|----------------------------|-------|-----------|-------|
|   | 2005                    |       | 2006      |       | 2007                  |       | 2007                       |       | 2008      |       |
|   | \$                      | %     | \$        | %     | \$                    | %     | (Unaudited)                |       |           |       |
|   | \$                      | %     | \$        | %     | \$                    | %     | \$                         | %     | \$        | %     |
| Revenue:                                  |                         |       |           |       |                       |       |                            |       |           |       |
| Merchandise sales                         | \$ 47,378               | 68.4  | \$ 62,348 | 71.0  | \$ 76,515             | 71.9  | \$ 33,376                  | 69.9  | \$ 42,249 | 72.4  |
| Pawn service charges                      | 20,786                  | 30.0  | 24,090    | 27.4  | 28,394                | 26.7  | 13,659                     | 28.6  | 15,370    | 26.4  |
| Other                                     | 1,085                   | 1.6   | 1,376     | 1.6   | 1,566                 | 1.5   | 718                        | 1.5   | 711       | 1.2   |
| Total revenue                             | 69,249                  | 100.0 | 87,814    | 100.0 | 106,475               | 100.0 | 47,754                     | 100.0 | 58,331    | 100.0 |
| Cost of merchandise sales                 | 29,289                  | 42.3  | 39,339    | 44.8  | 47,834                | 44.9  | 20,701                     | 43.3  | 25,335    | 43.4  |
| Net revenue                               | 39,960                  | 57.7  | 48,475    | 55.2  | 58,641                | 55.1  | 27,053                     | 56.7  | 32,996    | 56.6  |
| Store operating expenses                  | 25,093                  | 36.2  | 30,365    | 34.6  | 35,877                | 33.7  | 17,283                     | 36.2  | 20,593    | 35.3  |
| Store operating income                    | 14,868                  | 21.5  | 18,110    | 20.6  | 22,763                | 21.4  | 9,770                      | 20.5  | 12,403    | 21.3  |
| General and administrative expenses:      |                         |       |           |       |                       |       |                            |       |           |       |
| Administration                            | 6,499                   | 9.4   | 7,815     | 8.9   | 21,127 <sup>(1)</sup> | 19.8  | 13,130 <sup>(2)</sup>      | 27.5  | 5,767     | 9.9   |
| Depreciation                              | 164                     | 0.2   | 173       | 0.2   | 204                   | 0.2   | 101                        | 0.2   | 112       | 0.2   |
| Other                                     | 60                      | 0.1   | 108       | 0.1   | 355                   | 0.3   | 117                        | 0.5   | 10        | 0.0   |
| Total general and administrative expenses | 6,724                   | 9.7   | 8,097     | 9.2   | 21,686                | 20.4  | 13,348                     | 28.0  | 5,889     | 10.1  |
| Income (loss) from operations             | 8,144                   | 11.8  | 10,013    | 11.4  | 1,077                 | 1.0   | (3,578)                    | (7.5) | 6,514     | 11.2  |
| Non-operating expenses:                   |                         |       |           |       |                       |       |                            |       |           |       |
| Interest expense                          | 1,297                   | 1.9   | 1,135     | 1.3   | 2,544                 | 2.4   | 432                        | 0.9   | 1,000     | 1.7   |
| Net income (loss) before income taxes     | 6,847                   | 9.9   | 8,878     | 10.1  | (1,467)               | (1.4) | (4,010)                    | (8.4) | 5,514     | 9.5   |

|  |           |     |           |     |           |       |            |       |           |     |
|--|-----------|-----|-----------|-----|-----------|-------|------------|-------|-----------|-----|
| Income tax expense (benefit)                   | 2,593     | 3.7 | 3,448     | 3.9 | (486)     | (0.5) | (1,557)    | (3.3) | 2,188     | 3.8 |
| Net income (loss)                              | \$ 4,254  | 6.1 | \$ 5,430  | 6.2 | \$ (981)  | (0.9) | \$ (2,452) | (5.1) | \$ 3,326  | 5.7 |
| Earnings (loss) per share:                     |           |     |           |     |           |       |            |       |           |     |
| Basic*   | n/a       |     | n/a       |     | n/a       |       | n/a        |       | n/a       |     |
| Diluted  | \$ 0.69   |     | \$ 0.88   |     | \$ (0.15) |       | \$ (0.40)  |       | \$ 0.50   |     |
| Weighted average number of shares outstanding: |           |     |           |     |           |       |            |       |           |     |
| Basic*   | n/a       |     | n/a       |     | n/a       |       | n/a        |       | n/a       |     |
| Diluted  | 6,160,646 |     | 6,160,646 |     | 6,413,097 |       | 6,175,959  |       | 6,646,369 |     |

(1) Includes charges totaling \$11.0 million to reflect the compensation expenses associated with stock grants and loan forgiveness to the VFS executive officers and an outside consultant, as well as charges associated with the company's suspended initial public offering and director and officer fees.

(2) Includes charges totaling \$8.2 million to reflect the compensation expense associated with stock grants and



loan forgiveness  
to the VFS  
executive  
officers and an  
outside  
consultant.

- \* For all periods  
presented, VFS  
had no  
outstanding  
common stock.  
Therefore, the  
calculation of  
the weighted  
average number  
of common  
shares  
outstanding  
basic and  
earnings  
(loss) per  
common share  
basic is not  
applicable.

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The following table sets forth certain selected consolidated unaudited financial and non-financial data for the periods indicated (dollars in thousands unless noted otherwise):

|  | As of or for the Year Ended |            |            | As of or for the Six  |           |
|--|-----------------------------|------------|------------|-----------------------|-----------|
|  | December 31,                |            |            | Months Ended June 30, |           |
|  | 2005                        | 2006       | 2007       | 2007                  | 2008      |
| Same store revenue growth                                    | 16.3%                       | 25.3%      | 21.2%      | 21.6%                 | 21.1%     |
| Store operating income margin <sup>(1)</sup>                 | 21.5%                       | 20.6%      | 21.4%      | 20.5%                 | 21.3%     |
| EBITDA (see reconciliation below) <sup>(3)</sup>             | \$ 9,579                    | \$ 11,688  | \$ 3,141   | \$ (2,731)            | \$ 7,487  |
| EBITDA margin <sup>(2)</sup>                                 | 13.8%                       | 13.3%      | 3.0%       | (5.7)%                | 12.8%     |
| Annualized yield on pawn loans                               | 187.5%                      | 179.6%     | 177.9%     | 185.4%                | 187.5%    |
| Redemption rate  | 78.8%                       | 77.8%      | 77.0%      | 78.8%                 | 80.0%     |
| Total amount of pawn loans written and renewed               | \$ 108,103                  | \$ 132,035 | \$ 158,921 | \$ 73,681             | \$ 82,889 |
| Average pawn loan balance outstanding                        | \$ 11,086                   | \$ 13,411  | \$ 15,644  | \$ 15,632             | \$ 17,388 |
| Average pawn loan balance per location                       | \$ 185                      | \$ 218     | \$ 244     | \$ 252                | \$ 268    |
| Ending pawn loan balance per location                        | \$ 193                      | \$ 234     | \$ 262     | \$ 270                | \$ 277    |
| Average number of pawn loans per location at end of period   | 1,431                       | 1,572      | 1,619      | 1,814                 | 1,719     |
| Average pawn loan amount at end of period (not in thousands) | \$ 135                      | \$ 149     | \$ 162     | \$ 149                | \$ 161    |
| Profit margin on merchandise sales                           | 38.2%                       | 36.9%      | 37.5%      | 39.8%                 | 40.0%     |
| Profit margin on merchandise sales retail only               | 39.2%                       | 36.9%      | 37.1%      | 38.1%                 | 37.1%     |
| Average annualized merchandise turnover                      | 3.2×                        | 3.3×       | 3.5×       | 3.4×                  | 3.9×      |
| Average balance of merchandise per location                  | \$ 154                      | \$ 197     | \$ 212     | \$ 199                | \$ 200    |
| Ending balance of merchandise per location                   | \$ 176                      | \$ 197     | \$ 211     | \$ 218                | \$ 209    |
| Pawnshop locations   |                             |            |            |                       |           |
| Beginning of year  | 60                          | 60         | 62         | 62                    | 64        |
| Start-ups  | 0                           | 2          | 2          | 0                     | 1         |
| End of year  | 60                          | 62         | 64         | 62                    | 65        |

(1) Store operating income margin is calculated as store operating income as a percentage of total revenues.

- (2) EBITDA margin is calculated as EBITDA as a percentage of total revenues.
- (3) VFS defines EBITDA as its net income before depreciation, interest expense and income tax expense (benefit). Management uses this measure as an indicator of cash generated from operating activities. EBITDA is not a measurement of financial performance under GAAP and should not be considered an alternative to net income or operating cash flows determined in accordance with GAAP. VFS's calculation of EBITDA may not be comparable to the calculation of similarly titled measures reported by other companies. EBITDA is reconciled directly to net income (loss) as

follows:

|                              |         | For the Year Ended<br>December 31, |          | For the Six Months<br>Ended June 30, |         |
|------------------------------|---------|------------------------------------|----------|--------------------------------------|---------|
|                              | 2005    | 2006                               | 2007     | 2007                                 | 2008    |
| EBITDA reconciliation:       |         |                                    |          |                                      |         |
| Net income (loss)            | \$4,254 | \$ 5,430                           | \$ (981) | \$(2,452)                            | \$3,326 |
| Add:                         |         |                                    |          |                                      |         |
| Depreciation                 | 1,435   | 1,675                              | 2,064    | 847                                  | 973     |
| Interest expense             | 1,297   | 1,135                              | 2,544    | 432                                  | 1,000   |
| Income tax expense (benefit) | 2,593   | 3,448                              | (486)    | (1,557)                              | 2,188   |
| EBITDA                       | \$9,579 | \$11,688                           | \$3,141  | \$(2,731)                            | \$7,487 |

Comparison of the Six Months Ended June 30, 2008 to June 30, 2007

*Revenues.* Total revenues increased \$10.5 million, or 22.1%, to \$58.3 million for the six months ended June 30, 2008 from \$47.8 million for the six months ended June 30, 2007. Same store revenues, excluding the contribution from the one store opened in 2008, grew \$10.1 million, or 21.1%, to \$57.8 million for the six months ended June 30, 2008.

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*Merchandise sales.* The following table summarizes merchandise sales and the related profit for the six months ended June 30, 2008 compared to the six months ended June 30, 2007 (\$ in thousands):

|                                       | For the six months ended June 30, |               |           |                 |           |           |
|---------------------------------------|-----------------------------------|---------------|-----------|-----------------|-----------|-----------|
|                                       | 2007                              |               |           | 2008            |           |           |
|                                       | Retail                            | Scrap<br>Gold | Total     | Scrap<br>Retail | Gold      | Total     |
| Merchandise sales                     | \$ 24,945                         | \$ 8,431      | \$ 33,376 | \$ 25,083       | \$ 17,166 | \$ 42,249 |
| Cost of merchandise sales             | \$ 15,448                         | \$ 5,253      | \$ 20,701 | \$ 15,779       | \$ 9,556  | \$ 25,335 |
| Profit on merchandise sales           | \$ 9,498                          | \$ 3,178      | \$ 12,676 | \$ 9,304        | \$ 7,610  | \$ 16,914 |
| Profit margin on<br>merchandise sales | 38.1%                             | 37.7%         | 39.8%     | 37.1%           | 44.3%     | 40.0%     |

Merchandise sales revenues, representing 72.4% of total revenues, increased \$8.9 million, or 26.6%, to \$42.2 million for the six months ended June 30, 2008 from \$33.4 million in the corresponding period in 2007. Retail merchandise sales, excluding gold scrapping activity, increased \$0.1 million, or 0.5%, to \$25.1 million from \$24.9 million. The gains were due to improvements in its team member metrics, including turnover, continuity and productivity. Lower turnover and increased continuity in position led to more experienced sales associates in the store operations. Moreover, increased promotional activity led to additional customer traffic and a gain of nearly 150,000 new customers in the six months ended June 30, 2008, representing an increase of 2.3% over new customer additions achieved in the corresponding period in 2007. Costs of sales were elevated due to a combination of increased volume and promotional activity.

Sales of gold scrap increased \$8.7 million, or 103.6%, to \$17.2 million for the six months ended June 30, 2008 from \$8.4 million in the corresponding period in 2007. For the six months ended June 30, 2008, spot gold market pricing increased 34.7% compared to the six months ended June 30, 2007. In response to this favorable market pricing, VFS increased its gold scrapping volume during the six months ended June 30, 2008 by 50.6% over its volume in the six months ended June 30, 2007.

Pawn service charges. Revenues from pawn service charges increased \$1.7 million, or 12.5%, to \$15.4 million for the six months ended June 30, 2008 from \$13.7 million in the corresponding period in 2007. The annualized loan yield was 187.20% for the six months of 2008 compared to 186.0% for the first six months of 2007. Pawn loans outstanding increased \$1.3 million, or 7.6%, to \$18.0 million from \$16.7 million at June 30, 2007.

Cost of Merchandise Sales. Cost of merchandise sales increased \$4.6 million, or 22.4%, to \$25.3 million for the six months ended June 30, 2008 from \$20.7 million for the six months ended June 30, 2007. The increase was primarily due to a 26.6% increase in merchandise sales in the six months ended June 30, 2008. Overall profit margins of 40.0% in the six months ended June 30, 2008 represented an increase from the 39.8% overall profit margins achieved in the six months ended June 30, 2007. Retail merchandise sales profit margins decreased in the six months ended June 30, 2008 to 37.1% from 38.1% in the six months ended June 30, 2007 due primarily to increased promotional activity and higher product acquisition costs. Profit margins on gold scrap sales improved to 44.3% in the six months ended June 30, 2008 from 37.7% in the six months ended June 30, 2007.

Net Revenue. Net revenue increased \$5.9 million, or 21.8%, to \$33.0 million for the six months ended June 30, 2008 from \$27.1 million in the corresponding period in 2007. On a

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same-store basis, excluding the stores opened in 2008, net revenue increased \$5.7 million, or 21.1%, for the six months ended June 30, 2008. The net revenue margin of 56.6% for the first six months of 2008 reflected a decrease from the 56.7% margin in the first six months of 2007. This was primarily due to a product mix shift of 391 basis points from pawn service charge revenues to lower margin merchandise sales. The annualized inventory turnover rate of 3.9 times for the first six months of 2008 was an increase over the 3.4 rate achieved during the first six months of 2007.

The table below summarizes the value of merchandise inventory based on age before the valuation allowances of \$333,000 at June 30, 2008 and \$283,000 at June 30, 2007 (\$ in thousands):

|                                       | June 30, 2007 |       | June 30, 2008 |       |
|---------------------------------------|---------------|-------|---------------|-------|
|                                       | Amount        | %     | Amount        | %     |
| Merchandise held for 1 year or less   |               |       |               |       |
| Jewelry                               | \$ 7,359      | 54.4  | \$ 8,207      | 60.3  |
| Other merchandise                     | 5,769         | 42.6  | 4,932         | 36.3  |
|                                       | 13,128        | 97.0  | 13,139        | 96.6  |
| Merchandise held for more than 1 year |               |       |               |       |
| Jewelry                               | 285           | 2.1   | 427           | 3.1   |
| Other merchandise                     | 118           | 0.9   | 44            | 0.3   |
|                                       | 403           | 3.0   | 471           | 3.4   |
| Total merchandise inventory           | \$ 13,531     | 100.0 | \$ 13,610     | 100.0 |

**Store operating expenses.** Store operating expenses increased \$3.2 million, or 19.3%, to \$19.7 million for the six months ended June 30, 2008 from \$16.5 million in the corresponding period in 2007. Store operating expenses, as a percentage of revenues, declined to 33.8% in the first six months of 2008 from 34.6% in the first six months of 2007 due to a combination of labor efficiencies that resulted from increases in team member productivity and the fixed-cost nature of some of its operating expenses, such as rent and facility expenses. Absolute spending increased primarily due to higher payroll expenses related to the combined impact of higher store staffing levels, which were increased in many stores in response to increased customer traffic, and talent upgrades.

As a multi-unit operator in the pawn industry, the store operations expenses of VFS are predominately related to personnel and occupancy expenses. Personnel expenses include base salary and wages, performance incentives and benefits. Occupancy expenses include rent, property taxes, insurance, utilities and maintenance. The combination of personnel and occupancy expenses represents 91.3% of total store operating expenses in the first six months of 2008 and 91.5% in the first six months of 2007. The remainder of the store operating expenses include supplies, advertising, bank service charges, credit card fees and miscellaneous services.

**General and administrative expenses.** General and administrative expenses decreased \$7.3 million, or 55.7%, to \$5.8 million for the six months ended June 30, 2008 from \$13.1 million in the corresponding period in 2007. General and administrative expenses, as a percentage of revenues, declined to 9.9% in the first six months of 2008 from 29.1% in the first

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six months of 2007. The decrease was due to the inclusion of charges totaling \$8.2 million that were recorded in the six months ended June 30, 2007 and reflected the compensation expenses associated with stock grants and loan forgiveness to the VFS executive officers and an outside consultant. These charges included \$6.5 million of compensation expense associated with the grant of 685,723 shares of Series A-1 participating stock and the reimbursement of personal tax liabilities resulting from the grants. Additionally, VFS recorded a charge of \$1.7 million to account for the forgiveness of debt obligations from the company's CEO to VFS. Excluding this charge, general and administrative expenses increased \$0.8 million, or 16.9%, to \$5.8 million for the six months ended June 30, 2008 from \$4.9 million for the six months ended June 30, 2007. The increase was due primarily to increased Regional Leader trainee staffing and training department upgrades. This investment was initiated in order to improve employee retention and address ongoing staffing needs in store operations.

Depreciation expense increased approximately \$126,000, or 14.8%, to \$973,000 for the six months ended June 30, 2008 from \$847,000 in the six months ended June 30, 2007. The increase was primarily the result of increased capital spending on store remodels, computer hardware and store security systems. Other expense consisted of losses on asset disposals of approximately \$10,000 for the six months ended June 30, 2008, which represented replacement upgrades to store surveillance systems.

**Interest expense.** Interest expense, as a percentage of revenue, increased approximately \$568,000, or 131.7%, to \$1.0 million for the six months ended June 30, 2008 from \$0.4 million in the corresponding period in 2007. The increase was due to higher borrowing levels. Average outstanding debt increased \$15.4 million, or 129.0%, to \$27.4 million for the six months ended June 30, 2008 from \$12.0 million for the six months ended June 30, 2007. The increase in debt was due to additional financing that was incurred to pay \$21.4 million in cumulative unpaid dividends to holders of VFS Series A-2 participating stock in June 2007. Total debt outstanding at June 30, 2008 decreased \$7.6 million, or 20.5%, to \$29.7 million from \$37.3 million at June 30, 2007.

**Income taxes.** VFS recorded income tax expense at an effective rate of 38.8% for the first six months of 2008, the same as that recorded in the first six months of 2007. VFS does not expect any changes in income tax rates for the next reporting period. As of June 30, 2008, VFS holds a deferred tax asset of \$6.6 million and, as a result, is able to minimize its cash payment obligations. During the six months ended June 30, 2008, VFS made cash tax payments of approximately \$125,000. VFS expects to be able to continue to reduce its cash payments with its deferred tax asset through the majority of 2009.

**Net income.** For the foregoing reasons, net income increased \$5.8 million, or 235.6%, to \$3.3 million, or 5.7% of total revenues, for the six months ended June 30, 2008 from \$(2.5) million, or (5.1)% of total revenues, for the six months ended June 30, 2007.

**Comparison of the Year Ended December 31, 2007 to December 31, 2006**

**Revenues.** Total revenues increased \$18.7 million, or 21.2%, to \$106.5 million for the year ended December 31, 2007 from \$87.8 million for the year ended December 31, 2006. Same store revenues, excluding the two stores opened in 2007, grew \$18.6 million, or 21.2%, to \$106.4

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million for the year ended December 31, 2007 from \$87.8 million in the year ended December 31, 2006.

**Merchandise Sales.** The following table summarizes merchandise sales and the related profit for the year ended December 31, 2007 compared to the year ended December 31, 2006 (\$ in thousands):

|                                    | For the year ended December 31, |               |           |           |               |           |
|------------------------------------|---------------------------------|---------------|-----------|-----------|---------------|-----------|
|                                    | 2006                            |               |           | 2007      |               |           |
|                                    | Retail                          | Scrap<br>Gold | Total     | Retail    | Scrap<br>Gold | Total     |
| Merchandise sales                  | \$ 46,921                       | \$ 15,427     | \$ 62,348 | \$ 51,367 | \$ 25,147     | \$ 76,515 |
| Cost of merchandise sales          | \$ 29,592                       | \$ 9,747      | \$ 39,339 | \$ 32,307 | \$ 15,527     | \$ 47,834 |
| Profit on merchandise sales        | \$ 17,329                       | \$ 5,680      | \$ 23,009 | \$ 19,060 | \$ 9,620      | \$ 28,681 |
| Profit margin on merchandise sales | 36.9%                           | 36.8%         | 36.9%     | 37.1%     | 38.3%         | 37.5%     |

Merchandise sales revenues, representing 71.9% of total revenues, increased \$14.2 million, or 22.7%, to \$76.5 million in 2007 from \$62.3 million in 2006. Retail merchandise sales, excluding gold scrapping activity, increased \$4.4 million, or 9.5%, to \$51.4 million in 2007 from \$46.9 million in 2006. The gains were due to improvements in its team member metrics, including turnover, continuity and productivity, combined with an 11.0% increase in customer transactions. Lower turnover and increased team member continuity led to more experienced sales associates in the store operations. The increase in customer transactions was due, in part, to a gain of over 300,000 new customers in 2007, representing an increase of 6.0% over new customer additions achieved in 2006.

Sales of gold scrap increased \$9.7 million, or 63.0%, to \$25.1 million in 2007 from \$15.4 million in 2006. Spot gold market pricing increased 17.3% in 2007 compared to 2006. In response to this favorable market pricing, VFS increased its gold scrapping volume during 2007 by 39.8% over its volume in 2006.

**Pawn service charges.** Revenues from pawn service charges increased \$4.3 million, or 17.9%, to \$28.4 million in 2007 from \$24.1 million in 2006. The annualized loan yield decreased to 177.6% in 2007 from 180.0% in 2006, due to a slightly lower redemption rate in 2007 compared to 2006. Pawn loans outstanding increased \$2.2 million, or 15.4%, to \$16.8 million in 2007 from \$14.5 million in 2006. Same store pawn loan balances at December 31, 2007 were approximately \$270,000 per store, or 15.0% higher than at December 31, 2006. This increase was due to the combined impact of both a 15.9% incremental volume gain in new loan activity and an increase in the average new loan amount to \$128 in 2007 from \$120 in 2006.

**Cost of Merchandise Sales.** Cost of merchandise sales increased \$8.5 million, or 21.6%, to \$47.8 million in 2007 from \$39.3 million in 2006. The increase was due to a 22.7% increase in merchandise sales in 2007. Overall profit margins of 37.5% in 2007 represented an increase over the 36.9% overall profit margins achieved in 2006. Retail merchandise sales profit margins grew in 2007 to 37.1% from 36.9% in 2006 due to improvements in the human resource metrics of team member turnover and continuity. These improvements resulted in more experienced team members and store teams and led to better decision-making and less discounting. Profit margins on gold scrap sales improved to 38.3% in 2007 from 36.8% in 2006 due to favorable spot gold market pricing.



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**Net Revenue.** Net revenue increased \$10.1 million, or 20.8%, to \$58.6 million in 2007 from \$48.5 million in 2006. On a same store basis, excluding the two stores opened in 2007, net revenue increased \$10.1 million, or 20.8%, to \$58.6 million from \$48.5 million in 2006. The net revenue margin of 55.1% reflected a decrease from the 55.2% margin in 2006. This was primarily due to an increase in merchandise sales as a percentage of in total revenues, to 71.9% in 2007 from 71.0% in 2006. Because merchandise sales have a lower profit margin than pawn service charge revenues due to their associated cost component, the shift toward merchandise sales revenues resulted in a reduction in overall net revenue margin. The annualized inventory turnover rate of 3.5 times in 2007 was an increase over the 3.3 rate achieved in 2006.

The table below summarizes the value of merchandise inventory based on age before the valuation allowances of \$333,000 at December 31, 2007 and \$283,000 at December 31, 2006 (\$ in thousands):

|                                       | December 31, 2006 |       | December 31, 2007 |       |
|---------------------------------------|-------------------|-------|-------------------|-------|
|                                       | Amount            | %     | Amount            | %     |
| Merchandise held for 1 year or less   |                   |       |                   |       |
| Jewelry                               | \$ 6,288          | 51.3  | \$ 7,557          | 55.0  |
| Other merchandise                     | 5,440             | 44.3  | 5,771             | 42.0  |
|                                       | 11,728            | 95.6  | 13,328            | 97.0  |
| Merchandise held for more than 1 year |                   |       |                   |       |
| Jewelry                               | 318               | 2.6   | 297               | 2.2   |
| Other merchandise                     | 216               | 1.8   | 112               | 0.8   |
|                                       | 534               | 4.4   | 409               | 3.0   |
| Total merchandise inventory           | \$ 12,262         | 100.0 | \$ 13,737         | 100.0 |

**Store operating expenses.** Store operating expenses increased \$5.5 million, or 18.1%, to \$35.9 million in 2007, from \$30.4 million in 2006. Store operating expenses, as a percentage of revenues, declined to 33.7% in 2007 from 34.6% in 2006 due to a combination of labor efficiencies that resulted from increases in team member productivity and the fixed-cost nature of some of its operating expenses, such as rent and facility expenses. The absolute spending increase was due to increased staffing levels at the store level, increased management trainee hires and the addition of two new stores in 2007. The management trainees were hired to provide management depth in anticipation of new store expansion and natural attrition. The trainees are hired two years in advance in order to prepare them with adequate training and experience before promoting them to a store management role. This advanced hiring minimizes the transition period that normally occurs subsequent to management changes and accelerates the path to profitability for new stores.

As a multi-unit operator in the pawn industry, its store operations expenses are predominately comprised of personnel and occupancy expenses. Personnel expenses include base salary and wages, performance incentives and benefits. Occupancy expenses include rent, property taxes, insurance, utilities and maintenance. The combination of personnel and occupancy expenses represents 86.9% of total store operating expenses in 2007 and 85.3% in 2006. The remainder of the store operating expenses include supplies, advertising, bank service charges, credit card fees and miscellaneous services.

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**General and administrative expenses.** General and administrative expenses increased \$13.3 million, or 170.5%, to \$21.1 million in 2007 from \$7.8 million in 2006. The increase was primarily due to the inclusion of charges totaling \$11.0 million that were recorded during 2007. These charges reflected the compensation expenses associated with stock grants, loan forgiveness to the VFS CEO, accrual of director and officer fees and expenses related to the company's suspended initial public offering. The stock grants accounted for \$6.5 million of compensation expense associated with the grant of 685,723 shares of Series A-1 participating stock and the reimbursement of personal tax liabilities resulting from the grants. Additionally, VFS recorded a charge of \$1.7 million to account for the forgiveness of debt obligations from the company's CEO to VFS. Accrued directors and officers fees and IPO and other related expenses totaled \$2.8 million. Excluding these charges, general and administrative expenses increased \$2.3 million, or 29.5%, to \$10.1 million for 2007 from \$7.8 million for 2006. Adjusted general and administrative expenses, as a percentage of revenues, increased to 9.5% in 2007 from 8.9% in 2006. These expenses increased in 2007 due primarily to an initiative aimed at developing the company's human resource infrastructure in order to improve its recruiting and retention effectiveness.

Depreciation expense increased approximately \$31,000, or 17.9%, to approximately \$204,000 in 2007 from approximately \$173,000 in 2006. The increase was due to accelerated capital investment activity in 2007, including computer hardware replacements, store security and surveillance system upgrades and two store openings.

Other expenses totaled approximately \$355,000 in 2007, compared to approximately \$108,000 in 2006. This expense included approximately \$248,000 in write-offs of equipment that was replaced in the store operations, such as computer hardware and surveillance equipment. Additionally, start-up expenses for the company's planned store openings in Mexico totaled approximately \$107,000.

**Interest expense.** Interest expense increased by \$1.4 million, or 127.3%, to \$2.5 million in 2007 from \$1.1 million in 2006. Interest expense, as a percentage of revenue, increased to 2.4% in 2007 from 1.3% in 2006. The increase was due to higher borrowing levels in 2007. Average outstanding debt increased \$8.0 million, or 51.6%, to \$23.4 million during 2007 from \$15.4 during 2006. Total debt at December 31, 2007 of \$31.2 million was \$19.5 million, or 166.6%, higher than the total debt balance of \$11.7 million at December 31, 2006. The increase in debt was due to additional financing that was incurred to pay \$21.4 million in cumulative unpaid dividends to holders of VFS Series A-2 participating stock in June 2007.

**Income taxes.** VFS recorded an income tax benefit of approximately \$486,000 in 2007 due to a net loss for the year of \$1.5 million. In 2006, VFS recorded \$3.4 million of income taxes at an effective rate of 38.8%. VFS held a deferred tax asset of \$8.7 million and, as a result, is able to minimize its cash payment obligations VFS made cash tax payments of approximately \$164,000 in 2006.

**Net income.** For the foregoing reasons, VFS recorded a net loss of approximately \$981,000 in 2007. This represented a decline compared to 2006 of \$6.4 million, or 118.1%.

**Table of Contents**Comparison of the Year Ended December 31, 2006 to December 31, 2005

**Revenues.** Total revenues increased \$18.6 million, or 26.8%, to \$87.8 million for the year ended December 31, 2006 from \$69.2 million for the year ended December 31, 2005. Same-store revenues, excluding the two stores opened in 2006, grew \$17.5 million, or 25.3%, to \$86.8 million for the year ended December 31, 2006 from \$69.2 million in the year ended December 31, 2005.

**Merchandise sales.** The following table summarizes merchandise sales and the related profit for the year ended December 31, 2006 compared to the year ended December 31, 2005 (dollars in thousands):

|                                    | Year ended December 31, |            |           |           |            |           |
|------------------------------------|-------------------------|------------|-----------|-----------|------------|-----------|
|                                    |                         | 2005       | 2006      |           |            |           |
|                                    | Retail                  | Scrap Gold | Total     | Retail    | Scrap Gold | Total     |
| Merchandise sales                  | \$ 39,801               | \$ 7,578   | \$ 47,379 | \$ 46,921 | \$ 15,427  | \$ 62,348 |
| Cost of merchandise sales          | 24,211                  | 5,078      | 29,289    | 29,592    | 9,747      | 39,339    |
| Profit on merchandise sales        | \$ 15,590               | \$ 2,500   | \$ 18,090 | \$ 17,329 | \$ 5,680   | \$ 23,009 |
| Profit margin on merchandise sales | 39.2%                   | 33.0%      | 38.2%     | 36.9%     | 36.8%      | 36.9%     |

Merchandise sales revenues increased \$15.0 million, or 31.6%, to \$62.3 million, or 71.0% of total revenues, in 2006 from \$47.4 million, or 68.4% of total revenues, in 2005. Retail merchandise sales, excluding gold scrapping activity, increased \$7.1 million, or 17.9%, to \$46.9 million in 2006 from \$39.8 million in 2005. The gains were due to improvements in team member turnover, continuity and productivity, combined with a 10.2% increase in customer transactions. Lower turnover and increased team member continuity led to more experienced sales associates in the store operations. The increase in customer transactions was due, in part, to a gain of nearly 200,000 new customers in 2006, representing an increase of 7.9% over new customer additions achieved in 2005.

Sales of gold scrap increased \$7.8 million, or 103.6%, to \$15.4 million in 2006 from \$7.6 million in 2005. Spot gold market pricing increased 39.3% in 2006 compared to 2005. In response to this favorable market pricing, we increased our gold scrapping volume during 2006 by 52.6% over our volume in 2005.

**Pawn service charges.** Revenues from pawn service charges increased \$3.3 million, or 15.9%, to \$24.1 million, or 27.4% of total revenues, in 2006 from \$20.8 million, or 30.0% of total revenues, in 2005. The annualized loan yield decreased to 180.0% in 2006 from 184.8% in 2005 due to a slightly lower redemption rate in 2006 compared to 2005. Pawn loans outstanding increased \$2.9 million, or 25.3%, to \$14.5 million at December 31, 2006 from \$11.6 million at December 31, 2005. Same-store pawn loan balances at December 31, 2006 were approximately \$238,000 per store, or 23.1% higher than at December 31, 2005. This increase was due to the combined impact of both a 7.2% incremental volume gain in new loan activity and an increase in the average new loan amount to \$120 in 2006 from \$106 in 2005.

**Cost of merchandise sales.** Cost of merchandise sales increased \$10.1 million, or 34.3%, to \$39.3 million in 2006 from \$29.3 million in 2005. The increase was primarily due to a 31.6% increase in merchandise sales in 2006. Overall profit margins on merchandise sales of 36.9% in

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2006 represented a reduction from the 38.2% profit margins achieved in 2005. Retail merchandise sales profit margins declined in 2006 to 36.9% from 39.2% in 2005 due primarily to increased promotional activity and related discounting in 2006. Profit margins on gold scrap sales improved to 36.8% in 2006 from 33.0% in 2005 due to favorable spot gold market pricing.

**Net revenues.** Net revenues increased \$8.5 million, or 21.3%, to \$48.5 million in 2006 from \$40.0 million in 2005. On a same-store basis, excluding the two stores opened in 2006, net revenues increased \$8.1 million, or 20.2%, to \$48.0 million from \$40.0 million in 2005. The net revenue margin of 55.2% in 2006 reflected a decrease from the 57.7% margin in 2005. This was primarily due to an increase in merchandise sales as a percentage of in total revenues, to 71.0% in 2006 from 68.4% in 2005. Because merchandise sales have a lower profit margin than pawn service charge revenues due to their associated cost component, the shift toward merchandise sales revenues resulted in a reduction in overall net revenue margin. Additionally, the gross profit margin on merchandise sales of 36.9% in 2006 reflected a decrease from the 38.2% gross profit margin in 2005. The gross profit margin on retail sales, excluding gold scrap sales, was 36.9% in 2006, compared to 39.2% in 2005. The annualized inventory turnover rate of 3.3 times in 2006 was an increase over the turnover rate of 3.2 times achieved in 2005.

The table below summarizes the value of merchandise inventory based on age before the valuation allowance of \$283,000 at December 31, 2006 and December 31, 2005 (dollars in thousands):

|                                     | December 31,<br>2005 |       | December 31,<br>2006 |       |
|-------------------------------------|----------------------|-------|----------------------|-------|
|                                     | Amount               | %     | Amount               | %     |
| Merchandise held for 1 year or less |                      |       |                      |       |
| Jewelry                             | \$ 5,006             | 47.2  | \$ 6,249             | 51.0  |
| Other merchandise                   | 4,862                | 45.8  | 5,440                | 44.3  |
|                                     | 9,868                | 93.0  | 11,688               | 95.3  |
| Merchandise held for 1 year or less |                      |       |                      |       |
| Jewelry                             | 316                  | 3.0   | 318                  | 2.6   |
| Other merchandise                   | 429                  | 4.0   | 257                  | 2.1   |
|                                     | 745                  | 7.0   | 575                  | 4.7   |
| Total merchandise inventory         | \$10,613             | 100.0 | \$12,263             | 100.0 |

**Store operating expenses.** Store operating expenses increased \$5.3 million, or 21.0%, to \$30.4 million in 2006 from \$25.1 million in 2005. On a same-store basis, store operating expenses increased \$4.4 million, or 18.6%, to \$28.3 million in 2006 from \$23.8 million in 2005. Store operating expenses, as a percentage of total revenues, declined to 34.6% in 2006 from 36.2% in 2005 due to a combination of labor efficiencies that resulted from increases in team member productivity and the fixed-cost nature of some of our operating expenses, such as rent and facility expenses. The absolute spending increase was due to increased staffing levels at the store level, increased management trainee hires and the addition of two new stores in 2006. The management trainees were hired to provide management depth in anticipation of new store expansion and natural attrition. The trainees are hired two years in advance in order to prepare them with adequate training and experience before promoting them to a store management role.

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This advanced hiring minimizes the transition period that normally occurs subsequent to management changes and accelerates the path to profitability for new stores.

As a multi-unit operator in the pawn industry, our store operations expenses are predominately related to personnel and occupancy expenses. Personnel expenses include base salary and wages, performance incentives and benefits. Occupancy expenses include rent, property taxes, insurance, utilities and maintenance. The combination of personnel and occupancy expenses represents 90.6% of total store operating expenses in 2006 and 92.4% in 2005. The remainder of the store operating expenses include supplies, advertising, bank service charges, credit card fees, depreciation and miscellaneous services.

**General and administrative expenses.** General and administrative expenses increased \$1.4 million, or 20.4%, to \$8.1 million in 2006 from \$6.7 million in 2005. General and administrative expenses, as a percentage of total revenues, declined to 9.2% in 2006 from 9.7% in 2005. Administration expenses, as a percentage of total revenue, were 8.9% in 2006 compared to 9.4% in 2005. These expenses increased \$1.3 million, or 20.3%, in 2006 compared to 2005 due primarily to an increase in our recruiting efforts aimed at building the management trainee population. Other expense totaled approximately \$108,000 in 2006, compared to approximately \$60,000 in 2005. This expense represented write-offs of equipment that was replaced in the store operations, such as computer hardware and surveillance equipment.

**Interest expense.** Interest expense decreased approximately \$162,000, or 12.5%, to \$1.1 million, in 2006 from \$1.3 million in 2005. Interest expense, as a percentage of total revenues, decreased to 1.3% in 2006 from 1.9% in 2005. The reduction was due to lower borrowing levels in 2006, the savings from which were somewhat offset by higher borrowing costs. Total debt at December 31, 2006 of \$11.7 million decreased \$5.8 million, or 33.1%, compared to total debt at December 31, 2005 of \$17.5 million.

**Income taxes.** We recorded income tax expense at an effective rate of 38.8% in 2006, compared to an effective tax rate of 37.9% in 2005. We held a deferred tax asset of \$8.2 million at December 31, 2006 and, as a result, were able to minimize our cash payment obligations to approximately \$164,000 in 2006. By comparison, we made cash tax payments of approximately \$64,000 in 2005.

**Net income.** For the foregoing reasons, net income increased \$1.2 million, or 27.7%, to \$5.4 million, or 6.2% of total revenues for the year ended December 31, 2006, from \$4.3 million, or 6.1% of total revenues, for the year ended December 31, 2005.

**Table of Contents*****Liquidity and Capital Resources***

The principal sources of cash for VFS are cash from operations and borrowings under its credit facility. Its primary uses of cash have been to fund pawn loans, acquire merchandise, meet debt service requirements, finance capital expenditures and finance the expansion of its operations. The following table summarizes cash flows from operating and investing activities during the periods presented:

|   | Year Ended December 31, |           |          | Six Months<br>Ended June 30, |          |
|---|-------------------------|-----------|----------|------------------------------|----------|
|   | 2005                    | 2006      | 2007     | 2007                         | 2008     |
|   |                         |           |          | (unaudited)                  |          |
| Net cash provided by operating activities           | \$ 5,787                | \$ 10,315 | \$ 9,551 | \$ 3,168                     | \$ 4,087 |
| Net cash used in investing activities               | (5,150)                 | (5,394)   | (6,355)  | (4,063)                      | (2,632)  |
| Net cash provided by (used in) financing activities | 282                     | (5,808)   | (3,161)  | 3,217                        | (1,488)  |

Net cash provided by operating activities for the six months ended June 30, 2008 was \$4.1 million compared to cash provided of \$3.2 million for the six months ended June 30, 2007. The increase in net cash provided was due to an improvement in operating results. Net cash provided by operating activities was \$9.6 million in 2007, \$10.3 million in 2006 and \$5.8 million in 2005. The decrease in net cash provided by operating activities in 2007 from 2006 was primarily the result of charges taken in 2007 for costs associated with the company's suspended IPO. The improvement in net cash provided by operating activities in 2006 from 2005 was due to an improvement in operating results.

Net cash used in investing activities was \$2.6 million for the six months ended June 30, 2008 compared to \$(4.1) million for the six months ended June 30, 2007. Net cash used in investing activities was \$(6.4) million in 2007, \$5.4 million in 2006 and \$(5.2) million in 2005. The investing activities of VFS primarily relate to its pawn loan activities, purchases of property and equipment for its stores and investments in technology. Property and equipment includes new store openings, store expansions, additional jewelry cases and shelving and facility upgrades. In 2007, VFS opened two new stores.

For the six months ended June 30, 2008, capital expenditures were \$1.5 million compared to \$1.0 million during the six months ended June 30, 2007. Capital expenditures were \$3.0 million in 2007, \$1.3 million in 2006 and \$1.2 million in 2005. The increased capital spending in 2007 and 2006 was primarily due to facility upgrades and new store openings. In 2007, capital spending increased due to investments in technology in the store locations to upgrade computer equipment, surveillance and security systems. VFS opened two stores in both 2007 and 2006 and expects to open five in 2008. The capital cost of opening a new store is approximately \$250,000. The capital cost includes leasehold improvements, signage, display cases and shelving, computer equipment and security systems. In addition, the typical store requires working capital of approximately \$150,000 to fund operations and investments in pawn loans and inventory.

Net cash provided by (used in) financing activities was \$(1.5) million for the six months ending June 30, 2008 compared to \$3.2 million in the six months ended June 30, 2007. The change was largely due to additional financing that was secured in June 2007. Net cash provided by (used in) financing activities was \$(3.2) million in 2007, \$(5.8) million in 2006 and \$0.3

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million in 2005. The usage in 2007 and 2006 represents debt repayment while borrowing increased in 2005 in support of the expansion of the company's earning assets, pawn loans receivable and merchandise available for sale.

**Senior Credit Facility.** In June 2007, VFS entered into a \$37.0 million senior credit facility with a national bank that is comprised of a \$17.0 million working capital revolver and a \$20.0 million term loan. The working capital revolver matures in June 2009 and the term loan matures in June 2012. VFS makes equal monthly payments of principal and interest on the term loan. The interest rates on both loans are 30-day LIBOR-based plus a margin determined on the basis of the company's quarterly funded debt to EBITDA ratio. As of June 30, 2008, the applicable margins were 1.8% and 1.95% and the applicable interest rates were 4.41% and 4.56% for the working capital revolver and term loan, respectively. The rate on the term loan is hedged at a fixed 30-day LIBOR rate of 5.73% plus the applicable margin for 75.0% of the outstanding balance. As a result, the blended interest rate on the term loan at June 30, 2008 was 6.9%. At June 30, 2008, VFS had approximately \$13.4 million in outstanding advances against the working capital revolver and total debt of \$29.7 million. There are no prepayment penalties, although it is possible that some cash payment will be due to the bank to fulfill the company's obligations under the interest rate hedging agreement. The extent of any payment will be determined by the applicable LIBOR rate at the time the loan is repaid. At June 30, 2008, this potential liability was estimated to be \$535,000.

The \$20 million term loan was utilized as the primary financing source for the payment of \$21.4 million of accrued dividends to holders of the company's series A-2 participating stock. These dividends had been accruing continuously since the purchases of the securities by the holders in 2001. In April 2007, the VFS board of directors authorized payment of the dividends. In addition, in June 2007 VFS repaid the principal amount of \$3.9 million to holders of its 1999 series convertible subordinated debentures. These debentures matured on June 30, 2007. This repayment was funded through advances against the working capital revolver.

**Convertible subordinated debentures.** As of June 30, 2008, VFS owed \$0.4 million on a 1998 offering of convertible subordinated debentures. These debentures matured at June 30, 2003 and are being repaid to the holders over ten years in 40 equal installment payments of principal and interest. The interest rate is 6.5%. The option to convert to common stock at \$20 per share expired at maturity. VFS has the option to repay the outstanding principal ahead of schedule.

**Operating leases.** Operating leases are scheduled payments on existing store and other administrative leases. These leases typically have initial terms of five years and may contain provisions for renewal options and payment of real estate taxes and property insurance.

VFS believes that, based on current levels of operations and anticipated improvements in operating results, cash flows from operations and borrowings available under its credit facility will allow it to fund its liquidity and capital expenditure requirements for the foreseeable future, including payment of interest and principal on its indebtedness. This belief is based upon its historical growth rate and the anticipated benefits VFS expect from operating efficiencies. VFS expects additional revenue growth to be generated by increased merchandise sales, pawn service charge revenues, the maturity of recently opened new stores and the continued development of new stores. VFS also expects operating expenses to increase, although the rate of increase is

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expected to be less than the rate of revenue growth. Furthermore, VFS does not believe that acquisitions or expansion are necessary to cover its fixed expenses, including debt service.

VFS entered into the commitments described above and other contractual obligations in the normal course of business as a source of funds for asset growth and asset liability management and to meet required capital needs. The following table summarizes its principal future obligations and commitments as of June 30, 2008, excluding periodic interest payments:

|                             | Payments Due by Period |                     |                  |                  |                         |
|-----------------------------|------------------------|---------------------|------------------|------------------|-------------------------|
|                             | (in thousands)         |                     |                  |                  |                         |
|                             | Total                  | Less Than<br>1 Year | 1 - 3<br>Years   | 3 - 5<br>5 years | More<br>than<br>5 Years |
| Contractual Obligations     |                        |                     |                  |                  |                         |
| Working Capital Revolver    | \$ 13,377              | \$ 13,377           | \$               | \$               | \$                      |
| Term Loan                   | 15,952                 | 4,000               | 11,952           |                  |                         |
| 1998 Series Debentures      | 370                    | 69                  | 152              | 149              |                         |
| Estimated Interest Payments | 3,167                  | 1,012               | 2,083            | 72               |                         |
| Operating Leases            | 22,365                 | 4,491               | 10,576           | 6,345            | 953                     |
| <b>Total</b>                | <b>\$ 55,231</b>       | <b>\$ 22,949</b>    | <b>\$ 24,763</b> | <b>\$ 6,566</b>  | <b>\$ 953</b>           |

**Off-Balance Sheet Arrangements**

VFS does not have any off-balance sheet arrangements.

**Impact of Inflation**

VFS does not believe that inflation has a material impact on its earnings from operations.

**Seasonality**

VFS business does have a seasonal aspect. The retail merchandise sales contribution to its results is heavily weighted toward the second and fourth quarters of each year. If there is a significant erosion of customer demand in either of these quarters there could be a material negative impact on its operating results. With respect to its pawn lending operations, the first three months of the calendar year typically represent an active period for redemption activity as many customers use income tax rapid refunds to redeem their pawn loans. An increase in income tax rates and a corresponding reduction in income tax refunds to its customers could lead to a negative material impact on its business.



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**Quantitative and Qualitative Disclosures About Market Risk**

In the operations of its business and the reporting of its consolidated financial results, VFS is affected by changes in interest rates and gold prices. The principal risks of loss arising from adverse changes in market rates and prices to which VFS are exposed relate to:

interest rates on debt; and

spot gold market pricing.

VFS has no market risk sensitive instruments entered into for trading purposes, as defined by GAAP. Information contained in this section relates only to instruments entered into for purposes other than trading.

**Interest rates.** Its outstanding indebtedness, and related interest rate risk, is managed centrally by its finance department by implementing the financing strategies approved by its board of directors. Its debt consists of fixed-rate subordinated notes and its senior credit facility. Its senior credit facility carries variable rates of interest, however, at June 30, 2008, \$12 million of outstanding borrowings are rate protected through a floating-to-fixed hedging contract. A change in interest rates is not expected to have a significant impact on its consolidated financial position, results of operations or cash flows.

**Gold pricing.** VFS liquidates (scraps) a certain amount of its gold jewelry by selling to a gold smelter based on the spot gold market price. This activity represented net revenues of \$2.5 million in 2005, \$5.7 million in 2006 and \$9.6 million in 2007. As a percentage of overall net revenue, gold scrap represented 6.3%, 11.7% and 16.4%, in 2005, 2006 and 2007, respectively. For the six months ended June 30, 2008, net revenues derived from gold scrap activities were \$7.6 million, or 23.1% of overall net revenues. For the six months ended June 30, 2007, gold scrap activities represented net revenue of \$3.2 million, or 11.7% of overall net revenues.

A significant and sustained decline in the price of gold would negatively impact the value of jewelry inventories held by VFS and the value of jewelry pledged as collateral by pawn customers. As a result, the profit margins achieved by VFS on existing jewelry inventories would be negatively impacted, as would be the potential profit margins on jewelry currently pledged as collateral by pawn customers in the event it is forfeited by the pawn customer. In addition, a decline in gold prices could result in a lower balance of pawn loans outstanding for VFS, as customers would receive lower loan amounts for individual pieces of jewelry. VFS believes with its historic redemption rates that many customers would be willing to add additional items of value to their pledge in order to obtain the desired loan amount as well as redeeming items pawned, thus mitigating a portion of this risk.

**Table of Contents***Security Ownership of Certain VFS Beneficial Owners and Management*

The following table contains information regarding the ownership of VFS's participating stock as converted to common stock as of June 30, 2008, by:

- i) each person who is known by VFS to own beneficially more than 5% of the outstanding shares of each class of equity securities;
- ii) each director and officer of VFS, and
- iii) all directors and officers of VFS as a group. To the knowledge of VFS, except pursuant to applicable community property laws and except as otherwise indicated, each shareholder identified in the table possesses sole voting and investment power with respect to its or his shares.

|   | Series A-1          |       | Series A-2          |      | Series B            |      | As-Converted    |       |
|---|---------------------|-------|---------------------|------|---------------------|------|-----------------|-------|
|   | Participating Stock |       | Participating Stock |      | Participating Stock |      | to Common Stock |       |
|   |                     |       |                     |      |                     |      |                 | Pct   |
| <b>Executive Officers and Directors</b>               |                     |       |                     |      |                     |      |                 |       |
| John D. Thedford (1)                                  | 546,005             | 14.5  |                     |      | 46,793              | 7.6  | 730,412         | 10.99 |
| Wilton Whitcomb (2)                                   | 171,727             | 4.6   |                     |      | 14,989              | 2.4  | 233,466         | 3.51  |
| Lawrence Kahlden (3)                                  | 217,442             | 5.8   |                     |      | 14,989              | 2.4  | 279,181         | 4.20  |
| Manual A. Garcia                                      |                     |       |                     |      |                     |      |                 |       |
| Kevin Hyneman (4)                                     | 312,052             | 8.3   | 101,010             | 6.7  | 108,981             | 17.7 | 676,116         | 10.17 |
| Michael Longo   |                     |       |                     |      |                     |      |                 |       |
| Charles Slatery (5)                                   | 896,200             | 23.9  | 25,000              | 1.6  | 72,200              | 11.7 | 1,005,900       | 15.13 |
| All directors and officers as a group (7 persons) (6) | 2,143,426           | 57.06 | 126,010             | 8.3  | 257,952             | 41.9 | 2,925,075       | 44.01 |
| <b>Other Shareholders</b>                             |                     |       |                     |      |                     |      |                 |       |
| James Lackie (7)                                      | 22,500              | *     | 188,649             | 12.4 | 15,000              | 2.4  | 320,474         | 4.82  |
| William Haslam (8)                                    | 22,500              | *     | 142,792             | 9.4  |                     |      | 236,688         | 3.56  |
| James Haslam (9)                                      | 22,500              | *     | 142,570             | 9.4  |                     |      | 236,355         | 3.56  |
| Joe Nicosia (10)                                      | 57,500              | *     | 202,205             | 13.3 | 10,400              | 1.7  | 371,208         | 5.59  |
| Phillco Partnership (11)                              | 159,500             | 4.2   |                     |      | 12,500              | 2.0  | 172,000         | 2.59  |
| Rick Olswanger  | 48,529              | 1.3   | 101,010             | 6.7  | 10,238              | 1.7  | 159,777         | 2.40  |
| F. William Hackmeyer                                  | 119,385             | 3.2   |                     |      | 30,950              | 5.0  | 150,335         | 2.26  |
| Everett Hailey  | 71,419              | 1.9   |                     |      | 42,891              | 7.0  | 114,310         | 1.72  |
| Gordon Brothers (12)                                  |                     |       | 202,020             | 13.3 |                     |      | 202,020         | 3.04  |
| Louis Baioni  | 15,000              | *     | 101,010             | 6.7  |                     |      | 116,010         | 1.75  |
| Ray Cahnman   |                     |       | 101,010             | 6.7  |                     |      | 101,010         | 1.52  |
| Berten LLC (13)                                       |                     |       | 91,083              | 6.0  |                     |      | 91,083          | 1.37  |

\* Denotes less than 1.0%.

(1) Number of shares on an as-converted to common stock

basis includes  
137,614 shares  
issuable upon  
the exercise of  
options that are  
immediately  
exercisable.

(2) Number of  
shares on an  
as-converted to  
common stock  
basis includes  
46,750 shares  
issuable upon  
the exercise of  
options that are  
immediately  
exercisable.

(3) Number of  
shares on an  
as-converted to  
common stock  
basis includes  
46,750 shares  
issuable upon  
the exercise of  
options that are  
immediately  
exercisable.

(4) Number of  
shares on an  
as-converted to  
common stock  
basis includes  
154,073 shares  
issuable upon  
the exercise of  
options that are  
immediately  
exercisable.

(5) Number of  
shares on an  
as-converted to  
common stock  
basis includes  
12,500 shares  
issuable upon

the exercise of options that are immediately exercisable.

- (6) See footnotes (1) through (5) above.
- (7) Number of shares on an as-converted to common stock basis includes 94,325 shares issuable upon the exercise of options that are immediately exercisable.
- (8) Number of shares on an as-converted to common stock basis includes 71,396 shares issuable upon the exercise of options that are immediately exercisable.
- (9) Number of shares on an as-converted to common stock basis includes 71,285 shares issuable upon the exercise of options that are immediately exercisable.

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- (10) Number of shares on an as-converted to common stock basis includes 101,103 shares issuable upon the exercise of options that are immediately exercisable.
  
- (11) Phillco Partnership is controlled by Parker Phillips.
  
- (12) Gordon Brothers is controlled by Wendy Landon, as managing director of GB Merchant Partners, LLC, the investment manager for both 1903 Onshore Funding, LLC, which holds 102,950 Series A-2 shares, and 1903 Offshore Loans SPV Limited, which holds 99,070 Series A-2 shares.
  
- (13) Berten LLC is controlled by Steve Tendrich.

**THE SPECIAL MEETING OF VFS SHAREHOLDERS**

**General**

VFS is furnishing this proxy statement/prospectus to VFS shareholders in connection with the solicitation of proxies by the VFS board of directors for use at the special meeting of VFS shareholders.

**Date, Time and Place of the VFS Special Meeting**

VFS will hold a special meeting of its shareholders on [ ] [ ], 2008, promptly at 5:00 p.m. local time at The Memphis Hilton, 939 Ridge Lake Boulevard, Memphis, TN 38120.

**Purpose of the VFS Special Meeting**

At the VFS special meeting, including any adjournment or postponement thereof, VFS shareholders will be asked to consider and vote upon and approve the following proposals:

1. The amendment to the VFS articles of incorporation and conversion of all series A-1 participating, series A-2 participating and series B participating stock into VFS common stock.
2. The adoption of the merger agreement dated as of September 16, 2008, among VFS, EZCORP and Merger Sub.
3. The transaction of such other business as may properly come before the special meeting or any adjournment or postponement thereof.

A copy of the merger agreement is attached to this proxy statement/prospectus as Exhibit A. VFS shareholders are encouraged to read the merger agreement in its entirety.

THE MATTERS TO BE CONSIDERED AT THE VFS SPECIAL MEETING ARE OF GREAT IMPORTANCE TO VFS SHAREHOLDERS. ACCORDINGLY, VFS SHAREHOLDERS ARE URGED TO READ AND CAREFULLY CONSIDER THE INFORMATION PRESENTED IN THIS PROXY STATEMENT/PROSPECTUS AND THE OTHER INFORMATION INCORPORATED BY REFERENCE HEREIN, AND TO COMPLETE, DATE, SIGN AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED PRE-ADDRESSED POSTAGE-PAID ENVELOPE.

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**Admission to the Special Meeting**

Only VFS shareholders as of the close of business on September 16, 2008, and other persons holding valid proxies for the special meeting are entitled to attend the VFS special meeting. VFS shareholders and their proxies should be prepared to present valid government-issued photo identification. Anyone who does not provide valid government-issued photo identification or comply with the other procedures outlined above upon request may not be admitted to the special meeting.

**Record Date and Shareholders Entitled to Vote**

Record holders of VFS Common Stock at the close of business on September 16, 2008, the record date, may vote at the special meeting. On September 16, 2008, VFS had 6,646,369 outstanding shares of common stock on a fully diluted basis, which were held by 155 record holders, including 142 holders of series A-1 participating stock, 21 holders of series A-2 participating stock, and 67 holders of series B participating stock. On September 16, 2008, no shares of common stock of VFS were outstanding.

A complete list of the shareholders entitled to vote at the special meeting will be available for examination by any shareholder for any purpose germane to the special meeting, during ordinary business hours for a period of at least two days prior to the special meeting, at the offices of VFS at 1063 Maitland Commons Boulevard, Suite 200, Maitland, Florida 32751. Such list will also be available for examination at the special meeting.

**How You Can Vote**

You can vote your shares only if you are either represented by proxy or eligible to vote your shares in person at the special meeting. You can submit your proxy by mail by completing and returning the enclosed proxy card.

If you return a properly signed proxy card, we will vote your shares as you direct.

**Required Vote, Quorum and Abstentions**

In order to conduct business at the special meeting, a quorum of a majority of the total number of votes entitled to be cast must be present in person or represented by proxy.

The affirmative vote of a majority of the shares of each class of VFS stock, voting separately as a class, is required to approve the amendment and the conversion. The affirmative vote of a majority of the shares of the series A-1 and B participating stock voting together as a class and the series A-2 participating stock voting separately as a class is required to approve the merger and merger agreement.

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**Voting by VFS Directors and Executive Officers**

As of the record date for the VFS special meeting, VFS's directors, executive officers and their affiliates, as a group, beneficially owned and were entitled to vote an aggregate of approximately 57% of the outstanding series A-1 participating stock, 8% of the outstanding series A-2 participating stock and 42% of the outstanding series B participating stock. Additionally, these persons, as a group, beneficially owned 2,925,075 shares of VFS Common Stock and were entitled to vote an aggregate of approximately 28% of the VFS Common Stock.

Pursuant to a voting agreement entered into between EZCORP, Merger Sub and the three VFS directors who own shares of VFS stock, John Thedford, Kevin Hyneman and Charles Slaterly, these directors have agreed to vote their shares of VFS stock in favor of the amendment, the conversion and the merger agreement. As of the record date for the VFS special meeting, these directors, as a group, beneficially owned and were entitled to vote an aggregate of approximately 47% of the outstanding series A-1 participating stock, 8% of the outstanding series A-2 participating stock and 37% of the outstanding series B participating stock. Additionally, these directors, as a group, beneficially owned 2,412,428 shares of VFS Common Stock and were entitled to vote an aggregate of approximately 24% of the VFS Common Stock.

**Revoking Your Proxy**

You can change your vote or revoke your proxy at any time before the final vote at the special meeting. To do so, if you are the record holder, you may:

send a written, dated notice to the Secretary of VFS at VFS's principal executive offices stating that you would like to revoke your proxy;

complete, date and submit a new later-dated proxy card; or

vote in person at the special meeting. Your attendance alone will not revoke your proxy.

Written notices of revocation should be addressed to Value Financial Services, Inc. Attn: Corporate Secretary, 1063 Maitland Commons Boulevard, Suite 200, Maitland, Florida 32751.

Any VFS shareholder who has a question about VFS or the adoption of the merger agreement, or how to vote or revoke a proxy, or who wishes to obtain additional copies of this proxy statement/prospectus should contact:

Value Financial Services, Inc.  
1063 Maitland Commons Boulevard  
Suite 200  
Maitland, Florida 32751  
Attention: Corporate Secretary  
(407) 339-0064



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**Other Matters**

Other than the proposals described in this proxy statement/prospectus, the VFS board of directors knows of no other matters to be acted upon at the special meeting. If any other matter should be duly presented at the special meeting upon which a vote properly may be taken, shares represented by all proxies received by VFS will be voted with respect thereto in accordance with the judgment of the persons named as attorneys in the proxy.

**Solicitation of Proxies and Expenses**

VFS will be responsible for the expenses incurred in connection with the filing, printing and mailing of this proxy statement/prospectus. VFS will be responsible for any fees incurred in connection with the solicitation of proxies for the VFS special meeting. In addition to solicitation by mail, the directors, officers, employees and agents of VFS may solicit proxies from VFS shareholders by telephone, email, facsimile or in person. Some of these individuals may have interests in the merger that are different from, or in addition to, the interests of VFS shareholders generally. *See Information About the Background and Terms of the Merger - Interests of VFS's Officers in the merger, page 86.*

**Shareholders Sharing an Address**

VFS shareholders sharing an address with another shareholder may receive only one set of proxy materials at that address unless they have provided contrary instructions. Any such shareholder who wishes to receive a separate set of proxy materials now or in the future may write or call VFS to request a separate copy of these materials as follows: Value Financial Services, Inc., 1063 Maitland Commons Boulevard, Suite 200, Maitland, Florida 32751 or by sending an email to pawlickil@vfservices.com, or calling VFS at (407) 339-0064.

**Recommendation of the VFS Board of Directors**

The VFS board of directors unanimously recommends that the VFS shareholders vote **FOR** the amendment, **FOR** the conversion, and **FOR** the adoption of the merger agreement. If your submitted proxy card does not specify how you want to vote your shares, your shares will be voted **FOR** the amendment, **FOR** the conversion and **FOR** adoption of the merger agreement, in accordance with the recommendation of the VFS board of directors.

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**PROPOSAL NO. 1 CONVERSION OF ALL SERIES A-1 PARTICIPATING,  
SERIES A-2 PARTICIPATING AND SERIES B PARTICIPATING STOCK  
INTO COMMON STOCK OF VFS**

VFS is asking each of you holding any of VFS's series A-1 participating stock, series A-2 participating stock or series B participating stock to vote on a proposal to approve: (1) the articles of amendment to the amended and restated articles of incorporation of VFS to amend the effective time of a mandatory conversion of participating stock to occur upon approval of such mandatory conversion with no requirement of prior written notice, the form of amendment is attached hereto as Exhibit B for your review; and (2) the conversion of all shares of participating stock into common stock immediately prior to consummation of the merger. The consummation of the amendment and the conversion, however, shall be subject to and contingent upon the approval of the merger agreement (defined below) and the consummation of the merger. Finally, upon consummation of the merger, all accrued and unpaid dividends due to the holders of the series A-2 participating stock will be paid in full. Each class of participating stock is entitled to vote on the amendment and the conversion. Moreover, in order for the amendment to become effective and for the conversion to be consummated, a majority of the shares of the holders of each class of participating stock must approve the amendment and the conversion.

**The VFS Board recommends that you vote FOR the amendment and the conversion.  
PROPOSAL NO. 2 THE MERGER**

VFS also asks you to approve the merger agreement by and between VFS, EZCORP and Merger Sub pursuant to which Merger Sub will merge with and into VFS. In the merger, VFS's shareholders will receive 0.75 shares of EZCORP's Class A Non-voting Common Stock for each share of VFS's common stock. EZCORP will also pay a limited amount of additional consideration to VFS shareholders who sell their EZCORP Shares in the open stock market within 125 days after closing of the merger at prices either above or below \$14.67 per share. Proposal No. 2 will be voted on by the holders of VFS Common Stock after the conversion and will require the affirmative vote of a majority of the shares of the outstanding VFS Common Stock.

**The VFS Board recommends that you vote FOR the merger agreement and the merger**

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**INFORMATION ABOUT THE BACKGROUND AND TERMS OF THE MERGER**

**Background**

The following background discussion of the merger was provided by the VFS board and management with regard to discussions with parties other than EZCORP.

The decision of the VFS board of directors to approve the merger and the merger agreement with EZCORP and to recommend its adoption to the VFS shareholders stemmed from the board's determination that this alternative was in the best interests of the shareholders based on a series of events and circumstances, which included the impact of current economic and industry conditions on its growth prospects, and the risks that the foregoing placed on VFS's ability to execute its growth strategy and achieve its goals.

Over the past several years, VFS has from time to time engaged in discussions with various private equity firms as well as strategic partners regarding potential investments in, or acquisitions of, VFS. This included discussions with EZCORP. However, none of VFS's discussions led to a definitive agreement for a strategic business relationship or otherwise. VFS has also looked at pursuing a leveraged buyout by management, as well as additional equity investment by current VFS shareholders.

During this period, VFS financed its operations and growth through various credit facilities. As the cost of debt increased, the VFS board determined that in order to continue to grow VFS's operations and earnings, VFS needed to undertake some form of equity financing. The VFS board also wanted to provide shareholders with the opportunity for liquidity, if possible. Early last year, the VFS board determined that the best opportunity to maximize value for, and provide liquidity to, VFS shareholders was through an initial public offering of VFS shares.

During the summer of 2007, Sterling Brinkley, the Chairman of the Board of EZCORP, and John Thedford, the president of VFS, kept in touch and occasionally discussed the possibility of some investment or combination between the two companies. During the summer of 2007, members of the board of VFS determined the best course of action was to pursue an IPO.

Throughout the IPO process, EZCORP remained interested in investing in VFS through a minority transaction prior to the IPO to provide select Shareholders partial liquidity. On September 12, 2007, Mr. Brinkley sent Mr. Thedford an email outlining terms and conditions regarding an EZCORP minority investment in VFS. EZCORP offered to purchase up to 30% of VFS's fully diluted shares outstanding at \$10.50 per share. Terms included the following: VFS would agree to not sell any stock in the future at less than \$10.50 per share, VFS would grant EZCORP the right to maintain a fully-diluted ownership position of not less than 30% (terminating when IPO is completed), VFS would grant EZCORP the right to appoint the Chairman of the Audit Committee, as well as two out of six board members, and EZCORP's ownership would be limited to 30%, regardless of shares owned.

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On September 21, 2007, the board discussed the EZCORP proposal for a minority investment in VFS. Charles Slatery noted that other large shareholders did not have the same rights as those EZCORP was proposing. Mr. Slatery further stated that EZCORP should not have the right to select the Chairman of the Audit Committee and two board members. Kevin Hyneman suggested, and the board agreed, to approve the EZCORP email memo with three changes: EZCORP would not be granted the right to select the Audit Committee Chairman, EZCORP would be granted the right to select one, not two, VFS board members, and EZCORP would be limited to 30% ownership of VFS's shares.

In a board meeting held on September 24, 2007, Mr. Thedford indicated to the board that EZCORP would be willing to waive the term of its agreement requiring VFS not offer stock at a price less than \$10.50 per share. He also stated that he believed EZCORP would not require the right to elect two board members as a requirement for the transaction. Mr. Thedford said he would obtain a formal EZCORP proposal later in the week for the board to review.

During the next two months, conversations regarding a minority investment continued between Mr. Thedford and EZCORP. However, given the prospect of an IPO, no formal agreement materialized. By mid-November 2007, the dramatic changes in the public equity markets significantly impacted the feasibility of an IPO. At that time, Mr. Thedford met with a potential strategic partner in the same business as VFS (Party A), which expressed an interest in acquiring VFS. On November 21, 2007 Party A submitted an unsolicited Letter of Intent to acquire VFS at a price of \$10.00 per share in cash. Then, on November 26, 2007, EZCORP submitted a non-binding proposal to acquire at least 70% of VFS at \$10.50 per share.

Due to interest received from potential buyers, on January 17, 2008, VFS engaged Stephens to act as exclusive financial advisor and provide a fairness opinion on any potential transaction. Stephens was instructed to assist VFS in identifying potential acquirers and conduct negotiations in a potential transaction, should a transaction occur.

From the point when Stephens was engaged through March 14, 2008, Stephens approached seven additional parties which had previously expressed interest in VFS (including private equity investors referred to as Party B, Party C, Party D, and Party E, described below) and received, on behalf of VFS, two additional offers from potential buyers. Also during this period, Party A withdrew its offer, citing changes in market conditions.

On January 18, 2007, VFS received a Letter of Intent from a potential buyer (Party B) to acquire VFS in a leveraged buyout transaction at \$9.30 per share in which management Shareholders would rollover 75% of their equity interest.

On January 29, after multiple conversations with Stephens regarding its interest in acquiring VFS, another party (Party C) was provided with due diligence materials so that it could move towards submission of a binding offer.

During January, one of the parties contacted (Party D) indicated that it was not interested in a majority transaction due to size parameters. While it was open to examining a minority recapitalization investment, Party D acknowledged an offer greater than \$10.00 per share would likely be a challenge.

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During January, another party (Party E) indicated that it had some interest in acquiring VFS, but was significantly behind in terms of the due diligence process. Additional diligence information was sent to Party E, but Party E failed to respond to subsequent contact from Stephens after the due diligence information was supplied.

On January 29, 2008, Stephens presented a process update to the VFS board of directors which provided an overview of discussions with interested parties and the current status of each of the parties. Stephens outlined the key due diligence items outstanding with each party, as well as its view on each party's willingness to increase its offer price.

On February 1, 2008, Party C submitted an offer to acquire VFS, offering an Enterprise Valuation of \$96.0 million, or approximately \$9.87 per share based on VFS's year end balance sheet. Due to the nature of the offer, i.e. a specified enterprise value was submitted rather than a per share valuation, Party C's implied offer price per share fluctuated with VFS's debt balance at any given point in time. Based on March 31, 2008 projected net debt levels, the offer implied an offer of approximately \$10.55 per share. Party C also concurrently submitted a draft purchase agreement.

On February 11, 2008, Mr. Thedford, two members of the VFS board, Mr. Slatery and Mr. Hyneman, and Stephens representatives met in New York with Mr. Phillip Cohen, financial adviser to EZCORP who also controls all of EZCORP's Class B Voting Common Stock, and Mr. Brinkley, the Chairman of EZCORP. The purpose of the meeting was to discuss VFS's business plan and forecasts, as well as other aspects of VFS's business. Discussion also centered on any integration between the two companies if a transaction was to occur, as well as logistics behind any such transaction. During the meetings, Mr. Brinkley discussed his desire to complete a transaction; however, he stated that he would need, as proof of commitment, agreements signifying a vote in favor of the transaction from a majority of each share class.

The EZCORP representatives conveyed to VFS a revised offer price of \$11.00 per share. EZCORP's offer was contingent on the tender of a minimum of 70% of VFS's outstanding shares, on an as-converted basis. Along with its offer, EZCORP stated that it would immediately move to execute a purchase agreement if it received voting agreements in which shareholders, representing a majority of shares from each class of capital stock of VFS, agreed to vote in favor of the transaction.

On March 14, 2008, EZCORP and VFS executed a purchase agreement (the Purchase Agreement). On March 17, 2008, EZCORP issued a press release announcing the execution of the Purchase Agreement. The Purchase Agreement, however, was terminable at any time by EZCORP.

On May 19, 2008, EZCORP brought to VFS's attention certain liabilities, totaling \$5.2 million, that it felt should be paid by the selling shareholders through a reduction in the \$11.00 per share offer price. These liabilities included \$3.2 million of items previously disclosed and/or accrued, along with \$2.0 million of new items not present in the financial information presented prior to the signing of the Purchase Agreement.

On May 28, 2008, EZCORP agreed to acquire 100% of VFS's outstanding capital stock for \$11.00 per share (the Offer Price) and assume all outstanding liabilities. It was also agreed

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that the transaction would be structured as a merger, and the Offer Price would be paid in the form of cash and shares of EZCORP Class A Non-voting Common Stock.

During the week of May 30, 2008, EZCORP and VFS were advised by legal counsel that a pro rata distribution of EZCORP Class A Non-voting Common Stock to all 155 shareholders would require a Form S-4 filing, and a significant delay to the closing date. VFS agreed to restrict the distribution of EZCORP Class A Non-voting Common Stock to up to 15 accredited shareholders in order to allow EZCORP to file a Form S-3.

On June 4, 2008, VFS received written notice that EZCORP elected to terminate the Purchase Agreement in order to move forward with a merger. On June 5, 2008, a merger agreement was executed with EZCORP and the Merger Sub.

In connection with the new merger structure, VFS would be required to amend its articles of incorporation and a majority of the holders of each class of VFS participating shares would be required to vote in favor of converting such participating shares into VFS common shares.

On July 28, 2008, the VFS board met to discuss the amendment, the conversion, the merger and the merger agreement. At the meeting, the VFS board discussed various market conditions beyond VFS control, primarily the actual, or perceived, decline in the United States economy, that had caused the pawn industry to experience substantial growth in the first half of 2008. In particular, in the three months following April 30, 2008, VFS had experienced higher than expected financial performance. This growth and performance led to the following special circumstances which the VFS board discussed at the meeting.

The merger consideration, as of December 31, 2007 represented; among other things: (1) a fully diluted equity value of approximately \$73 million; (2) an enterprise value of approximately \$104 million; and (3) a multiple of approximately 7.4 x the last twelve months EBITDA of the Corporation ( LTM EBITDA ).

As of December 31, 2007, the LTM EBITDA was approximately \$14.1 million; as of April 30, 2008, the LTM EBITDA was approximately \$15.2 million; and as of June 30, 2008, the LTM EBITDA was approximately \$16.1 million (the June 30, 2008 information is available for your review in the financial statements attached hereto as Exhibit ).

The overall debt of the corporation decreased from December 31, 2007 to June 30, 2008.

The Merger Consideration, using the fully diluted equity value and enterprise value from December 31, 2007, and the LTM EBITDA for June 30, 2008, represents a multiple of approximately 6.6 instead of the approximately 7.4 used in December 31, 2007.

Comparable public companies were trading at per share prices in June 30, 2008 as compared to December 31, 2007 that represented increased multiples of LTM EBITDA from December 31, 2007 to June 30, 2008.

Based on the above special circumstances, the VFS board determined that the valuation analysis utilized by Stephens and the VFS board in determining the fairness of the consideration

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for the merger and the enterprise value of VFS, as well as the assumptions underlying the Stephens Opinion, were no longer reliable to accurately evaluate the merger consideration. As a result of this, the VFS board determined that it could not make a recommendation to the VFS shareholders regarding whether to approve or not approve the amendment, the conversion, the merger or the merger agreement.

VFS held a special meeting of its shareholders on August 8, 2008. At the special meeting a majority of each class of VFS's shareholders voted against the amendment, the conversion, the merger and the merger agreement.

On August 9, 2008, the VFS board convened telephonically for a special board meeting. The board agreed to terminate the merger agreement entered into with EZCORP on June 5, 2008, and instructed its outside legal advisor, Greenberg Traurig, to send notice of VFS's termination to EZCORP that day, which Greenberg did.

On August 15, 2008, Mr. Cohen and Mr. Thedford had a telephone conversation in which a meeting was proposed to be held in New York City with him and Mr. Brinkley, along with Mr. Hyneman and Mr. Slatery, to determine the reason for the termination of the June 5, 2008 merger agreement and explore whether there was any basis for another transaction. The meeting was held on August 19<sup>th</sup> and attended by all five people. During the meeting, material differences between the parties were identified in terms of price and structure. It became clear to the parties that further negotiations would not be productive, they determined that a transaction was not possible, and terminated discussions.

On August 23, 2008, Mr. Cohen initiated a telephone conversation between himself, Mr. Thedford, Mr. Hyneman and Mr. Slatery. During this conversation, Mr. Cohen presented a possible structure to address the parties' prior concerns and impasse. He put forth the idea that EZCORP might acquire 100% of VFS shares pursuant to a merger transaction whereby each share of VFS Common Stock would be converted into 0.75 shares of EZCORP Class A Non-voting Common Stock. EZCORP, under this possible structure, would also provide VFS shareholders some price protections if they sell their EZCORP Shares received in the merger within 125 days after the closing of the merger. This possible structure would require EZCORP to pay any VFS selling shareholder the difference between \$14.67 per share and the gross price per share the selling shareholder actually received, if less than \$14.67 per share, up to a maximum of \$4.01 per share, and an aggregate of \$20 million. (The total maximum amount payable for the deficiency guaranty as it was finally negotiated is slightly less than \$20 million.) In addition to the deficiency guarantee payment, Mr. Cohen also suggested that the parties consider having EZCORP pay a premium to former VFS shareholders who sell their EZCORP Shares within 125 days after the closing of the merger for more than \$14.67 per share. The aggregate maximum for the premium reserve would be \$6,646,527. The amount the VFS shareholders would be paid depended on when they sold their EZCORP Shares. If the VFS shareholders sold their EZCORP Shares within the first 30 day period from the date of the closing of the merger, they would be paid \$1.33 per share; during the second 30 day period, \$1.00 per share; during the third 30 day period, \$.67 per share; and during the fourth 30 day period from the date of the closing of the merger; \$.33 per share.

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After the telephone call with VFS representatives, Mr. Cohen telephoned Mr. Brinkley, presented the idea for the new structure and advised Mr. Brinkley that he had presented the idea to VFS for their review. Mr. Cohen and Mr. Brinkley discussed the various elements of the idea. Mr. Brinkley agreed to contact VFS representatives directly in the next few days to discuss the proposal in greater detail and determine whether VFS had interest in pursuing a new transaction based on the proposed structure.

The concerns considered by EZCORP in the new structure were:

EZCORP preferred to issue its equity securities instead of paying cash because it wanted to preserve its cash and minimize the use of its credit lines.

The use of EZCORP stock as merger consideration, in a general offering to VFS shareholders, would delay the closing while the securities were being registered. This delay would introduce an element of uncertainty into the value of the merger consideration. Mr. Cohen recommended addressing this uncertainty by providing a price protection, and so Mr. Cohen proposed for consideration the use of the deficiency guaranty.

EZCORP had reason to believe that it was likely that VFS was in acquisition discussions with at least one other party, possibly at a price greater than EZCORP's valuation of \$11.00 per share of VFS Common Stock. To increase the attractiveness of the EZCORP stock as merger consideration and discourage other potential bidders, Mr. Cohen put forth the idea of the premium reserve, which provided the possibility of additional consideration based on the performance of EZCORP shares in the period following the closing of the transaction.

The exchange ratio of 0.75 EZCORP Shares for each share of VFS Common Stock was offered by EZCORP based on its cash offer of \$11.00 per share of VFS Common Stock. EZCORP did not engage in a detailed price analysis before settling on this ratio. EZCORP was aware that dividends continued to accrue on the VFS Series A-2 Participating Stock and that VFS was experiencing a profitable year, at least through the first six months of 2008, without engaging in a more detailed price analysis in September 2008. The EZCORP stock price of \$14.67 per share that was used as the price on which the deficiency guaranty and the premium reserve were calculated was the approximate trading price of EZCORP Class A Non-voting Common Stock on August 22, 2008, the trading day immediately prior to the August 23 negotiation.

On August 25, 2008, VFS received a letter of intent from another private equity investor ( Party F ) offering to purchase 100% of VFS' outstanding shares for \$11.50 per share, minus certain expenses to be paid by VFS shareholders, which would have lowered the price paid per share by approximately \$0.18. The offer was available until August 31, 2008.

On August 28, 2008, the VFS board convened telephonically for a special board meeting. Management updated the board on its analysis of the terms of the letter of intent provided by Party F. One of the conditions to the offer was that management would be required to keep an equity stake in the company equal to not less than 85% of its current equity interest. Management informed the board that this provision was not acceptable to them. Furthermore, the offer was subject to extensive due diligence and third-party debt financing. The board



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instructed management to contact Party F and request that the deadline for a response be extended until September 5, 2008 in order to give management and the board additional time to review and discuss the proposal. The board also discussed the proposed new merger terms of EZCORP and the board decided to request a written summary of the proposed merger terms from EZCORP.

Also on August 28, 2008, EZCORP held an informational call with Mr. Cohen and a majority of the EZCORP board members. Mr. Brinkley updated the EZCORP board participants on the meeting with VFS representatives on August 19, 2008, and Mr. Cohen's subsequent idea on a possible structure. Mr. Brinkley said that VFS had expressed interest in further exploring Mr. Cohen's idea and had requested a written summary of the proposed terms. Mr. Brinkley, Mr. Cohen and the participating EZCORP board members discussed the proposal and next steps in pursuing a possible new transaction with VFS.

On August 29, 2008, Mr. Brinkley, Mr. Thedford, Mr. Hyneman, Mr. Slatery, and representatives from Greenberg and Strasburger & Price, outside legal advisor for EZCORP, convened telephonically to discuss the written summary of proposed merger terms circulated by EZCORP the day before. The parties agreed to meet the following Tuesday in Austin to pursue further discussions.

On September 2 and 3, 2008, Mr. Thedford and representatives from Greenberg and Strasburger met in Austin to discuss the terms for a proposed new merger agreement. Mr. Brinkley and Mr. Hyneman joined these discussions telephonically. During these discussions the parties agreed that only the 18 largest VFS shareholders would receive EZCORP Shares, and the corresponding deficiency guarantee and premium reserve, and all the other VFS shareholders would receive \$11.00 cash for each of their VFS shares. The parties felt that this structure would enable the transaction to be closed rather quickly, as EZCORP would be able to use the simpler Form S-3 to register with the SEC the EZCORP Shares to be issued in the merger. If all VFS shareholders were receiving EZCORP Shares in exchange for their VFS shares, EZCORP would have to use a Form S-4 to register the EZCORP Shares to be issued in the merger with the SEC, which would delay the closing of the merger for several months and also require both parties to incur additional legal expenses.

From September 4 to September 10, 2008, Mr. Thedford and Mr. Brinkley continued their discussions but no major changes in the terms of the proposed transaction were made. At the instruction of Mr. Thedford and Mr. Brinkley the parties' law firms, Greenberg and Strasburger, drafted a revised merger agreement and a registration statement to the EZCORP Shares to be issued to VFS shareholders in the proposed transaction.

On September 5, 2008, Party F terminated its offer and any further discussions regarding its acquisition of VFS.

On September 10, 2008, Stephens rendered its written opinion to the VFS board that as of that date, and based upon and subject to certain matters stated in that opinion, from a financial point of view, the merger consideration to be offered by EZCORP to VFS shareholders in the merger was fair to the VFS shareholders.

On September 11, 2008, the VFS board convened telephonically for a special board meeting to receive a status update on the proposed merger with EZCORP and discuss any open issues. After the VFS board meeting, the EZCORP board convened a special meeting. Mr. Brinkley updated the EZCORP board on the status of the VFS transaction and obtained approval of the proposed new terms subject to completion of the revised agreement.

On September 12, 2008, the VFS board convened in the morning telephonically for a special board meeting. A representative of Greenberg was also in attendance. Greenberg reviewed with the board the remaining open issues with respect to the merger agreement, including issues regarding having only the 18 largest VFS shareholders receive EZCORP Shares. The VFS board discussed offering the ability to have any of the VFS shareholders acquire

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EZCORP Shares. Or in the alternative, have the option to acquire either 0.75 EZCORP Shares or \$11.00 cash for each VFS share. The VFS board decided not to approve the merger under the current terms, and instructed management to schedule a call with Mr. Brinkley for later in the day to discuss changing the terms of the proposed merger to allow all VFS shareholders to elect to receive either 0.75 EZCORP Shares, with the price protections, or \$11.00 for each VFS share they own.

In the afternoon of September 12, 2008, certain VFS board members, Mr. Brinkley, along with representatives of Greenberg and Strasburger, convened telephonically to discuss issues regarding the fact that only the top 18 shareholders of VFS would receive EZCORP Shares in the transaction. During this discussion, both parties agreed that the merger agreement would be revised to provide all VFS shareholders with the option to elect to receive either 0.75 EZCORP Shares, with the price protections, or \$11.00 cash for each VFS share they own. Mr. Brinkley then stipulated that any cash consideration would be limited to 20% or less of the consideration to be paid for the VFS common stock, and would be pro rata if more VFS shareholders than the maximum elected to receive the cash consideration.

From September 13 to September 15, 2008, attorneys from Greenberg and Strasburger redrafted the merger agreement to reflect the new terms of the merger involving the offer of either the combination EZCORP Shares with price protections or \$11.00 cash as merger consideration, under the direction of Mr. Thedford and Mr. Brinkley.

On September 15, 2008, the VFS board convened telephonically for a special board meeting. At this meeting, representatives of Greenberg and VFS's management reviewed with the VFS board the final changes to the merger agreement, which had been provided to the directors prior to the meeting, and the voting agreement, and responded to questions from the directors regarding the terms and conditions of the merger agreement. The final proposal submitted by EZCORP reflected a purchase price of 0.75 shares of EZCORP Class A Non-voting Coming Stock or \$11.00 cash for each VFS share owned by such shareholder at the effective time of the merger. The cash consideration would be limited to 20% or less of the consideration to be paid for the VFS common stock and would be pro rata if more VFS shareholders than the maximum elected to receive the cash consideration.

Although the merger agreement was revised to provide each shareholder with the right to select the category of merger consideration to be received (e.g., cash or stock), the VFS board did not request Stephens to provide an updated fairness opinion because Stephens had only opined as to the fairness, from a financial point of view, of the merger consideration of \$11.00 per share and not as to the category of consideration to be received. Accordingly, because the merger consideration of \$11.00 per share remained the same and Stephens had already opined as to its fairness, from a financial point of view, the VFS board did not believe that an updated fairness opinion would have provided it with any new or meaningful information.

At the conclusion of the September 15, 2008 meeting, the VFS board unanimously adopted resolutions approving the merger agreement with EZCORP, the merger, the amendment, the conversion and the other transactions contemplated by the merger agreement, declaring the merger advisable and in the best interests of VFS shareholders, authorizing VFS to enter into the merger agreement and recommending that VFS shareholders approve the merger agreement, the merger, the amendment and the conversion.

The merger agreement was executed by VFS, EZCORP and Merger Sub on September 16, 2008, and the voting agreement was executed by the three directors of VFS and EZCORP on

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September 16, 2008. On September 17, 2008, after the close of trading on the NASDAQ Global Market, EZCORP issued its press release announcing the signing of the merger agreement and the voting agreement.

**Recommendations of the EZCORP and VFS Boards of Directors**

EZCORP. The merger was recommended by the board of directors of Merger Sub and approved by EZCORP's board of directors on behalf of EZCORP as the sole shareholder of Merger Sub on September 16, 2008.

VFS. By unanimous vote, the VFS board of directors, at a meeting held on September 16, 2008, determined that the merger agreement and the transactions contemplated by the merger agreement were advisable for, fair to and in the best interests of VFS and its shareholders, and approved the merger agreement, the merger, the amendment, the conversion and the other transactions contemplated by the merger agreement. The VFS board of directors unanimously recommends that VFS shareholders vote FOR the proposals to adopt the amendment, the conversion, the merger agreement and the merger.

**Reasons for the Merger**

The board of directors and management of VFS has provided the following description of their reasoning in considering the transactions presented in this proxy statement/prospectus.

In reaching its decision to approve the amendment, the conversion, the merger agreement, the merger and the other transactions contemplated by the merger agreement and to recommend that VFS shareholders vote in favor of each of the foregoing, VFS's board of directors consulted extensively with VFS's management and VFS's financial and legal advisors. VFS's board of directors considered a number of potentially positive factors, including but not limited to the following material factors:

an assessment of alternatives to the merger, including development opportunities and other possible acquisition candidates, and the determination that the merger with EZCORP presented a unique opportunity to enhance and expand VFS's operations;

the risks involved in VFS implementing its existing growth strategy with respect to increasing market share outside of Florida would be significantly reduced by merging with EZCORP, as the merger would provide instant market share and positioning to VFS;

the competitive position of current and likely competitors in the industry in which VFS competes, and current industry, economic, and market conditions, each indicated that VFS would benefit as it would be able to compete with larger pawn companies as they implement their growth strategies in Florida and the Southeast in general;

Stephens' oral and written opinion that, as of September 10, 2008, the merger consideration to be received by the holders of the VFS shares in the merger was fair, from a financial point of view, to such shareholders;

the terms and conditions of the merger agreement permitted holders of VFS shares to

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participate in the deficiency guaranty and the premium reserve, which provides holders of VFS shares the opportunity to receive merger consideration in excess of what they would have received under other prior offers in connection with transactions similar to the merger;

in the prior merger agreement with EZCORP, the price of EZCORP Shares VFS shareholders would receive was determined on the day of the closing instead of a 30 day weighted average, and that since the execution of the prior merger agreement, the EZCORP Shares had increased in value substantially, and the merger agreement contains the deficiency guaranty;

other offers received with respect to transactions similar to the merger, including but not limited to, the fact that one such offer was contingent on due diligence, third party financing and management retaining 85% of their current equity position in VFS, and the likelihood of the greatest liquidity position for the holders of VFS shares in connection with the merger versus the other offers;

the price of gold was trending upward at the time of the execution of the prior merger agreement but at the time of the execution of the merger agreement, gold was trending downward indicated that trading multiples in the industry could fall if the value of gold continued to fall;

feedback from VFS shareholders indicated that they desired VFS to execute an exit strategy;

the cash consideration to be received by VFS shareholders electing to receive cash was not subject to any financing contingency and EZCORP had shown adequate resources from which to fund such cash payment, which provides certainty and immediate value to these VFS shareholders;

the business, competitive position, strategy and prospects of EZCORP, its success to date in integrating other acquired, although smaller, businesses and the perceived value of EZCORP and VFS as a combined business each indicated that VFS would achieve a greater opportunity for growth in a shorter period of time than it would if it implemented its existing growth strategy or merged with other potential pawn companies;

the likelihood that the proposed merger would be completed, in light of the financial capabilities of EZCORP as well as its reputation, provided certainty with respect to the merger; and

the trends in the pawn industry, specifically the significant trend in positive valuations and increased trading multiples in companies similarly situated to VFS provided VFS shareholders the opportunity to receive consideration greater than they would have under the prior merger agreement.

The VFS board of directors also considered a variety of risks and other potentially negative factors resulting from the merger, including but not limited to the following material factors:

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VFS will no longer exist as an independent private company, therefore, its shareholders will forgo any future increase in value that might result from possible growth as a standalone company;

risks and contingencies related to the announcement and pendency of the merger that may adversely affect VFS, including the unknown impacts of the merger on customers, employees, suppliers, and relationships with other third parties, including the potential negative reaction of these parties to the fact that VFS would be merging with another party or acquired by EZCORP;

the conditions to EZCORP's obligation to complete the merger and the right of EZCORP to terminate the merger agreement in certain circumstances, including for breaches by VFS of its representations, warranties, covenants and agreements in the merger agreement, involve certain risks that the merger may not be consummated;

VFS and/or EZCORP might not receive necessary regulatory approvals and clearances to complete the merger or that governmental authorities could attempt to condition the merger on one or more of the parties' compliance with certain burdensome terms or conditions;

under the terms of the merger agreement, VFS cannot solicit other acquisition proposals and must pay EZCORP a termination fee of \$5 million if the merger agreement is terminated under certain circumstances, which, in addition to being costly, might have the effect of discouraging other parties from proposing an alternative transaction that might be more advantageous to shareholders than the merger;

certain directors and executive officers of VFS may have interests that may conflict with the interests of other VFS shareholders with respect to the merger, including, but not limited to the fact that an affiliate of EZCORP intends to employ Mr. Thedford;

pursuant to the merger agreement, VFS must generally conduct its business in the ordinary course and is subject to a variety of other restrictions on the conduct of its business prior to closing of the merger or termination of the merger agreement, which may delay or prevent it from pursuing business opportunities that may arise or preclude actions that would be advisable if VFS were to remain an independent company;

because the stock portion of the merger consideration is a fixed exchange ratio of EZCORP common stock to VFS common stock, VFS shareholders could be, despite the deficiency guaranty, adversely affected by a decrease in the trading price of EZCORP's common stock during the pendency of the merger and the effectiveness of the registration of the EZCORP Shares, and the fact that the deficiency guaranty is limited to \$20 million;

the integration by EZCORP and VFS could be more difficult than originally expected, which could adversely affect the value of the EZCORP Shares;

EZCORP's equity would be substantially diluted after giving effect to the merger; and

the possibility that, notwithstanding the likelihood of the merger being completed, the merger might not be completed and the possible negative effects that may result from the

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public announcement of termination of the merger agreement, including but not limited to negative effects on VFS's operating results, particularly in light of the costs incurred in connection with the merger.

The foregoing discussion of the information and factors considered by VFS's board of directors is not exhaustive, but VFS believes it includes all the material factors considered by its board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, VFS's board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative or specific weight or values to any of these factors. Rather, VFS's board of directors viewed its position and recommendation as being based on an overall analysis and on the totality of the information presented to and factors considered by it. In addition, in considering the factors described above, individual directors may have given different weights to different factors. After considering this information, all members of VFS's board of directors unanimously approved the amendment, the conversion, the merger agreement and the merger, and recommended that VFS shareholders adopt and approve each of the foregoing.

**The Stephens Fairness Opinion**

VFS retained Stephens to act as a financial advisor to VFS in connection with the possible sale of VFS or an interest in VFS to another business organization, whether by merger or sale of all or substantially all of VFS's assets. In its role as financial advisor, Stephens was requested, among other things, to review and analyze strategic alternatives, and to furnish an opinion as to the fairness, from a financial point of view, to shareholders of the consideration to be offered to those Shareholders in a potential transaction (for purposes of this section regarding the Stephens opinion, the transaction is the merger). VFS selected Stephens because Stephens is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger agreement and is familiar with VFS and its business, and with other consumer finance companies and their respective businesses. As part of its investment banking business, Stephens is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

On September 10, 2008, Stephens rendered its written opinion to the board that as of that date, and based upon and subject to certain matters stated in that opinion, from a financial point of view, the merger consideration to be offered by EZCORP Shares to VFS shareholders in the merger was fair to the VFS shareholders.

The following description summarizes the important aspects of the Stephens opinion. The full text of Stephens written opinion, which describes, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Stephens in delivering its opinion, is attached as Exhibit C to this document. The VFS shareholders are urged to read the opinion carefully and in its entirety.

Stephens addressed its opinion in connection with the merger consideration to the board. The opinion does not constitute a recommendation to any VFS shareholder as to how they should vote with respect to the merger agreement or any other matter. The opinion addresses only the

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fairness of the merger consideration to the shareholders from a financial point of view as of the date of the opinion. It does not address the relative merits of the merger agreement in comparison with any potential alternatives to the merger. Further, it does not address the underlying decision of the board to proceed with or effect the merger, or any other aspect of the board's consideration of the merger.

In rendering its September 10, 2008 opinion, Stephens:

reviewed, among other things:

- o the merger agreement,
  - o VFS's historical financial statements provided by VFS's management,
  - o certain internal financial statements and other financial and operating data (including financial projections) concerning VFS prepared by management of VFS,
  - o Annual Reports on Form 10-K for the three years ended September 30, 2007, 2006 and 2005 of EZCORP,
  - o certain Quarterly Reports on Form 10-Q of EZCORP, and
  - o other financial information concerning the respective businesses and operations of VFS and EZCORP furnished to Stephens by VFS and EZCORP for purposes of Stephens' analysis;
- held discussions with members of the board and senior management of VFS and EZCORP regarding:
- o past and current business operations,
  - o financial condition,
  - o results of operations, and
  - o growth initiatives and future prospects of the respective companies;
- reviewed the market prices, valuation multiples, publicly reported financial condition and results of operations for both VFS and EZCORP and compared them with those of certain publicly traded companies that Stephens deemed to be relevant;

compared the proposed financial terms of the merger agreement with the financial terms of certain other transactions that Stephens deemed to be relevant; and

performed such other analyses and provided such other services as Stephens has deemed necessary or appropriate.

In conducting its review and analysis and in arriving at its opinion, Stephens assumed and relied upon the accuracy and completeness of the financial and other information provided to or otherwise made available to Stephens, or that was discussed with or reviewed by Stephens, or that was publicly available. Stephens did not attempt or assume any responsibility for independent verification of that information. Stephens further relied upon the assurances of management that they were not aware of any facts or circumstances that would make that information inaccurate or misleading. In arriving at its opinion, Stephens assumed that the estimates provided by our management were a reasonable basis to evaluate future financial performance. Stephens also examined and prepared financial estimates that analyzed, in its

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view, normalized pawn growth by affecting estimates for lower gold prices. In arriving at its opinion, Stephens did not conduct a physical inspection of any properties and facilities and did not make or obtain any evaluations or appraisals of any assets or liabilities. The Stephens opinion necessarily was based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of the Stephens opinion.

For purposes of rendering its opinion, Stephens assumed that, in all respects material to its analyses:

the merger agreement will be completed substantially in accordance with the terms set forth in the merger agreement;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger agreement will be satisfied without any waivers; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger agreement, no restrictions, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger agreement, including the cost savings, revenue enhancements and related expenses expected to result from the merger agreement.

Stephens' opinion is not an expression of an opinion as to the prices at which the EZCORP Shares will trade following the merger agreement and it is not an expression of an opinion as to the actual value of the EZCORP Shares when issued pursuant to the merger agreement.

In performing its review and analyses, Stephens made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Stephens, VFS and EZCORP. Any estimates contained in the analyses performed by Stephens are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of the businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the Stephens opinion was among several factors relied upon by the board in making its determination to approve the merger agreement. Consequently, the analyses described below should not be viewed as determinative of the decision of the board with respect to the approval of the merger agreement.



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*Summary of Financial Analyses*

The following represents a summary of the material financial analyses performed by Stephens in connection with providing its September 10, 2008 opinion. The summary is not a complete description of the analyses underlying the Stephens opinion or the presentation provided by Stephens to the board, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Stephens did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor.

Some of the summaries of financial analyses performed by Stephens include information presented in tabular format. In order to fully understand the financial analyses performed by Stephens, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data set forth in the tables without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses performed by Stephens.

*Implied Transaction Multiples*

Stephens calculated the merger consideration to be paid as a multiple of the last twelve months EBITDA, EBIT, and Net Income, and 2008 estimates based on information provided by VFS's management.

Stephens calculated an implied equity value by multiplying \$11.00 by the sum of the number of all shares of Series A-1, Series A-2, plus Series B participating stock after conversion into common stock, assuming the exercise of all in-the-money options, less the proceeds from such exercise. Stephens then calculated an implied enterprise value based on the equity value plus (1) total debt outstanding, plus (2) Series A-2 Dividends Payable of \$3.1 million, plus (3) other liabilities assumed by EZCORP at close which total \$300,000.

As used in this description of Stephens' financial analyses, EBITDA means earnings before interest, taxes, depreciation and amortization, EBIT means earnings before interest and taxes, and Net Income means EBIT less interest and taxes.

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|                             |                 |
|-----------------------------|-----------------|
| <b>Enterprise Value to:</b> | <b>Multiple</b> |
| LTM 7/31/08 Revenue         | 0.9x            |
| FY 2008 Revenue Estimate    | 0.9x            |
| LTM 7/31/08 EBITDA          | 6.4x            |
| FY 2008 EBITDA Estimate     | 6.1x            |
| LTM 7/31/08 EBIT            | 7.2x            |
| FY 2008 EBIT Estimate       | 6.9x            |

|                             |                 |
|-----------------------------|-----------------|
| <b>Equity Value to:</b>     | <b>Multiple</b> |
| LTM 7/31/08 Net Income      | 10.5x           |
| FY 2008 Net Income Estimate | 8.8x            |

*Publicly Traded Corporation Analysis*

Stephens reviewed and analyzed seven public companies in the alternative financial services ( AFS ) industry that it viewed as reasonably comparable to VFS. Stephens chose the following companies due to their various similarities to VFS, but also noted that none of the companies had wholly the same operations, size, and combinations of businesses and risks as VFS:

Advance America, Cash Advance Centers, Inc.

Cash America International, Inc.

Dollar Financial Corp.

EZCORP, Inc.

First Cash Financial Services, Inc.

QC Holdings, Inc.

World Acceptance Corporation

These companies were selected, among other reasons, because they share similar business characteristics to VFS. However, none of the companies selected is identical or directly comparable to VFS. Accordingly, Stephens made judgments and assumptions concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies. Below is a table showing the EBITDA and Net Income multiples reflected in recent trading prices of these selected companies based upon the reported and consensus estimated revenues and earnings of such companies for the twelve months ended June 30, 2008 and the 2008 calendar year.

Based on 09/09/2008 Closing Price

|                             | VFS   | Median<br>Comparable<br>Companies |
|-----------------------------|-------|-----------------------------------|
| <b>Enterprise Value to:</b> |       |                                   |
| LTM 9/30/08 EBITDA          | 6.4 x | 7.5 x                             |
| 2008 EBITDA Estimate        | 6.1 x | 6.4 x                             |
| 2009 EBITDA Estimate        | 5.6 x | 6.0 x                             |
| <b>Equity Value to:</b>     |       |                                   |
| 2008 Net Income Estimate    | 8.8 x | 11.2 x                            |



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The reported and estimated last twelve months ended June 30, 2008, 2008E and 2009E EBITDA for each of the selected comparable companies were based on market consensus estimates, public filings, and other publicly available information at the time the opinion was delivered. The following analysis assumes equity value to be enterprise value less total debt; and implied share price is calculated as enterprise value less total debt, plus options proceeds, divided by total shares and options outstanding. The following analysis assumes \$1.0 million of public company costs for VFS. The multiples chosen to apply to VFS's metrics represent a range surrounding the median trading multiple of the seven publicly traded AFS companies.

|                                   | LTM 6/30/08 |         | 2008E EBITDA |         | 2009E EBITDA |         |
|-----------------------------------|-------------|---------|--------------|---------|--------------|---------|
|                                   | EBITDA      |         |              |         |              |         |
| Multiple Range                    | 7.0x        | 8.0x    | 5.9x         | 6.9x    | 5.5x         | 6.5x    |
| Enterprise Value<br>(\$ millions) | \$104.7     | \$119.8 | \$97.6       | \$114.1 | \$99.3       | \$117.5 |
| Equity Value<br>(\$ millions)     | \$71.1      | \$86.2  | \$64.0       | \$80.5  | \$65.6       | \$83.8  |
| Implied Share Price               | \$10.70     | \$12.97 | \$9.63       | \$12.11 | \$9.88       | \$12.61 |

*Selected Merger and Acquisition Transactions*

Stephens reviewed the following eleven selected merger and acquisition transactions involving AFS companies. These transactions were selected, among other reasons, because they involved businesses that share some similar business characteristics with VFS. However, none of the transactions selected are identical or directly comparable to the merger. Accordingly, Stephens made judgments and assumptions concerning differences in financial, operating and other characteristics of the businesses involved in the selected transactions and other factors that could affect the transaction value of the selected transactions. To the extent transaction details were disclosed publicly, Stephens Inc. was able to review the transaction revenue and EBITDA multiples based on the reported revenues and EBITDA of the target companies during the twelve month period preceding their acquisitions and to develop an implied range of enterprise values for VFS.

| Announcement Date | Acquirer Name             | EV /<br>Target Name  | EV /<br>Revenue | EBITDA |
|-------------------|---------------------------|--|-----------------|--------|
| September 5, 2008 | EZCORP                    | 11 Nevada Stores   |                 | 6.3x   |
| January 9, 2008   | London Bay<br>Capital     | Selling Source   | 1.0x            | 6.0x   |
| October 11, 2007  | Dollar Financial<br>Group | CCS Financial Services   | 2.2x            | 8.0x   |
| August 30, 2007   | Dollar Financial<br>Group | American Payday Loan   | 2.1x            | 6.0x   |
| December 1, 2006  | QC Holdings               | Express Check<br>Advance<br>(Divesture of South<br>Carolina Locations) | 1.4x            |        |
| November 13, 2006 | Dollar Financial<br>Group | MoneyCorner  | 2.6x            | 5.6x   |

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| Announcement Date  | Acquirer Name                 | EV /<br>Target Name                         | EV /<br>Revenue | EBITDA |
|--------------------|-------------------------------|---|-----------------|--------|
| October 31, 2006   | Dollar Financial Group        | National Money Mart<br>Canadian Franchisees | 2.7x            | 6.4x   |
| August 28, 2006    | First Cash Financial Services | Auto Master                                 | 0.9x            | 6.7x   |
| August 23, 2006    | Golden Gate Capital           | California Check Cashing                    | 2.7x            | 6.2x   |
| July 10, 2006      | Cash America                  | CashNetUSA                                  |                 | 6.5x   |
| June 7, 2006       | JLL Partners                  | ACE Cash Express                            | 1.7x            | 7.9x   |
| May 1, 2006        | Diamond Castle Partners       | Buckeye Check Cashing                       | 2.3x            | 6.8x   |
| September 21, 2005 | ACE Cash Express              | Popular Cash Express                        | 1.3x            | 4.0x   |

In this analysis, Stephens reviewed the transaction prices and determined the multiples of the target companies' last twelve months EBITDA represented by each transaction price. Stephens then developed multiples to apply to the last twelve months EBITDA of VFS to estimate a range of implied enterprise values for VFS. The multiples chosen to apply to VFS's metrics were not entirely mathematical in nature, but were developed with careful consideration of the differences in the businesses and operating characteristics of VFS and the target companies as well as other market factors which could affect the market values of these companies.

The implied share price is calculated by multiplying VFS's last twelve months EBITDA by the applied multiples developed by Stephens (to get a range of implied enterprise values), subtracting VFS's total debt, adding the aggregate exercise price of outstanding options, and dividing that result by the total number of outstanding shares and options of VFS.

|                     | Enterprise Value / LTM EBITDA |          |
|---------------------|-------------------------------|----------|
| Applied Multiples   | 5.9x                          | 6.9x     |
| Implied Share Price | \$ 9.20                       | \$ 11.62 |

*Discounted Cash Flow Analysis - Scenario I*

Stephens performed an analysis of the present value of projected future cash flows of VFS based on VFS management's financial projections, which were as follows:

|                          | For the Projected Fiscal Year Ended December 31, |          |          |          |          |
|--------------------------|--|----------|----------|----------|----------|
|                          | 2008   | 2009     | 2010     | 2011     | 2012     |
| Revenue (\$ millions)    | \$ 121.2   | \$ 137.1 | \$ 158.2 | \$ 179.5 | \$ 204.4 |
| EBITDA (\$ millions)     | \$ 17.5  | \$ 19.2  | \$ 25.0  | \$ 30.2  | \$ 35.8  |
| Net Income (\$ millions) | \$ 8.3   | \$ 9.4   | \$ 13.2  | \$ 16.4  | \$ 19.9  |

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The terminal value multiple was chosen to be 6.4x projected 2012 EBITDA based on the median comparable company acquisition multiple. The cash flows were discounted using a range of discount rates, 20.2% - 24.2%, based on the company's weighted average cost of capital of 22.2%.

|                          | Terminal<br>Multiple | Assumed Discount Rate |          |          |
|--------------------------|----------------------|-----------------------|----------|----------|
|                          |                      | 20.2%                 | 22.2%    | 24.2%    |
| Implied Price per Share: | 6.4x                 | \$ 15.27              | \$ 14.02 | \$ 12.88 |

*Discounted Cash Flow Analysis - Scenario II*

Stephens performed an analysis of the present value of projected future cash flows of Value assuming normalized pawn industry growth to reflect recent declines in gold prices, which were as follows:

|                          | For the Projected Fiscal Year Ended December 31, |          |          |          |          |
|--------------------------|--|----------|----------|----------|----------|
|                          | 2008   | 2009     | 2010     | 2011     | 2012     |
| Revenue (\$ millions)    | \$ 121.2   | \$ 129.7 | \$ 138.8 | \$ 148.5 | \$ 158.9 |
| EBITDA (\$ millions)     | \$ 17.5  | \$ 18.2  | \$ 22.0  | \$ 25.0  | \$ 27.8  |
| Net Income (\$ millions) | \$ 8.3   | \$ 8.8   | \$ 11.4  | \$ 13.4  | \$ 15.1  |

The terminal value multiple was chosen to be 6.5x projected 2012 EBITDA based on the median comparable company acquisition multiple. The cash flows were discounted using a range of discount rates, 20.2% - 24.2%, based on the company's weighted average cost of capital of 22.2%.

|                          | Terminal<br>Multiple | Assumed Discount Rate |          |          |
|--------------------------|----------------------|-----------------------|----------|----------|
|                          |                      | 20.2%                 | 22.2%    | 24.2%    |
| Implied Price per Share: | 6.4x                 | \$ 11.94              | \$ 10.94 | \$ 10.02 |

*Leveraged Buyout Analysis*

Stephens performed an analysis of the implied price per share consideration to the Shareholders from a financial acquirer in a leveraged buyout transaction. The implied price per share was calculated using a range of required rates of return of 30.0% - 35.0%, based on similar transactions in the AFS industry, and recent regulatory developments. The terminal value multiple was chosen to be 6.4x projected 2012 EBITDA based on the median comparable company acquisition multiple. Any additional assumptions regarding the leveraged buyout were based on precedent transactions and Stephens' estimates.

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|                          | Terminal<br>Multiple | Required Rate of Return |         |
|--------------------------|----------------------|-------------------------|---------|
|                          |                      | 30.0%                   | 35.0%   |
| Implied Price per Share: | 6.4x                 | \$10.51                 | \$12.10 |

*Net Operating Loss*

As part of its valuation analysis, Stephens estimated the value of VFS's Net Operating Loss Carryforwards to an acquirer in a change of control transaction. These Net Operating Loss Carryforwards totaled approximately \$7.7 million as of July 31, 2008. The utilization of these Net Operating Loss Carryforwards will be limited in such a transaction to an annual amount equal to equity value multiplied by the long term tax-exempt rate, as outlined in Section 382 of the Internal Revenue Code. Stephens performed an analysis of the projected future cash flows to an acquirer based on an 8.0% discount rate and used the present value to calculate an implied value per share.

|                          |                  |
|--------------------------|------------------|
|                          | 8.0%             |
|                          | Discount<br>Rate |
| Implied Price per Share: | \$ 0.37          |

Stephens reviewed the implied share prices for VFS based on comparable company analysis, the selected merger and acquisition transactions, the discounted cash flow analysis, the leveraged buyout analysis and the value per share to an acquirer of VFS's Net Operating Loss Carryforwards, and compared them to the consideration to be received by the Shareholders in the merger of \$11.00 per share in cash.

*Relative Stock Price Performance*

Stephens also analyzed the price performance of EZCORP Class A Non-Voting Common Stock from September 9, 2005 to September 9, 2008 on the NASDAQ Global Select Stock Market and compared that performance to an index created using six companies in the AFS sector (excluding EZCORP) over the same period. Those comparable companies included:

- Advance America Cash Advance Centers, Inc.
- Cash America International, Inc.
- Dollar Financial Corp.
- First Cash Financial Services, Inc.
- QC Holdings, Inc.
- World Acceptance Corporation

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This analysis indicated the following cumulative changes in price over the period:

|                      | Percent Change |
|----------------------|----------------|
| EZCORP               | 174.4%         |
| Comparable Companies | 13.7%          |

*Selected Peer Group Analysis*

Stephens compared the operating and financial performance of EZCORP to two groups: (i) publicly traded companies with a pawn business that is a meaningful part of their operations, and (ii) the broader AFS companies:

Pawn Brokerage Companies:

- o Cash America International, Inc.
- o First Cash Financial Services, Inc.

AFS Companies:

- o Advance America Cash Advance Centers, Inc.
- o Dollar Financial Corp.
- o QC Holdings, Inc.
- o World Acceptance Corporation

The comparisons were based on:

Various operating metrics, including:

- o Revenue mix
- o Revenue and earnings performance
- o Loan yields
- o Profitability ratios
- o Store operating efficiency
- o Asset quality

Various measures of market performance, including:

- o Enterprise value to EBITDA
- o Price to earnings
- o Price to book



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To perform this analysis, Stephens used the financial information as of and for the quarter ended June 30, 2008 and market price information as of September 9, 2008. Below is the summary operating comparison of publicly traded pawn operators:

|   | <b>Cash<br/>America<br/>International,<br/><br/>Inc.</b> | <b>First Cash<br/>Financial<br/>Services,<br/><br/>Inc.</b> | <b>EZCORP,<br/><br/>Inc.</b> |
|---|--|---|------------------------------|
| Revenue per Store   | \$ 1,198   | \$ 762  | \$ 947                       |
| Average Pawn Loan Balance Per Store                               | \$ 283   | \$ 155  | \$ 203                       |
| Average Merchandise Held for Disposition Per Store                | \$ 186   | \$ 86   | \$ 118                       |
| Annualized Yield on Pawn Loans                                    | 126.9%   | 144.3%  | 146.0%                       |
| Margin on Disposition of Merchandise as a % of Proceeds from Sale | 37.9%  | 47.2%   | 39.5%                        |
| Average Annualized Merchandise Turnover                           | 2.7x   | N/A   | 3.5x                         |

Stephens also compared certain operating and market performance ratios of EZCORP to the AFS peer group. Stephens' analysis showed the following concerning EZCORP's financial performance:

|  | <b>Median</b> | <b>High</b> | <b>Low</b> | <b>EZCORP<br/>Shares</b> |
|--|---------------|-------------|------------|--------------------------|
| Non-Payday Revenue %                   | 55.9%         | 100.0%      | 0.0%       | 71.4%                    |
| Calendar Year 2008 Revenue Growth      | 9.2%          | 15.5%       | (3.8)%     | 26.2%                    |
| Calendar Year 2009 Revenue Growth      | 7.7%          | 14.0%       | 3.3%       | 15.1%                    |
| Calendar Year 2008 EBITDA Growth       | 5.9%          | 44.1%       | (25.5)%    | 31.0%                    |
| Calendar Year 2009 EBITDA Growth       | 13.1%         | 20.7%       | 7.0%       | 11.7%                    |
| EBITDA Margin                          | 19.4%         | 32.1%       | 14.3%      | 21.1%                    |
| Return on Total Assets                 | 10.7%         | 12.7%       | 8.7%       | 16.9%                    |
| Return on Common Equity                | 25.1%         | 51.4%       | 13.6%      | 18.8%                    |
| Enterprise Value / 2008 EBITDA         | 6.0x          | 8.6x        | 4.4x       | 7.0x                     |
| Enterprise Value / 2009 EBITDA         | 4.9x          | 7.1x        | 3.9x       | 6.3x                     |
| Equity Value / 2008 Earnings per Share | 10.3x         | 15.1x       | 7.3x       | 12.5x                    |
| Equity Value / 2009 Earnings per Share | 9.0x          | 12.5x       | 6.4x       | 10.9x                    |
| Equity Value / Book Equity             | 2.5x          | 2.7x        | 2.3x       | 2.8x                     |

**Financial Impact Analysis**

Stephens performed pro forma merger analyses that combined projected income statement and balance sheet information. Assumptions regarding the accounting treatment, acquisition adjustments, and cost savings were used to calculate the financial impact that the merger agreement would have on certain projected financial results of the pro forma company. This analysis indicated the merger agreement is expected to be accretive to EZCORP's estimated

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2008 and 2009 GAAP earnings per share. This analysis was based on published earnings estimates for EZCORP, management estimates for VFS and estimated annual cost savings equal to \$1.0 million. For all of the above analyses, the actual results achieved by the pro forma company following the merger agreement may vary from the projected results and any variations may be material.

*Other Analysis*

In its September 10, 2008 presentation, Stephens reviewed the relative financial and market performance of VFS and EZCORP to a variety of relevant industry peer groups and indices. Stephens also reviewed historical earnings growth, historical stock performance, earnings estimates, stock liquidity and research coverage for EZCORP.

*Miscellaneous*

The preparation of a fairness opinion is a complex process and is not susceptible to partial analysis or summary description. In arriving at its opinion, Stephens considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by Stephens. Furthermore, Stephens believes that the summary provided and the analyses described above must be considered as a whole and that selecting any portion of Stephens' analyses, without considering all of them, would create an incomplete view of the process underlying Stephens' analysis and opinion. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above were merely utilized to create points of reference for analytical purposes and should not be taken to be the view of Stephens with respect to our actual value.

In performing its analyses, Stephens made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of Stephens or VFS. Any estimates contained in the analyses of Stephens are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by those estimates. The analyses performed were prepared solely as part of the analysis by Stephens of the fairness to shareholders of the consideration to be offered to those Shareholders in the merger, from a financial point of view, and were prepared in connection with the delivery by Stephens of its opinion to the VFS board.

VFS has paid Stephens a fee for rendering its opinion as to the fairness of the merger consideration, from a financial perspective, to the Shareholders. See *Certain Fees in Connection with the Merger*, page 82. The board was aware of this compensatory agreement when it received advice from Stephens, when it reviewed the Stephens opinion and when it approved the merger.

A copy of the Stephens opinion is attached hereto as Exhibit C for your review. The fairness opinion indicates that the opinion is not intended to be relied upon or confer any rights or remedies upon any . . . shareholder or other equity holder of VFS. The availability of such a disclaimer as a defense to a suit against Stephens would have to be resolved by a court of competent jurisdiction, if such a suit were to occur. The resolution of the question of the availability of such a defense to Stephens would have no effect on the rights or responsibilities of the VFS board of directors under applicable state law. The availability of a state law defense

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based on such a disclaimer would have no effect on the rights or responsibilities of either Stephens or the board of directors under the federal securities law.

**Conversion of VFS Participating Stock to Common Stock**

VFS has four classes of stock authorized: common stock and three series of participating stock, designated Series A-1, A-2 and B. Shares of the Series A-1, A-2 and B participating stock were issued and outstanding prior to the VFS special meeting. As a condition to EZCORP's obligation to close, the merger agreement requires that the three series of participating stock convert to common stock under the provisions in the VFS amended and restated articles of incorporation designating and governing the participating stock. At the special meeting, holders of each series of participating stock will vote as a class on whether to convert their participating stock to common stock. The provisions designating each series of stock in the VFS amended and restated articles of incorporation provide that, for each series, if a majority of the outstanding shares of the series of participating stock elect to convert their stock to common stock, VFS may cause a mandatory conversion of the remaining shares of that series to common stock. After the vote on the conversion and the amendment at the special meeting, VFS intends to exercise its authority to cause the mandatory conversion of all shares, including those shares that are not voted in favor of conversion. The holders of each series of participating stock have no right to appraisal of their shares or other right to object to the mandatory conversion to common stock.

The VFS series A-2 participating stock is entitled to dividends of 16.54% of the face amount (\$10.00) per share per annum. Any accrued, unpaid dividends on the A-2 shares accumulate and compound annually, but are not recorded as a liability or a reduction of equity until declared by VFS's board of directors. As of June 30, 2008, the accrued, unpaid dividends on the A-2 participating stock totaled approximately \$2.5 million. VFS expects that, on the expected completion of the merger, the accrued dividends on the A-2 participating stock will equal approximately \$3.9 million. The accrued unpaid dividend is due and payable at the time of conversion of the A-2 participating stock to common stock. The conversion will occur contemporaneously with the closing of the merger, and thus will result in either a reduction of the cash reserves of VFS or an increase in its debt obligations incurred to pay the dividend. EZCORP will bear the cost of the payment of this dividend, in that the payment will either reduce the assets or increase the outstanding debt of VFS immediately prior to the merger.

**Source of Funds for the Merger**

EZCORP expects the total consideration for the transaction to be approximately \$115.9 million (\$80.6 million to acquire VFS's net assets plus \$35.3 million required to pay off the VFS debt immediately following the merger), plus contingent cash consideration, consisting of a combination of the EZCORP Shares, cash on hand, and borrowings, as follows:

The EZCORP Shares, consisting of up to 4,985,000 shares of EZCORP Class A Non-voting Common Stock if all VFS shareholders elect to receive EZCORP Shares in the merger. If the maximum amount of VFS shareholders elect to receive the cash consideration, a total of approximately 3,988,000 EZCORP Shares will be issued in the merger. Based on the closing price of EZCORP stock on NASDAQ on September 16, 2008 of \$16.35 per share, the EZCORP Shares would have a value of approximately \$81.5 million if the maximum number of

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EZCORP Shares are issued and \$65.2 million if the minimum number of EZCORP Shares are issued.

Cash from EZCORP cash reserves of approximately \$20.0 million.

Borrowings of approximately \$30.7 million, plus any contingent cash payments pursuant to the Deficiency Guaranty and the Premium Reserve, and assuming that 20% of the VFS shareholders elect to receive cash in lieu of EZCORP Shares. *See The Credit Facility, page 98.*

**Listing of Merger Shares on NASDAQ**

EZCORP has applied to have the EZCORP Shares listed on the NASDAQ Global Select Market where its shares of Class A Non-voting Common Stock are currently traded.

**Accounting Treatment of the Merger**

This merger will be accounted for as a purchase business combination in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations. Upon acquisition, EZCORP will assess the value of assets and liabilities acquired, and record those in EZCORP's balance sheet through a purchase price allocation. After the merger, VFS's financial position and results will be consolidated with those of EZCORP, Inc. as a wholly-owned subsidiary.

**Certain Fees in Connection with the Merger**

In connection with the merger, VFS has paid certain fees to Stephens. In particular, VFS has previously paid Stephens \$800,000 in connection with the Stephens opinion as well as other services performed in connection with the merger. These services include contacting other prospective purchasers, discussing proposed transactions with other prospects, and consulting with VFS on potential effects of this and other possible transactions. VFS has reimbursed Stephens' expenses of approximately \$18,000.

**Appraisal Rights**

The following section describes appraisal rights available under Florida law. Please also read the full text of the relevant provisions of the FBCA, which are reprinted in their entirety as Exhibit D to this proxy statement/prospectus. If you desire to exercise your appraisal rights, you should review carefully the FBCA and are urged to consult a legal advisor before electing or attempting to exercise these rights.

Each VFS shareholder entitled to vote on the merger agreement and the merger who complies with the FBCA, with respect to appraisal rights, is entitled to receive in cash the fair value of their VFS Common Stock. Fair value means the value of VFS shares as determined immediately before the merger is effective as determined by using customary and current valuation concepts and techniques generally employed for similar businesses in the context of the merger, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable to the corporation and its remaining shareholders. VFS shareholders are entitled to assert their appraisal rights and demand payment and receive fair

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value in cash for their shares under Sections 607.1301 - 607.1333 of the FBCA. In order to perfect your appraisal rights, you must fully comply with the statutory procedures in Sections 607.1301 - 607.1333 of the FBCA summarized below. Failure to follow these procedures will result in a termination or waiver of your appraisal rights. VFS urges you to read those sections in their entirety and to consult with your legal advisor. In order to assert these appraisal rights, you must do the following:

not vote, or cause or permit to be voted, any of your shares in favor of the merger agreement; and either before the vote on the merger agreement is taken (before the special meeting), deliver written notice of your intent to demand payment for your shares if the merger is completed (the Shareholder Appraisal Notice ) to the following person at the address listed below:

John Thedford  
1063 Maitland Center Commons Blvd.  
Suite 200  
Maitland, Florida 32751  
Fax: (407) 339-6608;

or before the vote on the merger agreement is taken, deliver the Shareholder Appraisal Notice to John Thedford, at the annual meeting.

Note: Simply voting against the merger agreement does not satisfy the requirement to give notice. Also, the Shareholder Appraisal Notice must be signed in the same manner as the shares are registered on the books of VFS.

If you deliver the Shareholder Appraisal Notice, and the merger is consummated, VFS will send you the written appraisal notice and form required under Section 607.1322 of the FBCA (the Corporation Appraisal Notice and Form ) within 10 days after the Articles of Merger are filed with the Florida Department of State, which will consummate the merger. VFS Appraisal Notice and Form will contain VFS's estimate of the fair value of the shares as determined by the board of directors in its reasonable judgment. As stated, under the FBCA, fair value of VFS's shares is to be determined immediately prior to consummation of the merger. It is anticipated that the merger will close as soon as practicable after shareholder approval of the conversion, the amendment, the merger and the merger agreement by a majority of the VFS Shareholders, and the satisfaction or waiver of the closing conditions contained in the merger agreement. To receive payment for your shares, VFS must receive from you, at any time before the expiration of the date specified in the notice (which deadline may not be less than 40 days nor more than 60 days after the date the appraisal notice and form are sent to you), the following:

the completed Corporation Appraisal Notice and Form in which you either (i) approve of the merger or (ii) disapprove of the merger and instead state your estimated fair value for the shares and a demand for payment of your estimated value plus interest, and

your stock certificates for VFS stock.

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If you do not complete and sign a VFS Appraisal Notice and Form and deliver it to VFS within the prescribed time period, you will forfeit your rights to receive payment for your shares in excess of the merger consideration. If your properly completed and signed Corporation Appraisal Notice and Form are filed with VFS within the prescribed time period, you will be entitled to payment of the fair value of the shares, in accordance with the discussion below, and you will not be entitled to vote or exercise any other rights of a Shareholder (unless you subsequently withdraw your demand, as also discussed below).

If the merger is approved, the Exchange Agent (as defined in the merger agreement) will make payment for your shares in accordance with the terms and conditions set forth in the merger agreement. If you indicate on a VFS Appraisal Notice and Form that you do not approve the merger agreement, but fail to demand payment for the shares at your estimated value plus interest, you will have waived your right to demand payment of your estimated value and interest and, instead you will be entitled only to the payment offered in connection with the merger in the VFS Appraisal Notice and Form sent to you. If you make a demand for payment of your estimated value and the issue of fair value remains unsettled thereafter, either you or VFS may, but are not required to, commence a court proceeding and petition the court for a determination of the fair value of the shares and accrued interest.

You may decline to exercise appraisal rights and withdraw from the appraisal process by notifying VFS in writing before the expiration of a date that will be specified in the VFS Appraisal Notice and Form. You will not be able to withdraw from the process after such date without VFS's written consent. If you withdraw from the appraisal process in conformance with the foregoing, you will again have the same rights you had prior to signing and returning the notice and form to VFS. Further, if VFS for any reason does not proceed with the consummation of the merger, your appraisal rights will cease and your status as a shareholder will be restored. If VFS and the shareholder asserting appraisal rights are unable to agree on the fair value of the shares, under the FBCA, VFS would be required to file within 60 days after receipt of the shareholders' demand, an appraisal action in a court in the county where VFS had its principal office prior to the merger. The court would be required to determine the fair value of the shares of the VFS Common Stock. If VFS fails to file such proceeding within 60 days, any shareholder asserting appraisal rights may do so. All shareholders asserting appraisal rights, except for those that have agreed upon a value with VFS, are deemed to be parties to the proceeding. In such a proceeding, the court may, if it so elects, appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. VFS would be required to pay each shareholder asserting appraisal rights the amount found to be due within ten days after final determination of the proceedings. At the court's discretion, the judgment may include interest at a rate determined by the court. Upon payment of this judgment, the shareholder would cease to have any further appraisal rights with respect to his or her VFS Common Stock.

The court in any appraisal proceeding will determine the costs and expenses (including attorneys' and experts' fees) of any appraisal proceeding and such costs and expenses will be assessed against EZCORP. However, all or any part of such costs and expenses (including attorneys' and experts' fees) may be apportioned and assessed against all or some of the shareholders that request an appraisal, in such amount as the court deems equitable, if the court determines that the shareholders acted arbitrarily or not in good faith with respect to the shareholders' appraisal rights. If the court finds that counsel for one shareholder substantially

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benefited other shareholders, and attorneys' fees should not be assessed against VFS, the court may award counsel fees to be paid out of the amounts awarded to benefited shareholders.

**Failure to Comply with Statutory Requirements**

You must take each step in the indicated order and in strict compliance with the FBCA to assert your appraisal rights. If you fail to follow the steps, you will lose the right to demand a value for your shares other than the merger consideration.

Failure to follow the procedures set forth in Sections 607.1301 through 607.1333 of the FBCA regarding appraisal rights will constitute a waiver of any such rights. Shareholders may wish to consult independent counsel before exercising their appraisal rights.

**The Voting Agreement**

*The following description describes the material terms of the voting agreement signed by certain directors of VFS, which is attached as Exhibit E to this proxy statement/prospectus. EZCORP and VFS encourage you to read the form of voting agreement in its entirety.*

Mr. John Thedford, Mr. Charles Slattery and Mr. Kevin Hyneman entered into a voting agreement with EZCORP and Merger Sub, Inc. on September 16, 2008. In the voting agreement, each VFS shareholder that is a party to the voting agreement agreed to vote all shares of VFS stock owned by him or her as follows:

in favor of the adoption of the merger agreement and the merger; and

in favor of the amendment to VFS's Amended and Restated Articles of Incorporation and the conversion of all series A-1 participating, series A-2 participating and series B participating stock into common stock of VFS.

Each VFS shareholder that is a party to the voting agreement also agreed that he will not transfer, assign, convey or dispose of any shares of VFS stock owned by him unless each person or entity to whom any securities are transferred agrees to comply with all of the terms and provisions of the voting agreement. As of the record date for the VFS special meeting, approximately 36% of the voting shares of VFS stock entitled to vote at the special meeting, were owned by the VFS shareholders who are a party to the voting agreement.

The obligations of the VFS shareholders who are a party to the voting agreement will terminate upon the earlier to occur of the valid termination of the merger agreement, the effective time of the merger or December 31, 2008.

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**Interests of VFS's Officers in the Merger**

Under the terms of the merger agreement, Mr. John Thedford will be released from his current employment obligations to VFS upon consummation of the merger. After the effective date of the merger, EZCORP and Mr. Thedford intend for Mr. Thedford to become an employee of Texas EZPAWN, L.P., a subsidiary of EZCORP, and his title will be President of EZPAWN Worldwide. Mr. Thedford will be entitled to the following as the President of EZPAWN Worldwide:

- (1) A base salary of \$524,000 per year, with consideration for yearly merit increases, which are not guaranteed;
- (2) An unguaranteed annual bonus whereby Mr. Thedford may not earn any bonus or he may earn up to 150% of his base salary;
- (3) Consideration for (no guaranty) stock compensation based on performance; and
- (4) Severance payment equal to one year's salary if terminated without cause.

In comparison, Mr. Thedford, under his current employment agreement with VFS, is entitled to a base salary of \$425,000 per year and is eligible to earn a yearly bonus of 100% of his base salary. Mr. Thedford is not, however, eligible to receive any performance based equity compensation under his current employment agreement with VFS.

Wilton A. Whitcomb III, Vice President and Chief Financial Officer, and Lawrence Kahlden, Vice President and Chief Operating Officer, are both currently subject to employment agreements with VFS that run through the year 2009. Neither has entered into any employment arrangement with EZCORP or any of its affiliates regarding employment after the effective date of the merger. Currently, it is contemplated that each of the Mr. Whitcomb's and Mr. Kahlden's employment agreements will be unaffected by the merger.

**Material United States Federal Income Tax Consequences of the Merger**

In the opinion of Strasburger & Price, LLP, the following discussion summarizes the material United States federal income tax consequences of the merger to United States holders (as defined below) of VFS common stock. This summary applies only to VFS shareholders who are United States holders and who hold their shares of VFS common stock, and will hold the shares of EZCORP common stock received in exchange for their shares of VFS common stock, as capital assets within the meaning of section 1221 of the Code (generally, assets held for investment).

For purposes of this discussion, a United States holder means:

- a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any state thereof or in the District of Columbia;
- a trust, the substantial decisions of which are controlled by one or more United States persons and which is subject to the primary supervision of a United States court, or a trust that validly has elected under applicable Treasury Regulations to be treated as a United States person for United States federal income tax purposes; or



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- an estate that is subject to United States federal income tax on its income regardless of its source.

Holders of VFS common stock who are not United States holders may have different tax consequences than those described below and are urged to consult their own tax advisors regarding the tax treatment to them under United States and non-United States tax laws.

This discussion does not address all of the United States federal income tax consequences that may be relevant to particular United States holders in light of their individual circumstances, and does not address any aspect of state, local, foreign, estate or gift taxation that may be applicable to a United States holder. In addition, this discussion does not consider any specific facts or circumstances that may be relevant to a United States holder subject to special rules under United States federal income tax laws, including without limitation:

- banks, trusts and other financial institutions;
- tax-exempt organizations;
- insurance companies;
- cooperatives;
- dealers in securities or foreign currencies;
- mutual funds, regulated investment companies or real estate investment trusts;
- traders in securities that elect to use a mark-to-market method of accounting;
- holders whose functional currency is not the United States dollar;
- partnerships or other entities treated as partnerships for United States federal income tax purposes;
- holders who hold shares as part of a hedge, straddle or other risk reduction, constructive sale or conversion transaction; and
- holders who acquired their shares upon the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

If a partnership or other entity treated as a partnership for United States federal income tax purposes holds shares of VFS common stock, the tax treatment of a partner generally will depend on the status of the partner and on the activities of the partnership. Partners of partnerships holding VFS common stock should consult their tax advisors about the tax consequences of the merger to them.

This discussion is based upon the provisions of the Code, applicable Treasury Regulations, published positions of the Internal Revenue Service (the IRS), judicial decisions

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and other applicable authorities, all as in effect on the date of the registration statement of which this proxy statement/prospectus is a part. There can be no assurance that future legislative, administrative or judicial changes or interpretations, which changes or interpretations could apply retroactively, will not affect the accuracy of this discussion. No rulings have been or will be sought from the IRS concerning the tax consequences of the merger. As such, there can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the merger described in this discussion or that any such contrary position would not be sustained.

Tax matters are very complicated, and the tax consequences of the merger to VFS shareholders will depend on each such stockholder's particular tax situation.

**THIS SUMMARY OF U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. VFS STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND OF CHANGES IN APPLICABLE TAX LAWS.**

For United States federal income tax purposes, the parties intend that the merger (i) qualify as a reorganization within the meaning of Section 368(a) of the Code and (ii) EZCORP, Value Merger Sub, Inc. and VFS will each be a party to the reorganization within the meaning of Section 368(b) of the Code.

**It is assumed for purposes of the remainder the discussion that the merger will qualify as a reorganization with the meaning of Section 368(a) of the Code and that EZCORP, Value Merger Sub, Inc. and VFS will each be a party to the reorganization within the meaning of Section 368(b) of the Code.**

*Tax Consequences of the Merger*

· A VFS common stockholder who exchanges his or her shares of VFS common stock for cash and shares of EZCORP common stock pursuant to the merger will recognize gain (but will not recognize any loss), and the gain recognized will be equal to the lesser of (i) any cash received and (ii) the excess, if any, of (x) the sum of the cash received and the fair market value of the EZCORP common stock received (determined at the effective time of the merger) over (y) the VFS common stockholder's tax basis in the shares of VFS common stock exchanged therefor. The amount of gain (or non-recognized loss) must be computed separately for each block of VFS common stock that was purchased by the VFS common stockholder in the same transaction, and a loss realized on one block of stock may not be used to offset a gain realized on another block of stock. A VFS common stockholder to whom these rules may apply should consult his or her tax advisor regarding the manner in which gain or loss should be computed for different blocks of VFS common stock surrendered in the merger. Any recognized gain will generally be long-term capital gain if the stockholder's holding period for the shares of VFS common stock surrendered is more than one year at the effective time of the merger, except as discussed immediately below.

· Notwithstanding the above, if the cash received has the effect of a distribution of a dividend, any recognized gain will be treated as a dividend to the extent of the VFS shareholder's ratable share of accumulated earnings and profits as computed for United States

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federal income tax purposes. In general, the determination of whether any gain recognized in the merger will be treated as capital gain or dividend income will depend upon whether, and to what extent, the exchange in the merger reduces the VFS common stockholder's deemed percentage ownership interest in EZCORP after the merger. For purposes of this determination, a VFS common stockholder will be treated as if he or she first exchanged all of his or her shares of VFS common stock solely for shares of EZCORP common stock and then EZCORP immediately redeemed a portion of those shares in exchange for the cash that the VFS common stockholder actually received. In determining whether the receipt of cash has the effect of a distribution of a dividend, the Code's constructive ownership rules must be taken into account. The IRS has indicated in rulings that any reduction in the interest of a minority stockholder who owns a small number of shares in a publicly and widely held corporation and who exercises no control over corporate affairs would result in capital gain as opposed to dividend treatment. Each VFS common stockholder should consult his or her tax advisor regarding the application of these rules.

- Each VFS shareholder's aggregate tax basis in the shares of EZCORP common stock received in the merger will be the same as his or her aggregate tax basis in the VFS common stock surrendered in the merger, increased by the amount of gain recognized (including any portion of the gain that is treated as a dividend as described above, but excluding any gain attributable to the receipt of cash in lieu of a fractional share of EZCORP common stock) and decreased by (i) any cash received and (ii) the amount of any tax basis allocable to any fractional share interest for which cash is received. The holding period of the shares of EZCORP common stock received in the merger by a VFS common stockholder will include the holding period of the shares of VFS common stock that he or she surrendered in the merger. If a VFS common stockholder has differing tax bases and/or holding periods in respect of the stockholder's shares of VFS common stock, the stockholder should consult with a tax advisor in order to identify the tax bases and/or holding periods of the particular shares of EZCORP common stock that the stockholder receives.

- A cash payment received by a VFS common stockholder in lieu of a fractional share of EZCORP common stock generally will be treated as received in exchange for that fractional share interest, and gain or loss generally will be recognized for federal income tax purposes on the receipt of the cash payment, measured by the difference between the amount of cash received and the portion of the basis of the VFS common stock allocable to the fractional share interest. The gain or loss will be long-term capital gain or loss if the VFS common stock is considered to have been held for more than one year at the effective time of the merger. The deductibility of capital losses is subject to limitations.

*Status of the Tax-Free Merger*

If the IRS were to successfully challenge the qualification of the merger as a tax-free exchange, a VFS common stockholder would generally be required to recognize gain or loss with respect to the VFS common stock surrendered in the merger equal to the difference between such holder's adjusted tax basis in the surrendered stock and the fair market value, as of the closing of the merger, of the EZCORP common stock received in the merger. Generally, in such event, the VFS common stockholder's tax basis in the EZCORP common stock received would equal the fair market value of such EZCORP common stock as of the date of the merger, and the VFS common stockholder's holding period for the EZCORP common stock would begin on the

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day after the merger. Any gain or loss that a VFS common stockholder recognizes with respect to its VFS common stock would be characterized as gain or loss from the sale of a capital asset. The deductibility of capital losses would be subject to limitation.

*VFS Stockholders Exercising Appraisal Rights*

VFS common stockholders are entitled to appraisal rights in connection with the merger, subject to properly perfecting such rights. If a VFS common stockholder receives cash pursuant to the exercise of appraisal rights, such stockholder generally will recognize gain or loss, measured by the difference between the amount of cash received and such holder's tax basis in such VFS common stock. A VFS common stockholder who exercises appraisal rights is urged to consult his or her tax advisor.

*Reporting Requirements*

A United States holder who receives shares of EZCORP common stock as a result of the merger will be required to retain records pertaining to the merger. Each United States holder who is required to file a United States federal income tax return and who is a significant holder that receives shares of EZCORP common stock generally will be required to file a statement with such holder's United States federal income tax return setting forth, among other information, the fair market value (determined immediately before the merger) of the holder's VFS common stock that was transferred in the merger and the holder's tax basis (determined immediately before the merger) in the VFS common stock. A significant holder is a United States holder who, immediately before the merger, owned either (i) at least 5% (by vote or value) of the outstanding stock of VFS or (ii) securities of VFS with a tax basis of \$1.0 million or more.

*Information Reporting and Backup Withholding*

VFS common stockholders may be subject to backup withholding for United States federal income tax purposes on any cash received in the merger unless certain requirements are met. Payments will not be subject to backup withholding if the stockholder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact or (ii) provides EZCORP or the paying agent, as appropriate, with the stockholder's correct taxpayer identification number and completes an IRS Form W-9 in which the stockholder certifies that the stockholder is not subject to backup withholding. The taxpayer identification number of an individual is his or her Social Security number. Any amount paid as backup withholding tax will be credited against the stockholder's United States federal income liability provided the stockholder furnishes the required information to the IRS.

**THE MERGER AGREEMENT**

*The following summary describes the material provisions of the merger agreement. The provisions of the merger agreement are complicated and not easily summarized. The rights and obligations of the parties are governed by the express terms and conditions of the merger agreement and not by this summary. The merger agreement is attached as Exhibit A to this proxy statement/prospectus and is incorporated by reference into this proxy*

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*statement/prospectus, and we encourage you to read it carefully in its entirety for a more complete understanding of the merger agreement.*

**Structure of the Merger**

To effect the merger, EZCORP formed Merger Sub as a new subsidiary. At the effective time of the merger, Merger Sub will merge with and into VFS in accordance with the provisions of Florida law, with VFS continuing as the surviving entity. As a result of the merger, VFS will become EZCORP's wholly-owned subsidiary.

**Merger Consideration**

In the merger EZCORP will exchange the EZCORP Shares for VFS Company Stock at the rate of 0.75 EZCORP Shares for each issued and outstanding share of VFS Common Stock.

EZCORP has also agreed to pay \$11.00 per share cash (the Cash Consideration ) for up to 20% of the VFS Common Stock (the Cash Consideration Number ) to VFS shareholders who elect, at their option, to receive cash instead of the EZCORP Shares in exchange for some or all of their VFS Common Stock. If the number of shares of VFS Common Stock with respect to which a valid Election is made does not exceed the Cash Consideration Number, each share for which an Election is made shall be converted into the Cash Consideration. If the number of shares of VFS Common Stock with respect to which a valid Election is made exceeds the Cash Consideration Number, the number of shares of VFS Common Stock with respect to which a valid Election is made that shall be converted into Cash Consideration shall be determined as follows:

First, a unit proration factor (the Unit Proration Factor ) shall be determined by dividing the Cash Consideration Number by the number of shares with respect to which a valid Election was made;

Second, only those shares equal to the number of shares of each electing VFS shareholder with respect to which a valid Election is made multiplied by the Unit Proration Factor shall be paid the Cash Consideration; and

Third, all remaining shares of VFS Common Stock with respect to which a valid Election is made shall receive EZCORP Shares in the merger.

If all VFS Common Stock is exchanged for EZCORP Shares in the merger, EZCORP will issue approximately 4,984,935 EZCORP Shares in exchange for the VFS Common Stock. If the maximum number of VFS shareholders elect to take the Cash Consideration, EZCORP will pay approximately \$14.6 million in cash and issue approximately 3,988,000 EZCORP Shares in exchange for the VFS Common Stock.

**Value of Merger Consideration the Deficiency Guaranty and the Premium Reserve**

The price per share of the Cash Consideration and the number of EZCORP Shares to be issued in the merger were determined based on an estimated value of \$11.00 per share of VFS Common Stock. At the time that VFS and EZCORP agreed on the merger consideration, the price of EZCORP Class A Non-voting Common Stock was approximately \$14.67 per share on

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NASDAQ. The 0.75 : 1.0 exchange ratio of EZCORP Shares for VFS Common Stock was determined using a price per share of \$14.67 per EZCORP share compared to \$11.00 per VFS share ( $\$11.00 \div \$14.67 = 0.75$ ).

EZCORP share prices vary in trading on NASDAQ, as do other publicly traded common stocks, and at the time of closing of the merger, there can be no guarantee that the price of EZCORP Shares will be more or less than the \$14.67 price that was used to set the exchange ratio. In order to reduce the risk to VFS shareholders that the EZCORP Shares they receive in the merger will be worth less than \$14.67 per share after the merger, the merger agreement contains a Deficiency Guaranty for a limited amount of time, for shareholders who sell their shares in the open market at less than \$14.67 per share. In addition, EZCORP has agreed to pay a Premium Reserve for a limited amount of time to shareholders who sell their shares in the open market for more than \$14.67 per share. The Deficiency Guaranty and Premium Reserve are described below.

*Deficiency Guaranty*

In the merger agreement, EZCORP agreed to provide a Deficiency Guaranty to VFS shareholders who receive EZCORP Shares in the merger. EZCORP has agreed that, for 125 days after closing of the merger, including a five day waiting period for distribution of EZCORP Shares, if a selling shareholder sells any of their EZCORP Shares received in the merger in open market sales at less than \$14.67 per share, EZCORP will pay the selling shareholder the difference between the sales price per share and \$14.67, up to a maximum of \$4.01 per EZCORP Share.

If you sell your EZCORP Shares at \$14.67 per share, you will receive the equivalent of \$11.00 per share of VFS Common Stock ( $\$14.67 \times 0.75$  EZCORP Shares = \$11.00 per VFS share). If you sell your EZCORP Shares at less than \$10.66 per share within 125 days after the closing of the merger, the total amount of consideration, including the deficiency guaranty, will be less than \$11.00 per share of VFS Common Stock, because the deficiency guaranty will not make up the entire difference between the sale price of your EZCORP Shares and the \$11.00 cash per share merger consideration. Two examples of the deficiency guaranty are set forth below:

| Sales Price of<br>EZCORP Share | Deficiency<br>Guaranty<br>Amount | Total Amount<br>Received for<br>EZCORP<br>Share | Equivalent<br>Value per<br>VFS Share |
|--------------------------------|----------------------------------|---|--------------------------------------|
| \$12.00                        | \$2.67                           | \$ 14.67  | \$11.00                              |
| \$10.00                        | \$4.01                           | \$ 14.01  | \$10.51                              |

In the second example above, the equivalent price per VFS share (when multiplied by the 0.75 exchange rate of EZCORP Shares per each share of VFS Common Stock) equals less than the \$11.00 agreed value of VFS shares for purposes of the merger.

If and to the extent that a VFS shareholder does not sell their EZCORP Shares within 125 days after the closing of the merger, they will not be entitled to any deficiency guaranty payment.

**Table of Contents***Premium Reserve*

In addition, for 125 days after closing of the merger, including the five day waiting period, EZCORP has agreed to pay a Premium Reserve to selling shareholders who sell their EZCORP Shares received in the merger in open market sales for more than \$14.67 per share. EZCORP will pay up to a maximum of \$6,646,527 to selling shareholders who sell their EZCORP Shares for more than \$14.67 per share after the five day waiting period, as follows:

For example, a VFS shareholder who sells his stock for \$15.00 per share within 125 days after the closing of the merger would receive the following: in the following cases

| Days After Closing | Sales Price of EZCORP Share | Premium Reserve Amount | Total Amount Received for EZCORP Share | Equivalent Value per VFS Share |
|--------------------|-----------------------------|------------------------|--|--------------------------------|
| 20                 | \$ 15.00                    | \$1.33                 | \$ 16.33                               | \$12.25                        |
| 45                 | \$ 15.00                    | \$1.00                 | \$ 16.00                               | \$12.00                        |
| 90                 | \$ 15.00                    | \$0.67                 | \$ 15.67                               | \$11.75                        |
| 120                | \$ 15.00                    | \$0.33                 | \$ 15.33                               | \$11.50                        |

If and to the extent that a VFS shareholder does not sell their EZCORP Shares within 125 days after the closing of the merger, or sell the shares for less than \$14.67 per share, they will not be entitled to any premium reserve payment. In either such case they will receive less than \$11.00 per VFS share if they get less than \$14.67 per EZCORP Share.

EZCORP will promptly pay the full amount of any premium reserve payments that become due. The maximum amount EZCORP will be required to pay is \$6,646,527, if all VFS shareholders elect to receive EZCORP Shares, and all of these shares are sold for more than \$14.67 per share within 35 days after closing.

**Conditions to Closing the Merger**

The merger agreement contains several conditions that must be satisfied prior to closing by each party. Each condition may be waived, except as noted below. EZCORP's obligation to close and consummate the merger is conditioned on the satisfaction of the following conditions by VFS:

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Satisfying any Hart-Scott-Rodino Act anti-trust review waiting periods(2);

Obtaining any required contractual consents and governmental licenses or approvals;

Obtaining a termination and mutual release of the obligations of VFS and its president, John Thedford, under the employment agreement between VFS and Mr. Thedford(3);

Obtaining an opinion from VFS's tax advisor on the application of certain federal income tax concepts to VFS(4); and

Satisfying VFS's contractual conditions and obligations contained in the merger agreement.

(1) Because the VFS restated articles of incorporation require a penalty payment if a change in control occurs before the participating stock is converted to common, EZCORP will not waive this requirement.

(2) All applicable anti-trust review waiting periods have been satisfied.

(3) Texas EZPAWN, L.P., a subsidiary of EZCORP, intends to employ Mr. Thedford as an executive upon completion of the merger.

(4) EZCORP and VFS have previously received the required opinion of the tax advisor.

The obligation of VFS to close and consummate the merger is conditioned on the satisfaction of the following conditions by EZCORP:

Delivering the merger consideration for payment to the VFS shareholders upon closing(1);

Approving the merger agreement by the sole shareholder of the Merger Sub(2);

Satisfying any Hart-Scott-Rodino Act anti-trust review waiting periods(3);

Obtaining any required contractual consents and governmental licenses or approvals;



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Listing the EZCORP Shares to be issued in the merger on the NASDAQ Global Select Market (6); and

Satisfying EZCORP's contractual conditions and obligations contained in the merger agreement.

The obligation of each party to close and consummate the merger are conditioned upon approving the merger agreement by the holders of a majority of VFS Common Stock.

(1) VFS will not waive the requirement that the merger consideration be paid.

(2) EZCORP, as the sole shareholder of the Merger Sub, has approved the merger and the merger agreement.

While either EZCORP or VFS could waive provisions requiring that the other party obtain all required licenses and third party approvals and satisfy the contractual conditions and obligations of the merger agreement, the parties do not anticipate that any such waivers will be given if the waiver would materially change the consideration to be paid by EZCORP or the value of VFS as a merged entity. If any such waiver would constitute a material change in the terms of the merger transaction, the parties will consult and decide whether to revise and recirculate this proxy statement/prospectus and seek any required postponement in the shareholders' meeting, or to terminate the proposed transaction.

**Termination**

The merger agreement may, by written notice given prior to or at the closing of the merger, be terminated:

By EZCORP, the Merger Sub or VFS for material breaches by the other party if such breach has not been waived or cured within 15 days after the breaching party's receipt of written notice thereof;

By EZCORP or the Merger Sub if any of the conditions precedent to their obligations to close are not satisfied (or waived) as of the Closing Date or by VFS if any of the conditions precedent to its obligation to close is not satisfied (or waived) by the Closing Date;

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By EZCORP if VFS receives notices from holders of more than 10% of the VFS Common Stock of their intent to demand payment pursuant to appraisal rights granted in the Florida Business Corporation Act.;

By mutual consent of all parties to the merger agreement;

By any of the parties to the merger agreement if the Closing has not occurred on or before December 31, 2008;

By VFS if VFS, any of its subsidiaries or the VFS board of directors approves, recommends, authorizes, proposes or announces to enter into an Acquisition Transaction, if and only to the extent that VFS's board of directors reasonably determines, after consultation with, and taking into account the advice of, outside legal counsel, that the failure to do so would be inconsistent with its fiduciary obligations. An Acquisition Transaction means any tender offer or exchange offer, any merger, consolidation, liquidation, dissolution, recapitalization, reorganization or other business combination, any acquisition, sale or other disposition of all or a substantial portion of the assets or VFS or any similar transaction involving VFS, its securities or any significant subsidiary as defined under Rule 405 promulgated by the SEC. See Non-Solicitation Agreement, below.

**Termination Fee**

VFS has agreed to pay EZCORP a termination fee of \$5 million if:

VFS terminates the merger agreement because it has entered into an acquisition transaction with a third party as described in the preceding paragraph;

The VFS board of directors fails to recommend the merger to its shareholders;

The VFS shareholders fail to approve the merger;

The merger agreement is terminated by EZCORP or the Merger Sub after a material breach of the merger agreement by VFS; or

The merger agreement is terminated by EZCORP or the Merger Sub because VFS has not satisfied any of the conditions precedent to EZCORP's and Merger Sub's obligations to close.

**Non-Solicitation Agreement**

VFS has agreed that, prior to effectiveness of the merger, it will not knowingly permit any of its officers, directors, employees, agents or representatives (including, without limitation, any investment banker, attorney or accountant retained by it) to solicit or encourage, directly or indirectly, any inquiries, any proposal or offer with respect to any Acquisition Transaction (any such proposal being referred to in the Agreement as an Acquisition Proposal ) or engage in any negotiations concerning an Acquisition Proposal; and (b) it will immediately cease and cause to be terminated any existing negotiations with any parties with respect to any of the foregoing;

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provided, that nothing contained in the agreement shall prevent VFS or its board of directors from (A) making a recommendation for or against accepting a third party; or (B) providing information to or engaging in any negotiations or discussions with any person or entity who has made an unsolicited bona fide Acquisition Proposal that involves an Acquisition Transaction that VFS's board of directors in good faith determines, after consultation with its legal counsel and financial advisors, represents a superior transaction for the shareholders of VFS when compared to the merger, if and only to the extent that VFS's board of directors reasonably determines, after consultation with, and taking into account the advice of, outside legal counsel, that the failure to do so would be inconsistent with its fiduciary obligations. VFS has agreed to promptly notify EZCORP if any such information is requested from it or any such negotiations or discussions are sought to be initiated with VFS and agreed to promptly communicate to EZCORP the terms of any proposal or inquiry and the identity of the party making such proposal or inquiry which it may receive in respect of any such transaction.

**Indemnification**

The covenants in the merger agreement shall survive the closing of the merger for a period of one year. VFS will indemnify and hold harmless the Merger Sub and EZCORP for material breaches of its representations, warranties (which are listed in the merger agreement) or covenants contained in or related to the merger agreement. The Merger Sub and EZCORP will indemnify and hold harmless VFS for material breaches of its representations, warranties or covenants contained in or related to the merger agreement.

**No Fractional Shares**

No fractional shares of EZCORP stock will be issued to selling stockholders in the merger. Instead, all holders of VFS common stock who would be entitled to receive a fractional share of our stock will have the number of shares to which they are entitled rounded up to the next whole number of shares.

**Exchange of Certificates**

EZCORP will deposit with American Stock Transfer and Trust Company or such other bank or trust company designated by EZCORP and reasonably satisfactory to VFS (the Exchange Agent), certificates representing the merger consideration. Promptly after the Effective Date, EZCORP shall cause the Exchange Agent to mail to each record holder of our common stock: (1) a letter of transmittal; and (2) instructions for use in effecting the surrender of their common stock for the merger consideration, including instructions for making an election to receive the Cash Consideration instead of EZCORP Shares.

**Conduct Pending Closing**

Pending the closing of the merger agreement, VFS agrees to: (1) conduct its business only in the ordinary course (as defined in the merger agreement) unless with EZCORP's prior written consent; (2) use its reasonable best efforts to maintain current business practices; (3) confer with EZCORP regarding material operational matters; and (4) provide EZCORP with certain interim financial statements.

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**Regulatory Approvals**

The merger is subject to compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, referred to as the HSR Act. Pursuant to the HSR Act the merger may not be completed unless certain filings have been submitted to the U.S. Federal Trade Commission, referred to as the FTC, and the Antitrust Division of the U.S. Department of Justice, referred to as the Antitrust Division, and the applicable waiting period has expired or been terminated. EZCORP and VFS filed the appropriate notification and report forms with the FTC and the Antitrust Division on June 11, 2008, and all applicable anti-trust waiting periods have expired.

**Effective Time of Merger**

The merger will become effective on the date the articles of merger are filed with the Secretary of State of the State of Florida. EZCORP expects to close and consummate the merger as soon after the shareholders' meeting as practicable.

**EZCORP's Credit Facility**

EZCORP has maintained a \$40 million credit facility, but during 2008 through the date of this proxy statement/prospectus, we have had no outstanding borrowings on the credit facility. EZCORP has executed a Fifth Amended and Restated Credit Agreement (the "Agreement") among EZCORP, Inc., Wells Fargo Bank, N.A., as Agent and Issuing Bank, and various other banks and lending institutions. The Agreement and the related loan documents were placed in escrow pending the closing of the merger agreement with VFS. The Agreement is contingent upon the closing of the merger agreement with VFS on or before December 31, 2008.

If the merger agreement with VFS is closed on or before December 31, 2008, the Agreement will become effective and will provide for, among other things, (i) an \$80 million revolving credit facility that EZCORP may request to be increased to a total of \$110 million (the "Revolving Credit Facility") and (ii) a \$40 million term loan (the "Term Loan"). If the Agreement becomes effective, it will extend the maturity date of the Revolving Credit Facility to the date that is three years from the closing of the merger agreement with VFS. The maturity date of the Term Loan will be four years from the closing of the merger agreement with VFS.

Pursuant to the Agreement, EZCORP may choose either a Eurodollar rate or the base rate. Interest accrues at the Eurodollar rate plus 175 to 250 basis points or the base rate plus 0 to 50 basis points, depending upon the leverage ratio computed at the end of each calendar quarter. From the date the credit facility becomes effective through the date EZCORP reports to the lenders its interim results for the period ending June 30, 2009, EZCORP may choose to pay interest to the lenders for outstanding borrowings at the Eurodollar rate plus 250 basis points or the base rate plus 50 basis points, regardless of our leverage ratio during that period. Terms of the Agreement require, among other things, that EZCORP meet certain financial covenants that EZCORP believes will be achieved based upon its current and anticipated performance. In addition, payment of dividends is prohibited and additional debt is restricted.

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**COMPARISON OF THE RIGHTS AND PRIVILEGES OF THE VFS COMMON STOCK AND THE EZCORP SHARES**

The following is a general overview of the effect, with respect to VFS shareholders who elect to exchange their VFS Common Stock for EZCORP Shares in the merger. It is not intended to be a complete statement of all differences affecting stockholder rights under Delaware and Florida law, or under the organizational documents of EZCORP and VFS.

As a result of the merger, VFS shareholders that do not elect to receive all cash consideration for their shares of VFS Common Stock will become holders of EZCORP Shares. VFS is a Florida corporation governed by the Florida Business Corporation Act (FBCA) and VFS's Articles of Incorporation and Bylaws. EZCORP, on the other hand, is a Delaware corporation governed by the Delaware General Corporation Law (DGCL) and EZCORP's Certificate of Incorporation and Bylaws. The material differences between the rights of holders of VFS Common Stock and those holding EZCORP Shares are summarized below.

Current holders of VFS series A-1 participating stock, series A-2 participating stock and series B participating stock should note that, assuming the amendment and the conversion are approved, that their participating stock shall be converted into common stock of VFS immediately prior to the consummation of the merger. Thus, this discussion is limited to a discussion of share/stock holder rights under Florida law and Delaware law and certain rights granted those holding VFS Common Stock and those holding EZCORP Shares.

**Authorized Capital Stock and Number of Directors**

*VFS.* VFS's amended and restated articles of incorporation authorize VFS to issue 50,000,000 shares, consisting of (i) 35,000,000 VFS Common Stock, par value \$0.01 per share; and (ii) 15,000,000 Participating Shares (defined below). VFS's bylaws state that the number of directors of VFS shall be fixed from time to time, within the limits of its Articles of Incorporation (if any), by resolution of the board of directors, but the number shall not be less than one.

*EZCORP.* EZCORP's amended certificate of incorporation authorizes EZCORP to issue 57,000,000 shares of capital stock, classified as (i) 54,000,000 shares of EZCORP Class A Non-voting Common Stock, par value \$0.01 per share; and (ii) 3,000,000 shares of EZCORP's Class B Voting Common Stock, par value \$0.01 per share. On September 26, 2008, EZCORP amended its certificate of incorporation to eliminate its entire series of preferred stock and all references thereto, none of which was issued or outstanding, and increased its authorized shares of Class A Non-voting Common Stock from 50,000,000 to 54,000,000 to accommodate the shares to be registered with this Registration Statement. The designations and powers, preferences and rights and qualifications, limitations or restrictions of all EZCORP Shares are undetermined until fixed by resolution of the board of directors. EZCORP's bylaws state that the number of directors shall not be less than one.

**Shareholder Meetings**

*VFS.* Under the FBCA, a special meeting of the shareholders may be called by any person or persons authorized to do so by the corporation's articles of incorporation or bylaws.

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VFS's Bylaws provide that a special meeting of the shareholders may be called by the President, the board of directors, or by the President upon the written request of the holders of not less than 51% of all shares entitled to vote on the issue proposed to be considered at the special meeting.

*EZCORP.* Under the DGCL, stockholders of Delaware corporations do not have a right to call special meetings unless such right is conferred upon the stockholders in the corporation's certificate of incorporation or bylaws. Although EZCORP's Certificate of Incorporation does not confer to its stockholders the right to call a special stockholders meeting, its Bylaws permit a special meeting of the stockholders to be called by the Chairman of the Board, the President or the board of directors and requires that a special meeting be called by the President or Secretary upon the written request of the stockholders of record of not less than ten percent of all shares entitled to vote at such special meeting. EZCORP's Certificate of Incorporation states that holders of EZCORP Shares have no voting rights other than what may be required under the DGCL. Thus, unless otherwise provided by Delaware law, holders of EZCORP Shares are not entitled to call a special meeting of EZCORP's stockholders.

### **Notice of Meetings**

Under the FBCA and the DGCL, share/stock holders generally must be provided written notice of an annual or special share/stock holders meeting not less than 10 days nor more than 60 days prior to a meeting. However, under Delaware law, in the case of a stockholder meeting called to vote on a merger, consolidation or sale of substantially all of the assets of the corporation, stockholders must be given written notice of not less than 20 days before the meeting. The Bylaws of VFS provide for shareholder notice consistent with Delaware and Florida law, however, EZCORP's Bylaws do not contain the shorter 20 day notice requirement for a stockholder meeting called to vote on a merger, consolidation or sale of substantially all of the assets of the corporation. Despite the absence of such a provision, the DGCL's requirement of 20 days' prior notice before a meeting called to vote on a merger, consolidation or sale of substantially all of the assets of the corporation would govern the notice requirements.

### **Written Consents of Shareholders**

Under the FBCA and the DGCL, the share/stock holders may take action without a meeting if a consent in writing to such action is signed by the share/stock holders having the minimum number of votes that would be necessary to take such action at a meeting, unless prohibited in the articles or certificate of incorporation as the case may be. Both VFS and EZCORP's Bylaws permit share/stock holder action by written consent. Holders of EZCORP Shares are precluded from acting by written consent because the EZCORP Shares are non-voting.

### **Election of Directors**

*VFS.* The FBCA provides that directors are to be elected in the manner provided in the corporation's articles of incorporation. Under VFS's Bylaws, members of the board are elected by the shareholders at each annual meeting of the shareholders and serve until the next annual meeting or until their successors have been elected or appointed. If a vacancy occurs, such vacancy may be filled by either a majority of the remaining members of the board of directors or by an election at an annual or special meeting of shareholders called for that purpose.

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*EZCORP.* Under the DGCL, the directors of a corporation shall be elected by a plurality of the votes cast by the holders of shares entitled to vote in the election of directors at a meeting of stockholders at which a quorum is present, unless the certificate of incorporation provides for cumulative voting. *EZCORP*'s Certificate of Incorporation does not provide for cumulative voting. Holders of *EZCORP* Shares are not entitled to elect directors.

**Removal of Directors**

*VFS.* Under the FBCA, if cumulative voting is not authorized, once a director has been elected, he or she may be removed by the shareholders if the number of votes cast to remove him or her is greater than the number of votes cast not to remove him or her, unless the articles of incorporation provide that directors may be removed only for cause. If the director was elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove the director. *VFS*'s Articles of Incorporation permit removal of a director with or without cause.

*EZCORP.* Under the DGCL, unless cumulative voting is authorized, a majority of the shares entitled to vote at the election of directors may affect a removal of a director with or without cause. *EZCORP*'s Certificate of Incorporation does not provide for cumulative voting.

**Amendments to the Articles or Certificate of Incorporation and Bylaws**

*VFS.* The FBCA requires amendments to the articles of incorporation to be approved by the shareholders of the corporation upon recommendation of the corporation's board of directors. Unless the FBCA, the articles of incorporation, or the board of directors requires a greater vote or voting by groups, amendments to the articles of incorporation must be approved by a majority of the votes cast. Unless otherwise required by the bylaws or the articles of incorporation, the FBCA permits a corporation's board of directors to adopt or amend bylaws that do not conflict with the bylaws that may have been adopted by the shareholders. Bylaws that fix greater quorum or voting requirements for shareholders may not be adopted, amended or repealed by the board of directors. *VFS*'s Bylaws permit the board of directors, as well as the shareholders, to amend the corporation's bylaws

*EZCORP.* Unless the certificate of incorporation specifically provides otherwise, Delaware law requires only the affirmative vote of a majority of all outstanding voting shares to effect certain amendments to the certificate of incorporation. The DGCL also requires the shares of a class to vote separately on amendments in certain circumstances. *EZCORP*'s Bylaws permit the board of directors, as well as the stockholders, to amend the corporation's bylaws.

**Dissenters' Rights**

*VFS.* Under the FBCA, holders of record of *VFS* Common Stock are entitled to dissenters' rights assuming they follow the procedures mandated by the FBCA. If a corporation and the shareholder asserting appraisal rights are unable to agree on the fair value of the corporation's shares, the corporation would be required to file within 60 days after receipt of the shareholders' demand, an appraisal action in a court in the county where the corporation had its principal office. The court would be required to determine the fair value of the corporation's

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shares. A corporation would be required to pay each shareholder asserting appraisal rights the amount found to be due within ten days after final determination of the proceedings. At the court's discretion, the judgment may include interest at a rate determined by the court. Upon payment of this judgment, the shareholder would cease to have any further appraisal rights with respect to his or her shares.

*EZCORP*. Under the DGCL, a stockholder has the right, in connection with certain mergers or consolidations, to dissent from certain corporate transactions and receive the fair market value of his shares in cash in lieu of the consideration he otherwise would receive in the transaction. In order for a dissenting stockholder to assert his dissenters' rights, he must timely file a petition for appraisal with the Delaware Court of Chancery which will appraise the shares (excluding any appreciation or depreciation in the share price which occurs as a consequence of or in expectation of the transaction). In addition, a Delaware corporation can provide in its certificate of incorporation that appraisal rights are available to stockholders in certain other situations in which such rights are not otherwise available under Delaware law. No such provision is included in *EZCORP*'s Certificate of Incorporation.

Under the DGCL, unless the certificate of incorporation provides otherwise, appraisal rights are not available to stockholders of a corporation if the shares are listed on a national securities exchange or quoted on the NASDAQ National Market or held of record by more than 2,000 stockholders and stockholders are permitted by the terms of the merger or consolidation to accept in exchange for their shares:

- (1) shares of stock of the surviving or resulting corporation,
- (2) shares of stock of another corporation which is listed on a national securities exchange, quoted on the NASDAQ National Market or held of record by more than 2,000 stockholders,
- (3) cash in lieu of fractional shares described in (1) and (2) above, or
- (4) any combination of the consideration described in (1) through (3) above.

In addition, appraisal rights are not available to stockholders of a Delaware corporation in a merger if the corporation is the surviving corporation and no vote of its stockholders is required. Because *EZCORP* is listed on the NASDAQ, stockholders do not have dissenters' rights under the DGCL.

**Dividends**

*VFS*. Under the FBCA, a corporation may pay distributions to its shareholders unless (a) the corporation would not be able to pay its debts as they become in the usual course of business; or (b) the corporation's total assets would be less than the sum of its total liabilities, unless the corporation's articles of incorporation permit otherwise, plus the amount that would be needed upon dissolution to satisfy the preferential rights of shareholders superior to those shareholders receiving the distribution. Under *VFS*'s Articles of Incorporation and Bylaws, dividends are shared pro rata among holders of the *VFS* Common Stock.



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*EZCORP.* Under Delaware law, a corporation can pay dividends to the extent of its surplus, and if no surplus is available, dividends can be paid to the extent of its net profits for the current and/or preceding fiscal year. Dividends cannot be declared, however, if the corporation's capital has been diminished to an amount less than the aggregate amount of all capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets. Under EZCORP's Certificate of Incorporation and Bylaws, subject to the prior rights and preferences of holders of EZCORP's preferred stock, holders of the EZCORP Shares and shares of EZCORP Class B Voting Common Stock share dividends pro rata.

**Preferred Stock**

*VFS.* The FBCA provides that, if authorized by the articles of incorporation, a corporation's board of directors may issue participating stock with certain rights and privileges. Although VFS's Articles of Incorporation provide for the issuance of participating stock, immediately prior to the merger, all of such shares shall be converted into VFS Common Stock.

*EZCORP.* On September 26, 2008, EZCORP amended its certificate of incorporation to eliminate its entire series of preferred stock and all references thereto, none of which was issued or outstanding.

**Preemptive Rights**

*VFS.* Under the FBCA, shareholders of a corporation are denied preemptive rights unless such rights are expressly granted to stockholders in the articles of incorporation. VFS's Articles of Incorporation do not provide for preemptive rights to holders of the VFS Common Stock.

*EZCORP.* Under the DGCL, stockholders of a corporation are denied preemptive rights unless such rights are expressly granted to stockholders in the certificate of incorporation. EZCORP's Certificate of Incorporation does not provide for preemptive rights to holders of the EZCORP Shares.

**Limitation of Liability of Directors**

*VFS.* The FBCA protects all directors from liability to the corporation or shareholders for monetary damages for any statement, vote, decision or failure to act, regardless of whether or not a provision to that effect is included in the corporation's articles of incorporation. This protection does not apply if the director breached or failed to perform his or her duties as a director, and the breach or failure constitutes a violation of the criminal law, a transaction from which the director derived an improper personal benefit, where the director's actions constituted a conscious disregard for the best interests of the corporation, or an act committed in bad faith. Under VFS's Articles of Incorporation, directors are not personally liable to VFS or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability: (i) for any breach of the director's duty of loyalty to VFS or its shareholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) from liability imposed by Section 607.0834 of the FBCA for unlawful distributions; and (iv) for any transaction from which the director derived an improper personal benefit.

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*EZCORP*. Subject to certain exceptions, the DGCL permits the certificate of incorporation or bylaws to include a provision that eliminates a director's liability to stockholders for monetary damages for any breach of fiduciary duty as a director. The certificate of incorporation or bylaws, however, cannot eliminate the liability of a director for breach of the director's duty of loyalty to the corporation or its stockholders; acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; unlawful payment of dividends or unlawful stock purchase or redemption; or any transactions from which the director derived an improper personal benefit. *EZCORP*'s Certificate of Incorporation contains similar provisions to *VFS*'s Articles of Incorporation with respect to director liability.

**Indemnification of Directors**

Under the DGCL and the FBCA, a corporation can indemnify its directors if a director acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation. Furthermore, the DGCL and the FBCA each allow for a corporation to indemnify its directors with respect to any criminal action or proceeding when the director had no reasonable cause to believe his conduct was unlawful. Indemnification is not allowed under either the DGCL or the FBCA if a director has been adjudged liable to the corporation.

*EZCORP*'s Certificate of Incorporation requires the indemnification of its directors. *VFS*'s Articles of incorporation provides for *VFS* to indemnify its officers, directors, employees and agents to the fullest extent permitted by the FBCA.

**Anti-Takeover Laws**

*Affiliated Transactions and Certain Business Combinations*. The FBCA requires that any affiliated transaction, which term includes a merger, sale of significant assets of the corporation and similar extraordinary corporate transactions, between the corporation and an interested shareholder (generally defined as any person who is the beneficial owner of more than ten percent (10%) of the outstanding voting shares of the corporation) be approved by the affirmative vote of the holders of two-thirds of the voting shares of the corporation other than the shares beneficially owned by the interested shareholder. The voting requirements of the FBCA will not apply, however, to an affiliated transaction if: (a) the affiliated transaction has been approved by a majority of the corporation's disinterested directors; (b) the corporation has not had more than 300 shareholders at any time during the preceding three years; (c) the interested shareholder has been the beneficial owner of at least 80% of the corporation's outstanding voting shares for at least five (5) years; (d) the interested shareholder is the beneficial owner of at least ninety percent (90%) of the outstanding voting shares of the corporation; or (e) certain fair price requirements have been met. The statute also provides that the restrictions contained therein shall not apply to any corporation whose articles of incorporation or bylaws contain a provision expressly electing not to be governed thereby. *VFS* is subject to the FBCA's affiliate transaction statute.

The DGCL similarly prohibits a corporation from entering into certain business combinations between the corporation and an interested stockholder (generally defined as any person who is the beneficial owner of more than 15% of the outstanding voting shares of the corporation), unless the corporation's board of directors has previously approved either (a) the business combination in question or (b) the stock acquisition by which such interested

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stockholder's beneficial ownership interest reached 15%. The prohibition lasts for three years from the date the interested stockholder's beneficial ownership reached 15%. Notwithstanding the preceding, the DGCL allows a corporation to enter into a business combination with an interested stockholder if: (a) the business combination is approved by the corporation's board of directors and is authorized by an affirmative vote of at least two-thirds of the outstanding voting stock of the corporation which is not owned by the interested stockholder, or (b) such interested stockholder owned at least 85% of the outstanding voting stock of the corporation at the time the transaction commenced. The statute also provides that the restrictions contained therein shall not apply to any corporation whose certificate of incorporation contains a provision expressly electing not to be governed thereby. EZCORP is subject to the DGCL's affiliated transaction statute.

*Control Share Regulation.* Unless the articles of incorporation or bylaws provide otherwise, the FBCA restricts the voting rights of a person who acquires control shares in an issuing public corporation. Control shares are defined under the FBCA as those shares that, when added to all other shares of the issuing public corporation owned by a person or in respect to which that person may exercise or direct the exercise of voting power, would entitle that person to exercise the voting power of the corporation in the election of directors within any of the following ranges of voting power: (a) one-fifth or more but less than one-third of all voting power; (b) one-third or more but less than a majority of all voting power; or (c) a majority or more of all voting power. An issuing public corporation is a corporation that has: (a) 100 or more shareholders; (b) its principal place of business, its principal office or substantial assets within Florida; and (c) either (i) more than ten percent (10%) of its shareholders reside in Florida, (ii) more than ten percent (10%) of its shares are owned by Florida residents, or (iii) 1,000 shareholders reside in Florida. However, Florida's control share anti-takeover statute does not apply to a merger transaction that is subject to shareholder approval. The effect of this statute is discussed below only to illustrate the effect of FBCA's control share acquisition statute on holders of the VFS Common Stock because the DGCL does not contain a similar statute.

If a control share acquisition has been made, the control shares have no voting rights unless the holders of a majority of shares (other than those held by the acquirer and the corporation's officers and employee-directors) grant voting rights to those shares by resolution. Any person who proposes to make or has made a control share acquisition (an Acquirer) may, at his or her election, deliver an acquiring person statement to the issuing public corporation setting forth certain information concerning the Acquirer and the acquisition of his shares, together with a request for a shareholders meeting to determine his voting rights, which meeting must be held within fifty (50) days of the date of the request. The Acquirer must pay the expenses of the shareholders meeting.

If an Acquirer acquires a majority of the outstanding shares of the corporation and is granted full voting rights pursuant to the procedure outlined above, the other shareholders of the corporation have dissenters' rights to require the corporation to purchase their shares for a fair value. The term fair value is defined as a value not less than the highest price paid per share by the acquirer in the control share acquisition.

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**UNAUDITED PRO FORMA FINANCIAL STATEMENTS**

**Introduction to Unaudited Pro Forma Condensed Combined Financial Statements**

On September 16, 2008, EZCORP, VFS and Merger Sub entered into a merger agreement under which, upon completion, VFS will become a wholly-owned subsidiary of EZCORP in a transaction to be accounted for using the purchase method of accounting for business combinations. Under the terms of the merger agreement, at the effective time of the merger, each outstanding share of VFS common stock will be converted into the right to receive either (i) \$11.00 in cash, without interest, or 0.75 of a share of EZCORP Class A Non-voting Common Stock.

The following unaudited pro forma condensed combined balance sheet is based on historical balance sheets of EZCORP and VFS and has been prepared to reflect the merger as if it had been completed on the balance sheet date of June 30, 2008. The following unaudited pro forma condensed combined statements of operations give effect to the merger as if it had taken place on October 1, 2006, the beginning of the earliest period presented, in accordance with SEC guidance. Although VFS's fiscal year ends on a different date than that of EZCORP, all VFS information presented in the Pro Forma Combined Statements of Operations are actual amounts for the periods indicated. For example, the VFS information presented in the Pro Forma Statement of Operations for the year ended September 30, 2007 reflects VFS's performance for the twelve months then ended and not amounts reported in the VFS annual audited financial statements for the year ended December 31, 2007.

The merger will be accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations. Under the purchase method of accounting, the total estimated purchase price, calculated as described in Note A to these unaudited pro forma condensed combined financial statements, is allocated to the net tangible and intangible assets of VFS based on their estimated fair values. Management has made a preliminary allocation of the estimated purchase price to the tangible and intangible assets acquired and liabilities assumed based on various preliminary estimates. A final determination of these estimated fair values, which cannot be made prior to the completion of the merger, will be based on the actual net tangible and intangible assets of VFS that exist as of the date of completion of the merger, and upon the final purchase price.

The unaudited pro forma condensed combined financial statements are based on the estimates and assumptions which are preliminary and have been made solely for purposes of developing such pro forma information. They do not include liabilities that may result from integration activities which are not presently estimable. The management of EZCORP and VFS are in the process of making these assessments, and estimates of these costs are not currently known. However, liabilities ultimately may be recorded for severance costs for VFS employees, costs of vacating some facilities of VFS, or other costs associated with exiting activities of VFS that would affect the pro forma condensed combined financial statements. Any such liabilities would be recorded as an adjustment to the purchase price and an increase in goodwill. In addition, the pro forma condensed combined financial statements do not include any potential operating efficiencies or cost savings from expected synergies. The unaudited pro forma condensed combined financial statements are not necessarily an indication of the results that would have been achieved had the merger been completed as of the dates indicated or that may be achieved in the future.

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In the merger agreement, we agreed to exchange three-quarters of a share of EZCORP's Class A Non-voting Common Stock for each of the 6,646,370 shares of VFS's common stock we expect to be outstanding on the acquisition date, and to round up to the nearest whole share any fractional shares. We also agreed to make certain cash contingency payments to VFS shareholders selling EZCORP Shares within 125 days of effectiveness of this registration statement, assuming such shares are sold above or below \$14.67 per share, as described in the merger agreement. At the option of each VFS shareholder, we also agreed to pay cash consideration of \$11.00 per VFS share in lieu of issuing EZCORP Shares for up to twenty percent of the outstanding VFS shares. For purposes of these pro forma combined financial statements and the preliminary purchase price allocation, we assumed no contingency payments and that twenty percent of VFS shareholders elect to receive \$11.00 cash consideration in lieu of EZCORP Shares; however, we cannot predict the amount of any contingent payment that might be made or what percentage of VFS shareholders ultimately will elect to receive cash in lieu of EZCORP Shares, and the ultimate purchase price will be adjusted to reflect any changes in actual behavior compared to our assumptions herein. Notes A and G to these pro forma financial statements describe differences in the pro forma results under differing assumptions as to the amount of contingency payments actually made and the number of shareholders electing to receive cash in lieu of EZCORP Shares.

For purposes of preparing these pro forma condensed combined financial statements, we have assumed consummation of the following transactions upon completion of the merger:

- Conversion of all VFS participating stock into VFS common stock
- Exchanging 0.75 EZCORP Shares for each VFS common share for those shareholders electing to receive EZCORP Shares (assumed 80% elect to receive EZCORP Shares)
- Cash payment to all VFS shareholders electing to receive cash in lieu of EZCORP Shares (assumed 20% elect to receive cash)
- Use of \$20 million of EZCORP's cash on hand as part of the merger consideration
- Use of \$1 million of EZCORP's cash on hand to pay deferred financings costs related to its Fifth Amended and Restated Credit Facility, expected to become effective at the time of the merger
- Closing of the EZCORP Fifth Amended and Restated Credit Facility
- VFS payment of all accrued, unpaid dividends on its Series A-2 participating stock immediately preceding closing of the merger, with an offsetting increase in VFS outstanding debt to finance the payment (estimated at \$2.4 million at June 30, 2008)
- Retirement of VFS outstanding debt at the date of the merger (including the borrowings to finance its payment of its Series A-2 accrued, unpaid dividends)
- Borrowing upon EZCORP's Fifth Amended and Restated Credit Facility for approximately \$1.1 million of transaction-related expenses and the payment of VFS outstanding debt and merger consideration not otherwise covered by EZCORP's cash on hand (as described above) and EZCORP Shares to be issued as merger consideration

These unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and notes thereto of EZCORP and VFS and other financial information pertaining to EZCORP and VFS including Management's Discussion and Analysis of Financial Condition and Results of Operations and Risk Factors incorporated by reference or included herein.

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**EZCORP, Inc. and Subsidiaries**  
**Pro Forma Combined Balance Sheet as of June 30, 2008 (Unaudited)**

|  | As<br>Reported    | VFS              | Pro Forma<br>Adjustments<br><i>(In thousands)</i> | Notes      | Pro Forma<br>Combined |
|--|-------------------|------------------|---|------------|-----------------------|
| Assets:  |                   |                  |   |            |                       |
| Current assets:                                |                   |                  |   |            |                       |
| Cash and cash equivalents                      | \$ 29,812         | \$ 762           | \$ (20,000)<br>(1,000)                            | (1)<br>(1) | \$ 9,574              |
| Pawn loans                                     | 68,022            | 18,017           |   |            | 86,039                |
| Payday loans, net                              | 6,598             |                  |   |            | 6,598                 |
| Pawn service charges receivable, net           | 10,061            | 3,520            |   |            | 13,581                |
| Signature loan fees receivable, net            | 5,086             |                  |   |            | 5,086                 |
| Inventory, net                                 | 39,444            | 13,277           |   |            | 52,721                |
| Deferred tax asset, net                        | 9,007             | 3,686            |   |            | 12,693                |
| Federal income tax receivable                  | 454               | 59               |   |            | 513                   |
| Prepaid expenses and other assets              | 5,622             | 2,142            |   |            | 7,764                 |
| <b>Total current assets</b>                    | <b>174,106</b>    | <b>41,463</b>    | <b>(21,000)</b>                                   |            | <b>194,569</b>        |
| Investment in unconsolidated affiliate         | 37,248            |                  |   |            | 37,248                |
| Property and equipment, net                    | 38,661            | 8,056            |   |            | 46,717                |
| Deferred tax asset, non-current                | 5,620             | 2,908            |   |            | 8,528                 |
| Goodwill                                       | 24,779            | 4,874            | (4,874)<br>58,647                                 | (2)<br>(2) | 83,426                |
| Other assets, net                              | 5,585             | 364              | 6,860   | (3)        | 12,809                |
| <b>Total assets</b>                            | <b>\$ 285,999</b> | <b>\$ 57,665</b> | <b>\$ 39,633</b>                                  |            | <b>\$ 383,297</b>     |
| Liabilities and stockholders' equity:          |                   |                  |   |            |                       |
| Current liabilities:                           |                   |                  |   |            |                       |
| Accounts payable and other accrued expenses    | \$ 24,120         | \$ 4,230         | \$  |            | \$ 28,350             |
| Customer layaway deposits                      | 2,254             | 866              |   |            | 3,120                 |
| Federal income taxes payable                   |                   |                  |   |            |                       |
| Current maturities of long-term debt           |                   | 17,446           | (17,446)<br>10,000                                | (4)<br>(4) | 10,000                |
| <b>Total current liabilities</b>               | <b>26,374</b>     | <b>22,542</b>    | <b>(7,446)</b>                                    |            | <b>41,470</b>         |
| Long-term debt                                 |                   | 12,254           | (12,254)<br>17,752                                | (4)<br>(4) | 17,752                |
| Interest rate swap liability                   |                   | 577              |   |            | 577                   |
| Deferred gains and other long-term liabilities | 2,909             | 384              |   |            | 3,293                 |
| <b>Total long-term liabilities</b>             | <b>2,909</b>      | <b>13,215</b>    | <b>5,498</b>                                      |            | <b>21,622</b>         |

## Commitments and contingencies

|  |            |           |           |     |            |
|--|------------|-----------|-----------|-----|------------|
| Total liabilities  | 29,283     | 35,757    | (1,948)   |     | 63,092     |
| Stockholders' equity:                                    |            |           |           |     |            |
| Preferred Stock  |            | 59        | (59)      | (5) |            |
| Class A Non-voting Common Stock                          | 385        |           | 40        | (5) | 425        |
| Class B Voting Common Stock                              | 30         |           |           |     | 30         |
| Additional paid-in capital                               | 134,598    | 55,581    | (55,581)  | (5) | 198,047    |
|  |            |           | 63,449    | (5) |            |
| Cumulative effect of adopting a new accounting principle | (106)      |           |           |     | (106)      |
| Retained earnings (accumulated deficit)                  | 118,245    | (33,732)  | 33,732    | (5) | 118,245    |
|  | 253,152    | 21,908    | 41,581    |     | 316,641    |
| Treasury stock, at cost (27,099 shares)                  | (35)       |           |           |     | (35)       |
| Accumulated other comprehensive income                   | 3,599      |           |           |     | 3,599      |
| Total stockholders' equity                               | 256,716    | 21,908    | 41,581    |     | 320,205    |
| Total liabilities and stockholders' equity               | \$ 285,999 | \$ 57,665 | \$ 39,633 |     | \$ 383,297 |

See Note A to Pro Forma Combined Financial Statements (unaudited).

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**EZCORP, Inc. and Subsidiaries**  
**Pro Forma Combined Statement of Operations for the Year Ended September 30, 2007**  
**(Unaudited)**

|  | As<br>Reported                                  | VFS       | Pro Forma<br>Adjustments | Notes      | Pro Forma<br>Combined |
|--|---|-----------|--------------------------|------------|-----------------------|
|  | <i>(In thousands, except per share amounts)</i> |           |                          |            |                       |
| Revenues:  |   |           |                          |            |                       |
| Sales  | \$ 192,987                                      | \$ 72,027 | \$                       |            | \$ 265,014            |
| Pawn service charges                             | 73,551  | 27,417    |                          |            | 100,968               |
| Signature loan fees                              | 104,347   |           |                          |            | 104,347               |
| Other  | 1,330   | 1,511     |                          |            | 2,841                 |
| Total revenues                                   | 372,215   | 100,955   |                          |            | 473,170               |
| Cost of goods sold                               | 118,007   | 45,729    |                          |            | 163,736               |
| Net revenues                                     | 254,208   | 55,226    |                          |            | 309,434               |
| Operating expenses:                              |   |           |                          |            |                       |
| Operations                                       | 128,602   | 32,215    | 180                      | <b>(B)</b> | 160,997               |
| Signature loan bad debt                          | 28,508  |           |                          |            | 28,508                |
| Administrative                                   | 31,749  | 17,652    |                          | <b>(C)</b> | 49,401                |
| Depreciation and amortization                    | 9,812   | 1,772     |                          |            | 11,584                |
| Total operating expenses                         | 198,671   | 51,639    | 180                      |            | 250,490               |
| Operating income                                 | 55,537  | 3,587     | (180)                    |            | 58,944                |
| Interest income                                  | (1,654)   |           |                          |            | (1,654)               |
| Interest expense                                 | 281   | 1,504     | 1,033                    | <b>(D)</b> | 2,818                 |
| Equity in net income of unconsolidated affiliate | (2,945)   |           |                          |            | (2,945)               |
| (Gain) / loss on sale / disposal of assets       | (72)  | 243       |                          |            | 171                   |
| Income before income taxes                       | 59,927  | 1,840     | (1,213)                  |            | 60,554                |
| Income tax expense                               | 22,053  | 696       | (450)                    | <b>(E)</b> | 22,299                |
| Net income                                       | \$ 37,874                                       | \$ 1,144  | \$ (763)                 |            | \$ 38,255             |
| Net income per common share:                     |   |           |                          |            |                       |
| Basic  | \$ 0.92   |           |                          |            | \$ 0.85               |
| Diluted  | \$ 0.88   |           |                          |            | \$ 0.81               |
| Weighted average shares outstanding:             |   |           |                          |            |                       |
| Basic  | 41,034  |           | 3,988                    | <b>(F)</b> | 45,022                |



|   |        |       |     |        |
|---|--------|-------|-----|--------|
| Diluted   | 43,230 | 3,988 | (F) | 47,218 |
| See Notes to Pro Forma Combined Financial Statements (unaudited). |        |       |     |        |
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**EZCORP, Inc. and Subsidiaries**  
**Pro Forma Combined Statement of Operations for the Nine Months Ended June 30, 2008**  
**(Unaudited)**

|  | As<br>Reported                                  | VFS       | Pro Forma<br>Adjustments | Notes      | Pro Forma<br>Combined |
|--|---|-----------|--------------------------|------------|-----------------------|
|  | <i>(In thousands, except per share amounts)</i> |           |                          |            |                       |
| Revenues:  |   |           |                          |            |                       |
| Sales  | \$ 170,472                                      | \$ 66,818 | \$                       |            | \$ 237,290            |
| Pawn service charges                             | 67,384  | 22,714    |                          |            | 90,098                |
| Signature loan fees                              | 94,917  |           |                          |            | 94,917                |
| Other  | 1,228   | 1,177     |                          |            | 2,405                 |
| Total revenues                                   | 334,001   | 90,709    |                          |            | 424,710               |
| Cost of goods sold                               | 101,732   | 40,574    |                          |            | 142,306               |
| Net revenues                                     | 232,269   | 50,135    |                          |            | 282,404               |
| Operating expenses:                              |   |           |                          |            |                       |
| Operations                                       | 113,185   | 29,006    | 135                      | <b>(B)</b> | 142,326               |
| Signature loan bad debt                          | 24,847  |           |                          |            | 24,847                |
| Administrative                                   | 29,541  | 11,438    | (1,507)                  | <b>(C)</b> | 39,472                |
| Depreciation and amortization                    | 9,027   | 1,456     |                          |            | 10,483                |
| Total operating expenses                         | 176,600   | 41,900    | (1,372)                  |            | 217,128               |
| Operating income                                 | 55,669  | 8,235     | 1,372                    |            | 65,276                |
| Interest income                                  | (359)   |           |                          |            | (359)                 |
| Interest expense                                 | 228   | 2,351     | (448)                    | <b>(D)</b> | 2,131                 |
| Equity in net income of unconsolidated affiliate | (3,162)   |           |                          |            | (3,162)               |
| (Gain) / loss on sale / disposal of assets       | 527   | 61        |                          |            | 588                   |
| Other  | 11  |           |                          |            | 11                    |
| Income before income taxes                       | 58,424  | 5,823     | 1,820                    |            | 66,067                |
| Income tax expense                               | 22,026  | 2,311     | 686                      | <b>(E)</b> | 25,023                |
| Net income                                       | \$ 36,398                                       | \$ 3,512  | \$ 1,134                 |            | \$ 41,044             |
| Net income per common share:                     |   |           |                          |            |                       |
| Basic  | \$ 0.88   |           |                          |            | \$ 0.90               |
| Diluted  | \$ 0.84   |           |                          |            | \$ 0.87               |

Weighted average shares outstanding:

|         |        |       |     |        |
|---------|--------|-------|-----|--------|
| Basic   | 41,380 | 3,988 | (F) | 45,368 |
| Diluted | 43,269 | 3,988 | (F) | 47,257 |

See Notes to Pro Forma Combined Financial Statements (unaudited).

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**EZCORP, Inc. and Subsidiaries**  
**Pro Forma Combined Statement of Operations for the Nine Months Ended June 30, 2007**  
**(Unaudited)**

|  | As<br>Reported   | VFS<br><i>(In thousands, except per share amounts)</i> | Pro Forma<br>Adjustments | Notes      | Pro Forma<br>Combined |
|--|------------------|--|--------------------------|------------|-----------------------|
| Revenues:  |                  |  |                          |            |                       |
| Sales  | \$ 141,688       | \$ 53,386  | \$                       |            | \$ 195,074            |
| Pawn service charges                             | 51,496           | 20,003   |                          |            | 71,499                |
| Signature loan fees                              | 74,132           |  |                          |            | 74,132                |
| Other  | 1,007            | 1,129  |                          |            | 2,136                 |
| <b>Total revenues</b>                            | <b>268,323</b>   | <b>74,518</b>  |                          |            | <b>342,841</b>        |
| Cost of goods sold                               | 85,618           | 33,836   |                          |            | 119,454               |
| <b>Net revenues</b>                              | <b>182,705</b>   | <b>40,682</b>  |                          |            | <b>223,387</b>        |
| Operating expenses:                              |                  |  |                          |            |                       |
| Operations                                       | 94,087           | 23,651   | 135                      | <b>(B)</b> | 117,873               |
| Signature loan bad debt                          | 19,086           |  |                          |            | 19,086                |
| Administrative                                   | 23,528           | 15,096   |                          |            | 38,624                |
| Depreciation and amortization                    | 7,194            | 1,326  |                          |            | 8,520                 |
| <b>Total operating expenses</b>                  | <b>143,895</b>   | <b>40,073</b>  | <b>135</b>               |            | <b>184,103</b>        |
| <b>Operating income</b>                          | <b>38,810</b>    | <b>609</b>   | <b>(135)</b>             |            | <b>39,284</b>         |
| Interest income                                  | (1,499)          |  |                          |            | (1,499)               |
| Interest expense                                 | 214              | 669  | 1,233                    | <b>(D)</b> | 2,116                 |
| Equity in net income of unconsolidated affiliate | (2,185)          |  |                          |            | (2,185)               |
| (Gain) / loss on sale / disposal of assets       | (131)            | 126  |                          |            | (5)                   |
| <b>Income before income taxes</b>                | <b>42,411</b>    | <b>(186)</b>   | <b>(1,368)</b>           |            | <b>40,857</b>         |
| Income tax expense                               | 15,692           | (112)  | (506)                    | <b>(E)</b> | 15,074                |
| <b>Net income</b>                                | <b>\$ 26,719</b> | <b>\$ (74)</b>   | <b>\$ (862)</b>          |            | <b>\$ 25,783</b>      |
| Net income per common share:                     |                  |  |                          |            |                       |
| Basic  | \$ 0.65          |  |                          |            | \$ 0.57               |
| Diluted  | \$ 0.62          |  |                          |            | \$ 0.54               |

Weighted average shares outstanding:

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|         |        |       |     |        |
|---------|--------|-------|-----|--------|
| Basic   | 40,943 | 3,988 | (F) | 44,931 |
| Diluted | 43,393 | 3,988 | (F) | 47,381 |

See Notes to Pro Forma Combined Financial Statements (unaudited).

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**Notes to Pro Forma Combined Financial Statements of EZCORP, Inc. and Subsidiaries  
and Value Financial Services, Inc. (Unaudited)**

**Note A: Pro Forma Adjustments to the Unaudited Pro Forma Combined Balance Sheet as of June 30, 2008**

The pro forma adjustments to the unaudited pro forma combined balance sheet as of June 30, 2008 consist of the allocation of the expected total purchase price to the estimated fair value of VFS's net assets, including the elimination of VFS's existing equity, and the financing of the acquisition, including the use of \$20 million of cash as consideration, the issuance of 3,987,979 additional EZCORP, Inc. common shares to current VFS shareholders, and the additional borrowings to finance the remainder of the transaction. To finance a portion of the VFS acquisition, we are refinancing our credit agreement to a total availability of \$120 million, including a \$40 million fully amortizing term loan with a four-year maturity and an \$80 million revolving credit facility with a three-year term. As our amended and restated credit agreement will contain, in part, a \$40 million term loan with a four year fully amortizing balance, \$10 million of the new debt will be due within one year and was classified as current. We also anticipate paying debt issuance costs of approximately \$1 million upon completion of the credit agreement amendment, and have included this as a pro forma increase to Other Assets, net and as a use of cash. Included in the estimated total purchase price is the accumulated dividend of approximately \$2.4 million we anticipate being paid on VFS's series A-2 participating stock immediately preceding the acquisition, as if it had occurred at June 30, 2008. VFS's accumulated dividends are not recorded as liabilities or as a reduction of equity until declared by its board of directors.

We expect the total acquisition purchase price to be approximately \$80.6 million at the anticipated closing date of November 1, 2008 (plus the assumption of approximately \$35.3 million of VFS debt, aggregating to \$115.9 million), assuming no contingent payments and that twenty percent of VFS shareholders elect to receive cash consideration in lieu of EZCORP Shares, as described above. For purposes of preparing the pro forma unaudited balance sheet as of June 30, 2008, we must assume the acquisition was completed June 30, 2008. The assumed purchase price at that date is less than the assumed purchase price at November 1, 2008, due to the following primary differences in value between the dates:

the effects of VFS's ongoing daily operations, including the anticipated seasonal growth in outstanding pawn loan and inventory balances between June and November and VFS's growth in net assets as a result of their expected earnings between the two dates

The difference between our actual closing price of \$16.35/share on the date we announced the merger and \$15.92/share assumed in these pro forma financial statements (in accordance with SEC guidance for pro forma financial information, using a daily average of the closing market price for our stock from two business days prior to announcing the merger to two business days after announcing the merger).

the continuing accrual of dividends on VFS's Series A-2 participating stock, which will increase VFS's outstanding debt immediately prior to our assumption / retirement of that debt upon merger

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At June 30, 2008, the unaudited pro forma purchase price allocation of non-cash assets and liabilities to be acquired, which is preliminary and subject to change, was as follows based on the estimated fair values of each item:

|  | As of June 30,<br>2008 | Estimated<br>Useful<br>Life |
|--|------------------------|-----------------------------|
|  | (\$000 s)              | (years)                     |
| Current assets:                                |                        |                             |
| Pawn loans                                     | \$ 18,017              |                             |
| Pawn service charges receivable, net           | 3,520                  |                             |
| Inventory, net                                 | 13,277                 |                             |
| Deferred tax asset, net                        | 3,686                  |                             |
| Federal income taxes receivable                | 59                     |                             |
| Prepaid expenses and other assets              | 2,142                  |                             |
| <br>Total current assets                       | <br>40,701             |                             |
| <br>Property and equipment, net                | <br>8,056              |                             |
| Deferred tax asset, non-current                | 2,908                  |                             |
| Goodwill                                       | 58,647                 |                             |
| Trademarks and trade names                     | 4,060                  | Indefinite                  |
| Favorable lease asset                          | 1,800                  | 10                          |
| Other assets, net                              | 364                    |                             |
| <br>Total assets                               | <br>\$ 116,536         |                             |
| Current liabilities:                           |                        |                             |
| Accounts payable and other accrued expenses    | \$ 4,230               |                             |
| Customer layaway deposits                      | 866                    |                             |
| Current maturities of long-term debt           | 17,446                 |                             |
| <br>Total current liabilities                  | <br>22,542             |                             |
| <br>Long-term debt                             | <br>14,634             |                             |
| Interest rate swap liability                   | 577                    |                             |
| Deferred gains and other long-term liabilities | 384                    |                             |
| <br>Total liabilities                          | <br>\$ 38,137          |                             |
| <br>Total purchase price                       | <br>\$ 78,399          |                             |

In calculating the assumed total purchase price to include in the above preliminary pro forma purchase price allocation, we estimated the value of the EZCORP Shares to be issued as merger consideration at \$15.92 per share, which is the five-day average of the closing price of our stock from two business days prior to the announcement of the merger to two business days after the announcement of the merger.

In our estimation of the purchase price allocation, we have made all adjustments we believe to be appropriate to adjust VFS's assets and liabilities to their fair value, including the recording of the fair value of VFS's trademarks and tradenames and a favorable lease asset for leases that appear to be at favorable terms in relation to current market terms. Included in the total purchase price





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is a significant amount allocated to goodwill, or the excess of purchase price over the remaining net assets acquired. The total agreed purchase price was determined through lengthy negotiations with the VFS board and executive management, as described in the proxy/prospectus included in this S-4, and reflects what we believe to be the value of the entire company, including the goodwill we will acquire and from which we will benefit in the future. We believe it is reflective of VFS's future earning potential, which is far greater than its recorded net assets other than goodwill. The schedule below presents the calculation of the total assumed purchase price to be paid and its components, assuming 20% of VFS shareholders elect to receive cash consideration in lieu of EZCORP Shares (dollars in thousands):

|   |               |
|---|---------------|
| Anticipated stock consideration (5,317,096 VFS shares exchanged for 0.75 EZCORP Shares each plus 157 EZCORP Shares for rounding fractional shares up to the nearest whole share times \$15.92 per EZCORP share) | \$ 63,489     |
| Anticipated cash consideration for 20% of VFS shareholders electing to receive cash in lieu of EZCORP Shares (1,329,274 VFS shares times \$11.00/share)   | \$ 14,622     |
| Transaction related expenses (\$250 legal, \$250 accounting, \$250 VFS office lease buyout, \$300 other)  | \$ 1,050      |
| Less: Cash to be acquired held by VFS at June 30, 2008  | \$ (762)      |
| <br>Total assumed purchase price at June 30, 2008   | <br>\$ 78,399 |

Because VFS will be required to pay its accumulated, unpaid Series A-2 participating stock dividend prior to the merger with EZCORP and because VFS did not have the funds available to pay such dividend on the assumed pro forma acquisition date of June 30, 2008, we assumed in our purchase price allocation an increase in VFS's outstanding debt at the pro forma date of acquisition, which increases the amount of VFS debt we anticipate paying off immediately following the acquisition and replacing with borrowings under our credit facility. After consummation of our acquisition of VFS, there will no longer be any dividend payable to any class of VFS or EZCORP stock. In accordance with SFAS No. 141, any payment made under the deficiency guaranty will result in no change to the total purchase price, but rather will result in a revaluation of the different components of consideration paid for the acquisition. Specifically, any cash payments made under the deficiency guaranty will be recorded as part of the purchase price, with an equal and offsetting reduction in the amount previously recorded for EZCORP Shares issued at the date of acquisition to reduce their value to the lower current value of those securities at the date of the related sales. The net result will be no change in the total purchase price, but a decrease in the amount of Additional Paid-in Capital as a result of the reduction in value assigned to the securities and an offsetting reduction in cash. Any payments made under the premium reserve, which was provided as part of the total purchase consideration, is part of the cost of the acquisition in accordance with EITF 97-15, accounting for Contingency Arrangements Based on Security Prices in a Purchase Business Combination.

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We would expect any premium reserve payment to result in a decrease to cash and an adjustment to Additional Paid-in Capital recorded for EZCORP Shares issued at the date of the acquisition. The entries to be recorded upon the payment of any deficiency guaranty or premium reserve will have no other effects on our financial statements, other than a decrease in the interest income that we could have otherwise recognized as we will not be able to invest the cash used to make such payments.

Below are notes describing the pro forma balance sheet adjustments, as noted on the face of the pro forma combined balance sheet:

- (1) \$20.0 million of cash will be used as part of the merger consideration paid to VFS shareholders electing to receive cash and to cover merger related costs anticipated to be capitalized as part of the total purchase price. \$1.0 million of cash will be paid to our bank syndication and will be recorded as deferred financing costs related to our credit facility, which we are amending, restating, and re-syndicating to finance this merger.
- (2) These adjustments remove the goodwill currently on VFS's books and record the goodwill arising from this merger.
- (3) This adjustment records \$1.0 million of deferred financing costs we expect to pay upon closing of our credit agreement which is being amended and restated to finance this merger, to record the \$4.1 million fair value of trademarks and tradenames being acquired from VFS that are not currently recorded in their books, and to record \$1.8 million of favorable lease assets we will be acquiring from VFS that are not currently recorded on their books.
- (4) These entries remove the VFS debt that is expected to be repaid immediately upon closing of the merger and to record the debt EZCORP expects to borrow to finance a portion of the merger consideration.
- (5) These entries remove the equity currently recorded by VFS and recognizes the estimated value of EZCORP stock to be issued as a portion of the merger consideration.

**Note B: Operations Expense**

In our preliminary estimate of the fair value of VFS's net assets to include in the purchase price allocation, we identified a number of VFS's store leases that appear to be at favorable rates compared to current market rates. As a result, we anticipate recording a \$1.8 million favorable lease asset, which must be amortized to rent expense over the terms of the related leases. For purposes of these pro forma financial statements, we assumed the amortization period will average ten years. The pro forma increase to Operations expense is due to the estimated amortization of this favorable lease asset. Our estimate of the fair value of the favorable lease asset is preliminary and subject to change as we complete our valuation of the assets to be acquired. Any change in the estimated fair value of this asset upon final valuation will likely result in an offsetting change to the amount of the purchase price allocated to goodwill, and an increase or decrease in the expected amortization of the favorable lease asset.

**Table of Contents****Note C: Administrative Expense**

The pro forma \$1.5 million reduction of Administrative expense in the nine month period ended June 30, 2008 removes the success fee VFS paid to its directors and officers upon reaching an agreement to be acquired by us. Included in VFS's historical results for this same period but excluded as a pro forma adjustment is VFS's \$1.3 million write-off of costs related to abandoning its initial public offering upon entering discussions with us. While this is a unique item we do not expect to recur, we did not remove it in a pro forma adjustment as VFS's abandonment of its IPO attempt might have occurred even if we had not reached an agreement on the acquisition.

In the year ended September 30, 2007, VFS forgave a note receivable from an officer and made significant vested stock grants to several officers. These resulted in an \$8.2 million charge to VFS's Administrative expense in the period. We have made no pro forma adjustment related to these charges.

While we expect to gain efficiencies and leverage from combining VFS's administrative functions with ours and reducing duplication of overhead expenses, we have not yet determined the precise changes to be made. Accordingly, we have included in our pro forma adjustments no reduction in administrative expense that may be realized once we determine how best to integrate VFS's administrative functions with ours.

**Note D: Interest Expense**

The pro forma adjustment to interest expense recognizes the estimated change in interest expense we would have incurred on the debt used to finance the acquisition, the amortization of the assumed debt issuance costs related to the new credit agreement, the removal of interest expense related to VFS's debt that will be retired immediately following the transaction, and the loss of interest income on our cash assumed to be used in the transaction. The table below presents the amount of the pro forma adjustment to interest expense arising from each of these components in the periods presented (in thousands):

|   | Year Ended<br>September<br>30,<br>2007 | Nine Months<br>Ended<br>June 30,<br>2008 | Nine Months<br>Ended<br>June 30,<br>2007 |
|---|--|--|--|
| Use of \$21 million of cash (\$20 million towards the purchase and \$1 million of deferred financing costs on debt used to finance the acquisition) | \$ 891                                 | \$ 668                                   | \$ 668                                   |
| Amortization of \$1 million of deferred financing costs   | 333                                    | 250                                      | 250                                      |
| Interest expense related to new debt assumed to finance the acquisition   | 1,313                                  | 985                                      | 984                                      |
| Elimination of interest expense incurred by VFS   | (1,504)                                | (2,351)                                  | (669)                                    |
| Net pro forma adjustment to interest expense  | \$ 1,033                               | \$ (448)                                 | \$ 1,233                                 |

For purposes of estimating the pro forma interest expense, we applied an interest rate of 4.24%, comprised of the 1-month LIBOR market rate as of the date of the merger announcement plus

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the 1.75% current applicable interest rate spread, as specified in the amended credit agreement we expect to complete to finance a portion of the acquisition. Because our applicable interest rate floats with changes in LIBOR, the assumed interest expense would vary with changes in prevailing interest rates. If LIBOR increased by 0.125% (1/8%) over the assumed rate, pro forma interest expense would increase by \$61,000 for the year ended September 30, 2007 and \$46,000 for the nine-month periods ended June 30, 2008 and 2007. Net income would decrease by \$39,000 for the year ended September 30, 2007 and \$29,000 for the nine-month periods ended June 30, 2008 and 2007.

EZCORP has executed a Fifth Amended and Restated Credit Agreement (the Agreement) among EZCORP, Inc., Wells Fargo Bank, N.A., as Agent and Issuing Bank, and various other banks and lending institutions. The Agreement and the related loan documents were placed in escrow pending the closing of the merger agreement with VFS. The Agreement is contingent upon the closing of the merger agreement with VFS on or before December 31, 2008.

If the merger agreement with VFS is closed on or before December 31, 2008, the Agreement will become effective and will provide for, among other things, (i) an \$80 million revolving credit facility that EZCORP may request to be increased to a total of \$110 million (the Revolving Credit Facility) and (ii) a \$40 million term loan (the Term Loan). If the Agreement becomes effective, it will extend the maturity date of the Revolving Credit Facility to the date that is three years from the closing of the merger agreement with VFS. The maturity date of the Term Loan will be four years from the closing of the merger agreement with VFS.

Pursuant to the Agreement, EZCORP may choose either a Eurodollar rate or the base rate. Interest accrues at the Eurodollar rate plus 175 to 250 basis points or the base rate plus 0 to 50 basis points, depending upon the leverage ratio computed at the end of each calendar quarter. From the date the credit facility becomes effective through the date EZCORP reports to the lenders its interim results for the period ending June 30, 2009, EZCORP may choose to pay interest to the lenders for outstanding borrowings at the Eurodollar rate plus 250 basis points or the base rate plus 50 basis points, regardless of our leverage ratio during that period. We anticipate that upon closing of the merger agreement, we would elect the Eurodollar rate and have assumed that in these pro forma financial statements. Terms of the Agreement require, among other things, that EZCORP meet certain financial covenants that EZCORP believes will be achieved based upon its current and anticipated performance. In addition, payment of dividends is prohibited and additional debt is restricted.

**Note E: Income Tax Expense**

The pro forma adjustment to income tax expense recognizes the change in income tax expense we would have incurred in each period, using our effective tax rate in each applicable period and the net increase or decrease in pre-tax income resulting from the pro forma adjustments described in Notes B, C, and D above.

**Note F: Weighted Average Shares Outstanding**

The pro forma adjustment to the weighted average shares outstanding increases both basic and diluted weighted average shares outstanding to recognize the 3,987,979 shares expected to be issued to current VFS shareholders as part of the consideration for the acquisition.

**Table of Contents****Note G: Range of Possible Results**

VFS shareholders have the option to elect to receive cash consideration in lieu of EZCORP Shares as merger consideration for up to 20% of the total number of EZCORP Shares offered. As explained above, the pro forma financial statements and notes above assume that 20% of the VFS shareholders do elect to receive cash in lieu of EZCORP Shares. The following disclosures are presented to indicate the range of possible pro forma results, assuming instead that all VFS shareholders elect to receive EZCORP Shares and none elect to receive cash. In each instance, the change in net income arises from the change in interest expense due to the change in assumed debt, net of income taxes. Earnings (loss) per share are affected by the change in net income and the dilutive effect of additional shares assumed outstanding:

|   | <b>Assumes<br/>20%<br/>elect cash</b>        | <b>Assumes 100%<br/>elect<br/>EZCORP Shares</b> |
|---|--|---|
|   | <i>(in thousands, except per share data)</i> |   |
| <b>Year Ended September 30, 2007:</b>   |  |   |
| Net income                              | \$ 38,255                                    | \$ 38,791                                       |
| Weighted average shares outstanding:    |  |   |
| Basic                                   | 45,022                                       | 46,019  |
| Diluted                                 | 47,218                                       | 48,215  |
| Earnings (loss) per share:              |  |   |
| Basic                                   | \$ 0.85                                      | \$ 0.84   |
| Diluted                                 | \$ 0.81                                      | \$ 0.80   |
| <b>Nine Months Ended June 30, 2008:</b> |  |   |
| Net income                              | \$ 41,044                                    | \$ 41,440                                       |
| Weighted average shares outstanding:    |  |   |
| Basic                                   | 45,368                                       | 46,365  |
| Diluted                                 | 47,257                                       | 48,254  |
| Earnings (loss) per share:              |  |   |
| Basic                                   | \$ 0.90                                      | \$ 0.89   |
| Diluted                                 | \$ 0.87                                      | \$ 0.86   |
| <b>Nine Months Ended June 30, 2007:</b> |  |   |
| Net income                              | \$ 25,783                                    | \$ 26,184                                       |
| Weighted average shares outstanding:    |  |   |
| Basic                                   | 44,931                                       | 45,928  |
| Diluted                                 | 47,381                                       | 48,378  |
| Earnings (loss) per share:              |  |   |
| Basic                                   | \$ 0.57                                      | \$ 0.57   |
| Diluted                                 | \$ 0.54                                      | \$ 0.54   |

The purchase price allocation to VFS's net assets acquired would be unchanged from that presented in Note A regardless of the percentage of VFS shareholders electing to receive cash in lieu of EZCORP Shares.

**Note H: Composition of Sales and Cost of Goods Sold**

Sales and cost of goods sold, as presented on the accompanying pro forma statements of operations, include amounts related to merchandise sales in the companies' stores as well as jewelry scrapping sales to gold refiners and diamond purchasers. In the periods presented, unaudited sales and cost of goods sold were comprised of the following:

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|  | <b>Year<br/>ended<br/>September<br/>30, 2007</b> | <b>Nine months<br/>ended<br/>June 30, 2008<br/><i>(in thousands)</i></b> | <b>Nine months<br/>ended<br/>June 30, 2007</b> |
|--|--|--|--|
| <b>EZCORP, Inc. and Subsidiaries:</b>  |  |  |  |
| Sales revenue:                         |  |  |  |
| Merchandise sales                      | \$ 141,094                                       | \$ 120,902   | \$ 107,993                                     |
| Jewelry scrapping sales                | \$ 51,893  | \$ 49,570  | \$ 33,695                                      |
| Total sales                            | \$ 192,987                                       | \$ 170,472   | \$ 141,688                                     |
| Cost of goods sold:                    |  |  |  |
| Merchandise sales                      | \$ 83,501  | \$ 72,122  | \$ 63,903                                      |
| Jewelry scrapping sales                | \$ 34,506  | \$ 29,610  | \$ 21,715                                      |
| Total cost of goods sold               | \$ 118,007                                       | \$ 101,732   | \$ 85,618                                      |
| <b>Value Financial Services, Inc.:</b> |  |  |  |
| Sales revenue:                         |  |  |  |
| Merchandise sales                      | \$ 50,799  | \$ 39,870  | \$ 39,092                                      |
| Jewelry scrapping sales                | \$ 21,228  | \$ 26,948  | \$ 14,294                                      |
| Total sales                            | \$ 72,027  | \$ 66,818  | \$ 53,386                                      |
| Cost of goods sold:                    |  |  |  |
| Merchandise sales                      | \$ 32,212  | \$ 25,244  | \$ 24,818                                      |
| Jewelry scrapping sales                | \$ 13,517  | \$ 15,330  | \$ 9,018                                       |
| Total cost of goods sold               | \$ 45,729  | \$ 40,574  | \$ 33,836                                      |

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**INDEMNIFICATION OF OFFICERS AND DIRECTORS**

Section 145 of the General Corporation Law of the State of Delaware provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe that such person's conduct was unlawful.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against such person and incurred by such person in any such capacity, arising out of such person's status as such, whether or not the corporation would otherwise have the power to indemnify such person against liability under Section 145.

Our Restated Certificate of Incorporation provides that no director will be personally liable to us or any of our shareholders for monetary damages arising from the director's breach of a fiduciary duty as a director, with certain limited exceptions.

Pursuant to the provisions of Section 145 of the Delaware General Corporation Law, every Delaware corporation has the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of any corporation, partnership, joint venture, trust or other enterprise, against any and all expenses, judgments, fines and amounts paid in settlement and reasonably incurred in connection with such action, suit or proceeding. The power to indemnify applies (a) if such person is successful on the merits or otherwise in the defense of any action, suit or proceeding, or (b) if such person acted in good faith and in a manner he reasonably believed to be in the best interest, or not opposed to the best interest, of the corporation and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

The power to indemnify applies to actions brought by or in the right of the corporation as well, but only to the extent of defense and settlement expenses and not to any satisfaction of a judgment or settlement of the claim itself, and with the further limitation that in such actions no indemnification shall be made in the event of any adjudication unless the court, in its discretion, believes that in the light of all the circumstances indemnification should apply.

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To the extent any of the persons referred to in the two immediately preceding paragraphs is successful in the defense of the actions referred to therein, such person is entitled, pursuant to Section 145, to indemnification as described above.

Our Restated Certificate of Incorporation and Amended and Restated Bylaws specifically provide for indemnification of officers and directors to the fullest extent permitted by the Delaware General Corporation Law.

Insofar as indemnification by us for liabilities arising under the Securities Act of 1933, as amended (the Securities Act ), may be permitted to our directors, officers or persons controlling EZCORP pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**EXPERTS**

*Accounting Matters*

Our financial statements and effectiveness of internal control over financial reporting, and schedule, incorporated by reference in this proxy statement/prospectus and registration statement, have been audited by BDO Seidman, LLP, independent registered public accountants, to the extent and for the periods set forth in their reports incorporated by reference, and are included in reliance upon the authority of BDO Seidman, LLP, as experts in accounting and auditing in giving their reports.

The financial statements of VFS as of December 31, 2007, 2006 and 2005 and for the years then ended are included in this proxy statement/prospectus. The financial statements for the year ended December 31, 2007, have been audited by McGladrey & Pullen, LLP, independent accountants, as indicated in their reports with respect thereto contained in this proxy statement/prospectus. The financial statements for the years ended December 31, 2006 and 2005 were audited by Tedder, James, Worden, & Associates, P.A., independent accountants, certain of whose partners merged with McGladrey & Pullen, LLP effective June 1, 2007. These financial statements for the fiscal years 2007, 2006 and 2005 are included in the proxy statement/prospectus in reliance upon the authority of McGladrey & Pullen, LLP and Tedder, James, Worden, & Associates, P.A., as experts in accounting and auditing in giving their reports.

*Legal Matters*

The validity of our Class A Non-voting Common Stock offered pursuant to this proxy statement/prospectus will be passed on by Strasburger & Price, L.L.P., Austin, Texas. An opinion on the material federal income tax consequences of the merger described in this proxy statement/prospectus will be rendered by Strasburger & Price, LLP, Dallas, Texas.



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**INFORMATION INCORPORATED BY REFERENCE / WHERE YOU CAN FIND MORE INFORMATION**

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this proxy statement/prospectus, and information that we file later with the SEC will automatically update and supersede previously filed information, including information contained in this document. We incorporate by reference the documents listed below (SEC file No. 000-19424) and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until all shares offered by this Proxy statement/prospectus are sold or until this offering is otherwise completed:

- Our Annual Report on Form 10-K for the year ended September 30, 2007, filed with the SEC on December 14, 2007.
- Our Quarterly Reports on Form 10-Q for the periods ended December 31, 2007, March 31, 2008, and June 30, 2008, filed with the SEC on February 5, 2008, May 6, 2008 and August 11, 2008.
- Our Current Reports on Form 8-K or 8-K/A dated September 27, 2007 (filed October 3, 2007), October 3, 2007 (filed October 9, 2007), November 7, 2007 (filed November 8, 2007), November 8, 2007 (filed November 8, 2007), January 24, 2008 (filed January 24, 2008), March 17, 2008 (filed March 17, 2008), April 24, 2008 (filed April 24, 2008), May 12, 2008 (filed May 13, 2008), May 28, 2008 (filed June 2, 2008), June 5, 2008 (filed June 5, 2008), June 9, 2008 (filed June 9, 2008), June 17, 2008 (filed June 17, 2008), June 23, 2008 (filed June 24, 2008), July 8, 2008 (filed July 9, 2008), July 24, 2008 (filed July 24, 2008), August 9, 2008 (filed August 11, 2008), September 5, 2008 (filed September 5, 2008), September 16, 2008 (filed September 17, 2008), September 16, 2008 (filed September 18, 2008), September 24, 2008 (filed September 29, 2008), September 29, 2008 (filed September 30, 2008), and October 24, 2008 (filed October 29, 2008).
- The description of EZCORP's Common Stock and Common Stock Rights as set forth in EZCORP's Form 8-A Registration Statement filed with the Commission on July 24, 1991, including any amendment or report filed for the purpose of updating such description

You may request free copies of these filings by writing or telephoning us at the following address:

EZCORP, Inc.  
Attention: Investor Relations Department  
1901 Capital Parkway  
Austin, Texas 78746  
(512) 314-3400

We file annual, quarterly and periodic reports and other information with the Securities and Exchange Commission using the SEC's EDGAR system. You can find our SEC filings on

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the SEC's web site, [www.sec.gov](http://www.sec.gov). You may read and copy any materials that we file with the SEC at its Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Our Class A Non-voting Common Stock is listed on NASDAQ, under the symbol EZPW, and all reports and other information that we file with NASDAQ may be inspected at its offices at 1735 K Street N.W., Washington, D.C. 20006.

We furnish our shareholders with an annual report, which contains audited financial statements, and such other reports as we, from time to time, deem appropriate or as may be required by law. Our fiscal year runs from October 1 through September 30.

Any statement contained in a document incorporated or deemed to be incorporated herein shall be deemed modified or superseded for purposes of this proxy statement/prospectus to the extent that a statement contained herein or in any other subsequently filed document that is deemed to be incorporated herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this proxy statement/prospectus. You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is inconsistent with information contained in this document or any document incorporated herein. This proxy statement/prospectus is not an offer to sell these securities in any state where the offer or sale of these securities is not permitted. The information in this proxy statement/prospectus is current as of the date it is mailed to security holders, and not necessarily as of any later date. If any material change occurs during the period that this proxy statement/prospectus is required to be delivered, this proxy statement/prospectus will be supplemented or amended.

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**VALUE FINANCIAL SERVICES, INC. AND SUBSIDIARY  
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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders

Value Financial Services, Inc.

Maitland, Florida

We have audited the accompanying consolidated balance sheet of Value Financial Services, Inc. and Subsidiary as of December 31, 2007, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year 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 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Value Financial Services, Inc. and Subsidiary as of December 31, 2007, and the results of their operations and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey & Pullen, LLP

Orlando, Florida

June 2, 2008

McGladrey & Pullen, LLP is a member firm of RSM International, an affiliation of separate and independent legal entities.

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders  
Value Financial Services, Inc.  
Maitland, Florida

We have audited the accompanying consolidated balance sheets of Value Financial Services, Inc. and Subsidiary as of December 31, 2005 and 2006, and the related consolidated statements of operations, shareholders' 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 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 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 Value Financial Services, Inc. and Subsidiary as of December 31, 2005 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1(a) to the consolidated financial statements, the consolidated financial statements have been restated.

/s/ Tedder, James, Worden & Associates, P.A.  
Orlando, Florida

August 13, 2007, except for the effects  
of the restatements to the consolidated  
statements of operations and cash flows  
and as described in Note 1(a), as to which the  
date is November 8, 2007

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VALUE FINANCIAL SERVICES, INC. AND SUBSIDIARY  
**Consolidated Balance Sheets**  
 Years ended December 31, 2005, 2006 and 2007

|   | <b>2005</b>          | <b>2006</b>          | <b>2007</b>          |
|---|----------------------|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |                      |
| Current assets:   |                      |                      |                      |
| Cash  | \$ 1,646,001         | \$ 759,674           | \$ 795,055           |
| Loans   | 11,598,110           | 14,528,302           | 16,759,212           |
| Inventories, net  | 10,330,348           | 11,979,081           | 13,404,735           |
| Service charges receivable, net of allowance for doubtful service charges of approximately \$1,468,000, \$1,758,000, and \$2,048,000 in 2005, 2006 and 2007, respectively | 2,261,928            | 2,832,862            | 3,274,926            |
| Deferred tax assets   | 3,275,000            | 3,120,000            | 4,042,186            |
| Income tax receivable   |                      |                      | 28,700               |
| Advances to officers and directors  | 503,259              | 384,881              |                      |
| Advances to team members  | 20,160               | 108,132              | 101,114              |
| Prepaid expenses and other  | 1,678,715            | 1,385,166            | 1,383,229            |
| <b>Total current assets</b>   | <b>31,313,521</b>    | <b>35,098,098</b>    | <b>39,789,157</b>    |
| <br>  |                      |                      |                      |
| Property and Equipment, net   | 7,126,160            | 6,625,497            | 7,529,734            |
| Goodwill  | 4,874,082            | 4,874,082            | 4,874,082            |
| Deferred Tax Assets   | 8,131,922            | 5,031,326            | 4,645,523            |
| Other Assets  | 217,247              | 220,225              | 336,095              |
| <b>Total assets</b>   | <b>\$ 51,662,932</b> | <b>\$ 51,849,228</b> | <b>\$ 57,174,591</b> |

**Liabilities and Shareholders Equity**

|  |                  |                  |                   |
|--|------------------|------------------|-------------------|
| Current liabilities:   |                  |                  |                   |
| Accounts payable   | \$ 560,255       | \$ 488,900       | \$ 468,749        |
| Accrued expenses   | 1,815,138        | 2,237,069        | 5,258,222         |
| Customer layaway deposits                                    | 598,769          | 741,724          | 767,830           |
| Deferred rent  | 317,501          | 360,095          | 357,206           |
| Income taxes payable   | 22,278           | 50,323           |                   |
| Current maturities of long-term debt                         |                  |                  | 4,000,000         |
| Current maturities of convertible subordinated debentures    | 58,881           | 3,926,802        | 66,736            |
| <b>Total current liabilities</b>                             | <b>3,372,822</b> | <b>7,804,913</b> | <b>10,918,743</b> |
| <br>   |                  |                  |                   |
| Long-Term Debt   | 13,125,867       | 7,380,721        | 26,784,307        |
| Interest Rate Swap Liability                                 |                  |                  | 552,748           |
| Convertible Subordinated Debentures, less current maturities | 4,331,972        | 403,425          | 336,924           |

|  |               |               |               |
|--|---------------|---------------|---------------|
| Total liabilities  | 20,830,661    | 15,589,059    | 38,592,722    |
| Commitments and Contingencies (Note 10)  |               |               |               |
| Shareholders' equity:  |               |               |               |
| Series A-1 participating stock, \$0.01 par value; 3,622,598, 3,622,598 and 3,756,496 shares authorized in 2005, 2006 and 2007, respectively; 3,270,773, 3,270,773 and 3,756,496 shares issued and outstanding in 2005, 2006 and 2007, respectively; convertible to common stock at a ratio of 1 to 1 | 32,708        | 32,708        | 37,565        |
| Series A-2 participating stock, \$0.01 par value; 2,500,000 shares authorized; 1,516,590 shares issued and outstanding in 2005, 2006 and 2007; convertible to common stock at a ratio of 1 to 1  | 15,166        | 15,166        | 15,166        |
| Series B participating stock, \$0.01 par value; 682,038 shares authorized; 614,988 shares issued and outstanding in 2005, 2006 and 2007; convertible to common stock at a ratio of 1 to 1  | 6,150         | 6,150         | 6,150         |
| Common stock, \$0.01 par value; 35,000,000 shares authorized; none issued and outstanding in 2005, 2006 and 2007   |               |               |               |
| Additional paid-in capital   | 52,671,080    | 52,671,080    | 55,580,562    |
| Receivable from shareholder  | (1,706,211)   | (1,708,445)   |               |
| Accumulated deficit  | (20,186,622)  | (14,756,490)  | (37,057,574)  |
| Total shareholders' equity   | 30,832,271    | 36,260,169    | 18,581,869    |
| Total liabilities and shareholders' equity   | \$ 51,662,932 | \$ 51,849,228 | \$ 57,174,591 |

See the accompanying notes to consolidated financial statements.

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VALUE FINANCIAL SERVICES, INC. AND SUBSIDIARY  
**Consolidated Statements of Operations**  
 Years ended December 31, 2005, 2006 and 2007

|  | <b>2005</b>          | <b>2006</b>          | <b>2007</b>          |
|--|----------------------|----------------------|----------------------|
| Revenues:  |                      |                      |                      |
| Merchandise sales  | \$ 47,378,531        | \$ 62,348,048        | \$ 76,514,562        |
| Service charge revenues  | 20,785,777           | 24,090,466           | 28,394,105           |
| Other revenues   | 1,085,035            | 1,376,117            | 1,565,905            |
| <br>Total revenues   | <br>69,249,343       | <br>87,814,631       | <br>106,474,572      |
| <br>Cost of merchandise sales  | <br>(29,288,787)     | <br>(39,339,401)     | <br>(47,834,046)     |
| <br>Net revenues   | <br>39,960,556       | <br>48,475,230       | <br>58,640,526       |
| <br><br>Total store operating expenses (including non-cash depreciation expense) | <br><br>(25,092,771) | <br><br>(30,365,220) | <br><br>(35,877,495) |
| <br>Store operating income   | <br>14,867,785       | <br>18,110,010       | <br>22,763,031       |
| <br>General and administrative expenses:   |                      |                      |                      |
| Administration   | (6,499,566)          | (7,815,293)          | (21,126,934)         |
| Depreciation   | (164,081)            | (173,102)            | (203,559)            |
| Loss on disposal of equipment  | (59,895)             | (108,426)            | (247,978)            |
| Start-up expenses for Mexico operations  |                      |                      | (107,296)            |
| <br>Total general and administrative expenses                                    | <br>(6,723,542)      | <br>(8,096,821)      | <br>(21,685,767)     |
| <br>Income from operations   | <br>8,144,243        | <br>10,013,189       | <br>1,077,264        |
| <br>Non-operating expenses:  |                      |                      |                      |
| Interest expense   | (1,297,285)          | (1,135,401)          | (2,544,181)          |
| <br>Net income (loss) before income tax benefit (expense)                        | <br>6,846,958        | <br>8,877,788        | <br>(1,466,917)      |
| <br>Income tax benefit (expense)   | <br>(2,593,194)      | <br>(3,447,656)      | <br>485,860          |
| <br>Net income (loss)  | <br>\$ 4,253,764     | <br>\$ 5,430,132     | <br>\$ (981,057)     |
| <br><br>Weighted average number of common shares outstanding:                    |                      |                      |                      |
| Basic*   | n/a                  | n/a                  | n/a                  |
| <br>Diluted  | <br>6,160,646        | <br>6,160,646        | <br>6,413,097        |



Earnings (loss) per common share:

|         |    |      |    |      |    |        |
|---------|----|------|----|------|----|--------|
| Basic*  |    | n/a  |    | n/a  |    | n/a    |
| Diluted | \$ | 0.69 | \$ | 0.88 | \$ | (0.15) |

\* For all periods presented, the Company had no outstanding common stock. Therefore, the calculation of the weighted average number of common shares outstanding basic and earnings (loss) per common share basic is not applicable

See the accompanying notes to consolidated financial statements.

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VALUE FINANCIAL SERVICES, INC. AND SUBSIDIARY  
**Consolidated Statements of Shareholders Equity**  
 Years ended December 31, 2005, 2006 and 2007

| Series A-1<br>participating stock |           | Series A-2<br>participating stock |           | Series B<br>participating stock |          | Additional<br>paid-in<br>capital | Receivable<br>from<br>shareholder | Accumulated<br>deficit | Treasury<br>stock |
|-----------------------------------|-----------|-----------------------------------|-----------|---------------------------------|----------|----------------------------------|-----------------------------------|------------------------|-------------------|
| Shares                            | Amount    | Shares                            | Amount    | Shares                          | Amount   |                                  |                                   |                        |                   |
| 3,270,773                         | \$ 32,708 | 1,516,590                         | \$ 15,166 | 614,988                         | \$ 6,150 | \$ 52,671,080                    | \$ (954,250)                      | \$ (24,440,386)        | \$                |
|                                   |           |                                   |           |                                 |          |                                  | (751,961)                         | 4,253,764              |                   |
| 3,270,773                         | 32,708    | 1,516,590                         | 15,166    | 614,988                         | 6,150    | 52,671,080                       | (1,706,211)                       | (20,186,622)           |                   |
|                                   |           |                                   |           |                                 |          |                                  | (2,234)                           | 5,430,132              |                   |
| 3,270,773                         | 32,708    | 1,516,590                         | 15,166    | 614,988                         | 6,150    | 52,671,080                       | (1,708,445)                       | (14,756,490)           |                   |
| 685,723                           | 6,857     |                                   |           |                                 |          | 4,107,482                        |                                   | (21,320,027)           |                   |
| (577,123)                         | (5,771)   |                                   |           | (150,000)                       | (1,500)  | (1,198,000)                      |                                   |                        | (3,162,736)       |
| 377,123                           | 3,771     |                                   |           | 150,000                         | 1,500    |                                  |                                   |                        | 3,162,736         |
|                                   |           |                                   |           |                                 |          |                                  | 1,708,445                         | (981,057)              |                   |
| 3,756,496                         | \$ 37,565 | 1,516,590                         | \$ 15,166 | 614,988                         | \$ 6,150 | \$ 55,580,562                    | \$                                | \$ (37,057,574)        | \$                |

See the accompanying notes to consolidated financial statements.

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VALUE FINANCIAL SERVICES, INC. AND SUBSIDIARY  
**Consolidated Statements of Cash Flows**  
Years ended December 31, 2005, 2006 and 2007

|                                       | <b>2005</b> | <b>2006</b> | <b>2007</b> |
|---------------------------------------|-------------|-------------|-------------|
| Cash flows from operating activities: |             |             |             |