Court File No. CV-14-10518-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE CASH STORE FINANCIAL SERVICES INC., THE CASH STORE INC., TCS CASH STORE INC., INSTALOANS INC., 7252331 CANADA INC., 5515433 MANITOBA INC., 1693926 ALBERTA LTD DOING BUSINESS AS "THE TITLE STORE"

Applicants

SUPPLEMENTARY AFFIDAVIT OF ERIN ARMSTRONG
(sworn May 8, 2014)

I, Erin Armstrong, of the City of Calgary, in the Province of Alberta, SWEAR OATH AND SAY THAT:

1. I am a former Chief Operating Officer ("**COO**") of 1518534 Alberta Ltd., the general partner ("**General Partner**") of Trimor Annuity Focus Limited Partnership #5 ("**Trimor**"). I was Chief Operating Officer of the General Partner from June 2012 until I resigned in January 2014 and I continue to assist the General Partner in an administrative capacity with respect to Trimor LP's relationship with The Cash Store Inc. ("**TCSI**"). Accordingly, I have personal knowledge of the facts and matters hereinafter deposed to, except where the same are stated to be upon information and belief and as to these last-mentioned matters, I verily believe them to be true.

2. I swear this affidavit as a supplement to my affidavit sworn on April 13, 2014 (the "**April 13 Affidavit**"). Where this affidavit contains capitalized terms that are not defined herein, those terms have the meaning given to them in the April 13 Affidavit.

TCSI PUBLIC DISCLOSURE OF TPL FUNDS

3. TCSI disclosures state that the funds advanced by third party lenders ("**TPLs**"), such as Trimor (the "**TPL Funds**"), for the purpose of making TCSI-brokered loans ("**TPL Brokered Loans**") are not assets of TCSI.

4. In or about January 2012, TCSI offered $132.5 million in senior secured notes due in 2017 through a private placement (the "**Secured Note Offering**"). Attached as **Exhibit "A"** to my affidavit is a copy of TCSI's Confidential Preliminary Canadian Offering Circular dated January 12, 2012 (the "**Preliminary TCSI Circular**") in support of the Secured Note Offering and the cover email under which it was sent. This Preliminary TCSI Circular was provided to Trimor by TCSI and at that time it was indicated to me that it was the final version.

5. The Cash Store Financial Services Inc. is a publically traded company which prepares and produces publically available annual audited financial statements and management's discussion and analyses. The following publically available audited financial statements and management's discussion and analyses of TCSI are attached hereto:

a. Attached as **Exhibit "B"** to my affidavit is a copy of TCSI's financial statements for the fifteen months ended September 30, 2010 and for the year ended June 30, 2009;

b. Attached as **Exhibit "C"** to my affidavit is a copy of TCSI's Management's Discussion and Analysis for the three and twelve months ended September 30, 2011;

c. Attached as **Exhibit "D"** to my affidavit is a copy of TCSI's Management's Discussion and Analysis for the three months and year ended on September 30, 2012;

d. Attached as **Exhibit "E"** to my affidavit is a copy of TCSI's Management's Discussion and Analysis for the three months and year ended September 30, 2013; and

e. Attached as **Exhibit "F"** to my affidavit is a copy of TCSI's Management's Discussion and Analysis for the three months ended December 31, 2013.

TCSI's REPRESENTATIONS TO TRIMOR REGARDING THE TRIMOR FUNDS

6. As stated in paragraph 16 of the April 13 Affidavit, TCSI consistently assured Trimor that Trimor's funds were not used for any purpose other than advancing loans in accordance with the Broker Agreement. In addition, TCSI assured Trimor that it would treat the Trimor funds as being held in trust for Trimor's benefit. Attached as **Exhibit "G"** to my affidavit is an email from Michael Zvonkovic (former Vice-President, Financial Reporting at TCSI) dated November 9, 2011 which provides an example of these representations.

PAYMENTS AND CAPITAL PROTECTION

7. From the time that Trimor began making loans to TCSI until March 2014, TCSI made cash payments to Trimor ("**Payments**"). Until January, 2014, the Payments were made to Trimor four times per month in accordance with a schedule that TCSI emailed to me (the "**Payment Schedule**") each month. The Payments were calculated so that Trimor received a 17.5% return per year on the full amount of the Trimor TPL Funds advanced to TCSI. Attached as **Exhibit "H"** to my affidavit is a copy of the Payment Schedule provided to by TCSI for May 2010 to March 2014, inclusive. To the best of my recollection, other than the payments shown on the Payment Schedule for March, all of the payments listed on the Payment Schedule were made by TCSI to Trimor in accordance with the schedule.

8. TCSI has also represented that they provided Trimor with protection against the erosion of Trimor's TPL Funds (referred to as "capital protection" in the affidavit of Stephen Carlstrom sworn April 14, 2014). During my tenure as COO of the General Partner, I had numerous discussions with TCSI's senior management, including Gordon Reykdal (Chief Executive Officer), Craig Warnock (Chief Financial Officer), and Steve Carlstrom (Vice-President, Financial Reporting) ("**Senior Management**"). From these discussions, it was my understanding that TCSI was effectively purchasing the past due loans from Trimor (the "**Capital Protection Purchases**").

9. The affidavit of Craig Warnock sworn September 30, 2013, was filed in the Court of Queen's Bench of Alberta proceeding bearing court file no. 130-11081 (the

"**Warnock Affidavit**"). Attached as **Exhibit "I"** to my affidavit is a copy of the Warnock Affidavit.

10. I have reviewed the statements made in paragraphs 25-27, 35, 37 and 43 of the Warnock Affidavit and they accord with the statements made to me by TCSI's senior management. Where those paragraphs of the Warnock Affidavit make reference to Assistive Financial Corp., another TPL of TCSI, my understanding was that those facts were true in respect of all TPLs.

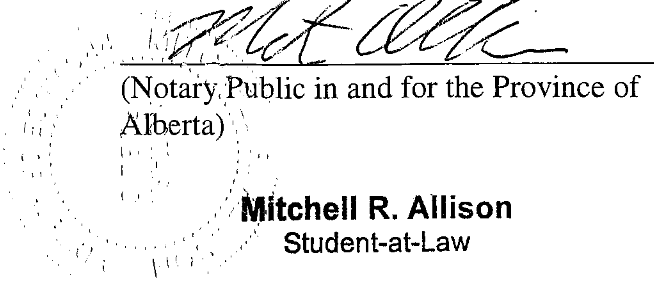
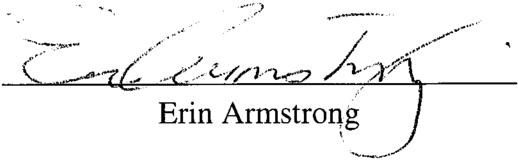
PREJUDICE TO TRIMOR

11. I believe Trimor risks suffering serious financial losses unless the Trimor Property (as defined in the Notice of Motion) is returned to Trimor immediately.

12. Cash Store is no longer a licensed payday lender in Ontario, and as a result, my understanding is that it cannot broker any TPL Brokered Loans or make any direct loans in Ontario. As a result, my understanding is that there is little incentive for Ontario customers to repay the TPL Brokered Loans.

13. To my knowledge, the Applicants have provided no indication that they have a viable plan for the continuation of their operations in Ontario or elsewhere. I believe that there is a real possibility that the Applicants will cease operations in the near future in those jurisdictions where they broker third party loans. Should Cash Store cease operations in any of these non-Ontario jurisdictions before the administration of the Trimor-owned Loans and Advances are transferred, I believe it could have a devastating impact on the ability of Trimor to collect these loans.

14. I swear this affidavit in support of the position of Trimor LP on this motion and for no other or improper purpose.

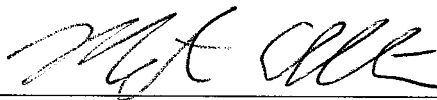
SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 8th day of May, 2014.	)))	
	))	
(Notary Public in and for the Province of Alberta)	))	Erin Armstrong
Mitchell R. Allison Student-at-Law		

This is Exhibit "A" referred to in the affidavit of

....................ERIN ARMSTRONG....................

sworn before me at the City of Calgary, in the Province

of Alberta, on the 8th day of May, 2014



Notary Public in and for the Province of Alberta

Mitchell R. Allison
Student-at-Law

From: Bill Johnson
Sent: January 12, 2012 9:15 AM
To: Kurt Soost; Erin Armstrong
Subject: Offering circular
Attachments: Cash Store Financial - eRed Canadian.pdf

Final version of offering Circular attached. Press release coming from Mike Z right now.

S. William (Bill) Johnson, CA

Senior Executive Vice President

17631 – 103 Avenue Edmonton, AB T5S 1N8
Direct: (780) 732-5695
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Fax: (780) 443-2653
E-Mail: b.johnson@csfinancial.ca

The information and any files attached to this email are confidential and intended solely for the use of The Cash Store Financial Services Inc. and the intended recipient. Any disclosing, copying, or distribution of information within this email, without the expressed permission of the writer, is strictly prohibited.

The information in this Canadian Offering Circular is not complete and may be changed. The Company shall not sell the securities described herein until this Canadian Offering Circular is delivered in final form. No final investment decision by any prospective purchaser should be taken prior to reading the final Canadian Offering Circular, which will be provided to all investors and will supersede this Canadian Offering Circular.

This Canadian Offering Circular constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and only by persons permitted to sell these securities. This Canadian Offering Circular is not, and under no circumstances is it to be construed as, an offer to sell the securities described herein or a solicitation of an offer to buy the securities described herein in any jurisdiction where the offer or sale of these securities is prohibited. This Canadian Offering Circular is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of these securities in Canada. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offering of the securities described herein. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of these securities, and any representation to the contrary is an offence.

CONFIDENTIAL PRELIMINARY CANADIAN OFFERING CIRCULAR

SUBJECT TO COMPLETION, DATED JANUARY 12, 2012

C$125,000,000

The Cash Store Financial Services Inc.

Private Placement in Canada of
% Senior Secured Notes due 2017

THE OFFERING

This Canadian Offering Circular relates to an offering of C$ aggregate principal amount of % Senior Secured Notes due 2017 (the "**Notes**") by The Cash Store Financial Services Inc. (the "**Company**"). The Notes are being offered in Canada in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador as part of an offering that is being made in one or more other countries (the "**Offering**"). The Offering and the Notes are described fully in the attached offering circular (the "**Offering Document**") regarding the offer for sale of the Notes, the full text of which is included in this Canadian Offering Memorandum and forms an integral part of it. Accordingly, references to "Canadian Offering Circular" include this supplement together with the Offering Document. The Offering Document may be supplemented by one or more documents sent to you by the dealers acting as initial purchasers concerning the Offering, which may include a final term sheet containing pricing and other related information ("**Supplementary Material**"). The term Supplementary Material does not include the contents of any electronic roadshow for the Offering. The full text of all Supplementary Material, if any, concerning the Offering shall also be incorporated by reference into this Canadian Offering Circular and deemed to form a part of it. Accordingly, the term "Canadian Offering Circular" means this confidential preliminary Canadian offering circular, together with the attached Offering Document and any Supplementary Material. Except as otherwise stated herein, capitalized and other terms used in this Canadian Offering Circular without definition have the meanings given to them in the Offering Document.

RELATIONSHIP BETWEEN THE INITIAL PURCHASERS OR CERTAIN OF THEIR AFFILIATES AND THE COMPANY

Certain affiliates of certain initial purchasers are expected to be lenders and/or agents under our New Revolving Credit Facility (such affiliate lenders and/or agents, the "Connected Banks"). In addition, the Company engaged Canaccord Genuity Corp., one of the initial purchasers, in respect of certain matters relating to the purchase by the Company of the loans receivable from its third-party lenders and Canaccord Genuity Corp. will be paid a customary fee in connection with such engagement. The Company may be considered a "connected" issuer of Imperial Capital, LLC, Canaccord Genuity Corp. and CIBC World Markets Inc. and their respective affiliates, under applicable Canadian securities laws. The New Revolving Credit Facility is in an amount of $25.0 million. Except as disclosed in this Canadian Offering Circular (including the financial statements), our financial position has not changed since the aforementioned indebtedness was incurred. As at the date hereof, the Company in compliance in all material respects with the terms of the agreements governing the New Revolving Credit Facility and no breach thereof has been waived by any of the initial purchasers or their affiliates since the execution of such facility. See "Description of Other Indebtedness" in the accompanying Offering Document. The decision to offer the Notes and the determination of the terms of the offering were made through negotiation between the Company and the initial purchasers, without the involvement of any of the Connected Banks, and the decision of each of the initial purchasers to act as placement agent was made independently of their Connected Bank affiliates. Other than as disclosed in the preceding paragraph, none of the initial purchasers will receive any benefit from this issuance other than their respective portions of the fees payable by the Company. For more information see the sections titled "Use of Proceeds" and "Plan of Distribution" in the accompanying Offering Document.

Offering Price: %

CANADIAN OFFERING CIRCULAR

If the attached Offering Document remains subject to completion or amendment, this Canadian Offering Circular remains similarly subject to completion or amendment. The offering of the Notes in Canada is being made solely by this Canadian Offering Circular and not through any advertisement of the Notes. No person has been authorized to give any information or to make any representations concerning this Offering other than as contained or incorporated by reference into in this Canadian Offering Memorandum, and any decision to purchase the Notes should be based solely on information contained or incorporated by reference in this document. Statements made within this Canadian Offering Circular are as of the date of this Canadian Offering Circular unless expressly stated otherwise. Neither the delivery of this Canadian Offering Circular at any time, nor any other action with respect hereto, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to such date.

Canadian purchasers are advised that the information contained within the Offering Document has not been prepared with regard to matters that may be of particular concern to Canadian purchasers. Accordingly, Canadian purchasers should consult with their own legal, financial and tax advisers concerning the information contained within the Offering Document and as to the suitability of an investment in the Notes in their particular circumstances.

Investing in the Notes involves risks. Refer to the section entitled "Risk Factors" in the attached Offering Document for additional information.

This Canadian Offering Circular constitutes an offering of the Notes described herein in the Canadian provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador only and is for the confidential use of only those persons to whom it is delivered by the initial purchasers in connection with the offering of the Notes therein. The Company and the initial purchasers reserve the right to reject all or part of any offer to purchase the Notes for any reason and to allocate to any purchaser less than all of the Notes for which it has subscribed.

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related

derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Company. The initial purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

CONFIDENTIALITY RESTRICTIONS

This Canadian Offering Memorandum is for the confidential use of only those persons to whom it is delivered in connection with the Offering and is being delivered solely to enable prospective Canadian purchasers identified by the initial purchasers to evaluate the Company and an investment in the Notes. The information contained within this Canadian Offering Circular does not constitute an offer in Canada to any other person, or a general offer to the public, or a general solicitation from the public, to subscribe for or purchase the Notes. The distribution of this Canadian Offering Circular and the offer and sale of the Notes in certain of the Canadian provinces may be restricted by law. Persons into whose possession this Canadian Offering Circular comes must inform themselves about and observe any such restrictions.

The distribution of this Canadian Offering Circular or any information contained herein to any person other than a prospective Canadian purchaser identified by the initial purchasers, or those persons, if any, retained to advise such prospective Canadian purchaser in connection with the transactions contemplated herein, is unauthorized. Any disclosure of the information contained within this Canadian Offering Circular without the prior written consent of the Company and the initial purchasers, as applicable, is prohibited. Each Canadian purchaser, by accepting delivery of this Canadian Offering Circular, will be deemed to have agreed to the foregoing.

RESPONSIBILITY

Except as otherwise expressly required by applicable law or as agreed to in contract, no representation, warranty, or undertaking (express or implied) is made and no responsibilities or liabilities of any kind or nature whatsoever are accepted by the initial purchasers or any dealer as to the accuracy or completeness of the information contained within this Canadian Offering Circular or any other information provided by the Company in connection with the Offering.

RESALE RESTRICTIONS

The Notes have not been nor will they be qualified for sale to the public under applicable Canadian securities laws and, accordingly, any offer and sale of the Notes in Canada will be made on a basis which is exempt from the prospectus requirements of Canadian securities laws. Accordingly, purchasers do not receive the benefits associated with a subscription for securities issued pursuant to a prospectus, including the review of offering materials by any securities regulatory authority. Any resale of the Notes must be made in accordance with, or pursuant to an exemption from, or in a transaction not subject to, the prospectus requirements of the applicable Canadian securities laws, which will vary depending on the relevant jurisdiction. These resale restrictions may, under certain circumstances, apply to resales of the Notes outside of Canada. Purchasers reselling the Notes may have reporting and other obligations. In addition, in order to comply with the dealer registration requirements of Canadian securities laws, any resale of the Notes must be made either by a person not required to register as a dealer under applicable Canadian securities laws, or through an appropriately registered dealer or in accordance with an exemption from the dealer registration requirements. Canadian purchasers are advised to seek legal advice prior to any resale of the Notes, both within and outside of Canada.

Canadian purchasers are advised that the Notes will not be listed on any stock exchange in Canada and that no public market for the Notes is expected to exist in Canada following this offering. Canadian purchasers are further advised that the Company is not required to file, and currently does not intend to file, a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Notes to the public in any province or territory of Canada. Accordingly, the Notes may be subject to an indefinite hold period

under applicable Canadian securities laws unless resales are made in accordance with applicable prospectus requirements or pursuant to an available exemption from such prospectus requirements.

In addition, purchasers of Notes in Canada will not be able to sell the Notes for a period of four months and one day from the date of distribution, and the certificates representing the Notes will bear the following legend to this effect, in addition to other customary legends as may be required for compliance with applicable securities laws and regulations:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE , 2012.

FORWARD-LOOKING INFORMATION

This Canadian Offering Circular may contain "forward-looking information" ("**FLI**") as such term is defined under applicable Canadian securities laws. FLI is disclosure regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information ("**FOFI**") with respect to prospective financial performance, financial position or cash flows that is presented either as a forecast or a projection. FOFI is FLI about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action, and presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows. Similarly, a "financial outlook" is FLI about prospective financial performance, financial position or cash flows that is based on assumptions about future economic conditions and courses of action that is not presented in the format of a historical statement of financial position, statement of comprehensive income or statement of cash flows.

FLI is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from expectations as expressed or implied within this Canadian Offering Circular. FLI reflects current expectations with respect to current events and is not a guarantee of future performance. Any FLI that may be included or incorporated by reference within this Canadian Offering Circular, including any FOFI or "financial outlook", is presented solely for the purpose of conveying the current anticipated expectations of the Company and may not be appropriate for any other purposes. Canadian investors are cautioned not to place undue reliance on any FLI that may be included or incorporated by reference within this Canadian Offering Circular. Canadian investors should refer to the sections entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" contained in the Offering Document.

REPRESENTATIONS AND COVENANTS OF PURCHASERS

Confirmations of the acceptance of offers to purchase any Notes will be sent to purchasers who have not withdrawn their offers to purchase prior to the issuance of such confirmations. Each purchaser of Notes in Canada who receives a purchase confirmation, by the purchaser's receipt thereof, will be deemed to have represented to the Company, the initial purchasers and each dealer participating in the Offering that:

(a) the purchaser is resident in one of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island or Newfoundland and Labrador;

(b) the purchaser is basing its investment decision on this Canadian Offering Circular (including the Offering Document forming part of it and any Supplementary Material subsequently deemed to be incorporated by reference) and not on any other information concerning the Company or the offer or sale of the Notes and recognizes that the final form of Canadian Offering Circular supersedes in its entirety the preliminary form of the Canadian Offering Circular;

(c) to the knowledge of the purchaser, the offer and sale of the Notes in Canada was made exclusively through this Canadian Offering Circular and was not made through an advertisement of the Notes in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;

(d) acknowledges that the distribution of the Notes in Canada is being made on an exempt distribution basis and that any resale of the Notes in Canada must be made through an appropriately registered dealer or in accordance with an available exemption from the dealer registration requirements of applicable securities laws, and in accordance with, or pursuant to an exemption from, the prospectus requirements of such laws, which vary depending on the province;

(e) the purchaser has reviewed and acknowledges the terms referred to above under the section entitled "Resale Restrictions" and agrees not to resell the Notes except in compliance with applicable Canadian and other resale restrictions and in accordance with their terms and the purchaser has reviewed and acknowledges the representations required to be made by all purchasers of Notes as set forth within the Offering Document and hereby makes such representations terms referred;

(f) the purchaser is purchasing for investment only and not with a view to resale or distribution;

(g) the purchaser, or any ultimate purchaser for which the purchaser is acting as agent, is entitled under applicable Canadian securities laws to purchase the Notes without the benefit of a prospectus qualified under such securities laws, and, without limiting the generality of the foregoing:

(i) in the case of an investor resident in the province of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Prince Edward Island or Nova Scotia the investor is:

(A) an "accredited investor" as defined in section 1.1 of National Instrument 45-106 Prospectus and Registration Exemptions (such instrument being titled in Quebec Regulation 45-106 respecting prospectus and registration exemptions, together "**NI 45-106**") and is purchasing the Notes from a dealer registered as an "investment dealer" or "exempt market dealer" within the meaning of subsection 7.l(1)(a) and 7.1(1)(d), respectively, of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("**NI 31-103**"); or

(B) an "accredited investor" as defined in section 1.1 of NI 45-106 and a "permitted client" as defined in section 1.1 of NI 31-103 (which includes, among other things: (i) a person or company, other than an individual or an investment fund, that has net assets of at least C$25 million as shown on its most recently prepared financial statements; (ii) an individual who beneficially owns financial assets (being cash, securities, contracts of insurance, deposits, or evidence of a deposit) having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds C$5 million; and (iii) a person or company acting on behalf of a managed account which is managed by that person or company, if it is registered or

authorized to carry on business as an adviser or the equivalent under the securities legislation of any province or territory of Canada, or the securities legislation of any other country) and is purchasing the Notes from a dealer permitted to rely on the "international dealer exemption" contained in section 8.18 of NI 31-103;

(ii) in the case of an investor resident in Ontario, the investor is:

(A) an "accredited investor" as defined in section 1.1 of NI 45-106 and is purchasing the Notes from a dealer registered as an "investment dealer" or "exempt market dealer" within the meaning of the Securities Act (Ontario) (the "**Ontario Act**"); or

(B) an "accredited investor" as defined in section 1.1 of NI 45-106 and a "permitted client" as defined in section 1.1 of NI 31-103 and is purchasing the Notes from a dealer permitted to rely on the "international dealer exemption" contained in section 8.18 of NI 31-103;

(iii) in the case of an investor resident in the province of Newfoundland and Labrador, the investor is:

(A) an "accredited investor" as defined in section 1.1 of NI 45-106, if it is purchasing the Notes from a dealer registered as an "investment dealer" or "exempt market dealer" within the meaning of subsection 7.1(1)(a) and 7.1(1)(d) of NI 31-103, respectively; or

(B) an "accredited investor" as defined in section 1.1 of NI 45-106 and a "permitted client" as defined in section 1.1 of NI 31-103, and is purchasing the Notes from a dealer permitted to rely on the "international dealer exemption" contained in section 8.18 of NI 31-103;

(h) the purchaser qualifies for and is purchasing the Notes under the "accredited investor" prospectus exemption (the "**Accredited Investor Exemption**") set forth in section 2.3 of NI 45-106, and has completed, executed and delivered a certificate in the form attached as Annex "A" hereto;

(i) where required by law, the purchaser is, or pursuant to NI 45-106 is deemed to be, purchasing the Notes as principal in accordance with applicable securities laws of the province in which the purchaser is resident, for its own account and not as agent for the benefit of another person;

(j) the purchaser is not a person created or used solely to purchase or hold the Notes as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

(k) none of the funds being used to purchase the Notes are, to the best of the purchaser's knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities and:

(i) the funds being used to purchase the Notes and advanced by or on behalf of the purchaser to the initial purchasers do not represent proceeds of crime for the purpose of the *Proceeds of Crime (Money Laundering)* and *Terrorist Financing Act* (Canada) (the "**PCMLTFA**");

(ii) the purchaser is not a person or entity identified on a list established under section 83.05 of the *Criminal Code* (Canada) or in the *Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism* (the "**RIUNRST**"), the *United Nations Al-Qaida and Taliban Regulations* (the "**UNAQTR**"), the *Regulations Implementing the United Nations Resolution on the Democratic People's Republic of Korea* (the "**UNRDPRK**"), the *Regulations Implementing the United Nations Resolution on Iran* (the "**RIUNRI**"), the *United Nations Côte d'Ivoire Regulations* (the "**Cote d'Ivoire Regulations**"), the *United Nations Democratic Republic of the Congo Regulations* (the "**Congo Regulations**"), the *United Nations Liberia Regulations* (the "**Liberia Regulations**"), the *United Nations Sudan Regulations* (the "**Sudan Regulations**"), the *Regulations Implementing the United Nations Resolutions on Somalia* (the "**RIUNRS**"), the *Special Economic Measures (Burma) Regulations* (the "**Burma Regulations**"), the *Special Economic Measures (Zimbabwe) Regulations* (the "**Zimbabwe Regulations**"), the *Special Economic Measures (Iran) Regulations* (the "**Iran Regulations**") or the *Regulations Implementing the United Nations Resolution on Eritrea* (the "**RIUNRE**");

(iii) the Company and the initial purchasers, as applicable, may in the future be required by law to disclose the purchaser's name and other information relating to the purchaser and any purchase of the Notes, on a confidential basis, pursuant to the PCMLTFA, the *Criminal Code* (Canada), the RIUNRST, the UNAQTR, the UNRDPRK, the RIUNRI, the Cote d'Ivoire Regulations, the Congo Regulations, the Liberia Regulations, the Sudan Regulations, the RIUNRS, the Burma Regulations, the Zimbabwe Regulations, the Iran Regulations, the RIUNRE or as otherwise may be required by applicable laws, regulations or rules, and by accepting delivery of this Canadian Offering Circular, the purchaser is deemed to have agreed to the foregoing;

(iv) to the best of the purchaser's knowledge, none of the funds to be provided by or on behalf of the purchaser to the initial purchasers or dealers, are being tendered on behalf of a person or entity who has not been identified to the purchaser; and

(v) the purchaser shall promptly notify the Company and the initial purchasers, as applicable, if the purchaser discovers that any such representations cease to be true, and shall provide the Company and the initial purchasers, as applicable, with appropriate information in connection therewith; and

(l) will give to each person to whom it transfers Notes notice of any restrictions on transfers of such Notes; and

(m) where required by applicable securities laws, regulations or rules, including applicable stock exchange rules, the purchaser will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the Notes by the purchaser as may be required by such laws, regulations and rules, or assist the Company and the initial purchasers, as applicable, in obtaining and filing such reports, undertakings and other documents.

In addition, each resident of Ontario who purchases the Notes will be deemed to have represented to the Company, the initial purchasers and each dealer from whom a purchase confirmation is received, that such purchaser:

(a) has been notified by the Company and the initial purchasers that:

(i) the Company may be required to provide personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the aggregate purchase price paid by the purchaser for the Notes) ("personal information"), which Form 45-106F1 may be required to be filed by the Company under NI 45-106;

(ii) such personal information may be delivered to the Ontario Securities Commission (the "**OSC**") in accordance with NI 45-106;

(iii) such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario;

(iv) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and

(v) the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684; and

(b) has authorized the indirect collection of the personal information by the OSC.

INDIRECT COLLECTION OF PERSONAL INFORMATION

By purchasing the Notes, each Canadian purchaser of the Notes acknowledges that its name, address, telephone number and other specified information, including the aggregate purchase price paid by the purchaser, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable Canadian laws. Each Canadian purchaser consents to the disclosure of such information.

TAXATION AND ELIGIBILITY FOR INVESTMENT

Any discussion of taxation and related matters contained in the Offering Document under the section "Certain Canadian Federal Income Tax Consequences" does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. No representation or warranty is made as to the tax consequences to a resident of Canada of an investment in the Notes. Canadian investors should consult with their own legal, financial and tax advisers with respect to the tax consequences of an investment in the Notes in their particular circumstances and with respect to the eligibility of the Notes for investment by the purchaser under applicable Canadian federal and provincial legislation and regulations. PROSPECTIVE PURCHASERS OF NOTES ARE STRONGLY ADVISED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE CANADIAN AND OTHER TAX CONSIDERATIONS APPLICABLE TO THEM.

RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in the provinces of Canada in which the offering is being made provide purchasers, in addition to any other rights they may have at law, with a remedy for rescission or damages, or both, where this Canadian Offering Circular, or any amendment to the Canadian Offering Circular, contains a misrepresentation. A "misrepresentation" is generally defined under applicable securities laws as an untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limit prescribed, and are subject to the defences contained, in the applicable securities legislation. Purchasers should refer to the provisions of the applicable securities legislation for the particulars of these rights or consult with a legal advisor. The following is a summary of the rights of rescission or rights to damages available to purchasers.

Ontario

Ontario Securities Commission Rule 45-501 — *Ontario Prospectus and Registration Exemptions* provides that when an offering memorandum, such as this Canadian Offering Circular, is delivered to an purchaser to whom securities are distributed in reliance upon the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106, the right of action referred to in Section 130.1 ("**Section 130.1**") of the Ontario Act is applicable, unless the prospective purchaser is:

(a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act;

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;

(c) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(d) the Business Development Bank of Canada incorporated under the Business *Development Bank of Canada Act* (Canada); or

(e) a subsidiary of any person referred to in paragraphs (a) through (d), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

The right of action referred to in Section 130.1 is also applicable to a purchaser to whom securities are distributed in reliance upon the "minimum amount investment" prospectus exemption in Section 2.10 of NI 45-106.

Section 130.1 provides such purchasers who purchase securities offered by an offering memorandum with a statutory right of action against the issuer of securities for rescission or damages in the event that the offering memorandum and any amendment to it contains a "misrepresentation". In Ontario, the term

"misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading or false in the light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities laws.

Where this Canadian Offering Circular is delivered to a prospective purchaser of securities in connection with a trade made in reliance on either Section 2.3 or Section 2.10 of NI 45-106, and this Canadian Offering Circular contains a misrepresentation, the purchaser will have, without regard to whether the purchaser relied on the misrepresentation, a statutory right of action against the Company for damages or, while still the owner of the securities, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser gives notice to the Company, not more than 180 days after the date of the transaction that gave rise to the cause of action, that the purchaser is exercising such right; or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action.

The Company will not be liable for a misrepresentation if it proves that the purchaser purchased securities with knowledge of a misrepresentation.

In an action for damages, the Company will not be liable for all or any portion of the damages that the Company proves do not represent the depreciation in value of securities as a result of a misrepresentation relied upon.

In no case will the amount recoverable for a misrepresentation exceed the price at which the securities were offered.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the Ontario Act and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

Saskatchewan

Section 138 of *The Securities Act*, *1988* (Saskatchewan), as amended (the "**Saskatchewan Act**") provides that where an offering memorandum, such as this Canadian Offering Circular, or any amendment to it is sent or delivered to a purchaser and it contains a misrepresentation (as defined in the Saskatchewan Act), a purchaser who purchases a security covered by the offering memorandum or any amendment to it has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or has a right of action for damages against:

(a) the issuer or a selling security holder on whose behalf the distribution is made;

(b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment to it was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person who or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or the amendment to the offering memorandum; and

(e) every person who or company that sells securities on behalf of the issuer or selling security holder under the offering memorandum or amendment to the offering memorandum.

Such rights of rescission and damages are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it will have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case will the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for rescission or damages if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment to it was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) after the filing of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or the amendment to the offering memorandum, the person or company withdrew the person' s or company' s consent to it and gave reasonable general notice of the person' s or company' s withdrawal and the reason for it;

(c) with respect to any part of the offering memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the Company or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are purchased from a vendor who is trading in Saskatchewan in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum or any amendment to it was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by Section 80.1 of the Saskatchewan Act.

The rights of action for damages or rescission under the Saskatchewan Act are in addition to and do not derogate from any other right which a purchaser may have at law.

Section 147 of the Saskatchewan Act provides that no action will be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.;

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act has a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

This summary is subject to the express provisions of the Saskatchewan Act and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

Manitoba

Pursuant to section 141.1(1) of *The Securities Act* (Manitoba) (the "**Manitoba Act**"), where an offering memorandum, such as this Canadian Offering Circular, or any amendment to an offering memorandum, is sent or delivered to a purchaser in the Province of Manitoba and such document contains a misrepresentation, a purchaser to whom the offering memorandum has been delivered and who purchases securities in the offering contemplated by this document or any amendment to this document is deemed to have relied on that misrepresentation, if it was a misrepresentation at the time of purchase and, subject to the defences described in the Manitoba Act, has:

(a) a right of action for damages against:

  (i) the Company;

  (ii) every director of the Company at the date of this document or any amendment to this document; and

  (iii) every person or company who signed this document or any amendment to this document; and

(b) a right of rescission against the Company;

provided that:

(a) no person or company is liable if the person or company proves that the purchaser purchased securities with knowledge of the misrepresentation;

(b) in an action for damages, the defendant is not liable for all or any part of the damages that he, she or it proves do not represent the depreciation in value of securities resulting from the misrepresentation relied on; and

(c) in no case will the amount recovered exceed the price at which securities were offered under this document or any amendment to this document.

Where a purchaser elects to exercise a right of rescission against the Company, the purchaser will have no right of action for damages against the Company or against a person or company referred to in (a)(ii) or (iii) above.

No person or company is liable:

(a) if the person or company proves that this document or any amendment to this document was sent without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the Company that it was sent without the person's or company's knowledge and consent;

(b) if the person or company proves that, after becoming aware of any misrepresentation in this document or any amendment to this document, the person or company withdrew the person's or company's consent to it and gave reasonable notice to the Company of the person's or company's withdrawal and the reason for it;

(c) if the person or company proves that with respect to any part of this document or of any amendment to this document purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company had no reasonable grounds to believe and did not believe that:

  (i) there had been a misrepresentation; or

  (ii) the relevant part of this document or of the amendment to this document:

    (A) did not fairly represent the report, opinion or statement of the expert; or

    (B) was not a fair copy of, or extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of this document or of any amendment to this document not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, the expert's report, opinion or statement, unless the person or company:

  (i) did not conduct an investigation, sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

  (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or that is deemed incorporated into, this document or any amendment to this document, the misrepresentation is deemed to be contained in this document or any amendment to this document.

Pursuant to section 141.4 of the Manitoba Act, but subject to the other provisions thereof, no action shall be commenced to enforce any of the foregoing rights more than:

(e) in the case of an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action, or

(f) in the case of an action for damages, the earlier of:

  (i) 180 days after the date that the plaintiff first had knowledge of the facts giving rise to the cause of action, or

  (ii) two years after the date of the transaction that gave rise to the cause of action.

The rights of action for rescission or damages under the Manitoba Act are in addition to and do not derogate from any other right that the purchaser may have at law.

This summary is subject to the express provisions of the Manitoba Act and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

Nova Scotia

The right of action for rescission or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia) (the "**Nova Scotia Act**"). Section 138 provides, in the relevant part, that in the event that an offering memorandum, such as this Canadian Offering Circular, together with any amendments hereto, or any advertising or sales literature (as defined in the Nova Scotia Act) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statements contained herein or therein not misleading in light of the circumstances in which it was made (in Nova Scotia, a "misrepresentation"), a purchaser of securities is deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the seller of such securities, the directors of the seller at the date of the offering memorandum and the persons who have signed the offering memorandum or, alternatively, while still the owner of such securities, may elect instead to exercise a statutory right of rescission against the seller, in which case the purchaser will have no right of action for damages against the seller, the directors of the seller at the date of the offering memorandum or the persons who have signed the offering memorandum, provided that, among other limitations:

(a) no action will be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date payment was made for the securities (or after the date on which initial payment was made for the securities where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities; and

(d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, no person or company (other than the issuer if it is the seller) will be liable if such person or company proves that:

(a) the offering memorandum or the amendment to the offering memorandum was sent or delivered to the purchaser without the person' s or company' s knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person' s or company' s knowledge or consent;

(b) after delivery of the offering memorandum or the amendment to the offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum, or amendment to the offering memorandum, the person or company withdrew the person' s or company' s consent to the offering memorandum, or amendment to the offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum or amendment to the offering memorandum purporting

   (i) to be made on the authority of an expert, or

   (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that

      (A) there had been a misrepresentation, or

      (B) the relevant part of the offering memorandum or amendment to the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore, no person or company (other than the issuer if it is the seller) will be liable under section 138 of the Securities Act (Nova Scotia) with respect to any part of the offering memorandum or amendment to the offering memorandum not purporting

(a) to be made on the authority of an expert; or

(b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company

  (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or

  (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, the offering memorandum or amendment to the offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum or amendment to the offering memorandum.

The liability of all persons or companies referred to above is joint and several with respect to the same cause of action. A defendant who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person or company who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

This summary is subject to the express provisions of the Nova Scotia Act and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

New Brunswick

New Brunswick Securities Commission Rule 45-802 provides that the statutory rights of action in rescission or damages referred to in Section 150 ("**Section 150**") of the *Securities Act* (New Brunswick) (the "**New Brunswick Act**") apply to information relating to an offering memorandum, such as this Canadian Offering Circular, that is provided to a purchaser of securities in connection with a distribution made in reliance on either the "accredited investor" prospectus exemption in Section 2.3 of NI 45-106 or the "minimum amount investment" exemption in Section 2.10 of NI 45-106. Section 150 provides purchasers who purchase securities offered for sale in reliance on an exemption from the prospectus requirements of the New Brunswick Act with a statutory right of action against the issuer of securities for rescission or damages in the event that an offering memorandum provided to the purchaser contains a "misrepresentation". In New Brunswick, "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Where this document is delivered to a prospective purchaser of securities in connection with a trade made in reliance on either Section 2.3 of NI 45-106 or Section 2.10 of NI 45-106, and this document contains a misrepresentation, a purchaser who purchases securities will be deemed to have relied on the misrepresentation and will have, subject to certain limitations and defences, a statutory right of action against the Company for damages or, while still the owner of securities, for rescission, in which case, if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages, provided that the right of action for rescission will be exercisable by the purchaser only if the purchaser commences an action against the defendant, not more than 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) six years after the date of the transaction that gave rise to the cause of action.

The Company shall not be liable where it is not receiving any proceeds from the distribution of the securities being distributed and the misrepresentation was not based on information provided by the Company unless the misrepresentation (i) was based on information that was previously publicly disclosed by the Company, (ii) was a misrepresentation at the time of its previous public disclosure, and (iii) was not

subsequently publicly corrected or superseded by the Company before the completion of the distribution of the securities being distributed.

In addition, if advertising or sales literature is relied upon by a purchaser in connection with a purchase of securities of the Company and such advertising or sales literature contains a misrepresentation, the purchaser shall also have a right of action for damages or rescission against every promoter or director of the Company at the time the advertising or sales literature was disseminated.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the securities of the Company and the verbal statement is made either before or contemporaneously with the purchase of the securities of the Company, the purchaser shall be deemed to have relied upon the misrepresentation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement. No such individual will be liable if:

(a) that individual can establish that he or she cannot reasonably be expected to have known that his or her statement contained a misrepresentation; or

(b) prior to the purchase of the securities by the purchaser, that individual notified the purchaser that the individual's statement contained a misrepresentation.

Neither the Company nor any other person referred to above will be liable, whether for misrepresentations in this Canadian Offering Circular, any advertising or sales literature or in a verbal statement:

(a) if the Company or such other person proves that the purchaser purchased the securities of the Company with knowledge of the misrepresentation; or

(b) in an action for damages, for all or any portion of the damages that the Company or such other person proves do not represent the depreciation in value of the securities of the Company as a result of the misrepresentation relied on.

No person, other than the Company, is liable for misrepresentations in any advertising or sales literature if the person proves:

(a) that the advertising or sales literature was disseminated without the person's knowledge or consent and that, on becoming aware of its dissemination, the person gave reasonable general notice that it was so disseminated,

(b) that, after the dissemination of the advertising or sales literature and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the advertising or sales literature the person withdrew the person's consent to it and gave reasonable general notice of the withdrawal and the reason for the withdrawal, or

(c) that, with respect to a false statement purporting to be a statement made by an official person or contained in what purports to be a copy of, or an extract from, a public official document, it was a correct and fair representation of the statement or copy of, or extract from, the document, and the person had reasonable grounds to believe and did believe that the statement was true.

No person, other than the Company, is liable with respect to any part of the advertising or sales literature not purporting to be made on the authority of an expert and not purporting to be a copy of or, an extract from, a report, opinion or statement of an expert unless the person:

(a) failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or

(b) believed there had been a misrepresentation.

Any person who at the time the advertising or sales literature was disseminated, sells securities on behalf of the Company with respect to which the advertising or sales literature was disseminated is not liable if that person can establish that the person cannot reasonably be expected to have had knowledge that the advertising or sales literature was disseminated or contained a misrepresentation.

In no case will the amount recoverable for the misrepresentation exceed the price at which securities were offered.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express provisions of the New Brunswick Act and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

Prince Edward Island

The right of action for rescission or damages described herein is conferred by Section 112 of the *Securities Act* (Prince Edward Island) (the "**PEI Act**"). Section 112 provides, that in the event that an offering memorandum, such as this Canadian Offering Circular, contains a "misrepresentation", a purchaser who purchased securities during the period of distribution, without regard to whether the purchaser relied upon such misrepresentation, has a statutory right of action for damages against the issuer, the selling security holder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum, and every person who signed the offering memorandum. Alternatively, the purchaser while still the owner of securities may elect to exercise a statutory right of action for rescission against the issuer, or the selling security holder on whose behalf the distribution is made. Under the PEI Act, "misrepresentation" means an untrue statement of material fact, or an omission to state a material fact that is required to be stated by the PEI Act, or an omission to state a material fact that needs to be stated so that a statement is not false or misleading in light of the circumstances in which it is made. Statutory rights of action for rescission or damages by a purchaser are subject to the following limitations:

(a) no action will be commenced to enforce the right of action for rescission by a purchaser, resident in Prince Edward Island, later than 180 days after the date of the transaction that gave rise to the cause of action;

(b) in the case of any action other than an action for rescission;

  (i) 180 days after the purchaser first had knowledge of the facts given rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action or whichever period expires first;

(c) no person will be liable if the person proves that the purchaser purchased the security with knowledge of the misrepresentation;

(d) no person other than the issuer and selling securityholder will be liable if the person proves that

  (i) the offering memorandum was sent to the purchaser without the person's knowledge or consent and that, on becoming aware of it being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;

  (ii) the person, on becoming aware of the misrepresentation in the offering memorandum, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or

  (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe, and did not believe that;

    (A) there had been a misrepresentation; or

    (B) the relevant part of the offering memorandum:

      (I) did not fairly represent the report, statement or opinion of the expert, or

      (II) was not a fair copy of, or an extract from, the report, statement, or opinion of the expert.

If the purchaser elects to exercise a right of action for rescission, the purchaser will have no right of action for damages.

In no case will the amount recoverable in any action exceed the price at which securities were offered to the purchaser.

In an action for damages, the defendant will not be liable for any damages that the defendant proves do not represent the depreciation in value of securities as a result of the misrepresentation.

The foregoing statutory right of action for rescission or damages conferred is in addition to and without derogation from any other right the purchaser may have at law.

This summary is subject to the express conditions of the PEI Act and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

Newfoundland and Labrador

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador) (the "**Newfoundland Act**"). The Newfoundland Act provides, in relevant part, that where an offering memorandum, such as this Canadian Offering Circular, contains a misrepresentation, as defined in the Newfoundland Act, a purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, (a) a statutory right of action for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum and (b) for rescission against the issuer.

The Newfoundland Act provides a number of limitations and defences in respect of such rights. Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for damages or rescission:

(a) where the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(b) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;

(c) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

(d) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:

   (i) there had been a misrepresentation; or

   (ii) the relevant part of the offering memorandum:

      (A) did not fairly represent the report, opinion or statement of the expert; or

      (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert;

(e) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:

   (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed there had been a misrepresentation;

(f) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and

(g) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

Section 138 of the Newfoundland Act provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

This summary is subject to the express provisions of the Newfoundland Act and the regulations and rules made under it, and prospective purchasers should refer to the complete text of those provisions.

Alberta, British Columbia and Québec

By purchasing Notes hereunder, purchasers in Alberta, British Columbia and Québec are not entitled to the statutory rights described above. In consideration of their purchase of Notes and upon accepting a purchase confirmation in respect thereof, these purchasers are hereby granted a contractual right of action for damages or rescission that is substantially the same as the statutory right of action, if any, provided to residents of Ontario who purchase Notes.

General

The rights of action described above are in addition to and without derogation from any other right or remedy available at law to the purchaser and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein. The foregoing summaries are subject to the express provisions of the applicable securities law in the relevant jurisdictions, and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions. Canadian purchasers should refer to the applicable provisions of the securities legislation of their province of residence for the particulars of these rights and consult with their own legal advisers prior to investing in the Notes.

LANGUAGE OF DOCUMENTS

Upon receipt of this document, each purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

AUDITORS' CONSENT

The Board of Directors of The Cash Store Financial Services Inc.

We have read the Canadian Offering Circular dated January [●], 2012 relating to the sale and issue of [●]% Senior Secured Notes due 2017 of The Cash Store Financial Services Inc. (the "Company"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned Offering Circular of our report to the shareholders of the Company on the consolidated financial statements of the Company, which comprise the consolidated balance sheets as at September 30, 2011 and September 30, 2010, the consolidated statements of operations and comprehensive income, retained earnings and cash flows for the year ended September 30, 2011 and the fifteen months ended September 30, 2010. Our report is dated November 16, 2011.

Chartered Accountants
Edmonton, Canada
January [●], 2012

ANNEX "A"

CANADIAN ACCREDITED INVESTOR CERTIFICATE

TO: CANACCORD GENUITY CORP.
BROOKFIELD PLACE
161 BAY STREET, SUITE 3100
P.O. BOX 516
TORONTO, ON M5J 2S1

RE: OFFERING OF SENIOR SECURED NOTES DUE 2017 (THE "SECURITIES") OF THE CASH STORE FINANCIAL SERVICES INC.

REPRESENTATIONS AND WARRANTIES

In connection with the purchase by the undersigned (the "Purchaser") of the Securities, the Purchaser herby represents, warrants and certifies to the Issuer that the Purchaser:

(i) is resident in or is subject to the laws of the Province of (check one):

☐ British Columbia	☐ Alberta	☐ Saskatchewan
☐ Manitoba	☐ Ontario	☐ Quebec
☐ Newfoundland and Labrador	☐ New Brunswick	☐ Nova Scotia
☐ Prince Edward Island		

(ii) is an "accredited investor" (as defined in National Instrument 45-106 — Prospectus and Registration Exemptions) by virtue of satisfying the indicated criterion on Exhibit "1" to this certificate.

IMPORTANT INFORMATION REGARDING THE COLLECTION OF PERSONAL INFORMATION

The Issuer is required to file a report of trade with all applicable securities regulatory authorities containing personal information about the Purchaser and, if applicable, any disclosed beneficial purchaser of the Securities. The Purchaser acknowledges that it has been notified by the Issuer:

(a) of such delivery of a report of trade containing the full name, residential address and telephone number of each Purchaser or disclosed beneficial purchaser, the number and type of Securities purchased, the total purchase price paid for such Securities, the date of the purchase and the prospectus and registration exemption relied upon under applicable securities laws to complete such purchase;

(b) that in Ontario, this information is collected indirectly by the Ontario Securities Commission under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation in Ontario; and

(c) that the Purchaser may contact the Administrative Assistant to the Director of Corporate Finance at Suite 1903, Box 5520 Queen Street West, Toronto, Ontario, M5H 3S8 or by telephone at (416) 593-8086 for more information regarding the indirect collection of such information by the Ontario Securities Commission.

By completing this certificate, the Purchaser authorizes the indirect collection of this information by each applicable securities regulatory authority or regulator and acknowledges that such information is made available to the public under applicable securities legislation.

Certified at ________________, on this ______ day of , .

____
(Full Name of Purchaser — please print)

____
(Authorized Signature)

____
(Name and Official Capacity — please print)

____
(Address)

____
(Address con't)

EXHIBIT "1"
TO ACCREDITED INVESTOR CERTIFICATE

(All underlined words have the meanings set forth at the end of this Annex "A".)

Please check the appropriate box

☐ (1) a Canadian financial institution, or a Schedule III bank,

☐ (2) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada),

☐ (3) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary,

☐ (4) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador),

☐ (5) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d),

☐ (6) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada,

☐ (7) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec,

☐ (8) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,

☐ (9) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada,

☐ (10) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000,

☐ (11) an individual whose net income before taxes exceeded $200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,

☐ (12) an individual who, either alone or with a spouse, has net assets of at least $5,000,000,

☐ (13) a person, other than an individual or investment fund, that has net assets of at least $5,000,000 as shown on its most recently prepared financial statements and that has not been created or used solely to purchase or hold securities as an accredited investor as defined in this paragraph (m),[(1)]

☐ (14) an investment fund that distributes or has distributed its securities only to

(i) a person that is or was an accredited investor at the time of the distribution,

(ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 **[Minimum amount investment]** of NI 45-106, and 2.19 **[Additional investment in investment funds]** of NI 45-106, or

(iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 **[Investment fund reinvestment]** of NI 45-106,

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(1) Pursuant to Section 2.3(6) of NI 45-106, the accredited investor exemption is not available for a trade to a person that is created or used solely to purchase or hold securities as an accredited investor under paragraph (m) of the definition of accredited investor in NI 45-106.

☐ (15) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt,

☐ (16) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be,[2]

☐ (17) a person acting on behalf of a fully managed account managed by that person, if that person

(i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, and

(ii) in Ontario, is purchasing a security that is not a security of an investment fund,[3]

☐ (18) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded,

☐ (19) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function,

☐ (20) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors,

☐ (21) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser, or

☐ (22) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as

(i) an accredited investor, or

(ii) an exempt purchaser in Alberta or British Columbia after NI 45-106 comes into force.

AS USED IN THIS ANNEX A, THE FOLLOWING TERMS HAVE THE FOLLOWING MEANINGS:

"Canadian financial institution" means

(a) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or

(b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

"control person" has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Quebéc where control person means any person that holds or is one of a combination of persons that holds

(a) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or

(b) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;

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(2) Other than a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) or other comparable legislation in another jurisdiction of Canada, the trust company or trust corporation described in paragraph (p) is deemed to be purchasing as principal.

(3) A person qualifying as a purchaser under this subsection is deemed to be purchasing as principal.

“eligibility adviser” means

(a) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and

(b) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not

(c) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and

(d) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

“executive officer” means, for an issuer, an individual who is

(a) a chair, vice-chair or president,

(b) a vice-president in charge of a principal business unit, division or function including sales, finance or production,

(c) an officer of the issuer or any of its subsidiaries and who performs a policy-making function in respect of the issuer, or\performing a policy-making function in respect of the issuer;

“financial assets” means cash, securities, or a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

“founder” means, in respect of an issuer, a person who,

(a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and

(b) at the time of the trade is actively involved in the business of the issuer;

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

“investment fund” has the same meaning as in National Instrument 81-106 Investment Fund Continuous Disclosure;

“person” includes

(a) an individual,

(b) a corporation,

(c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

(d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;

“offering memorandum” means a document, together with any amendments to that document, purporting to describe the business and affairs of an issuer that has been prepared primarily for delivery to and review by a prospective purchaser so as to assist the prospective purchaser to make an investment decision in respect of securities being sold in a distribution to which section 53 of the Securities Act (Ontario) would apply but for the availability of one or more exemptions contained in Ontario securities laws, but does not include a document

setting out current information about an issuer for the benefit of a prospective purchaser familiar with the issuer through prior investment or business contacts,

"related liabilities" means

(a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or

(b) liabilities that are secured by financial assets;

"Schedule III bank" means an authorized foreign bank named in Schedule III of the Bank Act (Canada);

"spouse" means, an individual who,

(a) is married to another individual and is not living separate and apart within the meaning of the Divorce Act (Canada), from the other individual,

(b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or

(c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the Adult Interdependent Relationships Act (Alberta);

"subsidiary" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

Interpretation

In this Annex "A", a person (first person) is considered to control another person (second person) if

(a) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,

(b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or

(c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

SUBJECT TO COMPLETION, DATED JANUARY 12, 2012

The information in this offering circular is not complete and may be changed. This offering circular is not an offer to sell these securities and is not a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted or to any person or entity to whom it is unlawful to make an offer or sale.

PRELIMINARY OFFERING CIRCULAR **CONFIDENTIAL**

C$125,000,000

The Cash Store Financial Services Inc.

% Senior Secured Notes due 2017

Our Company

We are the largest owner and operator of short-term advance branches and a leading provider of alternative financial products and services in Canada through our two banners: Cash Store Financial and Instaloans. We serve as an alternative to traditional banks, acting as either a broker between the customer and third-party lenders or as the direct lender to the customer.

The Notes

Offering. C$125,000,000 aggregate principal amount of % Senior Secured Notes due 2017 (the "Notes").

Use of Proceeds. The proceeds from this offering will be used to purchase loans receivable from our current third-party lenders in the provinces of Alberta, British Columbia, Manitoba, Ontario, Saskatchewan and Nova Scotia (collectively, the "Regulated Provinces"), for general corporate purposes and to pay fees and expenses related to this offering.

Interest. We will pay interest in cash on the Notes at an annual rate of %, payable semi-annually, in arrears, on January and July of each year, commencing on July , 2012.

Maturity. The Notes will mature on January , 2017.

Guarantees. The Notes will be guaranteed, jointly and severally, on a senior secured basis, by each of our existing and future restricted subsidiaries that guarantee our indebtedness or indebtedness of any subsidiary guarantor under a credit facility.

Security. The Notes and the guarantees will be secured on a second-priority basis by liens on all of our restricted subsidiaries' existing and future property subject to specified permitted liens and exceptions. Our new revolving credit facility, as well as certain other future debt, will be secured by a first-priority lien on this collateral. See "Description of Notes—Security."

Ranking. The Notes and the guarantees will be our and the guarantors' senior secured obligations, will rank senior in right of payment to all our and the guarantors' future debt that is expressly subordinated in right of payment to the Notes or the guarantees, will rank equally in right of payment with all our and the guarantors' existing and future liabilities that are not so subordinated, including our obligations under our new revolving credit facility, and will be effectively subordinated to our and the guarantors' existing and future debt that is secured by first-priority liens, including debt under our new revolving credit facility, to the extent of the collateral securing such debt on a first-priority basis.

Optional Redemption. Prior to July , 2014, we may redeem some or all of the Notes at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any, to the redemption date, plus the "make whole" premium amount described in this offering circular. On or after July , 2014, we may redeem some or all of the Notes at the redemption prices set forth in this offering circular, plus accrued and unpaid interest, if any, to the redemption date. Prior to July , 2014, we may also redeem up to 35% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings. See "Description of Notes—Optional Redemption." We also have the right to redeem all of the Notes if, at any time, changes to Canadian tax law require us to withhold taxes from payments on the Notes.

Change of Control Offer. If we experience certain kinds of changes of control, the holders of the Notes will have the right to require us to repurchase all or a portion of their Notes at an offer price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

Asset Sale Offer. Upon certain asset sales, we may be required to use the net proceeds of such sales to offer to repurchase a portion of the Notes at a price in cash equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

Delivery. We expect that delivery of the Notes will be made through the facilities of CDS Clearing and Depository Services Inc. ("CDS"), as depositary and registered in the name of CDS's nominee. Direct and indirect participants in CDS, including The Depository Trust Company ("DTC"), on behalf of its participants, will record beneficial ownership of the Notes on behalf of its accountholders or participants, as applicable.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 14 for a discussion of certain risks you should consider before investing in the Notes.

The Notes and the guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state or any other jurisdiction. The Notes may not be offered or sold within the United States or to U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act and to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. The Notes and the guarantees have not been qualified for sale to the public by prospectus under applicable securities laws in Canada and, accordingly, any offer and sale of the Notes in Canada will be made on a basis which is exempt from the prospectus requirements of such securities laws. See "Notice to Investors" for additional information about eligible offerees and transfer restrictions.

Price: %

Joint Book-Running Managers

Imperial Capital **Canaccord Genuity Corp.**

Co-Manager

CIBC World Markets Inc.

The date of this offering circular is , 2012.

NOTICE TO RECIPIENTS

In making your investment decision, you should rely only on the information contained in this offering circular. We have not, and the initial purchasers have not, authorized anyone to provide you with different information. If you receive any other information, you should not rely on it. The information contained in this offering circular has been provided by us and other sources identified herein. The initial purchasers do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering circular, and nothing contained in this offering circular is, or shall be relied upon as, a promise or representation by the initial purchasers. Neither the delivery of this offering circular nor any sale made hereunder shall, under any circumstances, imply that that there has been no change in our affairs or that the information herein is correct as of any date subsequent to the date on the front of this offering circular.

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this offering circular will be issued in the form of one or more global certificates, which will be deposited with, or on behalf of CDS, as depositary and registered in the name of CDS's nominee. Direct and indirect participants in CDS, including DTC, on behalf of its participants, will record beneficial ownership of the Notes on behalf of its accountholders or participants, as applicable. Beneficial interests in the global certificates will be shown on, and transfers of the global certificates will be effected only through, records maintained by CDS and its participants. After the initial issuance of the global certificates, Notes in certificated form will be issued in exchange for the global certificates only as set forth in the indenture that will govern the Notes offered hereby. See "Book Entry, Delivery and Form."

This offering circular is being furnished by us on a confidential basis in connection with an offering exempt from registration under the Securities Act and applicable state securities laws solely for the purpose of enabling a prospective investor to consider the purchase of the securities offered. Delivery of this offering circular to any other person or any reproduction of this offering circular, in whole or in part, without our or the initial purchasers' prior consent, is prohibited.

The securities offered in this offering circular have neither been approved nor disapproved by the United States Securities and Exchange Commission (the "SEC"), any securities commission or similar authority in Canada, or any state or foreign securities commission or any regulatory authority. These authorities have not passed on or determined the adequacy or the accuracy of this offering circular or in any way passed upon the merits of the securities offered hereunder. Any representation to the contrary is a criminal offense.

This offering circular does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. This offering circular is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of these securities in the United States, Canada or any other jurisdiction.

The securities offered in this offering circular are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption from such laws. See "Notice to Investors."

The Notes have not been and will not be qualified for distribution or distributed to the public by prospectus under the securities laws of any province or territory of Canada. The Notes are not being offered or sold, directly or indirectly, in Canada or to or for the account of any resident of Canada in contravention of the securities laws of any province or territory thereof. The Notes may not be transferred or resold in Canada or to Canadian purchasers except in a transaction exempt from the prospectus requirements of applicable Canadian provincial securities laws and regulations. You should be aware that you may be required to bear the financial risk of this investment for an indefinite period

of time. The offering is being made exclusively through this offering circular and not through any advertisement of the Notes in any printed media of general and regular paid circulation, radio or television, electronic media or any other form of advertising.

You must comply with all applicable laws and regulations in force in any jurisdiction in connection with the distribution of this offering circular and the offer or sale of the securities offered hereby. See "Notice to Investors." In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements as indicated in this offering circular under the heading "Notice to Investors." Neither we nor the initial purchasers have any responsibility for any purchase, offer or sale of the Notes by you. In making an investment decision, you must rely on your own examination of us and the terms of this offering, including the merits and risks involved. You should not construe the contents of this offering circular as legal, business or tax advice. You should consult your own attorney, business advisor or tax advisor as to legal, business or tax advice.

In connection with this offering, the initial purchasers participating in this offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the initial purchasers may over allot in connection with this offering, may bid for and purchase Notes in the open market and may impose penalty bids. Such transactions, if commenced, may be discontinued at any time. For a description of these activities, see "Plan of Distribution."

We are entitled to withdraw this offering at any time before closing. We are making this offering subject to the terms described in this offering circular and the purchase agreement relating to the securities offered.

This offering circular contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the initial purchasers.

The trustee under the indenture governing the Notes has not reviewed this offering circular and has made no representations as to the information contained herein.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

CURRENCY TRANSLATION

Our consolidated financial statements have been prepared in Canadian dollars. The following table sets out, for each period presented, the high and low exchange rates, the average of such exchange rates on the last business day of each month during such period and the exchange rate at the end of such period, based on the noon rate as published by the Bank of Canada (the "Noon Rate"). Such rates are set forth as U.S. dollars per one Canadian dollar. The exchange rates provided below are provided solely for convenience. We do not make any representation that Canadian dollars could have been converted into U.S. dollars at the rates shown or at any other rate. You should note that the rates set forth below may differ from the actual rates used in our accounting processes and in the preparation of our consolidated financial statements.

	Fiscal Period Ended				
	June 30, 2007	June 30, 2008	June 30, 2009	September 30, 2010[1]	September 30, 2011
High	0.9404	1.0531	0.9746	1.0039	1.0583
Low	0.8480	0.9384	0.7868	0.8580	0.9626
Average[2]	0.8882	0.9938	0.8589	0.9470	0.9903
Period End	0.9404	0.9818	0.8601	0.9711	0.9626
					(US$ per C$1.00)

(1) In 2010, we changed our fiscal year end from June 30 to September 30. The fiscal year end change resulted in a 15-month reporting period from July 1, 2009 to September 30, 2010. See "Presentation of Financial Information".

(2) Based on the average of the Noon Rates on the last business day of each month during the relevant period.

The exchange rate for one Canadian dollar, expressed in U.S. dollars on January 10, 2012, based on the Noon Rate, was US$0.9839.

NO REVIEW BY SEC

The information in this offering circular relates to an offering that is exempt from the registration requirements under the Securities Act. Accordingly, the information in this offering circular has not been prepared in accordance with such requirements, and does not contain all of the information that would be required if this offering was being made pursuant to a registration statement filed with the SEC. There are no registration rights associated with the Notes, and we have no intention to offer to exchange the Notes for new notes pursuant to a registration statement to be filed with the SEC. The indenture governing the Notes will not be qualified under the Trust Indenture Act of 1939, as amended.

INDUSTRY AND MARKET DATA AND PERFORMANCE DATA

This offering circular includes information regarding the short-term advance industry and the ancillary financial services markets in which we compete. Where possible, this information is derived from third-party sources that we believe are reliable. In other cases, this information is based on estimates made by our management, based on their industry and market knowledge and information from third-party sources. However, this data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. As a result, you should be aware that market share, ranking and other similar data set forth herein, and estimates and beliefs based on such data, may not be reliable.

USE OF NON-GAAP FINANCIAL MEASURES

This offering circular refers to certain financial measures that are not determined in accordance with U.S. or Canadian GAAP. These measures do not have standardized meanings and may not be comparable to similar measures presented by other companies. Although measures such as EBITDA, which we define as earnings before interest, income taxes, stock based compensation, amortization of capital assets/depreciation of property and equipment and amortization of intangible assets, and Adjusted EBITDA, which we define as net income plus provision for income taxes, interest expense, amortization of capital assets/depreciation of property and equipment, amortization of intangible assets, stock based compensation, class action settlements and the annual return component of retention payments, do not have a standardized meaning prescribed by U.S. or Canadian GAAP, we believe these measures may be useful to potential purchasers of the Notes in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. The items excluded from EBITDA and Adjusted EBITDA are significant in assessing our operating results and liquidity. Therefore, EBITDA and Adjusted EBITDA should not be considered in isolation from or as an alternative to operating income, cash provided from operating activities or other income or cash flow data prepared in accordance with Canadian GAAP. "Same branch revenues" is a non-GAAP measure tracked and reported by us and is generally used to compare the average revenue for a particular group of branches in a current period to that same particular group of branches in a prior period. We use this non-GAAP measure to gauge the performance of a particular group of branches and it is directly related to, and helps explain, changes in total revenue. "Average revenue" is defined as revenue for the period divided by the number of branches. "Branch operating income" ("BOI") is a non-GAAP measure tracked and reported by us and is generally used to compare the performance at branch level and includes expenses which primarily relate to the operations of the branch network. "Operating income" is a non-GAAP measure tracked and reported by us and is generally used to compare the income before income taxes and other non-recurring items that primarily relates to the overall operations of the branch, regional and corporate network. "Regional expenses" is a non-GAAP measure that is used to gauge expenditures at the regional and divisional level and includes compensation of associates including centralized regional departments, regional managers, divisional vice presidents and the president, as well as other expenses related to the functions of these groups. "Corporate expenses" is a non-GAAP measure that is used to gauge expenditures at the corporate level and includes compensation of associates and related expenses at the corporate office level. These measures are discussed because management believes that they facilitate the understanding of our results as it relates to our operational and financial position.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This offering circular contains forward-looking statements that reflect management's expectations regarding our future growth, results of operations, operational and financial performance and business prospects and opportunities. All statements, other than statements of historical fact, are forward-looking statements. You can identify such statements because they contain words such as "plans", "expects" or "does not expect", "forecasts", "anticipates" or "does not anticipate", "believes", "intends" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Although the forward-looking statements contained in this offering circular reflect management's current beliefs based upon information currently available to management and upon assumptions which management believes to be reasonable, actual results may differ materially from those stated in or implied by these forward-looking statements.

A number of factors could cause actual results, performance or achievements to differ materially from the results expressed or implied in the forward-looking statements, including those listed in the "Risk Factors" section of this offering circular. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Forward-looking statements necessarily involve significant known and unknown risks, assumptions and uncertainties that may cause our actual results, performance and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things:

- strict regulation in each jurisdiction in which we operate at the federal, provincial and local levels;
- the effect of current or future litigation or regulatory proceedings against us;
- the result of transitioning our business model from primarily a brokered lending model to a direct lending model;
- dependence on existing corporate relationships (including third-party lenders) to operate our business;
- inability to accurately provide for loan losses;
- our ability to effectively compete in the financial services industry and maintain our market share;
- influence of a significant shareholder;
- dependence on and retention of management and personnel;
- effectively managing our expansion and the costs associated with expansion;
- expanding into international jurisdictions;
- exposure to loss from fluctuations in the value of foreign currencies;
- our ability to generate cash from the operations of our subsidiaries;
- dependence on information systems and management of personal customer data;
- changing consumer demand for our products and services;
- impairment of goodwill on our balance sheet; and
- fluctuating revenue due to the seasonality of our business.

Although we have attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in or implied by our forward-looking

statements, other factors and risks may cause actions, events or results to differ materially from those anticipated, estimated or intended. We cannot assure you that forward-looking statements will prove to be accurate, as actual actions, results and future events could differ materially from those anticipated or implied by such statements. Accordingly, as noted above, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this offering circular and, except as required by law, we assume no obligation to update or revise them to reflect new events or circumstances.

PRESENTATION OF FINANCIAL INFORMATION

In this offering circular, unless otherwise indicated, references to "$", "C$" and "Canadian dollars" are to Canadian dollars and references to "US$" and "U.S. dollars" are to United States dollars. See "Currency Translation" above.

All of our financial information in this offering circular is presented in Canadian dollars, except as otherwise indicated. Our consolidated financial statements included in this offering circular and all of the financial information included in this offering circular have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and differ in certain respects from accounting principles generally accepted in the United States ("U.S. GAAP"). For a discussion of the principal differences between Canadian GAAP and U.S. GAAP, see note 27 to our audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010, which are included elsewhere in this offering circular. In 2010, we changed our fiscal year end from June 30 to September 30. The fiscal year end change resulted in a 15-month reporting period from July 1, 2009 to September 30, 2010.

The Accounting Standards Board of the Canadian Institute of Chartered Accountants previously announced its decision to require all publicly accountable enterprises to report under International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. However, National Instrument 52-107 of the Canadian Securities Administrators, *Acceptable Accounting Principles and Auditing Standards,* allows SEC registrants, such as us, to file financial statements with Canadian securities regulators that are prepared in accordance with U.S. GAAP. We have elected to adopt U.S. GAAP instead of IFRS as our primary basis of financial reporting commencing in fiscal 2012. The decision to adopt U.S. GAAP was made to enhance communication with shareholders and improve the comparability of financial information reported with our U.S.-based competitors and peer group.

Historically, through our Cash Store Financial and Instaloans banners, we have acted primarily as a broker on behalf of income-earning consumers seeking short-term advances. Prior to the consummation of this offering, funding of most of these short-term advances has been provided by independent third-party lenders. The advances provided by the third-party lenders are repayable by the customer to the third-party lenders and represent assets of the lenders; accordingly, they are not included on our balance sheet. See also "Business—Business Strategy—Accelerate Direct Lending Model."

TRADEMARKS AND COPYRIGHTS

We own or have rights to trademarks, service marks and trade names that we use in conjunction with the operation of our business in Canada, including, without limitation, Cash Store Financial and Instaloans. We also own or have rights to copyrights that protect the content of our products. Each trademark, service mark or trade name of any other company appearing in this offering circular belongs to its holder.

The Cash Store Financial Services Inc. is a Canadian corporation that is not affiliated with Cottonwood Financial Ltd. or the outlets Cottonwood Financial Ltd. operates in the United States under the name "Cash Store." The Cash Store Financial Services Inc. does not do business under the name "Cash Store" in the United States and does not provide any consumer lending services in the United States.

ENFORCEABILITY OF CIVIL LIABILITIES AGAINST FOREIGN PERSONS

We are organized under the laws of Canada and are governed by the applicable provincial and federal laws of Canada. All of our directors and officers and the experts named in this offering circular reside principally in Canada. We have agreed, in accordance with the terms of the indenture under which the Notes will be issued, to accept service of process in any suit, action or proceeding with respect to the indenture or the Notes brought in any federal or state court located in New York City by an agent designated for such purpose, and to submit to the jurisdiction of such court in connection with such suits, actions or proceedings. However, because such persons are located outside the United States, it may not be possible for you to effect service of process within the United States on these persons. Furthermore, it may not be possible for you to enforce against us or them, in the United States, judgments obtained in United States courts, because all of our assets and a substantial portion of the assets of such persons are located outside the United States. We have been advised by Cassels, Brock & Blackwell LLP, our Canadian counsel, that there is doubt as to the enforceability, in original actions in Canadian courts, of liabilities predicated solely on the United States federal securities laws or "blue sky" laws of any state within the United States and as to the enforceability in Canadian courts of judgments of United States courts obtained in actions based on the civil liability provisions of the United States federal securities laws or any such state securities or blue sky laws.

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SUMMARY

This summary highlights important information about our business and this offering. It does not include all of the information you should consider before investing in the Notes. Please review this offering circular in its entirety, including the section entitled "Risk Factors" and our consolidated financial statements and the related notes, before you decide to invest. Unless otherwise specified or the context otherwise requires, references in this offering circular to "Cash Store Financial," the "Company," the "combined company," "we," "our" and "us" refer to The Cash Store Financial Services Inc. and its consolidated subsidiaries. All dollar amounts herein are in C$ unless otherwise noted. References in this offering circular to this "offering" and the "Notes offered hereby" refer to the Notes offered and sold by the Company for resale by the initial purchasers pursuant to Rule 144A under the Securities Act and pursuant to Regulation S under the Securities Act and the Notes offered and sold by the Company to certain persons in Canada pursuant to Regulation S under the Securities Act.

Our Company

We are the largest owner and operator of short-term advance branches and a leading provider of alternative financial products and services in Canada through our two banners: Cash Store Financial and Instaloans. We have grown rapidly and as of September 30, 2011 had a network of 586 branches in nine Canadian provinces, two Canadian territories and in the United Kingdom ("UK"). We serve as an alternative to traditional banks, acting as either a broker between the customer and third-party lenders or as the direct lender to the customer. We provide short-term advances or loans, which are typically less than $1,500 with a term of up to 30 days (71.9% of revenue during the year ended September 30, 2011) and ancillary financial products and services (28.1% of revenue for the same period), including bank accounts, financial product insurance, pre-paid debit and credit cards, money transfers, cheque cashing and pre-paid phone cards. We are the only provider of short-term advances in Canada that is publicly traded on the Toronto Stock Exchange ("TSX"), where our common shares trade under the ticker symbol CSF. Our common shares also trade on the New York Stock Exchange under the ticker symbol CSFS.

Founded in 2001, we operate two of the most recognizable brands in the expanding alternative financial products and services market in Canada, which together have market-leading positions in key Canadian markets. By branch count, we have a 36% share of the Canadian short-term advance market and more than 56% of our branches are less than five years old and are still maturing. As of September 30, 2011, our three largest provinces by branch count were Ontario (200 branches), Alberta (131 branches) and British Columbia (110 branches). In addition, we have identified opportunities to expand our branch network in Canada, the UK and other international markets. Our primary strategic objective is to establish Cash Store Financial and Instaloans as the one-stop financial providers of choice for our customers in the Canadian and UK markets in which we operate.

Our business is driven by our performance-based culture, which we believe incents and motivates our workforce of approximately 2,300 associates in Canada and the UK. We believe that the comfortable, open-concept floor plan of our branches, superior customer service, convenient locations and extended hours of operation help differentiate us in the marketplace. We provide our customers a choice of a bank account, pre-paid debit or credit card, cheque or delivery of an electronic funds transfer to a personal bank account when facilitating a short-term advance, negating the need for our branches to carry hard currency and providing a secure environment for our employees and customers. In addition to short-term advances, we generate recurring, fee-based revenue through a broad range of ancillary financial products and services, including bank accounts, financial product insurance, pre-paid debit and credit cards, money transfers, cheque cashing and pre-paid phone cards. Fee-based revenue from these ancillary financial products and services accounted for 28.1% of our total revenue during the year ended September 30, 2011. While these fee-based services generate recurring revenue, we

believe these services also improve customer retention, broaden our customer base and enhance the lifetime revenue potential of our customers without the need for significant capital investment.

Our market has evolved in recent years, as a majority of the Canadian provinces in which we operate have enacted legislation to better regulate the short-term advance industry by establishing certain consumer protection measures. We view the current regulatory environment as a positive for consumers and the industry due to the transparency it provides to the market. The implementation of this regulatory framework in Canada also enables us to move more aggressively toward a direct lending model, which will significantly decrease our effective cost of capital.

For the year ended September 30, 2011, our revenue and Adjusted EBITDA were $189.9 million and $49.0 million, respectively, representing an Adjusted EBITDA margin of 25.9%. After giving effect to this offering, our ratio of total debt to Adjusted EBITDA and Adjusted EBITDA to pro forma interest expense would have been 2.6x and 3.4x, respectively, for the year ended September 30, 2011. See "Summary Historical Consolidated Financial Data."

Industry Overview

We operate in the alternative financial services industry, which serves individuals who require convenient access to financial services but either cannot or choose not to obtain them from banks or other traditional financial services providers. Products and services offered by the alternative financial services industry include a variety of short-term consumer loan products such as payday, title and pawn loans, debit cards, cheque cashing and money transfers, as well as similar non-traditional financial products and services. The alternative financial services industry has expanded in recent years as participants have ventured into short and medium-term credit-scored financial products, such as lines of credit, where traditional banking institutions have limited their offerings. We estimate that approximately 15% of the adult Canadian population is currently underbanked. This market is increasingly underserved by traditional financial service providers, as evidenced by the withdrawal of a large US-based provider from the market in 2010.

Customers of short-term advances are 18 years of age or older, generally employed, and hold a bank account. According to a June 2009 report by the Government of Alberta, between 3% and 6% of the general population of Alberta use short-term advances. Over half (54%) of all short-term advance users are between the ages of 36 and 64, with the 25 to 35 age group representing 35% of all users. The report indicates that there is a general misconception among non-users that those individuals who use short-term advance products are universally disadvantaged by socioeconomic circumstances or emergency situations. While approximately 37% of all users have an annual household income of between $20,000 and $50,000, the report states that lower income situations are not always the case. Approximately 38% of all users have an annual household income of greater than $50,000 and approximately 9% have annual household income of greater than $100,000.

In 2009, an Ontario governmental advisory board estimated that the short-term advance industry in Canada generated $2.0 billion of total transaction volume. The Canadian market is significantly less penetrated than the United States market. The Canadian market is estimated to have 1,600 cash advance stores serving an eligible consumer base of approximately 26 million people (excluding Québec), or 16,000 eligible consumers per cash advance store, as opposed to an estimated 10,000 eligible consumers per store in the United States.

Regulatory Environment

We believe recent changes to Canadian federal and provincial consumer protection regulations relating to the short-term advance ("Payday Loan") industry have positively impacted our business by increasing operating transparency and allowing us to move toward a direct lending model. We were actively involved in encouraging the federal and provincial governments to regulate our industry. We

sought to reduce existing uncertainties and establish a more transparent operating environment. For example, we voluntarily implemented certain best practices, such as a prohibition on "rollovers," which essentially enable a customer to extend an existing loan for a fee and engaged in discussions with legislative officials to promote the ban. We believe the practice of rollovers, although lucrative, damaged the reputation of the industry and increased the risk of punitive regulations. We believe that our involvement in the industry initiative to eliminate rollovers facilitated the current positive regulatory regime. We also believe that the current environment, particularly the rate caps discussed below, makes our industry less attractive to smaller, less-capitalized competitors.

In May 2007, the Canadian federal government enacted a bill clarifying that the providers of certain Payday Loans were not governed by the Criminal Code (Canada) (the "Criminal Code"), granting lenders (other than most federally-regulated financial institutions) an exemption from the Criminal Code if their loans fell within certain dollar amount and time frame maximums. In order for Payday Loan companies to rely on the exemption, the provincial governments are required to enact legislation, subject to approval by the federal government, designed to protect consumers and to limit the overall cost of loans. All of our major markets have been regulated under this framework, and provinces that have enacted legislation have prohibited rollovers. In provinces where regulations have been proposed but not enacted, we have voluntarily implemented certain consumer protection measures that are in place in regulated jurisdictions.

In the UK, consumer lending is governed by the Consumer Credit Act of 1974, which was amended by the Consumer Credit Act of 2006, and related rules and regulations. Our subsidiaries in the UK must maintain licenses from the Office of Fair Trading, which is responsible for regulating consumer credit, competition and consumer protection. In response to public controversy regarding the potential impact of Payday Loans on low-income individuals, the Office of Fair Trading recently conducted and published a report containing a comprehensive analysis of the industry and its users. This report concluded that no case can be made at this time for rate caps in the UK on the basis that there is no clear evidence that rate caps enable consumers to avoid financial detriment.

Business Strengths

Leading Market Position. We are the largest owner and operator of short-term advance branches in Canada. As of September 30, 2011, we had a geographically diverse network of 574 branches across nine Canadian provinces and two Canadian territories. We maintain a Canadian market share of approximately 36%, as measured by number of branches, in the short-term advance segment of the alternative financial services market. We believe that our size provides us with a leadership position in the industry and allows us to implement and monitor regulatory compliance on a cost effective basis, adapt to regulatory changes, invest in and expand our network of branches and enter into favorable relationships with lenders, landlords and strategic partners. We believe our platform has built strong brand awareness as one of Canada's leading providers of short-term advances and alternative financial solutions.

Diversified Product and Service Mix. We operate a scalable business model with significant geographic coverage and product diversity across our operating platform, which we believe provides us with key competitive advantages. In addition to providing small, short-term loans which can be accessed quickly, we also offer our customers ancillary financial products and services such as bank accounts, financial product insurance, pre-paid debit and credit cards, cheque cashing, money transfers and pre-paid phone cards. Revenue from these ancillary products and services increased 26.2%, from $42.2 million to $53.3 million, during fiscal 2011 compared to the same period in fiscal 2010. We believe that the increasing percentage of our revenue generated by ancillary financial products and services will help maintain our revenues at stable levels. In the last year, we have introduced ancillary products which we believe will add meaningfully to our revenue and cash flow in the future, including a basic deposit account product for $9.95 a month and a new premium bank account product that

features unlimited free cheque cashing, free on-line bill payments and "no holds" on cheques for $29.95 a month. We believe our multi-product offering creates a diversified and recurring revenue stream and allows us to better serve our customers.

Recently Defined Regulatory Environment. Provincial industry rate regulations have been implemented in British Columbia, Alberta, Saskatchewan, Ontario, Manitoba and Nova Scotia, which represent the markets in which 92% of our Canadian branches are located. We believe the provincial rate caps on short-term advances have created an operating environment in which our scale has become a significant competitive advantage that will enable us to increase our market share. Further, the current Canadian regulatory framework has enabled us to move aggressively toward a direct lending model, which will significantly decrease our cost of capital.

Focus on Superior Customer Service. We seek to differentiate ourselves from our competitors with our open-concept branch floor plan (made possible by not dispensing hard currency) and superior customer service. We believe superior customer service has enabled us to achieve high levels of customer satisfaction and has generated more frequent visits by our customers. We offer customers convenient locations and hours of operation, which are often more compatible with their work schedules as compared to traditional banks. We want our customers to think of us not as a one-time short-term advance provider, but as their one-stop financial service provider of choice. We have created a performance-based culture in which our workforce of over 2,300 associates is offered the requisite resources, knowledge and skills to provide exceptional service through our internally developed training program. Our associates are trained through an integrated communication and training strategy that includes Cash Store Financial College, Cash Store Financial TV and our annual President's Forum with every branch manager. Our goal is to consistently provide quick and professional service designed to benefit our customers. We are confident in our management and associates' abilities to address and proactively react to a changing industry.

Strong Credit Profile. We have been able to increase revenues by over 45% from $130.8 million in fiscal 2008 to $189.9 million for the year ended September 30, 2011 and Adjusted EBITDA by more than 25%, from $39.2 million to $49.0 million over the same period. After giving effect to this offering, our ratio of total debt to Adjusted EBITDA and Adjusted EBITDA to as adjusted interest expense for the year ended September 30, 2011 would have been 2.6x and 3.4x, respectively. Our ability to generate strong cash flow should enable us to invest in our operations, expand our product offerings and pursue opportunities in additional markets in Canada and the UK.

Proven Management Team. We are managed by a leading team of industry veterans, including Gordon Reykdal, our Chairman and Chief Executive Officer, Nancy Bland, our Chief Financial Officer, Barret Reykdal, our Chief Operating Officer and S. William Johnson, our Senior Executive Vice President, who have over 70 years of combined experience in the alternative financial service industry. Gordon Reykdal, the founder of our company, was also the founder, Chairman, President and Chief Executive Officer of RTO Enterprises Inc., a chain of rent-to-own stores, from 1991 to 2001. With our seasoned senior management team and a stable and loyal team of associates, we believe our business is positioned for continued growth. We have experienced low turnover in our senior and middle management positions, where average tenure of our senior divisional presidents is nine years.

Business Strategy

Accelerate Direct Lending Model. We currently act primarily as a broker of short-term advances between our customers and third-party lenders, the effect of which is that the loan portfolio we service is not financed on our balance sheet. With the implementation of regulations across Canada substantially reducing the potential risk of legal challenges, we will transition approximately 92% of our short-term lending business in Canada away from the current broker model to one of direct lending, essentially bringing the loan financing business onto our balance sheet (see "Use of Proceeds"). This

will significantly reduce our effective cost of capital, which during the year ended September 30, 2011 was 19.0% with our third-party lenders. The return component of payments to our third-party lenders in the Regulated Provinces, which equaled $21.3 million during the year ended September 30, 2011, will be eliminated with the proceeds of this Offering, thus decreasing our effective cost of capital. We intend to continue utilizing third-party lenders for loans originated in unregulated areas.

Introduce Additional Products and Services. A key component of our long-term business strategy has been to expand our suite of ancillary financial products and services to complement our short-term advance products. We offer a wide range of ancillary financial products and services, which include bank accounts, financial product insurance, pre-paid debit and credit cards, money transfers, cheque cashing and pre-paid phone cards. We will continue to add new insurance and banking products. These high-margin products create a recurring revenue stream which we intend to further supplement with the addition of short and medium-term credit scored lending products such as lines of credit. In our most recent quarter, 28.9% of our total revenue was generated from these fee-based products. With a proven track record of introducing financial products and services to meet our customers' evolving needs, we will continue to evaluate and launch complementary products. Over the next five years, our goal is to increase revenue from these products and services to between 40% and 50% of our total revenue.

Continue to Grow Canadian Operations. We have enjoyed rapid growth in revenue and branch count in Canada since our formation and we continue to see opportunities to expand our prominent position in the Canadian alternative financial services industry through organic growth into underserved communities. In addition to gaining market share through the maturation of our branches, we intend to drive market penetration by continuing to open new branches. In Canada, our number of branches in operation has grown to 574 as of September 30, 2011, compared to 384 as of June 30, 2008. Revenue generated by our branches typically grows at high rates during the first five years of operation, and over 56% of our current branches have been opened in the last five years. During the year ended September 30, 2011, the average annual revenue generated by our mature branches (opened between 2001 and 2005) was $416,000, compared to just $269,000 generated by our early stage branches (opened between 2006 and 2011). In addition to driving strong revenue growth, the maturation of our branches leads to a significant improvement in operating margins. With over 1,600 retail alternative financial services locations in Canada, the ratio of total eligible Canadian population per short-term advance lender branch is currently 16,000 to one, which compares favorably to the U.S. ratio of 10,000 to one.

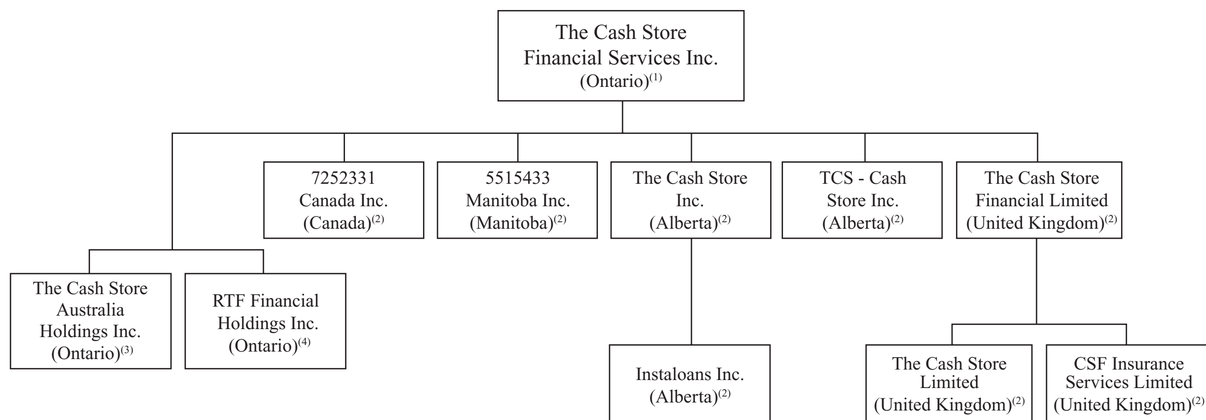
Pursue International Expansion. We believe international markets provide us with significant opportunities for future growth. As of September 30, 2011, we operated 12 branches in the UK market and during the quarter ended December 31, 2011, we opened an additional 11 branches for a total of 23 branches. The UK alternative financial services market is attractive to us due to a lower penetration compared to the Canadian markets and a stable regulatory environment. We estimate the current short-term advance branch count in the UK to be approximately 1,200, less than the number of branches in Canada despite a population nearly twice as large. In addition, we believe our open-concept branch design and commitment to customer service is unique in the UK market, and will be received favorably by customers. We will continue to take advantage of the attractive market environment and enhanced return parameters that we believe exist in the UK. In addition to our direct investment in the UK market, we currently hold an 18.3% interest in The Cash Store Australia Holdings Inc. ("AUC"), which acts as a broker to facilitate short-term advances and other financial services to income-earning consumers in Australia. As of September 30, 2011, AUC owned and operated 81 branches in Australia. We have also ventured into a new channel of product delivery through our 15.7% interest in RTF Financial Holdings Inc. ("RTF"), which provides short-term lending through highly automated mobile technology, utilizing SMS text messaging. RTF currently operates in Finland, Sweden, Denmark, the Netherlands and the UK, with plans to expand into additional European countries.

New Senior Secured Revolving Credit Facility

We have entered into a letter agreement providing for a new revolving credit facility (the "New Revolving Credit Facility") with a Canadian chartered bank in an amount of up to $25.0 million, which includes a letter of credit sub-facility with availability of $5.0 million. The completion of the offering is not conditional upon us having satisfied the conditions precedent to drawing on the New Revolving Credit Facility and we may not satisfy such conditions precedent prior to or concurrently with the completion of the offering, or at all. We do not currently intend to draw on the New Revolving Credit Facility as of the closing of this offering. We expect to use borrowings under the New Revolving Credit Facility, if any, in part to provide additional liquidity as we increase our direct lending activity. See "Description of Other Indebtedness—New Revolving Credit Facility" for additional information on the expected terms of the New Revolving Credit Facility.

Organizational Structure

The following chart illustrates our organizational structure after giving effect to the proposed offering:



(1) Issuer of the Notes offered hereby.

(2) Guarantor of the Notes offered hereby.

(3) We own approximately 18.3% of the issued and outstanding common shares of AUC. AUC will not be a guarantor of the Notes.

(4) We own approximately 15.7% of the issued and outstanding common shares of RTF. RTF will not be a guarantor of the Notes.

Our Corporate Information

The Cash Store Financial Services Inc. is a Canadian corporation formed in Ontario in February of 2001 with principal offices located at 17631 - 103 Avenue, Edmonton, Alberta, Canada T5S 1N8. Our telephone number is (780) 408-5110 and our website is www.csfinancial.ca. Information on, or accessible through, our website is not part of this offering circular, nor is such content incorporated by reference herein.

The Cash Store Financial Services Inc. is not affiliated with Cottonwood Financial Ltd. or the outlets Cottonwood Financial Ltd. operates in the United States under the name "Cash Store." The Cash Store Financial Services Inc. does not do business under the name "Cash Store" in the United States and does not own or provide any consumer lending services in the United States.

The Offering

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Notes" section of this offering circular contains a more detailed description of the terms and conditions of the Notes. In this "Summary—The Offering" section, "we" or "our" refers to Cash Store Financial only and not to any of its subsidiaries.

Issuer	The Cash Store Financial Services Inc.
Notes Offered	C$125,000,000 aggregate principal amount of % Senior Secured Notes due 2017.
Maturity Date	January , 2017
Interest	Interest on the Notes will accrue at a rate of % per annum, payable semi-annually in cash in arrears on January and July of each year, commencing July , 2012.
Use of Proceeds	The proceeds from this offering will be used to purchase loans receivable from our current third-party lenders in the Regulated Provinces, for general corporate purposes and to pay fees and expenses related to this offering. See "Use of Proceeds."
Guarantees	The Notes will be guaranteed, jointly and severally, on a senior secured basis, by each of our existing and future restricted subsidiaries that guarantee our indebtedness or indebtedness of any subsidiary guarantor under any credit facility. See "Description of Notes—Guarantees." As of the closing of this offering, all of our Subsidiaries will be guarantors.
Security	The Notes and the guarantees will be secured by a second-priority lien on all our and our restricted subsidiaries existing and future property (the "Collateral"), subject to specified permitted liens and certain exceptions, including an exception in respect of registration of the security interests in the Canadian provinces and territories that have not implemented regulations with respect to our industry (until such time as such province has adopted such regulations and such regulations are in force and effective). Our New Revolving Credit Facility, and other future priority lien debt that may be incurred in accordance with the indenture governing the Notes, will be secured by a first-priority lien on the Collateral. See "Description of Notes—Security."
	No appraisal of the value of the Collateral has been made in connection with this offering, and the value of the Collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the Collateral. Subject to the rights of the first-priority lenders, the liens on the Collateral may be released without the consent of the holders of the Notes if Collateral is disposed of in a transaction that complies with the indenture and the applicable security documents. In the event of a liquidation of the Collateral, the available proceeds may not be sufficient to satisfy the obligations under the Notes. See "Risk Factors—Risks Relating to Our Notes and This Offering—The Collateral may not be valuable

enough to satisfy all the obligations secured by such Collateral", "Risk Factors—Risks Relating to Our Notes and This Offering—The lien on the Collateral securing the Notes and the guarantees will be subordinated and your right to exercise remedies with respect to the Collateral will be limited by the intercreditor agreement between the collateral agent and the lenders under our New Revolving Credit Facility" and "Description of Notes—Security."

Ranking . . . . The Notes and the guarantees will be our and the guarantors' senior secured obligations and will:

- rank *pari passu* in right of payment with all of our and the guarantors' existing and future senior indebtedness;
- rank senior in right of payment to all of our and the guarantors' future subordinated indebtedness;
- be effectively senior to any unsecured indebtedness to the extent of the value of the Collateral;
- be effectively subordinated to any indebtedness that is secured by first-priority liens on the Collateral, to the extent of the value of the Collateral; and
- be structurally subordinated to any existing or future indebtedness and other liabilities, including preferred stock, of any future subsidiaries that do not guarantee the Notes (other than indebtedness and liabilities owed to us or one of the guarantors).

As of September 30, 2011, on a pro forma basis after giving effect to this offering and assuming the satisfaction of the conditions precedent to drawing on the New Revolving Credit Facility (1) we would have had approximately $126.3 million of senior indebtedness, of which $125.0 million (representing the Notes and guarantees offered hereby) would have been secured by second-priority liens on the Collateral and none of which would have been secured by first-priority liens on the Collateral; and (2) we would have had $25.0 million of availability under our New Revolving Credit Facility, including a letter of credit sub-facility with availability of $5.0 million, borrowings under which would be secured by first-priority liens on the Collateral.

Optional Redemption . . . . . . Prior to July   , 2014, we may redeem the Notes, in whole or in part, at a price equal to 100% of the principal amount thereof plus the "make whole" premium described under "Description of Notes—Optional Redemption", plus accrued and unpaid interest to the redemption date. Thereafter, we may redeem some or all of the Notes at the redemption prices listed under "Description of Notes—Optional Redemption," plus accrued and unpaid interest to the redemption date.

At any time prior to July   , 2014, we may redeem up to 35% in total of the aggregate principal amount of the Notes at a redemption price of   % of the aggregate principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net

	proceeds of certain equity offerings. See "Description of Notes—Optional Redemption."
Additional Amounts/Tax Redemption	We may, at our option, redeem all, but not less than all, of the Notes at any time at 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, as a result of certain changes affecting Canadian withholding taxes. See "Description of Notes—Redemption for Tax Reasons" and "Description of Notes—Additional Amounts."
Change of Control	If we experience certain kinds of changes of control, we must offer to purchase the Notes at 101% of their principal amount, plus accrued and unpaid interest. See "Description of Notes—Repurchase at the Option of Holders—Change of Control."
Mandatory Offer to Repurchase Following Certain Asset Sales	If we sell certain assets, under certain circumstances we must offer to repurchase the Notes at par. See "Description of Notes—Repurchase at the Option of Holders—Asset Sales."
Certain Covenants	The indenture governing the Notes will contain covenants that limit, among other things, our ability and the ability of our restricted subsidiaries to: • make restricted payments; • make investments; • incur additional debt or issue certain preferred shares; • create liens; • merge or consolidate, or sell, transfer or otherwise dispose of substantially all of our assets; • enter into certain transactions with affiliates; and • designate our subsidiaries as unrestricted. On the date the Notes are issued, all of our subsidiaries will be restricted subsidiaries, as defined in the indenture governing the Notes. The covenants applicable to us and our restricted subsidiaries are subject to a number of important qualifications and limitations and certain of the covenants will be suspended at any time that the Notes have an investment grade rating. See "Description of Notes—Certain Covenants."
Payments	Although we will make all payments of principal and interest on the Notes in Canadian dollars, holders of Notes held through DTC will receive such payments in U.S. dollars, except as set forth below. Canadian dollar payments received by CDS will be exchanged into U.S. dollars and paid directly to DTC in accordance with procedures established from time to time by CDS and DTC. All costs of conversion will be borne by holders of Notes held through DTC who receive payments in U.S. dollars. Holders of Notes held through

	DTC may elect, through procedures, if available, established from time to time by DTC and its participants, to receive Canadian dollar payments, in which case such Canadian dollar amounts will be transferred directly to Canadian dollar accounts designated by such holders to DTC. See "Book Entry, Delivery and Form".
The Offering	Certain of the Notes will be offered and sold by the Company to the initial purchasers for resale by the initial purchasers (i) in the United States or to certain U.S. persons, to qualified institutional buyers, pursuant to Rule 144A under the Securities Act and (ii) to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. In addition, certain of the Notes will be offered and sold by the Company directly to certain non-U.S. persons in Canada who are third-party lenders in the Regulated Provinces in offshore transactions in reliance on Regulation S under the Securities Act on a basis that is exempt from the prospectus requirements under applicable securities laws in Canada.
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. We are not required and do not intend to register the resale of the Notes or conduct a registered exchange offer in respect of the Notes under the Securities Act. The Notes have not been qualified for sale to the public by prospectus under the securities laws of any province or territory of Canada. The Notes initially sold to investors in Canada are subject to restrictions on transfer in Canada and may not be sold or transferred directly or indirectly except in compliance with applicable securities laws of any province or territory of Canada. Theses resale restrictions may in some circumstances apply to resales made outside of Canada.
Absence of an Established Market for the Notes	The Notes will be a new class of securities for which there is currently no market. Although the initial purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so, and they may discontinue market-making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained. We do not intend to list the Notes on any securities exchange or to have the Notes quoted on any automated dealer quotation system.
Risk Factors	You should carefully consider all of the information in this offering circular. In particular, for a discussion of some specific factors that you should consider before buying the Notes, see "Risk Factors."

For more information about the Notes, see "Description of Notes" in this offering circular.

Summary Historical Consolidated Financial Data

Our summary financial data for the fiscal periods ended June 30, 2007, 2008, 2009, and September 30, 2010 and 2011 presented below are derived from our audited consolidated financial statements as of and for such periods. In 2010, we changed our fiscal year end from June 30 to September 30. The fiscal year end change resulted in a 15-month reporting period from July 1, 2009 to September 30, 2010. Our summary financial data for the twelve months ended September 30, 2010 presented below are derived from our unaudited interim consolidated financial statements as of and for such period.

The financial statements described above were prepared in accordance with Canadian GAAP. Canadian GAAP differs in certain material respects from U.S. GAAP, and as such our financial results prepared in accordance with Canadian GAAP are not directly comparable to financial results prepared in accordance with U.S. GAAP. For a discussion of the principal differences between our financial results determined under Canadian GAAP and U.S. GAAP, see note 27 to our audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010, which are included elsewhere in this offering circular.

The summary financial data set forth below are not necessarily indicative of our future results of operations or financial condition. Results for prior periods are not indicative of future performance, and interim results are not indicative of results for a full year. You should read this summary financial information together with the section of this offering circular titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes thereto included elsewhere in this offering circular. All of the financial information is presented in Canadian dollars.

	Fiscal Period Ended				Twelve Months Ended	Fiscal Period Ended
	June 30, 2007	June 30, 2008	June 30, 2009	September 30, 2010[1]	September 30, 2010	September 30, 2011
	(in thousands, except average loan size and branch figures)					
Statement of Income Data:						
Revenue	$123,562	$130,799	$150,505	$220,518	$178,982	$189,899
Salaries and benefits	44,025	47,327	56,102	84,614	69,308	77,136
Selling, general and administrative	24,255	23,113	26,715	32,550	26,466	31,691
Retention payments	23,418	20,111	17,988	28,167	23,067	26,786
Rent	9,328	10,680	11,943	18,553	15,347	19,074
Advertising and promotion	4,704	3,929	3,267	6,109	4,816	5,865
Provision for loan losses	—	—	49	788	756	2,559
Amortization of capital assets/ Depreciation of property and equipment	4,091	5,021	5,827	8,138	6,382	7,950
Amortization of intangible assets	312	226	185	923	852	965
Class action settlements	—	—	6,910	2,915	2,915	3,206
Income before income taxes[2]	13,429	20,392	21,519	37,761	29,073	14,667
Provision for income taxes	4,760	7,870	6,872	11,297	8,249	5,625
Net income[3]	$ 8,669	$ 12,522	$ 14,647	$ 26,464	$ 20,824	$ 9,042
Other Financial Data:						
Adjusted EBITDA[4]	$ 33,148	$ 39,171	$ 49,912	$ 73,971	$ 59,157	$ 49,006
Capital Expenditures	3,283	5,786	6,274	20,088	15,973	9,986
Other Operating Data:						
Total Loans Brokered	$498,519	$522,000	$594,000	$938,483	$772,617	$821,400
Average Loan Size (net of all fees)	$ 345	$ 360	$ 365	$ 469	$ 469	$ 492
Number of Branches	358	384	424	544	544	586

	As of September 30, 2011	
	Actual	As Adjusted[7]
	(in thousands)	
Balance Sheet Data:		
Cash[5]	$ 19,291	$ 22,291
Total assets	121,839	246,839
Total debt[6]	1,295	126,295
Total shareholders' equity	87,346	87,346

	Fiscal Period Ended September 30, 2011
As Adjusted Credit Statistics:[7]	
Total debt[6] to Adjusted EBITDA	2.6x
Adjusted EBITDA to interest expense[8]	3.4x

(1) In 2010, we changed our fiscal year end from June 30 to September 30. The fiscal year end change resulted in a 15-month reporting period from July 1, 2009 to September 30, 2010.

(2) For the years ended June 30, 2008 and 2007, income before income taxes represents income from continuing operations before income taxes.

(3) For the years ended June 30, 2008 and 2007, net income represents income from continuing operations.

(4) We define Adjusted EBITDA as net income plus provision for income taxes, interest expense, amortization of capital assets/depreciation of property and equipment, amortization of intangible assets, stock based compensation, class action settlements and annual return component of retention payments. Adjusted EBITDA is not a measure of operating performance or liquidity under Canadian GAAP or U.S. GAAP and, as used in this offering circular, is not necessarily comparable to similarly titled measures used by other companies. Management believes that Adjusted EBITDA may be useful to potential purchasers of the Notes in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. The items excluded from Adjusted EBITDA are significant in assessing our operating results and liquidity. Therefore, Adjusted EBITDA should not be considered in isolation from or as an alternative to operating income, cash provided from operating activities or other income or cash flow data prepared in accordance with Canadian GAAP. A reconciliation of Adjusted EBITDA to net income is set out below:

	Fiscal Period Ended				Twelve Months Ended	Fiscal Period Ended
	June 30, 2007	June 30, 2008	June 30, 2009	September 30, 2010[1]	September 30, 2010	September 30, 2011
	(in thousands)					
Net Income[3]	$ 8,669	$12,522	$14,647	$26,464	$20,824	$ 9,042
Provision for income taxes	4,760	7,870	6,872	11,297	8,249	5,625
Interest Expense[a]	26	9	77	180	153	147
Amortization of capital assets/ Depreciation of property and equipment	4,091	5,021	5,827	8,138	6,382	7,950
Amortization of intangible assets	312	226	185	923	852	965
EBITDA	$17,859	$25,648	$27,608	$47,002	$36,460	$23,729
Stock based compensation	1,160	625	977	1,098	916	786
Class action settlements	—	—	6,910	2,915	2,915	3,206
Component of retention payments[b]	14,129	12,898	14,417	22,956	18,866	21,285
Adjusted EBITDA	$33,148	$39,171	$49,912	$73,971	$59,157	$49,006

(a) Included in selling, general and administration costs.

(b) This amount is the portion of retention payments that specifically relates to our effective cost of capital with respect to loans originated in the Regulated Provinces held by our third party lenders which we intend to purchase with the net proceeds of this offering.

(5) Approximately $6.3 million of this cash was subject to restrictions. See note 4 to our audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010, which are included elsewhere in this offering circular.

(6) Total debt includes current and long term obligations under capital leases plus, on an as adjusted basis, the Notes offered hereby.

(7) As adjusted for the issuance of the Notes and the application of the use of proceeds therefrom.

(8) Interest expense includes interest on capital leases plus interest on the Notes offered hereby.

RISK FACTORS

Any investment in the Notes involves a high degree of risk. You should consider carefully the following information about these risks, together with the other information contained in this offering circular, before buying any of the Notes offered hereby. Additional risks or uncertainties presently known to us, or that we currently deem immaterial and risks and uncertainties that we are not presently aware of may also impair our business operations. We cannot assure you that any of the events discussed in the risk factors below will not occur.

Risks Relating to our Business and Industry

Our business is subject to risks and uncertainties that could result in material adverse effects on our business and financial results. An investment in the Notes also involves a number of risks. You should consider carefully the following information about these risks, together with the other information included in this offering circular, before buying the Notes offered hereby. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. We cannot assure you that any of the events discussed in the risk factors below will not occur. If they do, our business, financial condition and results of operations could be materially adversely affected. In such case, the trading price of the Notes could decline, and you might lose all or part of your investment. See the section entitled "Cautionary Note Regarding Forward-Looking Statements."

The industry in which we operate is strictly regulated in each jurisdiction in which we operate. Failure to comply with, or changes to, existing or future laws and regulations, could result in significant unforeseen costs and limitations, and have an adverse impact on our business, results of operations, financial condition and our ability to service our debt obligations.

The alternative financial services industry is regulated at the federal and provincial level in Canada and at the national level in the UK. This regulation is extensive and designed to protect consumers and the public, while providing standard guidelines for business operations. The laws and regulations are subject to interpretation and change which could impose significant costs or limitations on the way we conduct or expand our business. These laws and regulations typically impose restrictions and requirements governing interest rates and fees; maximum loan amounts; the number of simultaneous or consecutive loans and required waiting periods between loans; loan extensions and refinancings; payment schedules (including maximum and minimum loan durations); required repayment plans for borrowers claiming inability to repay loans; disclosures to borrowers; security for loans and payment mechanisms; and licensing. In Canada, we are also subject to federal and provincial laws and regulations relating to our other financial products, including laws and regulations governing cost of credit disclosure, collection of receivables and collection practices, recording and reporting certain financial transactions, identifying and reporting suspicious activities and safeguarding the privacy of customers' non-public personal information. We believe that we are in substantial compliance with all federal and provincial laws and regulations although many of the rules that apply to us have only recently been implemented, are complex and sometimes ambiguous and, accordingly, we cannot assure that we are in 100% compliance with all applicable laws, much less that all courts, arbitrators and regulators would agree that we are in 100% compliance. On November 9, 2010, the regulatory authority in the province of British Columbia issued a compliance order requiring us to reimburse certain costs to past borrowers, make certain borrowing options available to borrowers, cease certain practices and pay certain costs of the regulator. We have disputed the findings upon which this compliance order was based and on December 9, 2010 we filed a Request for Redetermination. In May 2011, the regulatory authority in the province of Alberta issued an order directing us to cease certain specified alleged practices in contravention of the Alberta payday loan regulations. We served

notice to the Government of Alberta of our intention to appeal the order in June 2011, but ultimately abandoned the appeal in October 2011.

The provincial regulatory environment has not yet stabilized and is constantly changing as new regulations are introduced and existing regulations are repealed, amended and modified and there can be no assurance that these regulations will not have a detrimental effect on our business in the future.

On July 16, 2011, the Ontario Ministry of Consumer Services published amendments to the general regulation of the *Payday Loans Act*, 2008 (Ontario) (the "Ontario Act") which include, among other requirements, the requirement that the lender ensures that the borrower is informed orally of all the means for obtaining a payday loan from the lender. The regulations also specify certain types of fees charged directly or indirectly to a borrower that has entered into a payday loan agreement that must be included in the cost of borrowing. These fees include charges related to the use of a "device" such as a debit card, pre-paid card or cheque. The effect of the amendments to the regulation is to prohibit licensees from providing or offering to provide other goods or services in connection with a payday loan, whether on the licensee's own behalf or on behalf of any other person. The amendments also prescribe certain circumstances under which a payday lender must provide and disclose to the borrower the availability of the option to remit a device to the payday lender and receive, in cash, the balance outstanding on the device.

The amendments came into force September 1, 2011 and may significantly impact the profitability of our business in Ontario. Following legal advice, we have commenced an application for judicial review seeking a declaration that the amendments are outside the scope of the regulator's authority and unenforceable. Pending the application for judicial review, we are considering what, if any, changes to our business practices may be required by the amendments. While we have made changes to our business practices to comply with the new regulations, those changes and our regulatory compliance may be subject to review and challenge in Ontario. The regulations apply to provincially licensed payday lenders.

Although we believe that we are also in substantial compliance with all laws and regulations that apply to us in the UK, there is no assurance that existing laws and regulations in the UK will not change and that such change will not have a detrimental effect on our business in the future. See "Business—Regulatory Environment."

Legal, class action and regulatory proceedings directed towards our industry or us may have a material adverse impact on our results of operations, cash flows, financial condition and ability to service our debt obligations.

Our business is subject to lawsuits and regulatory proceedings that could generate adverse publicity and cause us to incur substantial legal expenditures. Class action litigation proceedings are underway against most of the significant short-term advance businesses in Canada, including proceedings against us in Alberta and Manitoba. See "Business—Legal Proceedings." In addition, we may be subject to additional legal and regulatory proceedings in the future and the implementation of regulation in the Regulated Provinces may not have the effect of decreasing litigation. The resolution of any current or future legal proceeding could cause us to have to refund fees and/or interest collected, refund the principal amount of advances, pay damages or other monetary penalties and/or modify or terminate our operations in particular local and federal jurisdictions. Defense of any legal proceedings, even if successful, requires substantial time and attention of our senior officers and other management personnel that would otherwise be spent on other aspects of our business and requires the expenditure of significant amounts for legal fees and other related costs. Settlement of lawsuits may also result in significant payments and modifications to our operations. Our failure to successfully defend ourselves in any of the currently filed class action lawsuits, or future legal or regulatory actions, could have a material adverse effect on our ability to conduct our business, results of operations and financial

condition and ability to service our debt obligations, including with respect to the Notes, in future periods.

Transitioning our business model from primarily brokering loans to a direct-lending model may not have a positive effect on our business.

With the proceeds of the offering, we will move the balance of our loan portfolio onto our balance sheet and will lend directly to our customers in regulated provinces, rather than through third-party lenders. While we believe moving our loan portfolio onto our balance sheet will lower our costs of capital and allow us to capture a greater portion of revenue by reducing retention payments to third-party lenders, there is no guarantee that the desired outcome will occur and the transition of our business model to directly lending to our customers carries significant risk. The transition from primarily brokering loans to primarily directly lending to customers will require additional infrastructure and knowledge on the part of our associates. In addition, we may face adverse tax consequences as a result of the change in our business model if, for income tax purposes, our business should be characterized differently than it is currently characterized. Failure to successfully implement the transition to a primarily direct lending model, or operate as a direct provider of short-term advances could negatively impact our business and financial condition.

We rely on third-party lenders to advance funds to our customers.

Following the completion of this offering and the use of proceeds thereof, we intend to fund the majority of our short-term advances directly to our customers in the Regulated Provinces; however, funds advanced to customers in unregulated areas will continue to be provided by independent third-party lenders. We estimate that this portion of our business will account for approximately 6% of our revenue after the offering. As a result, this portion of our business will remain dependent on third-party lenders who are willing to make funds available for lending to our customers. There are no assurances that the existing or new third-party lenders will continue to make funds available to our customers. Any reduction or withdrawal of funds could have a significant material adverse impact on this portion of our business.

To facilitate the short-term advance business, we have entered into written agreements with the third-party lenders who are prepared to consider lending to our customers. Pursuant to these agreements, we provide services to the lenders related to the collection of documents and information as well as loan collection services. The agreements also provide that the third-party lenders are responsible for losses suffered on account of uncollectible loans provided we have properly performed our obligations under the terms of the agreements. In the event we do not properly perform our obligations and the lenders make a claim as required under the agreement, we may be liable to the lenders for losses they have incurred. Material terms of our agreements with third-party lenders include ensuring that any proposed loan was applied for through an authorized outlet, ensuring each potential customer meets the loan selection criteria as set forth by the third-party lender prior to approval and release of funding, satisfying the documentation requirements in a full and timely manner, providing loan management services throughout the term of the loan, and providing default realization services on behalf of the third-party lender for all loans funded which are not paid in full by the due date, all while ensuring information system integrity is maintained. Losses suffered on account of uncollectible loans are not contractually our responsibility as long as we have performed and fulfilled our obligations under the terms of the third-party lender agreements. A liability is recorded when it is determined that we have a liability under the agreement. The contingent risk is the balance of the third-party lenders' loan portfolio which totaled approximately $105 million as of September 30, 2011 (September 30, 2010—$109 million).

Pursuant to these agreements between us and the third-party lenders, the third-party lenders are not guaranteed any specific returns. While no claims have been made by the third-party lenders to

date, we have made the decision to voluntarily make retention payments to the third-party lenders as consideration for continuing to advance funds to our customers. The retention payments are made pursuant to a resolution approved by our board of directors (the "Board") which authorizes management to pay a maximum amount of retention payments per quarter, and the retention payments are recorded in the period in which a commitment is made to a lender pursuant to the resolution.

If our estimates of loan losses are not adequate to absorb losses, our results of operations and financial condition may be adversely affected.

As we transition our business from a model primarily brokering loans between customers and third-party lenders to a direct lending model, we will need to maintain an allowance for loan losses for anticipated losses on loans we fund and loans in default. To estimate the appropriate level of loan loss reserves, we will consider known and relevant internal and external factors affecting loan collectability, including the amount of loans owed to us, historical percentages of loans written off, current collection patterns and current economic trends. As of September 30, 2011 our allowance for loan losses on company-funded loans was $2.8 million. We only began materially originating loans within the past fifteen months and we are still gathering information to substantiate default rates. These amounts will likely increase as we transition to a direct lending model. These reserves, however, are estimates, and if actual loan losses are materially greater than our loan loss reserves, our results of operations and financial condition could be materially adversely affected.

We are dependent on existing corporate relationships, the loss or impairment of which may have a material adverse impact on our results of operations, cash flows, and financial condition.

We are highly dependent on a number of corporate relationships, and the loss of one of these key relationships could have a material adverse impact on our operations, cash flows and financial condition. Further, we cannot be certain we will be able to enter into new relationships on terms as favourable as our current relationships if these relationships and/or agreements were terminated or not renewed. The loss of a material relationship could have an immediate adverse impact on our business. Our operations are dependent on DirectCash Bank, which provides our pre-paid debit and credit cards, consumer bank accounts, point-of-sale and other electronic payment services, and Trans Global Insurance, which provides optional product insurance. A majority of the advances provided to customers are completed through the debit card and pre-paid credit card services offered by DirectCash Bank, and all of our optional product insurance is provided by Trans Global Insurance. While there are a number of suppliers of these services, any adverse condition experienced by our existing suppliers could have a material impact on the operations of our business.

Current and future competition in the financial services industry could cause us to lose market share and revenues.

We are subject to significant and varied competitive risks. The competitive environment within which we operate is somewhat fragmented but could consolidate if large U.S.-based companies decide to directly increase their involvement in Canada or the UK. There are few barriers to entry to our industry. In the short-term advance market, our largest competitor is Dollar Financial Corp. ("Dollar Financial"), a U.S.-based public company. Dollar Financial operates approximately 444 branches in Canada under the banner "Money Mart." This excludes 33 branches in Québec which do not provide short-term advances. "Cash Money" is the next largest operator in Canada with 130 branches. The rest of the market consists of small, single branch operations and regional operations that may have a number of short-term advance branches in a given region. Competition also comes from companies, such as cheque cashers, pawnshops, rental stores and others, that offer short-term advances as an ancillary service. Several companies also provide short-term advances via the Internet. Some of our competitors may have larger local or regional customer bases, more locations, and larger financial,

marketing and other resources than us. There are indications that the implementation of provincial regulations has caused new market entrants to open locations in Canada that will compete with ours. For example, the largest short-term lender in the U.S., Advance America, Cash Advance Centers, Inc. has opened several locations within Canada on a test basis. Advance America currently operates approximately 2,300 retail outlets in 29 U.S. jurisdictions. In addition, a large U.S. company, EZCorp Inc., moved into the Canadian market following the end of calendar year 2010. EZCorp Inc. operates 62 branches in Canada (including 13 franchise locations) under the banner "CASHMAX" and 15 financial and retail services stores under the banner "Cash Converters." We also face competition with respect to the increasing range of financial products and services we offer our customers. Our competitors may offer the same, substantially the same, or a greater number of financial products and services than we offer. As a result of increasing competition, we could lose market share, possibly resulting in a decline in future revenues and earnings.

We have a significant shareholder whose interests may differ from the interests of holders of Notes.

Mr. Gordon J. Reykdal, Cash Store Financial's founder, Chairman and Chief Executive Officer, beneficially owned, directly or indirectly, or had control or direction over, approximately 20.6% of our common shares outstanding as of September 30, 2011. Accordingly, Mr. Reykdal may be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. Mr. Reykdal's interests may conflict with those of holders of Notes. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of the stockholders might conflict with the interests of holders of Notes. Mr. Reykdal might also have an interest in pursuing transactions that, in his judgment, could enhance his equity investments, even though such transactions might involve risks to holders of Notes. Some of these types of transactions may not constitute a "change of control" under the Notes or otherwise be prohibited by the terms of the Notes. In addition, subject to the approval of the Board, Mr. Reykdal could cause us to make acquisitions that increase the amount of our indebtedness or sell assets, either of which may impair our ability to make payments under the Notes.

If we lose key management personnel or are unable to attract and retain the talent required to operate and grow our business or if we are required to substantially increase our labor costs to attract and retain qualified employees, our business, results of operations, cash flows and financial condition could be adversely affected.

Our success is dependent on the efforts, skills and performance of a limited number of key individuals, in particular, Mr. Gordon J. Reykdal, Chairman and Chief Executive Officer, as well as other members of senior management and key associates. The loss of their services for any reason could have a material adverse impact on us. There is competition for such personnel and there can be no assurance that we will be successful in attracting and retaining such personnel as our business may require. Failure to attract and retain key associates with the necessary skills could have a material adverse impact on us.

Our business may be affected if our growth is not managed effectively.

We have undergone rapid expansion and growth since our inception. We plan to grow by opening additional branches in markets in which we currently operate as well as expanding into new markets. In Canada, our number of branches in operation has grown to 586 as of September 30, 2011, which compares to 384 as of June 30, 2008. There is no guarantee that current or future revenue and earnings from this expansion and growth will be sufficient to maintain current valuations. Our business strategy depends on our ability to compete for suitable locations, to adapt infrastructure and systems to accommodate growth, and to obtain adequate financing for expansion plans in order to ensure continued product diversification. The start-up costs and the losses from initial operations attributable to each newly opened location place additional demands upon liquidity and cash flow. In addition, our

ability to execute our growth, product diversification and infrastructure enhancement strategies will depend on a number of other factors, some of which may be beyond our control, including:

- the prevailing laws and regulatory environment of each province or jurisdiction in which we operate, which are subject to change at any time;
- our ability to obtain and maintain any regulatory approvals, government permits or licenses that may be required;
- the degree of competition in new markets and for new products and services and its effect on our ability to attract new customers;
- the ability to compete for expansion opportunities in suitable locations;
- our ability to manage increased credit risk;
- the ability to recruit, train and retain qualified personnel; and
- the ability of our systems, procedures, controls and existing space to continue to support the expansion of our operations.

Current branch levels and future expansion, if any, may further strain our management, financial and other resources. Our future results of operations will substantially depend on the ability of our officers and key associates to manage changing business conditions and regulatory environments and to implement and improve our technical, administrative, and financial control and reporting systems.

Opening or acquiring new branches can involve significant start-up costs and place demands upon our liquidity and cash flow, and we cannot assure you that we will be able to satisfy these demands. Additionally, new branches may not reach profitability in their first year, or ever. As a result, opening a number of new branches over a short period of time may materially decrease our net income. Further, there can be no assurance that we will fully recover these start-up costs.

Our ability to open and acquire new branches is subject to outside factors and circumstances over which we have limited control or that are beyond our control which could adversely affect our growth potential.

Our expansion strategy includes opening new branches and acquiring existing branches. The success of this strategy is subject to numerous outside factors, such as the availability of attractive acquisition candidates, the availability of acceptable business locations, the ability to access capital to acquire and open such branches and the ability to obtain required permits and licenses. We have limited control, and in some cases, no control, over these factors. The failure to execute our expansion strategy would adversely affect our ability to expand our business and could materially adversely affect our results of operations financial condition and ability to service our debt obligations, including with respect to the Notes.

The international scope of our expansion and operations may contribute to increased costs and negatively impact our operations.

Our operations and expansion in the UK are significant to our business and will likely be more significant in the future, and present risks which may vary from those we face domestically. Our expansion will require significant investment in infrastructure and other associated start-up costs. At September 30, 2011, our UK operations represented 5.2% of our total assets. Since international operations increase the complexity of an organization, including with respect to regulatory compliance, we may face additional administrative costs in managing our business. In addition, most countries typically impose additional burdens on non-domestic companies through the use of local regulations, tariffs and labor controls. Unexpected changes to the foregoing could negatively impact our results of operations, financial condition and ability to service our debt obligations.

Foreign currency fluctuations may adversely affect our results of operations.

Most of our revenues and expenses are received or denominated in Canadian dollars, however, we derive revenue, earnings and cash flow from our operations in the UK, and expect the amount of such revenue, earnings and cash flow from the UK may grow significantly. Our results of operations are vulnerable to currency exchange rate fluctuations principally in the British Pound against the Canadian dollar. Variations in the value of these currencies against each other may have a material impact on our business, plans for expansion, results of operations and financial condition.

If we do not generate a sufficient amount of cash, which depends on many factors beyond our control, our liquidity and our ability to service our indebtedness and fund our operations would be harmed.

We believe that our cash flow from operations, available cash and available borrowings under our credit facilities will be adequate to meet our future liquidity needs. However, after the transactions contemplated in the offering, we will have substantial debt service obligations, working capital needs and contractual commitments. We will also increase our direct lending activities, requiring additional liquidity. The entry into the New Revolving Credit Facility is not a condition of this offering and the terms of the New Revolving Credit Facility, if the conditions to borrowing are satisfied, may differ significantly from those described in this offering circular, including with respect to the availability of borrowings thereunder. We cannot assure you that our business will generate sufficient cash flow from operations, that our anticipated revenue growth will be realized or that future borrowings will be available to us under credit facilities in amounts sufficient to enable us to pay our existing indebtedness, fund our expansion efforts, loan funds directly to our customers or fund our other liquidity needs.

We have no operations and depend on subsidiaries to generate cash.

We are a holding company with no operations of our own and, as such, depend on subsidiaries to generate earnings. If our subsidiaries do not generate a sufficient amount of cash, our liquidity (and therefore our ability to service indebtedness and fund operations) would be materially impaired.

A failure or disruption in our information systems could have a material adverse impact on our results of operations, cash flows and financial condition.

We rely upon information systems to manage and operate our operations. We maintain a standalone computer system and, on a daily basis, each branch forwards their daily transaction files to our head office via the Internet to permit us to reconcile cash balances and to report revenues and loan transactions to our head office. In addition, the branches utilize the Internet to load customer advances on debit cards and pre-paid credit cards. We are reliant on a third-party provider for these debit and credit card services. Any extended disruption to our computer systems or the Internet could adversely affect our business, results of operations and/or financial condition.

Our success is dependent on sustained consumer demand for our products and services. A change in economic condition or other adverse factors could have an adverse effect on consumer demand for short-term advances, and thus our results of operations, cash flows and financial condition.

The majority of our revenue is derived from loan fees. Factors that may influence demand for our products and services include macroeconomic conditions such as employment, personal income and consumer sentiment. The underwriting standards of our third-party lenders require, and we require and expect to continue to require as a direct lender, among other things, that our customers have a steady source of income as a prerequisite for making a loan. If consumers become more pessimistic regarding their economic prospects (and the prospects of the economy generally) and therefore spend less and save more, demand for short-term advances in general may decline. Negative press coverage and efforts of special interest groups to persuade customers that short-term advances and other alternative

financial services provided by us are predatory and abusive could also negatively affect demand for our products and services. If consumers accept this negative characterization of our business and/or our products on a widespread basis, demand for our loans could significantly decline, which would negatively affect our revenues and results of operations. Should we fail to adapt to significant changes in our customers' demand for our products or services, our revenues could decrease significantly and our results of operations could be harmed. Even if we do make changes to existing products or services or introduce new products or services to fulfill changing customer demands, our customers may resist or reject such products or services.

During periods of economic and financial market uncertainty, we analyze the impact of market fluctuations on the industry, particularly in the areas of revenue growth, default rates and access to capital. To date, we have not experienced any substantial negative effects to our business or to our ability to meet our customers' needs; however, there is a risk that economic and financial market uncertainty could negatively impact us.

We have a significant amount of goodwill which is subject to periodic review and testing for impairment.

As of September 30, 2011, we had goodwill of $39.1 million, representing a significant portion of the $121.8 million in total assets reflected on our consolidated balance sheet as of such date. Accounting for intangible assets such as goodwill requires us to make significant estimates and judgments, and as a result we may not realize the value of such intangible assets. In accordance with Canadian and U.S. generally accepted accounting principles, we conduct an impairment analysis of our goodwill annually and at such other times when an event or change in circumstances occurs which would indicate potential impairment. A variety of factors could cause the carrying value of an intangible asset to become impaired, including that our cash flow from operations is not sufficient to meet our future liquidity needs. Should such a review indicate impairment, a write-down of the carrying value of the intangible asset would occur, resulting in a non-cash charge, which could adversely affect our reported results of operations and could materially impact the reported balance of our total shareholders' equity.

Our business is seasonal in nature, which causes our revenues and income to fluctuate.

Our business is seasonal. Historically, we have generally experienced our highest revenues and earnings during the quarter ending June 30, when revenues from financial services associated with tax filings and tax refunds peak. The annual distribution of holidays also affects the seasonal nature of our business. This seasonality requires us to manage our cash flows over the course of the year. If our revenues were to fall substantially below what we would normally expect during certain periods, our financial results would be adversely impacted and our ability to service our debt, including our ability to make interest payments on our debt, may also be adversely affected.

Changes in local rules and regulations such as local zoning ordinances could negatively impact our business, results of operations and financial condition.

In addition to provincial and federal laws and regulations, our business can be subject to various local rules and regulations such as local zoning regulations. Any actions taken in the future by local zoning boards or other local governing bodies to require special use permits for, or impose other restrictions on, our ability to provide products and services could adversely affect our ability to expand our operations or relocate existing branches.

Improper disclosure of personal data could result in liability and harm our reputation.

We store and process large amounts of personally identifiable information, consisting primarily of customer information. It is possible that our security controls over personal data, our training of employees and other practices we follow may not prevent the improper disclosure of personally

identifiable information. Such disclosure could harm our reputation and subject us to liability under laws that protect personal data, resulting in increased costs or loss of revenue.

Risks Relating to Our Notes and this Offering

Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under the Notes or other indebtedness.

Upon consummation of this offering, we will have a significant amount of indebtedness. As of September 30, 2011, on a pro forma basis after giving effect to this offering and the application of the net proceeds therefrom as described under "Use of Proceeds", our outstanding senior indebtedness would have been approximately $126.3 million, $125.0 million of which would have been secured indebtedness represented by the Notes, and (assuming the satisfaction of the conditions precedents to drawing on the New Revolving Credit Facility) we would have had $25.0 million of availability under our New Revolving Credit Facility. In addition, the indenture relating to the Notes and our New Revolving Credit Facility will permit us to incur substantial additional indebtedness in the future. See "—Despite our current indebtedness levels and restrictive covenants, we may still be able to incur significant additional indebtedness in the future. This could further exacerbate the risks associated with our substantial financial leverage" below.

Our substantial indebtedness could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the Notes and our other indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, business development, acquisitions, general corporate or other purposes;
- increase our vulnerability to and limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- increase our vulnerability to general adverse economic and industry conditions;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- limit our ability to refinance our indebtedness, including the Notes, or to obtain additional debt or equity financing for working capital, capital expenditures, business development, debt service requirements, acquisitions and general corporate or other purposes.

We expect to use cash flow from operations, the proceeds from this offering of the Notes and borrowings under our New Revolving Credit Facility to meet our current and future financial obligations, including funding our operations, debt service requirements, acquisitions and capital expenditures. Our ability to make these payments depends on our future performance, which will be affected by financial, business, economic and other factors, many of which we cannot control. Our business may not generate sufficient cash flow from operations in the future, which could result in our being unable to repay indebtedness or to fund other liquidity needs. In addition, the indenture governing the Notes and the agreement governing our New Revolving Credit Facility will contain affirmative and negative covenants that will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts. See "—Restrictive

Covenants in the indenture governing the Notes and the agreement governing our New Revolving Credit Facility may impose limitations on the conduct of our business.”

Despite our current indebtedness levels and restrictive covenants, we may still be able to incur significant additional indebtedness in the future. This could further exacerbate the risks associated with our substantial financial leverage.

We will be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. Although the indenture governing the Notes and the agreement governing our New Revolving Credit Facility will contain restrictions on our ability to incur indebtedness and liens, those restrictions are subject to a number of exceptions. In particular, we expect to have approximately $25.0 million of availability under our New Revolving Credit Facility, including a letter of credit sub-facility with availability of $5.0 million. Our New Revolving Credit Facility and the indenture governing the Notes will also allow us to incur certain other additional secured debt, including debt that shares in the Collateral securing the Notes on a *pari passu* basis, and the indenture will not prevent us from incurring other liabilities that do not constitute “Indebtedness” as defined in the indenture. If we designate some of our restricted subsidiaries under the indenture and our New Revolving Credit Facility as unrestricted subsidiaries, those unrestricted subsidiaries would be permitted to borrow beyond the limitations specified in the indenture and engage in other activities in which restricted subsidiaries may not engage. We may also consider investments in joint ventures or acquisitions, which could increase our indebtedness. Moreover, although our New Revolving Credit Facility and the indenture governing the Notes will contain restrictions on our ability to make restricted payments, we will be able to make substantial restricted payments under certain circumstances. Adding new debt to current debt levels or making restricted payments could intensify the risks that we now face.

To service our indebtedness, we will require a significant amount of cash, and our ability to generate cash depends on many factors beyond our control.

Our ability to make scheduled cash payments on and to refinance our indebtedness, including the Notes, and to fund planned capital expenditures will depend on our ability to generate significant operating cash flow in the future, which, to a significant extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We may not be able to maintain a sufficient level of cash flow from operating activities to permit us to pay the principal, premium, if any, and interest on the Notes and our other indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or seek to restructure or refinance our indebtedness, including the Notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to sell material assets or operations in an attempt to meet our debt service and other obligations. The indenture governing the Notes and the agreement governing our New Revolving Credit Facility will restrict our ability to conduct asset sales and/or use the proceeds from asset sales. We may not be able to consummate those asset sales to raise capital or sell assets at prices and on terms that we believe are fair and any proceeds that we receive may not be adequate to meet any debt service obligations then due.

Restrictive covenants in the indenture governing the Notes and/or our New Revolving Credit Facility may impose limitations on the conduct of our business.

The indenture governing the Notes and/or our New Revolving Credit Facility will limit our ability, and the terms of any future indebtedness may limit our ability, among other things, to:

- incur or guarantee additional indebtedness;
- make capital expenditures;
- make certain investments and acquisitions;
- amend our dividend policy or pay dividends or make distributions on our capital stock or make certain other restricted payments;
- sell assets, including capital stock of restricted subsidiaries;
- enter into transactions with our affiliates;
- create or incur liens;
- agree to payment restrictions affecting our restricted subsidiaries;
- make certain restricted payments;
- act as a third-party broker of payday loans in the Regulated Provinces;
- make certain restricted payments;
- amend our underwriting standards;
- form subsidiaries or fund foreign subsidiaries;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- designate any of our subsidiaries as unrestricted subsidiaries.

In addition, under the terms of our New Revolving Credit Facility, we must maintain a specified fixed charge coverage ratio and debt to EBITDA ratio. A breach of the covenants or restrictions under the indenture governing the Notes or the agreement governing our New Revolving Credit Facility could result in a default under the applicable indebtedness. Any such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under our New Revolving Credit Facility would permit the lender thereunder to terminate all commitments to extend further credit thereunder. Furthermore, if we were unable to repay the amounts due and payable under that facility, the lender could, pursuant to the security documents, proceed against the Collateral in which they have a first-priority security interest. In the event our lender and holders of Notes accelerate the repayment of our borrowings, we cannot assure you that we would have sufficient assets to repay such indebtedness or be able to borrow or raise additional equity in an amount sufficient to repay such indebtedness.

Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms acceptable to us. As a result of these restrictions, we may be:

- limited in how we conduct our business and execute our business strategy;
- unable to raise additional debt or equity financing to fund our operations; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our plans.

You may face foreign exchange risk by investing in the Notes.

The Notes will be denominated in Canadian dollars. If you measure your investment returns by reference to a currency other than Canadian dollars, an investment in the Notes will entail foreign exchange-related risks due to, among other things, possible significant changes in the value of the Canadian dollar relative to such other currency because of economic, political and other factors over which we have no control. Depreciation of the Canadian dollar against such other currency could cause a decrease in the effective yield of the Notes on the basis of such other currency below their stated interest rates and could result in a loss to you on an effective basis.

In recent years, rates of exchange for certain currencies have been highly volatile and such volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in such rate that may occur during the term of the Notes. The description of foreign currency risks herein does not describe all the risks of an investment in securities denominated in a currency other than an investor's functional currency. Prospective investors should consult their own financial and legal advisors as to the risks involved in an investment in the Notes.

Claims of holders of Notes will be structurally subordinated to claims of creditors of any subsidiaries that are not guarantors.

The Notes initially will be guaranteed on a senior secured basis by each of our current subsidiaries. Our future subsidiaries, however, will not be required to guarantee the Notes unless they guarantee certain of our other indebtedness. In addition, we will have the ability to designate certain of our subsidiaries as unrestricted subsidiaries pursuant to the terms of the indenture governing the Notes and our New Revolving Credit Facility, and any subsidiary so designated will not be a guarantor of the Notes.

Any future non-guarantor subsidiaries will be separate and distinct legal entities without any obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes, or to make any funds available therefor, whether by dividends, loans, distributions or other payments. Any right that we or the subsidiary guarantors have to receive any assets of any future non-guarantor subsidiaries upon the liquidation or reorganization of such subsidiary, and the consequent rights of holders of Notes to realize proceeds from the sale of any of such subsidiary's assets, will be structurally subordinated to the claims of such subsidiary's creditors, including trade creditors and holders of debt of such subsidiary.

Certain of our future subsidiaries may not be subject to the restrictive covenants in the indenture governing the Notes.

The indenture governing the Notes and our New Revolving Credit Facility permits us to designate certain of our subsidiaries as unrestricted subsidiaries, which subsidiaries would not be subject to the restrictive covenants in the indenture governing the Notes. This means that these entities would be able to engage in many of the activities the indenture governing the Notes and our New Revolving Credit Facility would otherwise prohibit, such as incurring substantial additional debt (secured or unsecured), making investments, selling, encumbering or disposing of substantial assets, entering into transactions with affiliates and entering into mergers or other business combinations. These actions could be detrimental to our ability to make payments when due and to comply with our other obligations under the Notes, and could reduce the amount of our assets that would be available to satisfy your claims should we default on the Notes. In addition, the initiation of bankruptcy or insolvency proceedings or the entering of a judgment against these entities, or their default under their other credit arrangements, will not result in an event of default under the indenture governing the Notes.

Repayment of our debt, including the Notes, is dependent on cash flow generated by our subsidiaries.

We are a holding company and our only material assets are the equity interests we holds in our subsidiaries. As a result, we will be dependent upon dividends and other payments from our subsidiaries to generate the funds necessary to meet our outstanding debt service and other obligations and such dividends may be restricted by law or the instruments governing our indebtedness or other agreements of our subsidiaries. Our subsidiaries may not generate sufficient cash from operations to enable us to make principal and interest payments on our indebtedness, including the Notes. In addition, our subsidiaries are separate and distinct legal entities, and any payments on dividends, distributions, loans or advances to us by our subsidiaries could be subject to legal and contractual restrictions on dividends. In addition, payments to us by our subsidiaries will be contingent upon our subsidiaries' earnings. Additionally, we may be limited in our ability to cause any future joint ventures to distribute their earnings to us. Subject to certain qualifications, our subsidiaries are permitted under the terms of their indebtedness, including the indenture governing the Notes, to incur additional indebtedness that may restrict payments from those subsidiaries to us. We cannot assure you that agreements governing the current and future indebtedness of our subsidiaries will permit those subsidiaries to provide us with sufficient cash to fund payments of principal, premiums, if any, and interest on the Notes when due. In addition, if the guarantees are held to violate applicable fraudulent conveyance or similar laws, our guarantor subsidiaries may have their obligations under their guarantees of the Notes reduced to insignificant amounts pursuant to the terms of the guarantees or otherwise subordinated to their other liabilities. If we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Notes.

In addition, the equity interests of other equity holders in any non-wholly owned subsidiary, such as a joint venture, in any dividend or other distribution made by such entity would need to be satisfied on a proportionate basis with us. These non-wholly-owned subsidiaries may also be subject to restrictions in their financing or other agreements on their ability to distribute cash to us or a subsidiary guarantor, and, as a result, we may not be able to access their cash flow to service our debt obligations, including in respect of the Notes.

The lien on the Collateral securing the Notes and the guarantees will be subordinated and your right to exercise remedies with respect to the Collateral will be limited by the intercreditor agreement between the collateral agent and the lenders under our New Revolving Credit Facility.

The security interest in the Collateral that secures the Notes and any guarantees will be contractually subordinated to liens thereon that secure our New Revolving Credit Facility and certain other of our indebtedness. Consequently, your rights to be satisfied out of the proceeds of the Collateral will be effectively subordinated to the rights of the lenders under our New Revolving Credit Facility, to the extent of the value of the Collateral. Under the indenture, at any time that obligations that have the benefit of the unsubordinated liens are outstanding, any actions that may be taken with respect to or in respect of the Collateral, including the ability to cause the commencement of enforcement proceedings against the Collateral and to control the conduct of such proceedings and the approval of amendments to, release of the Collateral from the lien of and waivers of past defaults under such documents relating to the Collateral, will be at the direction of the holders of the obligations secured by the unsubordinated liens and your rights, as a holder of Notes secured by contractually subordinated liens, may be adversely affected.

In addition, the indenture governing the Notes will contain certain provisions benefiting lenders under our New Revolving Credit Facility including provisions requiring the trustee not to object following the filing of a bankruptcy petition to a number of important matters regarding the Collateral. After such filing, the value of the Collateral could materially deteriorate and you, as a holder of the Notes, would be unable to raise an objection. In addition, the right of holders of obligations secured by

unsubordinated liens to foreclose upon and sell such Collateral upon the occurrence of an event of default also would be subject to limitations under applicable bankruptcy laws if we or any of our subsidiaries become subject to a bankruptcy proceeding.

The Collateral will also be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the lenders under our New Revolving Credit Facility and other creditors that have the benefit of unsubordinated liens on the Collateral from time to time, whether on or after the date the Notes and guarantees are issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral as well as the ability of the collateral agent to realize or foreclose on the Collateral. The existence thereof could adversely affect the value of the Collateral that will secure the Notes as well as the ability of the holders of the Notes to direct the collateral agent to realize or foreclose on the Collateral.

The Collateral may not be valuable enough to satisfy all the obligations secured by such Collateral.

The Notes and guarantees will be secured by substantially all of our assets and the guarantors' assets, including stock of certain of their subsidiaries (subject to certain limitations), but specifically excluding certain types of assets, including assets located in Canadian provinces and territories that have not adopted regulations with respect to our industry. Other liabilities, including certain debt, can also be secured by the same Collateral to the extent permitted by the indenture.

No appraisal of the value of the Collateral has been made in connection with this offering, and we cannot assure you that the value of the Collateral is equal to or greater than our obligations with respect to the Notes and the other obligations that will be secured thereby. In addition, the fair market value of the Collateral is subject to fluctuations based on factors that include, among others, general economic conditions. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time, the timing and the manner of the sale and the availability of buyers. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation. The indenture governing the Notes will allow us to incur additional secured debt, including additional secured debt that will share in the Collateral. Accordingly, in the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the Collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of the Collateral may not be sufficient to satisfy our and the subsidiary guarantors' obligations under the Notes, the guarantees and any future debt that is secured by the Collateral.

To the extent that pre-existing liens, liens permitted under the indenture governing the Notes and other rights, including liens on excluded assets, such as those securing certain purchase money obligations and capital lease obligations granted to other parties (in addition to the holders of obligations secured by first-priority liens), encumber any of the Collateral, those parties have or may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the Collateral and the ability of the collateral agent or the holders of the Notes to realize or foreclose on the Collateral.

The security interests in the Collateral also will be subject to practical problems generally associated with the realization of security interests in Collateral. For example, the consent of a third-party may be required to obtain or enforce a security interest in a contract. We cannot assure you that any such consent could be obtained. We also cannot assure you that the consents of any third parties will be given when and if required to facilitate a foreclosure on such assets. Accordingly, the collateral agent may not have the ability to foreclose upon those assets and the value of the Collateral may be significantly impaired. In addition, our business requires compliance with numerous licensing and permit requirements. Continued operation of our properties that are part of the Collateral will depend on the continued compliance with such license and permit requirements to the extent applicable, and

our business and the value of the Collateral may be adversely affected if we fail to comply with these requirements, including as they may be changed from time to time. In the event of foreclosure, the transfer of such permits and licenses may be prohibited or may require us to incur significant cost and expense. Furthermore, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained or are delayed, the foreclosure may be delayed, our operations may be shut down and the value of the Collateral may be significantly impaired.

Consequently, liquidating the Collateral may not result in proceeds in an amount sufficient to pay any amounts due under the Notes after satisfying the obligations to pay any creditors with prior or senior liens, including the obligations under our New Revolving Credit Facility. If the proceeds of the sale of the Collateral are not sufficient to repay all amounts due on the Notes, the holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against our and the subsidiary guarantors' remaining assets, which may not be sufficient to repay our obligations under the Notes.

Also, certain permitted liens on the Collateral securing the Notes may allow the holder of such lien to exercise rights and remedies with respect to the Collateral subject to such lien that could adversely affect the value of such Collateral and the ability of the collateral agent to realize or foreclose upon such Collateral.

We will, in most cases, have control over the Collateral, and the sale or pledge of particular assets by us could reduce the pool of assets securing the Notes and the guarantees.

The security documents generally allow us to remain in possession of, retain exclusive control over, freely operate, dispose of and collect, and invest and dispose of any income from, the Collateral, with certain limited exceptions. Therefore, the pool of assets constituting the Collateral will change from time to time, and its fair market value may decrease from its value on the date the Notes are originally issued.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the guarantees will be released automatically, without your consent or the consent of the trustee and you may not realize any payment upon disposition of such collateral.

Under various circumstances, all or a portion of the Collateral may be released, including:

- in the event that the liens regarding such collateral are released in accordance with the terms of the New Revolving Credit Facility;
- to enable the disposition of such Collateral to the extent not prohibited under the indenture;
- to the extent such Collateral is comprised of property leased to us or a subsidiary guarantor, upon termination or expiration of such lease; and
- in connection with an amendment to the indenture or the related security documents that has received the required consent.

Although the New Revolving Credit Facility prohibits the sale of certain principal assets without the written consent of a majority of lender thereunder, consent of holders of Notes is not required for the sale of such assets and, following such sale, such assets would not form part of the Collateral. There can be no assurance that the lender under the Revolving Credit Facility will not consent to such sales. Further, such lender's interests may not be aligned with or may conflict with the interests of the holders of the Notes.

In addition, the guarantee of a subsidiary guarantor will be released in connection with a sale of such subsidiary guarantor in a transaction not prohibited by the indenture, in which case the liens on the assets of such subsidiary guarantor pledged as Collateral, will also be released.

The indenture will also permit us to designate one or more of our restricted subsidiaries that is a guarantor of the Notes as an unrestricted subsidiary. If we designate a guarantor as an unrestricted subsidiary, all of the Collateral owned by such subsidiary or any of its subsidiaries and any guarantees of the Notes by such subsidiary or any of its subsidiaries will be released under the indenture. Designation of a guarantor as an unrestricted subsidiary will reduce the aggregate value of the Collateral securing the Notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of any unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries.

There are certain categories of property that are excluded from the Collateral.

Certain categories of assets are excluded from the Collateral. Excluded assets include, among other things, property and assets the pledge of which would violate applicable law, certain licenses, contracts and agreements containing terms prohibiting assignment, certain fee-owned real property interests, all real property leasehold interests and the assets of any unrestricted subsidiary. If an event of default occurs and the Notes are accelerated, holders of the Notes and the guarantees will rank equally with the holders of other unsubordinated and unsecured indebtedness of the relevant entity with respect to such excluded assets and junior to holders of indebtedness secured by a lien on such excluded assets.

Rights of holders of the Notes in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral. We will not be required to perfect the security interest over certain Collateral.

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens on the Collateral securing the Notes and the guarantees may not be perfected with respect to the claims of the Notes and the guarantees if the collateral agent is not able to take the actions necessary to perfect any of these liens on or prior to the date of the indenture governing the Notes. If a security interest is not perfected with respect to any portion of the Collateral, the Notes and the guarantees may not be effectively secured by such Collateral.

In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property and equipment moved from one jurisdiction in Canada to another, can only be perfected at the time such property and rights are acquired and identified. We and the guarantors have limited obligations to perfect the security interest for the benefit of the holders of the Notes in specified Collateral. We cannot assure you that the trustee or the collateral agent will monitor, or that, despite our obligation to do so under the indenture, that we will inform such trustee or collateral agent of, the future acquisition of assets and rights that constitute Collateral or whether assets have been relocated to a different jurisdiction, and that the necessary action will be taken to properly perfect the security interest in such after-acquired or relocated Collateral. Neither the trustee nor the collateral agent has an obligation to monitor the acquisition of additional assets or rights that constitute Collateral or the perfection of any security interest. Such failure to monitor may result in the loss of the security interest in the Collateral or the priority of the security interest in favor of the Notes and the guarantees against third parties. Furthermore, certain actions are required to be taken periodically to maintain certain security interests granted in the Collateral, and a failure to do so may result in the loss of the security interest in the Collateral or the priority of the security interest in favor of the Notes and the guarantees, in each case, against third parties.

In addition, the security interest in the Collateral will not be registered (and therefore will not be perfected) in provinces other than the Regulated Provinces until such time as such provinces have adopted regulations in respect of our industry pursuant to Section 347.1 of the Criminal Code and such regulations are in force and effective. See also “Business—Regulatory Environment”. Furthermore, in certain jurisdictions, security interests created over particular assets can only be perfected by possession or “control” of the asset by the secured party. The terms of the security documents may not require

possession or "control" to be granted to the secured party until enforcement, meaning that the security interest will remain unperfected until possession or "control" is granted.

The Collateral is subject to casualty risks.

We intend to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for our business. There are, however, certain losses with respect to the Collateral that may be either uninsurable or not economically insurable, in whole or part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any Collateral, the insurance proceeds may not be sufficient to satisfy all of our obligations, including the Notes and the guarantees.

Certain bankruptcy and insolvency laws may impair your ability to enforce your rights or remedies under the indenture governing the Notes.

The trustee or collateral agent who represents the holders of the Notes to enforce the rights or remedies under the indenture governing the Notes may be significantly impaired by the provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring legislation or by Canadian federal or provincial receivership laws. For example, the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and the *Winding-up and Restructuring Act* (Canada) contain provisions enabling an insolvent debtor to obtain a stay of proceedings against its creditors and others and to prepare and file a proposal or a plan or arrangement and reorganization for consideration by all or some of its creditors, to be voted on by the various classes of creditors affected thereby. Such a restructuring proposal or arrangement and reorganization, if accepted by the requisite majority of each class of affected creditors and if approved by the relevant Canadian court, would be binding on all creditors of the debtor within the affected classes. Moreover, certain provisions of the relevant Canadian insolvency legislation permit an insolvent debtor to retain possession and administration of its property in certain circumstances, subject to court oversight, even though such debtor may be in default in respect of certain of its obligations during the period that the stay of proceedings remains in place.

The powers of the court under Canadian bankruptcy, insolvency and restructuring legislation and Canadian federal and provincial receivership laws, and particularly under the Companies' Creditors Arrangement Act (Canada), are exercised broadly to protect a debtor and its estate from actions taken by creditors and others. We cannot predict whether payments under the Notes would be made during any proceedings in bankruptcy, insolvency or other restructuring, whether or when the trustee or collateral agent, could exercise their rights under the indenture or whether, and to what extent, the holders of the Notes would be compensated for any delays in payment of principal, interest and costs, including fees and disbursements of the collateral agent. Accordingly, if we were to become subject to such proceedings, we may cease making payments on the Notes and the collateral agent, may not be able to exercise rights under the indenture governing the Notes following commencement of or during such proceedings without leave of the court.

Applicable statutes allow courts, under specific circumstances, to void the subsidiary guarantees of the Notes so the resources of our subsidiaries may not be available to make payment in respect of the Notes.

Canadian and U.S. federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the Notes and the incurrence of the guarantees of the Notes. Other jurisdictions in which the guarantors are organized could have similar laws that could cause a guarantee to be voided. Under Canadian federal bankruptcy laws and comparable provisions of provincial fraudulent conveyance and preference legislation, payment of money or transfers of property made to a creditor or third-party can be attacked as a fraudulent conveyance or preference in circumstances where the party making the payment was insolvent or on the verge of insolvency at the time it entered into the guarantee or entered into the guarantee with the intent to hinder, delay or defraud its creditors.

Accordingly, the incurrence of an insolvent guarantors obligations under the guarantee or any payment made by such an insolvent guarantor pursuant to its guarantee could be voided and, in the case of a payment, required to be returned to the guarantor for the benefit of its creditors, in the event that any such guarantee or payment is determined to be a fraudulent conveyance or preference. If a court voided a guarantee of the Notes by one or more of our subsidiaries, or held it unenforceable for any reason, holders of the Notes would cease to have a claim against such subsidiary based upon its guarantee of the Notes.

The Notes may be issued with original issue discount for United States federal income tax purposes.

The Notes may be issued with original issue discount ("OID") for United States federal income tax purposes. Thus, in addition to the stated interest on the Notes, if the Notes are issued with more than a *de minimis* amount of OID, U.S. Holders (as defined under "Certain United States Federal Income Tax Considerations") generally will be required to include amounts representing OID in gross income (as ordinary income) on a constant yield basis for United States federal income tax purposes in advance of receipt of cash payments attributable to that income. For more information, see "Certain United States Federal Income Tax Considerations—Payments of Interest—U.S. Holders—Original Issue Discount."

You may be unable to enforce your rights under U.S. bankruptcy law.

We, and each of the guarantors, are incorporated under the laws of Canada (or provinces thereof, as the case may be) and our principal operating assets are located outside of the United States. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions and in the jurisdiction of organization of any future guarantor of the Notes. Under bankruptcy laws in the United States, courts typically have jurisdiction over a debtor's property, wherever located, including property situated in other countries. Your rights under the Notes and the guarantees will thus be subject to the laws of several jurisdictions, and courts outside of the United States may not recognize the United States bankruptcy court's jurisdiction. Accordingly, difficulties may arise in administering a United States bankruptcy case involving a Canadian debtor with property located outside of the United States, and any orders or judgments of a bankruptcy court in the United States may not be enforceable. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

The rights of the trustee and holders of the Notes to enforce remedies to receive payments due under the indenture could be delayed or otherwise impacted by the provisions of applicable Canadian federal bankruptcy, insolvency and restructuring legislation if the benefit of such legislation is sought with respect to us. For example, both the Canadian Bankruptcy and Insolvency Act and the Canadian Companies' Creditors Arrangement Act contain provisions enabling "an insolvent person" or "debtor company" to obtain an order which could prevent its creditors and others from initiating or continuing proceedings against it while it prepares a proposal or plan of arrangement for approval by those creditors who will be affected by the proposal or plan of arrangement. Such a restructuring plan or proposal, if accepted by the requisite majorities of each affected class of the debtor's creditors and approved by the supervising court, would be binding on the minorities in any such class who vote against the plan or proposal. This restructuring legislation generally permits the insolvent debtor to retain possession and administration of its property, even though it may be in default under the applicable debt instrument during the period that the stay against proceedings remains in force.

During the stay period, the indenture trustees and holders of the Notes are likely to be restrained from enforcing remedies under the indenture and payments under the Notes are unlikely to be made. It is equally unlikely that holders of the Notes would be compensated for any delay in payment, if any, of principal or interest other than a right to claim accrued and unpaid interest on the amounts owing

under the Notes and the indenture, unless the right is itself compromised under any restructuring plan or proposal approved by creditors and the court.

We may not be able to satisfy our obligations to holders of the Notes upon a change of control.

Upon the occurrence of a "change of control", as defined in the indenture governing the Notes, each holder of the Notes will have the right to require us to purchase the Notes at a price equal to 101% of their principal amount thereof, together with any accrued and unpaid interest. Our failure to purchase, or to give notice of purchase of, the Notes would be a default under the indenture governing the Notes. In addition, a change of control is expected to constitute an event of default under our New Revolving Credit Facility. Any of our future debt agreements may contain similar provisions.

If a change of control occurs, we may not have enough assets to satisfy all obligations under our New Revolving Credit Facility, the Notes and any other such indebtedness. Upon the occurrence of a change of control we could seek to refinance the indebtedness under our New Revolving Credit Facility, the Notes and any other such indebtedness or obtain a waiver from the lender under our New Revolving Credit Facility, the holders of the Notes and the holders of any other such indebtedness. We cannot assure you, however, that we would be able to obtain a waiver or refinance our indebtedness on commercially reasonable terms, if at all. We also cannot assure you that any court would enforce the change of control provisions in the indenture governing the Notes as written for the benefit of the holders, or as to how these change of control provisions would be impacted were we to become a debtor in a bankruptcy case.

We may enter into transactions that would not constitute a change of control that could affect our ability to satisfy our obligations under the Notes.

Legal uncertainty regarding what constitutes a change of control and the provisions of the indenture governing the Notes may allow us to enter into transactions, such as acquisitions, refinancings or recapitalizations, that would not constitute a "change of control", as defined in the indenture governing the Notes, but may increase our outstanding indebtedness or otherwise affect our ability to satisfy our obligations under the Notes. The definition of "change of control" for purposes of the Notes includes a phrase relating to the transfer of "all or substantially all" of our assets taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, your ability to require us to repurchase Notes as a result of a transfer of less than all of our assets to another person may be uncertain.

The secondary market price of the Notes may be volatile and can be directly affected by many factors, including our credit rating. We are not obligated to maintain our credit ratings, and our creditworthiness or credit ratings may decline.

We cannot assure you that you will be able to sell your Notes at a particular time or at all, or that the prices that you receive when you sell them will be favorable. If no active trading market develops, you may not be able to resell your Notes at their fair market value, or at all. The liquidity of, and trading market for, the Notes could be subject to significant fluctuation in response to, among other factors, changes in our operating results, interest rates, the market for non-investment grade securities, general economic conditions and securities analysts' recommendations, if any, regarding our securities.

Credit rating agencies continually revise their ratings for companies they follow, including us. Any ratings downgrade could adversely affect the trading price of the Notes, or the trading market for the Notes, to the extent a trading market for the Notes develops. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future and any fluctuation may impact the trading price of the Notes.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the value of the Notes. These credit ratings may not reflect the potential impact of risks relating to structure or marketing of the Notes. Agency ratings are not a recommendation to buy, sell or hold any security and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating. There can be no assurance that our credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. We are under no obligation to maintain a rating with credit ratings agencies. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the value of the Notes and increase our borrowing costs.

You might have difficulty enforcing civil liabilities against us, the guarantors and our directors and officers.

We and all of the guarantors are organized outside of the United States. Certain of our directors and officers and the experts named in this offering circular reside principally in Canada or otherwise outside the United States. Because we, such guarantors and such persons are located outside the United States, it may not be possible for you to effect service of process within the United States on us or them. Furthermore, it may not be possible for you to enforce against us or them, in the United States, judgments obtained in United States courts, because a substantial portion of our and their assets are located outside the United States. Your rights under the Notes and the guarantees will be subject to the laws of multiple jurisdictions, and you may not be able to enforce effectively your rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. In addition, treaties may not exist in all cases for the recognition of the enforcement of a judgment or order of a foreign court. We have been advised by our Canadian counsel that there is doubt as to the enforceability, in original actions in Canadian courts, of liabilities based on U.S. federal securities laws or the securities or "blue sky" laws of any state within the United States. Therefore, it may not be possible to enforce those judgments against us, our directors and officers or some of the experts named in this offering circular.

No public market exists for the Notes, and resale of the Notes is subject to significant legal restrictions as well as uncertainties regarding the liquidity of the trading market for the Notes.

We are relying upon an exemption from registration under the Securities Act and applicable state securities laws to offer the Notes. We are also relying on exemptions from applicable Canadian provincial securities laws to offer the Notes. As a result, you may only resell your Notes if there are applicable exemptions from such applicable laws available at the time of such resale. We do not intend to apply for the Notes to be listed on any securities exchange or to arrange for any quotation on any automated dealer quotation systems. The initial purchasers have advised us that they currently intend to make a market in the Notes as permitted by applicable laws and regulations. The initial purchasers are not, however, obligated to make a market in the Notes, and they may discontinue their market making activities at any time without notice. Therefore, we cannot assure you that an active market for the Notes will develop or, if developed, that it will continue. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. We cannot assure you that any such disruptions will not adversely affect the prices at which you may sell your Notes. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar Notes, our performance and other factors.

USE OF PROCEEDS

We estimate that our net proceeds from the offering, after deducting fees payable to the initial purchasers and expenses of this offering, will be approximately $119.0 million. We intend to use the proceeds of the offering to accelerate the transition of our business to a direct lending model by purchasing loans receivable from the third-party lenders who currently lend to our customers in the Regulated Provinces, for general corporate purposes, and for the fees and expenses associated with this offering.

The following table sets forth our estimated sources and uses of funds related to the offering. The actual amounts of such sources and uses may differ on the actual closing date of the offering.

Sources of Funds		Uses of Funds	
	(in thousands)		
New Revolving Credit Facility[1]	$ —	Purchase of loans receivable[2]	$116,000
Senior Secured Notes offered hereby	125,000	General corporate purposes[2]	3,000
		Fees and expenses[3]	6,000
Total sources of funds	$125,000	**Total uses of funds**	$125,000

(1) Upon satisfaction of the conditions precedent to drawing on the New Revolving Credit Facility, we anticipate having $25.0 million of available and undrawn borrowing capacity under our New Revolving Credit Facility. The completion of the offering is not conditional upon the satisfaction of the conditions precedent to drawing on the New Revolving Credit Facility and we may not satisfy such conditions precedent prior to or concurrently with the completion of the offering, or at all. We do not currently intend to draw on the New Revolving Credit Facility, if available, as of the closing of this offering.

(2) Assumes the purchase of all of the loans receivable from third-party lenders who currently lend to our customers in the Regulated Provinces. To the extent not all of such loans are purchased, the amount of proceeds used for general corporate purposes will increase.

(3) Reflects estimated fees and expenses of this offering of Notes, including the initial purchasers' commission and expenses, certain related financial advisory fees and legal, accounting, agency and other fees and expenses.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2011 (i) on an actual basis and (ii) on an as adjusted basis, after giving effect to the issuance and sale of the Notes offered hereby and the application of the net proceeds of the offering as described under "Use of Proceeds."

You should read the following table in conjunction with the sections of this offering circular titled "Selected Historical Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Use of Proceeds", and in conjunction with our consolidated financial statements and related notes included elsewhere in this offering circular.

	As of September 30, 2011	
	Actual	**As Adjusted**
	(in thousands)	
Cash[1]	$19,291	$ 22,291
Debt:		
New Revolving Credit Facility[2]	$ —	$ —
Senior Secured Notes offered hereby	—	125,000
Capital leases	1,295	1,295
Total debt	1,295	126,295
Shareholders' equity	87,346	87,346
Total capitalization	$88,641	$213,641

(1) Approximately $6.3 million of this cash was subject to restrictions. See note 4 to our audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010, which are included elsewhere in this offering circular. Actual cash balances on the closing date will differ from the as adjusted amount. See "Use of Proceeds."

(2) We have entered into a letter agreement for our New Revolving Credit Facility and concurrently with this offering or during the term of the Notes offered hereby, we expect to satisfy the conditions precedent to drawing on our New Revolving Credit Facility, which will provide for up to $25.0 million of borrowings thereunder. The satisfaction of the conditions precedent to drawing on the New Revolving Credit Facility is not a condition of this offering and the terms of the New Revolving Credit Facility, if entered into, may differ significantly from those described in this offering circular including with respect to available borrowings thereunder. See "Description of Other Indebtedness—New Revolving Credit Facility."

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The selected historical financial data as of and for the fiscal periods ended June 30, 2007, 2008 and 2009 and September 30, 2010 and 2011 presented below are derived from our audited consolidated financial statements as of and for such periods. In June 2010, we changed our fiscal year end from June 30 to September 30. The fiscal year end change resulted in a 15-month reporting period from July 1, 2009 to September 30, 2010. The consolidated financial statements referred to above were prepared in accordance with Canadian GAAP. Canadian GAAP differs in certain material respects from U.S. GAAP, and as such our financial results prepared in accordance with Canadian GAAP are not directly comparable to financial results prepared in accordance with U.S. GAAP. For a discussion of the principal differences between our financial results determined under Canadian GAAP and U.S. GAAP, see note 27 to our audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010 which are included elsewhere in this offering circular.

The selected financial data set forth below are not necessarily indicative of our future results of operations or financial condition. Results for prior periods are not indicative of future performance, and interim results are not indicative of results for a full year. You should read this summary financial information together with the section of this offering circular titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes thereto included elsewhere in this offering circular. All of the financial information is presented in Canadian dollars.

	Fiscal Period Ended				
	June 30, 2007	June 30, 2008	June 30, 2009	September 30, 2010[1]	September 30, 2011
	(in thousands)				
Statement of Income Data:					
Revenue	$123,562	$130,799	$150,505	$220,518	$189,899
Salaries and benefits	44,025	47,327	56,102	84,614	77,136
Selling, general and administrative	24,255	23,113	26,715	32,550	31,691
Retention payments	23,418	20,111	17,988	28,167	26,786
Rent	9,328	10,680	11,943	18,553	19,074
Advertising and promotion	4,704	3,929	3,267	6,109	5,865
Provision for loan losses	—	—	49	788	2,559
Amortization of capital assets/Depreciation of property and equipment	4,091	5,021	5,827	8,138	7,950
Amortization of intangible assets	312	226	185	923	965
Class action settlements	—	—	6,910	2,915	3,206
Income before income taxes[2]	13,429	20,392	21,519	37,761	14,667
Provision for income taxes	4,760	7,870	6,872	11,297	5,625
Net income[3]	$ 8,669	$ 12,522	$ 14,647	$ 26,464	$ 9,042
Balance Sheet Data (as of end of period):					
Cash[4]	$ 18,653	$ 15,644	$ 18,519	$ 19,639	$ 19,291
Total assets	91,932	81,252	83,796	115,045	121,839
Total debt[5]	119	8	1,425	1,952	1,295
Total shareholders' equity	77,645	71,202	65,852	83,355	87,346

(1) In 2010, we changed our fiscal year end from June 30 to September 30. The fiscal year end change resulted in a 15-month reporting period from July 1, 2009 to September 30, 2010.

(2) For the years ended June 30, 2008 and 2007, income before income taxes represents income from continuing operations before income taxes.

(3) For the years ended June 30, 2008 and 2007, net income represents income from continuing operations.

(4) As of September 30, 2011, approximately $6.3 million of this cash was subject to restrictions. See note 4 to our audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010, which are included elsewhere in this offering circular.

(5) Total debt includes current and long term obligations under capital leases.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010, which are included elsewhere in this offering circular.

Basis of Presentation

In 2010, we changed our fiscal year end from June 30 to September 30. The fiscal year end change resulted in a 15-month reporting period from July 1, 2009 to September 30, 2010.

Recent Accounting Pronouncements Not Yet Adopted

International Financial Reporting Standards. The Accounting Standards Board of the Canadian Institute of Chartered Accountants previously announced its decision to require all publicly accountable enterprises to report under IFRS for years beginning on or after January 1, 2011.

However, National Instrument 52-107—Accepted Accounting Principles and Auditing Standards allows SEC registrants, such as us, to file financial statements with Canadian securities regulators that are prepared in accordance with U.S. GAAP. We have elected to adopt U.S. GAAP instead of IFRS as our primary basis of financial reporting commencing in fiscal 2012. The decision to adopt U.S. GAAP was also made to enhance communication with shareholders and to improve the comparability of financial information reported with our competitors and peer group.

Critical Accounting Estimates and Policies

Our consolidated financial statements have been prepared by management in accordance with Canadian GAAP and differ in certain respects from U.S. GAAP. The consolidated financial statements include our accounts and the accounts of our wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated. The preparation of our consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates made by management. The recoverable values of future income tax assets and liabilities, capital assets, goodwill and intangible assets, the estimated accrued liabilities related to the class action lawsuits, the allowance for doubtful amounts related to consumer loans, and the amortization periods of capital assets and intangible assets are the more significant items which reflect estimates in our consolidated financial statements.

Revenue Recognition. Revenue arising from brokering short-term advances for customers is recognized once all services have been rendered, all advance amounts have been received by the customer, and we have received the brokerage fee.

Revenue arising from direct lending of short-term advances to customers is recognized on a constant yield basis ratably over the term of the related loan.

Revenue from our cheque cashing, money order sales, money transfer, bill payment services and other miscellaneous services is recognized when the transactions are completed at the point-of-sale in the branch and the related fee we charge has been received. Revenue from our banking and non-sufficient funds fees are recognized when collected. Revenue from each these sources is recorded in other income in the statement of operations.

Retention Payments. When we act as a broker on behalf of income earning consumers seeking short-term advances, the funding of short-term advances is provided by independent third-party lenders. The advances provided by the third-party lenders are repayable by the customer to the third-party lenders and represent assets of the lenders; accordingly, they are not included on our balance sheet.

To facilitate the short term advance business, we have entered into written agreements with third-party lenders who are prepared to consider lending to our customers. Pursuant to these agreements, we provide services to the lenders related to the collection of documents and information as well as loan collection services. Under the terms of our agreements with third-party lenders, responsibility for losses suffered on account of uncollectible loans rests with the third-party lender, unless we have not properly performed our duties as set forth under the terms of the agreement. The significant duties under the terms of the agreements generally include ensuring that any proposed loan was applied for through an authorized outlet, ensuring each potential customer meets the loan selection criteria as set forth by the third-party lender prior to approval and release of funding, satisfying the documentation requirements in a full and timely manner, providing loan management services throughout the term of the loan, and providing collection services on behalf of the third-party lender for all loans funded which are not paid in full by the due date, all of which while ensuring information system integrity is maintained. In the event we do not properly perform our duties and the lenders make a claim as required under the agreement, we may be liable to the lenders for losses they have incurred. A liability is recorded when it is determined that we have a liability under the agreement.

Every quarter, our Board approves a resolution which authorizes management to pay a maximum amount of retention payments per quarter to third-party lenders as consideration to those lenders that continue to be willing to fund advances to our customers. While the third-party lenders have not been guaranteed a return, the decision has been made to voluntarily make retention payments to the lenders to lessen the impact of loan losses experienced by the third-party lenders. Retention payments are recorded in the period in which a commitment is made to a lender pursuant to the resolution approved by the Board.

Provision for Loan Losses. Loans in default consist of direct lending short-term consumer loans we originate which are past due. We define a past due or delinquent account as an account where payment has not been received in full from the customer on or before the maturity date of the loan. A provision for loan losses is recorded when we no longer have a reasonable assurance of timely collection of the full amount of principal and interest (included in the loan fee). In determining whether we will be unable to collect all principal and interest payments due, we assess relevant internal and external factors that affect loan collectability, including the amount of outstanding loans owed to us, historical percentages of loans written off, current collection patterns and other current economic trends. The provision for loan losses reduces the carrying amount of consumer loan receivables to their estimated realizable amounts. The provision is primarily based upon models that analyze specific portfolio statistics, and also reflect, to a lesser extent, management's judgement regarding overall accuracy. The analytical model takes into account several factors, including the number of transactions customers complete and charge-off and recovery rate. The provision is reviewed monthly, and any additional provision as a result of historical loan performance, current and expected collection patterns and current economic trends is included in the provision for the loan losses at that time. If the loans remain past due for an extended period of time, an allowance for the entire amount of the loan is recorded and the loan is ultimately written off. Our policy for charging off uncollectible consumer loans is to write the loan off when a loan remains in default status for an extended period of time without any extended payment arrangements made, typically 210 days. Loans to customers who file for bankruptcy are written off upon receipt of the bankruptcy notice.

Stock Based Compensation. We have a stock based compensation plan described in Note 16(b) of our audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010. We account for all stock based compensation payments that are settled

by the issuance of equity in accordance with a fair value based method of accounting. Stock based compensation awards are recognized in our financial statements over the period in which the related services are rendered, which is usually the vesting period of the option, or as applicable, over the period to the date an employee is eligible to retire, whichever is shorter, with a corresponding increase recorded in contributed surplus. The fair value is calculated using the Black-Scholes option-pricing model. When options are exercised, the proceeds we receive, together with the amount in contributed surplus associated with the exercised options, are credited to share capital.

Income Tax Estimates and Future Income Taxes. Income taxes are accounted for under the asset and liability method. Future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment or substantive enactment date. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

Consumer Loans Receivable. Unsecured short-term and longer-term advances that we originate on our own behalf are reflected on the balance sheet in consumer loans receivable. Consumer loans receivable are reported net of a provision. In regulated jurisdictions, interest is charged on consumer loans commencing upon default; however, it is not recorded as income until partial or full payment is received from the consumer. In unregulated jurisdictions, interest is charged on consumer loans over the period of the loan and is recorded in income as it is earned.

Long-term Investments. We apply the equity method of accounting for our investments in AUC and RTF. These investments are recorded at cost plus our share of net income or loss to date.

Property and Equipment. Property and equipment are recorded at cost. Depreciation is recorded using the rates and methods outlined in the table below.

	Rate	Method
Computer hardware	25%	Straight-line
Computer software	20%	Straight-line
Fixtures, furniture, and equipment	20%	Straight-line
Signs	20%	Straight-line
Buildings	4%	Straight-line
Vehicles	20%	Straight-line

Leasehold improvements are depreciated based on the straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

Leases. Leases are classified as capital or operating depending upon the terms and conditions of the contracts. Obligations under capital leases are recorded as an asset with a corresponding liability. Asset values recorded under capital leases are amortized on a straight-line basis over the period of expected use. Obligations under capital leases are reduced by lease payments net of imputed interest. Operating lease expenses are recorded in selling, general, and administrative expenses. Branch leases are recorded in rent.

Intangible Assets. Intangible assets acquired individually or as part of a group of other assets are initially recognized and measured at cost. The cost of a group of intangible assets acquired in a transaction, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their fair values.

Both internal and external costs incurred to purchase and develop computer software are capitalized after the preliminary project stage is completed and management authorizes the computer software project.

Intangible assets with finite useful lives are amortized over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized and are tested for impairment annually on July 1st of each year, or more frequently if events or changes in circumstances indicate that such assets might be impaired. The amortization methods and estimated useful lives of intangible assets, which are reviewed annually, are as follows:

Intangible Asset	Method
Customer list, contracts and relationships	Straight-line—3 years
Computer software	Straight-line—5 years
Non-compete agreements	Term of the agreements
Brand name	Indefinite Life

Goodwill. Goodwill represents the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to our reporting units that are expected to benefit from the business combination. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortized and is tested for impairment annually on July 1st of each year, or more frequently if events or changes in circumstances indicate it may be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared to its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination described in the preceding paragraph, using the fair value of the reporting unit as if it were the purchase price. When the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess.

Accounting for the Impairment of Long-Lived Assets. Long-lived assets and identifiable intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of a group of assets to the sum of future undiscounted cash flows expected to be generated from the use and eventual disposition of the group of assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the group of assets exceeds the fair value of the group of assets. Any assets to be disposed of by sale are reported at the lower of carrying amount or fair value less costs to sell. Such assets are not amortized while they are classified as held-for-sale.

Deferred Revenue. We have entered into a long-term services contract for which we received advance payments. These advance payments are recorded as deferred revenue and recognized as revenue over the life of the contract.

Deferred Lease Inducements. We have received various inducements to lease space for our branches. The inducements are amortized over the remaining terms of the respective leases and recorded as a reduction to rent expense.

Fair Value of Financial Instruments. Our financial instruments consist of cash, other receivables, consumer loans receivables less any allowance for loan losses, accounts payable and accrued liabilities, all of which are short-term in nature and their fair value approximates their carrying value. The fair value of obligations under capital leases carrying amounts are determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using a rate which takes into account our spread for credit risk at year-end for similar terms and types of debt arrangements.

Earnings Per Share. Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during each reporting period. Diluted earnings per share are computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised, and that proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

Results of Operations

Comparison of Twelve Months Ended September 30, 2011 and Twelve and Fifteen Months Ended September 30, 2010

The following table sets forth our results of operations for the periods indicated:

	Fifteen months ended	Twelve months ended	
	September 30, 2010	September 30, 2010	September 30, 2011
		(in thousands)	
Revenue	$220,518	$178,982	$189,899
Branch operating income	77,216	61,592	55,001
Net income:			
Before class action expenses net of normalized tax	28,507	22,867	11,277
Net income and comprehensive income	26,464	20,824	9,042
Earnings before interest, taxes, depreciation, amortization, class actions expenses and effective interest component of retention payments	73,971	59,157	49,006
Earnings before interest, taxes, depreciation, amortization and stock based compensation	48,100	37,375	24,514
Diluted earnings per share:			
Before class action expenses net of normalized tax	$ 1.63	$ 1.31	$ 0.64
Net income and comprehensive income	$ 1.51	$ 1.18	$ 0.51

Net income and comprehensive income for the twelve months ended September 30, 2011, was $9.0 million (after removing class action settlement costs and related taxes was $11.3 million), compared to $20.8 million (after removing class action settlement costs and related taxes was

$22.9 million) for the twelve months ended September 30, 2010. Net income and comprehensive income was $26.5 million (after removing class action settlement costs and related taxes was $28.5 million) for the fifteen months ended September 30, 2010.

Diluted earnings per share were $0.51 for the twelve months ended September 30, 2011 ($0.64 after removing class action settlement costs and related taxes), compared to $1.18 ($1.31 after removing class action settlement costs and related taxes) for the twelve months ended September 30, 2010. Loan volumes and loan fees were lower than anticipated leading to lower than expected earnings during the year in addition to an increase in expenditures relating to regulations and increased infrastructure costs associated with collections, future expansion in the UK and new product additions.

Diluted earnings per share were $1.51 ($1.63 after removing class action settlement costs and related taxes) for the fifteen months ended September 30, 2010. Significant factors impacting the twelve months results as compared to the trailing twelve month results of 2010 and fifteen month results of 2010 include:

- Revenue increased by 6.1% comparing the twelve months ended September 30, 2011 and 2010. For the year ended September 30, 2011 compared to the fifteen months ended September 30, 2010 overall revenue decreased by 13.9%;
- Loan fees decreased slightly by 0.1% comparing the twelve months ended September 30, 2011 and 2010. The slight decrease is as a result of decreases in same branch loan volumes, same branch revenues as it relates to loan fees, rate compression in Manitoba, and Nova Scotia, partially offset by the opening of 44 new branches. Loan fees were down 19.9% to $136.6 million for the year compared to $170.7 million for the fifteen months ended September 30, 2010 given decreases in same branch loan volumes, same branch revenues as it relates to loan fees, rate compression in Manitoba, Nova Scotia and Ontario and three fewer months of reported results given the change in year-end. The effect of rate compression reduced our rates by 4.1%, 0.8% and 3.4% in Manitoba, Nova Scotia and Ontario, respectively;
- Other revenue increased by 26.2% or $11.1 million when comparing the twelve months ended September 30, 2011 and 2010 reflecting continued success on our product diversification strategy. As a percentage of total revenue, other revenue increased to 28.1% from 23.6% or a 19.0% increase when comparing the twelve month periods. When comparing the year ended September 30, 2011 to the fifteen months ended September 30, 2010 we grew other revenues by 6.9% to $53.3 million. For the year ended September 30, 2011 other revenues was 28.1% of total revenue compared to 22.6% for the fifteen months ended September 30, 2010 or a 24.3% increase;
- Loan volumes increased by 6.3% from $772.6 million comparing the twelve months ended September 30, 2011 and 2010, as a result of branch openings. Loan volumes for the year ended September 30, 2011 were down 12.5% to $821.4 million as compared to the fifteen month period ended September 30, 2010 as a result of reduced volumes, rate compression in Manitoba, Nova Scotia and Ontario and three fewer months of reported results due to the change in year-end;
- Earnings decreased by $4.3 million for the year as a result of a drag on earnings from new branch openings;
- Retention payments increased by $3.7 million or 16.1% comparing the twelve months ended September 30, 2011 and 2010 as a result of the effects of rate compression in the Regulated Provinces. Retention payments decreased by $1.4 million for the year ended September 30, 2011 when compared to the fifteen months ended September 30, 2010. The decrease is due to three fewer months of reported results given the change in year end;

- Provision for loan losses for on-balance sheet lending increased $1.8 million for the year ended September 30, 2011 compared to the fifteen months ended September 30, 2010 as a result of a full year's lending compared to one quarter in the twelve months last year. Comparing the twelve months ended September 30, 2011 and 2010 the provision for loan losses increased by $1.8 million;
- Branch selling, general and administration ("SG&A") increased by 1.5% when comparing the twelve months ended September 30, 2011 and 2010. During the year and for comparative quarters certain fees that were previously recorded as an increase to SG&A have been reclassified to other income. Branch SG&A costs decreased $4.2 million for the twelve months ended September 30, 2011 compared to the fifteen months ended September 30, 2010 given cost containment measures at the branch level and three fewer months of reported results given the change in year-end;
- Corporate expenses increased by 7.6% when comparing the twelve months ended September 30, 2011 and 2010 as a result of increased professional and legal fees, UK expansion costs, and increased corporate salary costs. Corporate expenses decreased by $2.9 million for the year ended September 30, 2011 when compared to the fifteen months ended September 30, 2010 due to three fewer months of reported results given the change in year-end offset by increased professional and legal fees, UK expansion, and increased corporate salary costs;
- Regional expenses increased by 50.2% when comparing the twelve months ended September 30, 2011 and 2010 given enhancements to collection infrastructure, a reorganization at the regional and division vice president level and infrastructure additions in both Canada and the UK. Regional expenses increased by $3.4 million for the twelve months versus the fifteen months given enhancements to collection infrastructure, a reorganization at the regional and division vice president level, infrastructure additions in both Canada and the UK offset by three fewer months of reported results given the change in year-end;
- Revenues decreased in Manitoba and Nova Scotia by $2.3 million and $578,000 respectively for the twelve months as a result of rate compression; and
- Working capital increased by $2.1 million for the year ended September 30, 2011 compared to last year.

Our EBITDA was $23.7 million for the year ended September 30, 2011, compared to $36.5 million for the twelve months ended September 30, 2010. This decrease is due to rate compression, reduced loan volumes, increased regional and corporate infrastructure costs compared to the same period last year partially offset by increases in other revenues. EBITDA, adjusted to remove class action settlements and the effective interest component of retention payments, was $49.0 million for the year, compared to $59.2 million in the twelve month period ended September 30, 2010. EBITDA for the fifteen months ended September 30, 2010 was $47.0 million. This decrease in the current year compared to the fifteen month period ended September 30, 2010 is due to the same reasons noted above for the twelve months and three fewer months of reported results given the change in the year-end periods. EBITDA, adjusted to remove class action settlements and the effective interest component of retention payments, was $74.0 million for the fifteen month period ended September 30, 2010. EBITDA is a non-GAAP financial measure. For a description of how we define EBITDA and other non-GAAP financial measures, see "Use of Non-GAAP Financial Measures".

The implementation of provincial industry rate regulations commenced in August 2009 and continued through until March 2010. Rate regulations have been implemented in British Columbia, Alberta, Ontario, Manitoba and Nova Scotia, representing markets in which 86% of our branches are located. Although we have experienced a decrease in our margins as a result of provincial rate caps, we

continue to view regulation as positive for the industry and critical to our long-term growth and success.

Product and revenue diversification initiatives continue to generate positive results. Revenue from other services (including fees from bank accounts, financial product insurance, pre-paid debit and credit cards, money transfers, cheque cashing and pre-paid phone cards) increased to $53.3 million in the year, up $11.1 million from $42.2 million in the twelve months ended September 30, 2010. We have made significant improvements in products and services which complement our existing product lines. We will continue to progress towards our objectives of diversifying our revenue stream with products which enhance and augment our core products, and increasing the value generated from our existing suite of products. When comparing to the fifteen month ended September 30, 2010 our revenue from other services increased $3.4 million.

There has been a significant realignment of the regional and senior management structure of our operations group. We expect that these changes will lead to strong growth in future periods. Further expansion of our infrastructure will take place in order to facilitate our aggressive growth plans in the UK.

Financial Analysis

This analysis provides an overview of our financial results for the twelve months ended September 30, 2011 compared to the fifteen months ended September 30, 2010. Certain comparative figures have been reclassified to conform to the presentation adopted for the current period. Specifically, certain amounts that were previously recorded within SG&A expense have been reclassified to other income for all periods presented.

Branch Count. At September 30, 2011 we had a total of 586 branches in operation, an increase of 42 branches, compared to 544 branches at the end of the last year. During the year, 44 new branches were opened, one branch was acquired and three branches were consolidated. Branch performance continues to be monitored and branch consolidations will occur when efficiencies can be achieved. For the year ended September 30, 2011 we consolidated three branches compared to six branches for the fifteen month period last year. We reached our goal of having 12 branches in the UK by the end of the 2011 fiscal year.

Summary Branch Count

	For the twelve months ended June 30,								For the fifteen months ended September 30,	For the twelve months ended September 30,
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Opening	5	20	57	108	277	338	358	384	424	544
Organic	15	37	51	67	61	20	37	31	104	44
Acquired	0	0	0	102	6	0	0	18	22	1
Consolidations	0	0	0	0	(6)	0	(11)	(9)	(6)	(3)
Closing	**20**	**57**	**108**	**277**	**338**	**358**	**384**	**424**	**544**	**586**

Material factors that determine the number of branch openings include availability of suitable locations with suitable lease terms, branch performance within similar areas and favourable market rates. In the coming year, we will be aggressively growing our branch network in the UK. We anticipate adding minimal branches next year in Canada.

Revenue. The implementation of rate caps commenced in August 2009 and continued through April 2011. The following cost of borrowing rate caps are currently in place: Nova Scotia—$25 per

hundred dollars loaned; British Columbia—$23 per hundred dollars loaned; Ontario—$21 per hundred dollars loaned; Manitoba—$17 per hundred dollars loaned; Alberta—$23 per hundred dollars loaned. We had an average broker fee of $25.30 per hundred dollars loaned prior to regulations. For the twelve and fifteen months ended September 30, 2010, our average broker fee earned per hundred dollars loaned was $20.30. For the year ended September 30, 2011, our average broker fees earned per hundred dollars was $19.70. This equates to a 3% reduction in broker fees earned.

As compared to the fifteen months ended September 30, 2011, revenues were down 13.9% compared to $220.5 million. Loan volumes were $821.4 million in the year, down 12.5% from $938.5 million for the fifteen months last year. Loan fees for the year were down 19.9% to $136.6 million compared to $170.7 million for the fifteen month period last year. The loan fees were down as a result of decreased loan volumes, rate compression and, as compared to the prior fifteen-month period, three fewer months of reported results given the change in year-end. The table below illustrates branch aging categories by year opened.

		Revenues Twelve Months Ended			Average Revenue per Branch per Quarter	
Year Opened	Number of Branches	September 30, 2010	September 30, 2011	% Change	September 30, 2010	September 30, 2011
		(in thousands, except branch figures)				
2001[1]	94	$ 38,617	$ 35,402	−8%	$103	$ 94
2002	13	7,274	6,367	−12%	140	122
2003	35	16,374	15,351	−6%	117	110
2004	52	21,941	20,762	−5%	105	100
2005	66	25,989	24,777	−5%	98	94
2006	50	19,020	17,945	−6%	95	90
2007[2]	37	9,943	12,083	22%	67	82
2008	34	11,081	10,367	−6%	81	76
2009	48	11,567	12,340	7%	60	64
2010	112	15,093	26,900	78%	34	60
2011	45	—	5,732	100%	—	32
Total	586	176,899	188,026	6%	$ 75	$ 80
Consolidation of branches		880	128			
Other		1,203	1,745			
Continuing operations		$178,982	$189,899			

(1) Instaloans branches were acquired by Cash Store Financial on April 22, 2005; they have been operating since 2001.

(2) EZ Cash branches were acquired by Cash Store Financial on April 26, 2010; they have been assumed on average to be operating since 2007.

For the twelve months ended September 30, 2011, the following table summarizes the allocation of types of revenue segregated between internally originated loans and third-party funded loans:

	For the twelve months ended September 30, 2011		
	Third Party Funded Loan	Internally Originated Loan	Total
	(in thousands)		
Brokerage and Loan Fees	$126,681	$9,943	$136,623
Interest	—	523	523
Default Fees	3,429	150	3,579

Loan volumes related to internally originated loans increased to $41.4 million in the year from $7.9 million in the twelve month period last year. The following table depicts the split between loan fees, agency fees and other revenues:

	Twelve months ended	
	September 30, 2010	September 30, 2011
	(in thousands)	
Revenues:		
Loan fees	$136,782	$136,623
Agency fees	31,472	46,809
Other	10,728	6,467
Total	$178,982	$189,899

When comparing the twelve months ended September 30, 2011 and 2010 overall loan fees decreased slightly by 0.1% given the decreases in same branch revenues as it relates to loan fees offset by the increased number of branches in operation during fiscal 2011. For the twelve months ended September 30, 2011, loan fees were $136.6 million compared to $170.7 million for the fifteen months ended September 30 2010. The decline was due to three fewer months of reported results given change in year-end, decreases in same branch revenues as it relates to loan fees and decreases in same branch loan volumes.

Revenue from other services (including fees from bank accounts, financial product insurance, pre-paid debit and credit cards, money transfers, cheque cashing and pre-paid phone cards) for the year was $53.3 million, up 26.2% from $42.2 million for the same period last year. Agency fee income has increased significantly as a result of the introduction of new products and other product enhancements namely bank accounts. These new products and enhancements are part of our long-term strategy to diversify revenue streams by providing our customers with a broader suite of financial services and products. Other revenue increased 6.9% or 28.1% of total revenue, up from $49.9 million or 22.6% of revenue as compared to the fifteen month period ended September 30, 2010.

The most significant components of "other" revenue were agency fees at $46.8 million in the year, which represented 87.9% of other revenue for the year or a 19.3% increase in the year as compared to the prior fifteen month period ended September 30, 2010. Compared to the twelve month period last year, agency fees were $31.5 million or 73.6% of other revenue. Agency fees include fees earned from the provision of debit and pre-paid credit cards and all other agency fees we earn from financial product insurance, money transfers and pre-paid phone cards. The largest contributor to the increase was the introduction of bank accounts being offered to our customers. For the year, 99% of customers who secured a loan also purchased one or more of the following optional financial services: bank

accounts, financial product insurance, pre-paid master cards, and/or debit cards, which is similar to the twelve and fifteen months ended September 30, 2010.

Same Branch Revenues. Same branch revenues for the 445 locations open since October 1, 2009 decreased by 5.1% as compared to the same twelve month period last year, with same branch revenues averaging $356,250 in the year compared to $375,400 in the same period last year. Same branch revenues decreased as a result of rate compression in Alberta, Manitoba and Nova Scotia and a drop in same branch loan volumes. The corresponding decreases in same branch revenues for Alberta, Manitoba and Nova Scotia in total were $2.0 million, $2.8 million and $535,000 respectively in the year.

Also, same branch revenue, as it relates to the brokering of loans, was down 10.9% for the year as a result of loan fee rate compression in Alberta, Manitoba and Nova Scotia coupled with decreased loan volumes. The corresponding decreases in total same branch revenue, as it relates to the brokering of loans in Alberta, Manitoba and Nova Scotia were $3.2 million, $3.4 million and $710,000 respectively for the year ended September 30, 2011.

Branch Operating Income. BOI in the year was $55.0 million (29.0% of revenue), compared to $61.6 million (34.4% of revenue) for the twelve months ended September 30, 2010. BOI was $77.2 million (35.0% of revenue) for the fifteen month period last year. BOI was down as a percentage of revenue as a result of decreased same branch revenues, increases in expenses due to the opening of 44 new branches adding to the drag on earnings, and provision for loan losses. The decreased margins and increased expenses have been partially offset by positive trending in revenues from other services.

BOI by maturity level is outlined below:

		BOI (Loss)		BOI (% of Revenues)	
		Twelve Months Ended			
Year Opened	Number of Branches	September 30, 2010	September 30, 2011	September 30, 2010	September 30, 2011
		(in thousands, except branch figures)			
2001[1]	94	$17,138	$14,915	44.4%	42.1%
2002	13	3,332	2,905	45.8%	45.6%
2003	35	7,521	7,393	45.9%	48.2%
2004	52	9,179	9,111	41.8%	43.9%
2005	66	10,016	9,993	38.5%	40.3%
2006	50	7,253	6,804	38.1%	37.9%
2007[2]	37	3,738	4,693	37.6%	38.8%
2008	34	4,226	4,070	38.1%	39.3%
2009	48	1,090	1,381	9.4%	11.2%
2010	112	(2,121)	(3,270)	−14.1%	−12.2%
2011	45	2	(2,585)	—	−45.1%
Total	586	61,374	55,410		
Branches not yet open		(70)	(33)		
Consolidation branches		(122)	(104)		
Other		409	(272)		
Branch Operating Income		$61,591	$55,001		

(1) Instaloans branches were acquired by Cash Store Financial on April 22, 2005; they have been operating since 2001.

(2) EZ Cash branches were acquired by Cash Store Financial on April 26, 2010; they have been assumed on average to be operating since 2007.

Expenses (excluding retention payments, depreciation on property and equipment, amortization of intangible assets and class action settlements). Expenses increased by $19.6 million or 16.8% given the addition of 44 new branches, increased professional fees, increased collection infrastructure costs, increased provision for loan losses for on-balance sheet lending, an increase in regional and corporate infrastructure costs and costs associated with expanding into the UK when comparing the twelve months ended September 30, 2011 and 2010. Expenses in the year have decreased to $136.3 million, compared to $142.6 million for the fifteen month period last year. The decrease is primarily due to three fewer months of reported results given change in the year-end periods which offset the addition of 44 new branches, increased professional fees, collection fees, increased provision for loan losses for on balance sheet lending, an increase in regional and corporate infrastructure costs and costs associated with expanding into the UK.

Retention Payments. Third-party lender retention payments for the year totaled $26.8 million (3.3% of loans brokered), compared to $23.1 million (3.0% of loans brokered) for the twelve months ended September 30, 2010. Retention payments as a percentage of loan fees have increased to 19.6% in the year ended September 30, 2011, compared to 16.9% in the twelve month period last year. The increases as a percentage of loan fees and loans brokered are primarily as a result of rate compression. In the fifteen months ended September 30, 2010, retention payments were $28.2 million (3.0% of loans brokered). As a percentage of loan fees, retention payments have increased to 16.5% in the fifteen month period last year.

Retention payments increased by $3.7 million or 16.1% comparing the twelve months ended September 30, 2011 and 2010 as a result of the effects of rate compression in the Regulated Provinces. Retention payments decreased by $1.4 million for the year ended September 30, 2011 when compared to the fifteen months ended September 30, 2010. The decrease is due to three fewer months of reported results given the change in year end;

Depreciation and Amortization. Depreciation of property and equipment and amortization of intangible assets for the year totaled $8.9 million, compared to $7.2 million in the twelve month period ended September 30, 2010 and $9.1 million in the fifteen month period last year. Amortization increased for the year as compared to the twelve month period last year as a result of 44 new branches and a large scale refresh program for our mature branches.

Income Taxes. Our effective tax rate was 38.3% in the year, compared to 28.4% for the twelve month period last year and 29.9% for the fifteen month period last year. The effective tax rate is higher than the statutory tax rate of 28.0% due to adjustments for prior year immaterial errors.

Outstanding Share Data

As of November 16, 2011, we had 17,420,880 common shares outstanding. There were also options to purchase 977,502 common shares, which if exercised, would provide us with proceeds of approximately $9.2 million.

Dividends

On November 16, 2011, we declared a quarterly dividend of $0.12 per common share. The dividend was paid on December 14, 2011 to shareholders of record on November 29, 2011.

We review our dividend distribution policy on a quarterly basis, evaluating our financial position, profitability, cash flow and other factors the board of directors considers relevant. Prior to August 31, 2007, we had not declared or paid a dividend on our common shares. We declared our first dividend on August 31, 2007, in the amount of $.025 cents per common share. In total, dividends of $3.6 million were paid to holders of common shares in fiscal 2008, $5.3 million in fiscal 2009, $9.1 million in the

fifteen months of fiscal 2010 and $7.9 million in fiscal 2011. The following table sets forth the quarterly dividends paid in the last quarter ended:

	2008	2009	2010	2011
Dividend per share	$0.025	$0.065	$0.100	$0.120
Percentage increase		160%	54%	20%

Comparison of Fifteen Months Ended September 30, 2010 and Twelve Months Ended June 30, 2009

The following table sets forth our results of operations for the periods indicated:

	Twelve Months Ended June 30, 2009	Fifteen Months Ended September 30, 2010
	(in thousands)	
Revenue	$150,505	$220,518
Branch operating income	54,558	77,216
Net income:		
Before class action expenses net of normalized tax	19,353	28,507
Net income and comprehensive income	14,647	26,464
Earnings before interest, taxes, amortization and class actions expenses	35,493	51,015
Earnings before interest, taxes, amortization and stock based compensation	28,583	48,100
Diluted earnings per share:		
Before class action expenses net of normalized tax	$ 1.07	$ 1.63
Net income and comprehensive income	$ 0.81	$ 1.51

Net income for the fifteen month period ended September 30, 2010, after removing class action settlement costs and related taxes was $28.5 million, compared to $19.4 million for the year ended June 30, 2009. Net income and comprehensive income for the fifteen month period ended September 30, 2010, was $26.5 million, compared to $14.6 million for the year ended June 30, 2009. Diluted earnings per share, before class action settlements costs and related taxes, increased to $1.63 for the fifteen month period ended September 30, 2010, compared to $1.07 for the year ended June 30, 2009. Diluted earnings per share were $1.51 for the fifteen month period ended September 30, 2010, compared to $0.81 for the year ended June 30, 2009.

Fiscal 2010 earnings were higher as a result of:

- record revenues related to the maturation of branches, and the introduction of a new banking product;
- increased loan volumes related to the maturing of branches, implementation of new regulatory frameworks, new branch openings and acquisitions;
- record revenue from other services; and
- fifteen months in 2010 compared to twelve months in 2009.

We achieved higher earnings, even after taking into consideration the following:

- reduced branch operating margins associated with broker fee rate compression experienced in the regulated provinces and increased new branch openings;

- an increase in retention payments, as a percentage of revenue, as a result of rate compression experienced in the regulated provinces; and
- our share of our equity loss on our investments in AUC and RTF.

The implementation of provincial industry rate regulations commenced in August 2009. We welcomed the new industry regulations that have provided long-term future stability and growth opportunities. We successfully complied with the implementation of regulations in British Columbia, Alberta, Ontario and Nova Scotia, representing 81% of our branches. With the implementation of regulations, we experienced a decrease in our margins as a result of the introduction of rate caps. To help us transition through the implementation of regulations, we utilized short-term incentive programs. The decreased margins and increased expenses were more than offset by the increases in loan volumes achieved through the maturing of branches, consolidations, and increased loan amounts within regulated provinces, increased branch counts, and increased revenues from other services.

Product and revenue diversification initiatives continued to generate positive results. Revenue from other services (including fees from financial product insurance, cheque cashing, bank accounts, money transfers, pre-paid debit and credit cards, term loans and pre-paid phone cards) increased to a record $49.9 million for the fifteen month period ended September 30, 2010, up from $27.9 million for the year ended June 30, 2009. We made significant improvements in products and services which complement our existing product lines.

Other revenues increased significantly as a result of the introduction of new products and other product enhancements. Management established improving the revenue and earnings contributions from our lowest-performing branches as a strategic priority. The effective execution of corporate-directed branch action plans has increased the number of profitable branches, and the earnings contribution from our lowest-performing branches.

Staff turnover remained consistent during the year. We believe this consistency in staff turnover was achieved through increased communications as a result of our Cash Store TV platform, increased training to associates through our Cash Store College platform, integrated marketing and sales training programs, and an innovative profit-sharing compensation program which ties associates' performance to our strategic vision.

Branch Count. At September 30, 2010, we had 544 branches, in total, including two branches in the UK. This was an increase of 120 branches, compared to 424 branches (2009—Canada—424 and UK—0) as at June 30, 2009. During the fifteen months ended September 30, 2010, 126 new branches were added and six branches were consolidated with nearby branches.

	For the twelve months ended June 30,								For the fifteen months ended September 30,
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Opening	5	20	57	108	277	338	358	384	424
Organic	15	37	51	67	61	20	37	31	104
Acquired	0	0	0	102	6	0	0	18	22
Consolidations	0	0	0	0	(6)	0	(11)	(9)	(6)
Closing	**20**	**57**	**108**	**277**	**338**	**358**	**384**	**424**	**544**

Surpassing our growth strategy, we increased by 120 new branches over the fifteen month period ended September 30, 2010 due in large part to a greater number of branch openings than anticipated and the acquisition of 22 branches.

Revenue. Revenue increased 46.5% to $220.5 million for the fifteen month period ended September 30, 2010, from $150.5 million for the year ended June 30, 2009. The higher revenue reflects an increase in both brokerage fees and other services. The growth in both areas of revenue is due to:

- 120 additional branches;
- the maturing of existing branches;
- positive contributions from our new product initiatives, including bank accounts, which resulted in record revenue from other sources;
- increased same branch revenues as a result of record revenue from other sources. The most significant impact was the introduction of bank accounts. Also same branch revenue, as it relates to the brokering of loans, remained consistent as a result of brokerage fee rate compression in regulated provinces offset by higher loan volumes; and
- fifteen months in 2010 compared to twelve months in 2009.

The table below illustrates consistent growth in a majority of branch age categories contributing to the overall growth in revenue.

		Revenues			Average Revenue per Branch per Month	
Year Opened	**Number of Branches**	**Twelve Months Ended June 30, 2009**	**Fifteen Months Ended September 30, 2010**	**% Change**	**Twelve Months Ended June 30, 2009**	**Fifteen Months Ended September 30, 2010**
		(thousands of dollars, except branch figures)				
2001[1]	94	$ 39,983	$ 49,280	23%	$35	$35
2002	13	6,839	9,202	35%	44	47
2003	35	15,959	20,683	30%	38	39
2004	52	20,805	27,600	33%	33	35
2005	66	24,517	32,722	33%	31	33
2006	53	18,283	24,860	36%	29	31
2007[2]	37	7,071	12,104	71%	16	22
2008	34	9,131	13,829	51%	22	27
2009	48	4,093	14,180	246%	7	20
2010	112	—	15,657	100%	—	9
Total	544	146,681	220,117	50%	$22	$27
Consolidation of branches		1,316	272			
Other		2,508	129			
Continuing operations		$150,505	$220,518			

(1) Instaloans branches were acquired by Cash Store Financial on April 22, 2005; they have been operating since 2001.

(2) EZ Cash branches were acquired by Cash Store Financial on April 26, 2010; they have been assumed on average to be operating since 2007.

Types of revenue that can be attributed to generation of payday loans include brokerage and loan fees, interest income and default fees. For the fifteen months ended September 30, 2010, the following

table summarizes the allocation of types of revenue segregated between internally originated loans and third-party funded loans:

	For the fifteen months ended September 30, 2010		
	Third Party Funded Loan	Internally Originated Loan	Total
Brokerage and Loan Fees	$169,363	$1,297	$170,659
Interest	—	23	23
Default Fees	2,011	121	2,131

The benefit to us of originating loans is to reduce our cost of capital, thereby increasing its profitability. The most significant risk relating to originating loans is that we assume the risk of default. We only started originating loans within the past 12 months and is still gathering information to substantiate default rates.

The following table depicts the split between brokerage fees and other revenues:

	Twelve Months Ended June 30, 2009	Fifteen Months Ended September 30, 2010
	(in thousands)	
Revenue:		
Brokerage fees	$122,572	$170,659
Other	27,681	49,836
Interest income	252	23
Total	$150,505	$220,518

Broker fees for the fifteen months ended September 30, 2010, increased to $170.7 million, up 39.2% from $122.6 million for the year ended June 30, 2009, as a direct result of improved loan volumes, 120 additional branches, the maturing of existing branches, the longer fiscal period, and the increased focus on growth through the establishment and communication of higher expectations at all levels, improved staff retention, increased marketing initiatives, and more effective compensation structures.

Revenue from other services (including fees from financial product insurance, cheque cashing, bank accounts, money transfers, pre-paid debit and credit cards, term loans and pre-paid phone cards) for the fifteen month period ended September 30, 2010, increased 78.9% to $49.9 million or 22.6% of revenue, up from $27.9 million or 18.6% of revenue for the year ended June 30, 2009. Other revenues have increased significantly as a result of the introduction of new products and other product enhancements as well as the longer fiscal period. These new products and enhancements are part of our long term strategy to diversify revenue streams through providing our customers with a broader suite of financial services and products.

The most significant components of "other" revenue were agency fees, which represented 73.6% of other revenue and increased 68.8% over this period. Agency fees include fees earned from the provision of debit and pre-paid credit cards and all other agency fees we earn from financial product insurance, money transfers and pre-paid phone cards. The largest contributor to the increase was the introduction of bank accounts being offered to our customers. For the fifteen months ended September 30, 2010, over 99% of loans generated had a corresponding purchase of other financial products.

We have made significant improvements in products and services which complement our existing product lines. We will continue to progress towards our objectives of diversifying our revenue stream with products which enhance and complement our core products and increasing the value generated from our existing suite of products.

Loans brokered for the fifteen month period ended September 30, 2010, were $847.3 million and averaged $469 per loan, compared to $594.2 million and an average of $456 per loan for the year ended June 30, 2009.

Same Branch Revenues. Same branch revenues for the last 12 months for the 382 locations open since the beginning of October 2008 increased by 4.4% compared to the same period last year, with same branch revenues averaging $401,000 in the current period compared to $384,000 in the prior year. Same branch revenues increased as a result of record revenues from other sources. The most significant impact on same branch revenues was the introduction of bank accounts. Also, same branch revenue, as it relates to the brokering of loans, remained consistent as a result of brokerage fee rate compression in regulated provinces offset by higher loan volumes. We believe the long-term effects of a stable and effective regulatory environment will be positive for us.

Branch Operating Income and Operating Income. BOI for the fifteen month period ended September 30, 2010, was $77.2 million compared to $54.6 million last year.

BOI was down as a percentage of total revenue as a result of a decrease in our margins given lower rate caps, short-term incentive programs used to help through the transition to regulations, and increased expenses due to the opening of 120 new branches and retention payments. The decreased margins and increased expenses have been partially offset by the increases in loan volumes achieved through the maturing of branches, consolidations and increased loan amounts within regulated provinces, increased branch counts, a longer fiscal period and record revenues from other services. BOI, by maturity level, is outlined below:

		BOI (Loss)		BOI (% of Revenues)	
Year Opened	Number of Branches	Twelve Months Ended June 30, 2009	Fifteen Months Ended September 30, 2010	Twelve Months Ended June 30, 2009	Fifteen Months Ended September 30, 2010
		(in thousands, except branch figures)			
2001[1]	94	$17,776	$21,925	44.5%	43.6%
2002	13	2,777	4,161	40.6%	46.8%
2003	35	7,436	9,421	46.6%	47.1%
2004	52	8,854	11,504	42.6%	43.1%
2005	66	9,040	12,580	36.9%	39.8%
2006	53	6,028	8,989	33.0%	37.4%
2007[2]	37	1,910	4,557	27.0%	39.0%
2008	34	2,400	5,115	26.3%	38.3%
2009	48	(1,876)	937	−45.8%	6.8%
2010	112	—	(2,434)	0.0%	−16.3%
Total	544	54,345	76,755		
Branches not yet open		(1)	(270)		
Consolidation of branches		(631)	(77)		
Other		845	808		
Branch Operating Income		$54,558	$77,216	36.2%	35.3%

(1) Instaloans branches were acquired by Cash Store Financial on April 22, 2005; they have been operating since 2001.

(2) EZ Cash branches were acquired by Cash Store Financial on April 26, 2010; they have been assumed on average to be operating since 2007.

Operating income, after removal of non-recurring class action settlement effects, for the fifteen month period ended September 30, 2010, was $28.5 million (12.9% of revenue) compared to $19.4 million (12.9% of revenue) for the year ended June 30, 2009.

Expenses (excluding retention payments, amortization and class action settlements). Expenses for the fifteen month period ended September 30, 2010, totaled $142.6 million, an increase from $98.1 million for the year ended June 30, 2009. The increase is primarily due to the addition of 120 new branches, increased bonuses related to higher profitability, short-term incentive programs used to help through the transition to regulations, introduction of new products, an increase in marketing, increased regional and corporate infrastructure costs, a longer fiscal period, and the write-down of our long-term investments as well as one-time costs associated with the start-up in the UK and the listing on the NYSE.

Retention Payments. Third-party lender retention payments for the fifteen months ended September 30, 2010, totaled $28.2 million (3.3% of loans brokered), compared to $18.0 million (3.0% of loans brokered) for the year ended June 30, 2009. As a percentage of revenue, retention payments have increased to 12.7% for the fifteen months ended September 30, 2010, compared to 12.0% for the year ended June 30, 2009. The increases as a percentage of revenue and loans brokered are as a result of external collection agencies not meeting expectations, as well as the rate compression experienced as a result of provincial regulation which resulted in higher loan volume offset by lower rates.

As noted in overall financial performance section the rate compression resulted in a 19.8% reduction in broker fees earned. Assuming retention payments remained at $3 per hundred dollars loaned, as a percentage of broker fees earned per hundred dollars, retention payments increased from 11.9% to 14.8%. The effect on revenue and expenses would have a corresponding effect on margins

Amortization. Amortization of capital and intangible assets for the fifteen months ended September 30, 2010, totaled $9.1 million, compared to $6.0 million for the year ended June 30, 2009. The increase is the result of the addition of 120 new branches, a large scale refresh program for our mature branches and a longer fiscal period.

Income Taxes. Our effective tax rate was 29.9% for the fifteen month period ended September 30, 2010, compared to 31.9% for the year ended June 30, 2009, which was due to reductions in federal tax rates.

Comparison of Year Ended June 30, 2009 and Year Ended June 30, 2008

The following table sets forth our results of operations for the periods indicated:

	Year ended	
	June 30, 2008	June 30, 2009
	(in thousands)	
Revenue	$130,799	$150,505
Branch operating income	39,836	54,558
Net income:		
Before class action expenses net of normalized tax	20,392	28,429
Net income and comprehensive income (from continuing operations)	12,522	14,647
Earnings before interest, taxes, amortization and class actions expenses	25,648	34,518
Earnings before interest, taxes, amortization and stock based compensation	26,273	28,585
Diluted earnings per share:		
Before class action expenses net of normalized tax	$ 0.62	$ 1.07
Net income and comprehensive income (from continuing operations)	$ 0.62	$ 0.81

Income from continuing operations for the year ended June 30, 2009 was a record $14.6 million, compared to $12.5 million in the prior year. The higher earnings, along with our share-buy-back programs, resulted in diluted earnings per share from continuing operations increasing to $0.81 ($0.82 basic), compared to $0.62 ($0.62 basic), for the year ended June 30, 2008. Before costs associated with class action settlements we would have had diluted earnings per share from continuing operations of $1.07 ($1.08 basic).

The higher fiscal 2009 earnings reflected the following:

- record branch level revenues and branch operating income due to the addition of 40 branches (net) as well as a 10.7% increase in same branch revenues through improved associate retention, more effective bonus structures, communication of expectations at all levels of the organization and action plans for our lowest-performing branches; and
- improved collection protocols used to reduce retention payments in line with management's expectations.

Earnings were reduced by:

- increased branch expenses as a result of opening a net 40 new branches;
- $6.9 million in costs associated with the class action settlements and increased costs associated with the class action lawsuits including professional fees and other related costs incurred to defend our position;
- increased branch, regional and corporate expenses related to enhanced benefits programs and higher bonuses at all levels due to higher profitability. These programs and bonuses have increased associate retention, which should help reduce operational expenses over the long-term;
- costs associated with provincial regulations;

- increase branch and corporate expenses related to the enhancement of our information system security and infrastructure as well as the development of a new operating system;
- branch closure costs; and
- increased expenditures on stock based compensation.

Branch Count. At June 30, 2009 a total of 424 branches were in operation compared to 384 branches at June 30, 2008. During the year, 49 new branches were opened and 5 underperforming and 4 acquired branches were closed and accounts transferred to nearby branches.

We opened 49 new branches, which was in line with our targeted 50 branches. The closing of 5 underperforming and 4 acquired branches was consistent with our strategy of ensuring positive contributions from all our branches.

Revenue. Revenue increased 15.0% to $150.5 million from $130.8 million last year. The higher revenue reflects an increase in the number of branches, increased same branch revenues, loans brokered and related other services. Specifically this growth is due to 40 net new branches, the maturing of existing branches and continued focus on ensuring all branches are making positive contributions. Same branch revenues increased through improved staff retention, more effective bonus structures, communication of expectations at all levels of the organization and action plans for our lowest-performing branches.

The table below illustrates consistent growth in all branch age categories contributing to the overall growth in revenue.

		Revenues			Revenue/Branch/Month	
		Fiscal Year Ended June 30,			Fiscal Year Ended June 30,	
Year Opened	Number of Branches	2008	2009	% Change	2008	2009
		(In thousands, except branch figures)				
2001[1]	94	$ 38,920	$ 39,981	3%	$35	$35
2002	14	6,981	7,124	2%	42	42
2003	35	14,830	15,959	8%	35	38
2004	52	19,015	20,804	9%	30	33
2005	67	22,362	24,676	10%	28	31
2006	54	15,078	18,485	23%	23	29
2007	25	5,374	7,206	34%	18	24
2008	35	2,652	9,205	247%	6	22
2009	48	—	4,126		—	7
Total	424	125,211	147,566	18%	$25	$29
Closed Branches		2,694	431			
Other		2,662	2,508			
Continuing operations		$130,567	$150,505			

(1) Instaloans branches were acquired by Cash Store Financial on April 22, 2005, they have been operating since 2001.

The following table depicts the split between brokerage fees and other revenues:

	Twelve months ended June 30,	
	2008	2009
	(in thousands)	
Revenue		
Brokerage fees	$108,882	$122,572
Other	21,685	27,681
Interest Income	232	252
Total	$130,799	$150,505

Broker fees for the year increased 12.6% to $122.6 million from $108.9 million in the prior year as a direct result of the net 40 additional branches, the maturing of existing branches and the increased focus on growth through the establishment and communication of higher expectations at all levels, improved staff retention and more effective bonus structures.

Revenue from other services (including fees from cheque cashing, money transfers, payment protection, pre-paid credit cards, debit cards, term loans, collections and pre-paid phone cards) increased to $27.7 million during the year, up from $21.7 million last year. These improvements demonstrate the progress we continued to make against our objective of diversifying our revenue stream and increasing the value generated from our existing suite of products.

Loans brokered in the year totaled $594.2 million and averaged $365 per loan (excluding our broker fee), compared to $521.6 million and an average of $360 per loan in the prior year.

Same Branch Revenues. Same branch revenues for the 344 locations open since the beginning of the first quarter of fiscal 2008 increased by 10.7% compared to the same period last year, with same branch revenues averaging $392,800 year-to-date compared to $354,900 in the same period in the prior year. Same branch revenues increased through improved staff retention, more effective bonus structures, communication of expectations at all levels of the organization and action plans for our lowest-performing branches.

Branch Operating Income. BOI for the year was a record $54.6 million compared to $39.8 million last year. BOI improved as a result of increased revenue, as noted above, which was partially offset by increased expenses. BOI for the year, by maturity level, is outlined below:

		BOI (Loss)		BOI (% of Revenues)	
		Fiscal Year Ended June 30,		Fiscal Year Ended June 30,	
Year Opened	Number of Branches	2008	2009	2008	2009
		(in thousands)			
2001[1]	94	$14,468	$17,192	37.2%	43.0%
2002	14	2,836	2,705	40.6%	38.0%
2003	35	5,464	6,997	36.8%	43.8%
2004	52	6,961	8,507	36.6%	40.9%
2005	67	6,535	8,991	29.2%	36.4%
2006	54	2,940	6,151	19.5%	33.3%
2007	25	354	2,032	6.6%	28.2%
2008	35	(254)	2,604	(9.6)%	28.3%
2009	48	—	(1,045)	—	(25.3)%
Total	424	39,304	54,134		
Branches not yet open		(32)	(14)		
Closed branches		(402)	(378)		
Other		966	816		
Branch Operating Income		$39,836	54,558		

(1) Instaloans branches were acquired by Cash Store Financial on April 22, 2005, they have been operating since 2001.

Expenses (excluding retention payments, amortization and class action settlements). Expenses for the year totaled $98.1 million, an increase from $85.0 million last year. The increased expenses were attributed to the addition of a net 40 new branches, increased bonuses related to higher profitability, increased infrastructure at the regional and corporate levels, information system infrastructure costs, professional fees related to the class action lawsuits and provincial regulation.

Retention Payments. Third-party lender retention payments for the year totaled $18.0 million (3.0% of loans brokered), compared to $20.1 million (3.9% of loans brokered) last year. Payments decreased despite the fact that total loans brokered increased to $594.2 million in 2009 from $521.6 million in the prior year. As a percentage of brokerage revenue, retention payments have decreased to 12.0% in 2009, compared to 15.4% in 2008. Improved collection protocols contributed to a continued reduction in retention payments in line with management's expectations.

Amortization. Amortization of capital and intangible assets for the year totaled $6.0 million, compared to $5.2 million last year. The increase reflects the addition of a net 40 new branches.

Income Taxes. Our effective tax rate for the year ended June 30, 2009 was 31.9%, compared to 38.6% for the prior year, as a result of a decrease in federal and provincial corporate tax rates. The prior year's tax rate increase was also due to a reduction of future tax assets as part of the rental division spin-off of approximately $290,000 and a reduction in the overall effective tax rates into the future, thereby reducing the overall value of the future income tax asset.

The effective rate was also higher than the calculated consolidated statutory rate of approximately 31.3% (2008—30.6%) due to the impact of non-deductible stock based compensation and warrants to outside agents, which totaled $1.2 million in fiscal 2009 (2008—$625,000).

Income from Continuing Operations. Income from continuing operations for the year was $14.6 million, compared to $12.5 million in fiscal 2008. The increased income from operations was due primarily to improved revenues and lower retention payments, offset by expenses associated with 40 net new branches, $6.9 million in costs associated with the class action settlements, increased infrastructure at all levels, increased information system infrastructure costs and professional fees associated with the class action lawsuits and provincial regulation.

Income from continuing operations adjusted for the class action lawsuit (net of tax) would have been $19.3 million compared to $12.5 million in fiscal 2008.

Liquidity and Capital Resources

Our cash decreased by $348,000 to $19.3 million at September 30, 2011 compared to $19.6 million as of September 30, 2010. Our cash, excluding restricted cash, decreased by $3.6 million to $13.0 million as of September 30, 2011 compared to $16.7 million as of September 30, 2010. Significant items impacting cash in the year ended September 30, 2011 included:

- Cash generated from operating activities, before non-cash operating items, of $20.8 million;
- A $2.9 million increase in amounts due from suppliers, $2.4 million increase in prepaids, $2.0 million decrease in income taxes payable offset by a $2.8 million increase in amounts due third-party lenders;
- A $3.3 million increase in cash restricted for class action settlements. Subsequent to our year end all funds segregated for the British Columbia class action were transferred to a third party administrator;
- Property and equipment and intangible asset expenditures of $10.0 million;
- Cash required for on balance sheet lending of $2.9 million;
- Dividend payments of $7.9 million; and
- Issuance of common shares for proceeds from exercised options and warrants of $2.1 million.

At September 30, 2011, our working capital position totaled $17.1 million compared to $15.0 million as at September 30, 2010. We expect our cash to decrease in the future due to growth in our UK consumer loans receivable.

We have entered into a letter agreement for our New Revolving Credit Facility. Concurrently with the completion of this offering or during the term of the Notes offered hereby, we expect to satisfy the conditions precedent to drawing on the New Revolving Credit Facility, which will have availability of $25.0 million and includes a letter of credit sub-facility with availability of $5.0 million. In addition to the foregoing limits, the New Revolving Credit Facility is subject to a limit of 75% of our eligible loan receivables less certain prior ranking amounts. The completion of the offering is not conditional upon the satisfaction of the conditions precedent to drawing on the New Revolving Credit Facility and if such conditions precedent are satisfied concurrently with the completion of the offering, we do not anticipate that any amounts will be drawn under our New Revolving Credit Facility as of the closing of this offering. Unless extended or replaced, the New Revolving Credit Facility will mature on September 30, 2014, at which time all amounts drawn must be repaid.

The New Revolving Credit Facility will contain restrictive covenants that will restrict our ability to incur additional indebtedness and take other specified actions and will also require that we maintain certain financial ratios. For more information see "Description of Other Indebtedness."

Following the consummation of this offering, we will significantly increase our direct lending activity, which will require increased liquidity and capital resources. We expect to fund such activity with the proceeds from this offering and from borrowings under the New Revolving Credit Facility. See "Business—Business Strategy—Accelerate Direct Lending Model."

Contractual Obligations

As of September 30, 2011, our contractual obligations over the next five years and thereafter are summarized in the table below. For additional information, see Notes 15 and 20(a) of our audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010, which are included elsewhere in this offering circular.

	< than 1 Year	1-3 Years	3-5 Years	5 Years and >	Total
		(thousands of dollars)			
Long-term debt[1]	$ —	$ —	$ —	$125,000	$125,000
Capital (finance) lease obligations	750	693	—	—	1,443
Operating lease obligations	19,981	44,090	5,042	16,548	85,662
Total	$20,731	$44,783	$5,042	$141,548	$212,105

(1) Adjusted to give effect to the issuance of the Notes offered hereby, which will mature in 2017, but excludes the payment of any interest payable pursuant to the Notes or any borrowings under the New Revolving Credit Facility.

BUSINESS

Our Company

We are the largest owner and operator of short-term advance branches and a leading provider of alternative financial products and services in Canada through our two banners: Cash Store Financial and Instaloans. We have grown rapidly and as of September 30, 2011 had a network of 586 branches in nine Canadian provinces, two Canadian territories and in the UK. We serve as an alternative to traditional banks, acting as either a broker between the customer and third-party lenders or as the direct lender to the customer. We provide short-term advances or loans, which are typically less than $1,500 with a term of up to 30 days (71.9% of revenue during the year ended September 30, 2011) and ancillary financial products and services (28.1% of revenue for the same period), including bank accounts, financial product insurance, pre-paid debit and credit cards, money transfers, cheque cashing and pre-paid phone cards. We are the only provider of short-term advances in Canada that is publicly traded on the TSX, where our common shares trade under the ticker symbol CSF. Our common shares also trade on the New York Stock Exchange under the ticker symbol CSFS.

Founded in 2001, we operate two of the most recognizable brands in the expanding alternative financial products and services market in Canada, which together have market-leading positions in key Canadian markets. By branch count, we have a 36% share of the Canadian short-term advance market and more than 56% of our branches are less than five years old and are still maturing. As of September 30, 2011, our three largest provinces by branch count were Ontario (200 branches), Alberta (131 branches) and British Columbia (110 branches). In addition, we have identified opportunities to expand our branch network in Canada, the UK and other international markets. Our primary strategic objective is to establish Cash Store Financial and Instaloans as the one-stop financial providers of choice for our customers in the Canadian and UK markets in which we operate.

Our business is driven by our performance-based culture, which we believe incents and motivates our workforce of approximately 2,300 associates in Canada and the UK. We believe that the comfortable, open-concept floor plan of our branches, superior customer service, convenient locations and extended hours of operation help differentiate us in the marketplace. We provide our customers a choice of a bank account, pre-paid debit or credit card, cheque or delivery of an electronic funds transfer to a personal bank account when facilitating a short-term advance, negating the need for our branches to carry hard currency and providing a secure environment for our employees and customers. In addition to short-term advances, we generate recurring, fee-based revenue through a broad range of ancillary financial products and services, including bank accounts, financial product insurance, pre-paid debit and credit cards, money transfers, cheque cashing and pre-paid phone cards. Fee-based revenue from these ancillary financial products and services accounted for 28.1% of our total revenue during the year ended September 30, 2011. While these fee-based services generate recurring revenue, we believe these services also improve customer retention, broaden our customer base and enhance the lifetime revenue potential of our customers without the need for significant capital investment.

Our market has evolved in recent years, as a majority of the Canadian provinces in which we operate have enacted legislation to better regulate the short-term advance industry by establishing certain consumer protection measures. We view the current regulatory environment as a positive for consumers and the industry due to the transparency it provides to the market. The implementation of this regulatory framework in Canada also enables us to move more aggressively toward a direct lending model, which will significantly decrease our effective cost of capital.

For the year ended September 30, 2011, our revenue and Adjusted EBITDA were $189.9 million and $49.0 million, respectively, representing an Adjusted EBITDA margin of 25.9%. After giving effect to this offering, our ratio of total debt to Adjusted EBITDA and Adjusted EBITDA to pro forma interest expense would have been 2.6x and 3.4x, respectively, for the year ended September 30, 2011. See "Summary Historical Consolidated Financial Data."

Industry Overview

We operate in the alternative financial services industry, which serves individuals who require convenient access to financial services but either cannot or choose not to obtain them from banks or other traditional financial services providers. Products and services offered by the alternative financial services industry include a variety of short-term consumer loan products such as payday, title and pawn loans, debit cards, cheque cashing and money transfers, as well as similar non-traditional financial products and services. The alternative financial services industry has expanded in recent years as participants have ventured into short and medium-term credit-scored financial products, such as lines of credit, where traditional banking institutions have limited their offerings. We estimate that approximately 15% of the adult Canadian population is currently underbanked. This market is increasingly underserved by traditional financial service providers, as evidenced by the withdrawal of a large US-based provider from the market in 2010.

Customers of short-term advances are 18 years of age or older, generally employed, and hold a bank account. According to a June 2009 report by the Government of Alberta, between 3% and 6% of the general population of Alberta use short-term advances. Over half (54%) of all short-term advance users are between the ages of 36 and 64, with the 25 to 35 age group representing 35% of all users. The report indicates that there is a general misconception among non-users that those individuals who use short-term advance products are universally disadvantaged by socioeconomic circumstances or emergency situations. While approximately 37% of all users have an annual household income of between $20,000 and $50,000, the report states that lower income situations are not always the case. Approximately 38% of all users have an annual household income of greater than $50,000 and approximately 9% have annual household income of greater than $100,000.

In 2009, an Ontario governmental advisory board estimated that the short-term advance industry in Canada generated $2.0 billion of total transaction volume. The Canadian market is significantly less penetrated than the United States market. The Canadian market is estimated to have 1,600 cash advance stores serving an eligible consumer base of approximately 26 million people (excluding Québec), or 16,000 eligible consumers per cash advance store, as opposed to an estimated 10,000 eligible consumers per store in the United States.

Regulatory Environment

We believe recent changes to Canadian federal and provincial consumer protection regulations relating to the Payday Loan industry have positively impacted our business by increasing operating transparency and allowing us to move toward a direct lending model. We were actively involved in encouraging the federal and provincial governments to regulate our industry. We sought to reduce existing uncertainties and establish a more transparent operating environment. For example, we voluntarily implemented certain best practices, such as a prohibition on "rollovers," which essentially enable a customer to extend an existing loan for a fee and engaged in discussions with legislative officials to promote the ban. We believe the practice of rollovers, although lucrative, damaged the reputation of the industry and increased the risk of punitive regulations. We believe that our involvement in the industry initiative to eliminate rollovers facilitated the current positive regulatory regime. We also believe that the current environment, particularly the rate caps discussed below, makes our industry less attractive to smaller, less-capitalized competitors.

In May 2007, the Canadian federal government enacted a bill clarifying that the providers of certain Payday Loans were not governed by the Criminal Code, granting lenders (other than most federally-regulated financial institutions) an exemption from the Criminal Code if their loans fell within certain dollar amount and time frame maximums. In order for Payday Loan companies to rely on the exemption, the provincial governments are required to enact legislation, subject to approval by the federal government, designed to protect consumers and to limit the overall cost of loans. All of our

major markets have been regulated under this framework, and provinces that have enacted legislation have prohibited rollovers. In provinces where regulations have been proposed but not enacted, we have voluntarily implemented certain consumer protection measures that are in place in regulated jurisdictions.

In the UK, consumer lending is governed by the Consumer Credit Act of 1974, which was amended by the Consumer Credit Act of 2006, and related rules and regulations. Our subsidiaries in the UK must maintain licenses from the Office of Fair Trading, which is responsible for regulating consumer credit, competition and consumer protection. In response to public controversy regarding the potential impact of Payday Loans on low-income individuals, the Office of Fair Trading recently conducted and published a report containing a comprehensive analysis of the industry and its users. This report concluded that no case can be made at this time for rate caps in the UK on the basis that there is no clear evidence that rate caps enable consumers to avoid financial detriment.

Business Strengths

Leading Market Position. We are the largest owner and operator of short-term advance branches in Canada. As of September 30, 2011, we had a geographically diverse network of 574 branches across nine Canadian provinces and two Canadian territories. We maintain a Canadian market share of approximately 36%, as measured by number of branches, in the short-term advance segment of the alternative financial services market. We believe that our size provides us with a leadership position in the industry and allows us to implement and monitor regulatory compliance on a cost effective basis, adapt to regulatory changes, invest in and expand our network of branches and enter into favorable relationships with lenders, landlords and strategic partners. We believe our platform has built strong brand awareness as one of Canada's leading providers of short-term advances and alternative financial solutions.

Diversified Product and Service Mix. We operate a scalable business model with significant geographic coverage and product diversity across our operating platform, which we believe provides us with key competitive advantages. In addition to providing small, short-term loans which can be accessed quickly, we also offer our customers ancillary financial products and services such as bank accounts, financial product insurance, pre-paid debit and credit cards, cheque cashing, money transfers and pre-paid phone cards. Revenue from these ancillary products and services increased 26.2%, from $42.2 million to $53.3 million, during fiscal 2011 compared to the same period in fiscal 2010. We believe that the increasing percentage of our revenue generated by ancillary financial products and services will help maintain our revenues at stable levels. In the last year, we have introduced ancillary products which we believe will add meaningfully to our revenue and cash flow in the future, including a basic deposit account product for $9.95 a month and a new premium bank account product that features unlimited free cheque cashing, free on-line bill payments and "no holds" on cheques for $29.95 a month. We believe our multi-product offering creates a diversified and recurring revenue stream and allows us to better serve our customers.

Recently Defined Regulatory Environment. Provincial industry rate regulations have been implemented in British Columbia, Alberta, Saskatchewan, Ontario, Manitoba and Nova Scotia, which represent the markets in which 92% of our Canadian branches are located. We believe the provincial rate caps on short-term advances have created an operating environment in which our scale has become a significant competitive advantage that will enable us to increase our market share. Further, the current Canadian regulatory framework has enabled us to move aggressively toward a direct lending model, which will significantly decrease our cost of capital.

Focus on Superior Customer Service. We seek to differentiate ourselves from our competitors with our open-concept branch floor plan (made possible by not dispensing hard currency) and superior customer service. We believe superior customer service has enabled us to achieve high levels of

customer satisfaction and has generated more frequent visits by our customers. We offer customers convenient locations and hours of operation, which are often more compatible with their work schedules as compared to traditional banks. We want our customers to think of us not as a one-time short-term advance provider, but as their one-stop financial service provider of choice. We have created a performance-based culture in which our workforce of over 2,300 associates is offered the requisite resources, knowledge and skills to provide exceptional service through our internally developed training program. Our associates are trained through an integrated communication and training strategy that includes Cash Store Financial College, Cash Store Financial TV and our annual President's Forum with every branch manager. Our goal is to consistently provide quick and professional service designed to benefit our customers. We are confident in our management and associates' abilities to address and proactively react to a changing industry.

Strong Credit Profile. We have been able to increase revenues by over 45% from $130.8 million in fiscal 2008 to $189.9 million for the year ended September 30, 2011 and Adjusted EBITDA by more than 25%, from $39.2 million to $49.0 million over the same period. After giving effect to this offering, our ratio of total debt to Adjusted EBITDA and Adjusted EBITDA to as adjusted interest expense for the year ended September 30, 2011 would have been 2.6x and 3.4x, respectively. Our ability to generate strong cash flow should enable us to invest in our operations, expand our product offerings and pursue opportunities in additional markets in Canada and the UK.

Proven Management Team. We are managed by a leading team of industry veterans, including Gordon Reykdal, our Chairman and Chief Executive Officer, Nancy Bland, our Chief Financial Officer, Barret Reykdal, our Chief Operating Officer and S. William Johnson, our Senior Executive Vice President, who have over 70 years of combined experience in the alternative financial service industry. Gordon Reykdal, the founder of our company, was also the founder, Chairman, President and Chief Executive Officer of RTO Enterprises Inc., a chain of rent-to-own stores, from 1991 to 2001. With our seasoned senior management team and a stable and loyal team of associates, we believe our business is positioned for continued growth. We have experienced low turnover in our senior and middle management positions, where average tenure of our senior divisional presidents is nine years.

Business Strategy

Accelerate Direct Lending Model. We currently act primarily as a broker of short-term advances between our customers and third-party lenders, the effect of which is that the loan portfolio we service is not financed on our balance sheet. With the implementation of regulations across Canada substantially reducing the potential risk of legal challenges, we will transition approximately 92% of our short-term lending business in Canada away from the current broker model to one of direct lending, essentially bringing the loan financing business onto our balance sheet (see "Use of Proceeds"). This will significantly reduce our effective cost of capital, which during the year ended September 30, 2011 was 19.0% with our third-party lenders. The return component of payments to our third-party lenders in the Regulated Provinces, which equaled $21.3 million during the year ended September 30, 2011, will be eliminated with the proceeds of this Offering, thus decreasing our effective cost of capital. We intend to continue utilizing third-party lenders for loans originated in unregulated areas.

Introduce Additional Products and Services. A key component of our long-term business strategy has been to expand our suite of ancillary financial products and services to complement our short-term advance products. We offer a wide range of ancillary financial products and services, which include bank accounts, financial product insurance, pre-paid debit and credit cards, money transfers, cheque cashing and pre-paid phone cards. We will continue to add new insurance and banking products. These high-margin products create a recurring revenue stream which we intend to further supplement with the addition of short and medium-term credit scored lending products such as lines of credit. In our most recent quarter, 28.9% of our total revenue was generated from these fee-based products. With a

proven track record of introducing financial products and services to meet our customers' evolving needs, we will continue to evaluate and launch complementary products. Over the next five years, our goal is to increase revenue from these products and services to between 40% and 50% of our total revenue.

Continue to Grow Canadian Operations. We have enjoyed rapid growth in revenue and branch count in Canada since our formation and we continue to see opportunities to expand our prominent position in the Canadian alternative financial services industry through organic growth into underserved communities. In addition to gaining market share through the maturation of our branches, we intend to drive market penetration by continuing to open new branches. In Canada, our number of branches in operation has grown to 574 as of September 30, 2011, compared to 384 as of June 30, 2008. Revenue generated by our branches typically grows at high rates during the first five years of operation, and over 56% of our current branches have been opened in the last five years. During the year ended September 30, 2011, the average annual revenue generated by our mature branches (opened between 2001 and 2005) was $416,000, compared to just $269,000 generated by our early stage branches (opened between 2006 and 2011). In addition to driving strong revenue growth, the maturation of our branches leads to a significant improvement in operating margins. With over 1,600 retail alternative financial services locations in Canada, the ratio of total eligible Canadian population per short-term advance lender branch is currently 16,000 to one, which compares favorably to the U.S. ratio of 10,000 to one.

Pursue International Expansion. We believe international markets provide us with significant opportunities for future growth. As of September 30, 2011, we operated 12 branches in the UK market and during the quarter ended December 31, 2011, we opened an additional 11 branches for a total of 23 branches. The UK alternative financial services market is attractive to us due to a lower penetration compared to the Canadian markets and a stable regulatory environment. We estimate the current short-term advance branch count in the UK to be approximately 1,200, less than the number of branches in Canada despite a population nearly twice as large. In addition, we believe our open-concept branch design and commitment to customer service is unique in the UK market, and will be received favorably by customers. We will continue to take advantage of the attractive market environment and enhanced return parameters that we believe exist in the UK. In addition to our direct investment in the UK market, we currently hold an 18.3% interest in The Cash Store Australia Holdings Inc. ("AUC"), which acts as a broker to facilitate short-term advances and other financial services to income-earning consumers in Australia. As of September 30, 2011, AUC owned and operated 81 branches in Australia. We have also ventured into a new channel of product delivery through our 15.7% interest in RTF Financial Holdings Inc. ("RTF"), which provides short-term lending through highly automated mobile technology, utilizing SMS text messaging. RTF currently operates in Finland, Sweden, Denmark, the Netherlands and the UK, with plans to expand into additional European countries.

Products and Services

We offer several convenient, fee-based services to meet the needs of our customers, including short-term advances as well as a broad range of ancillary financial products and services which include bank accounts, financial product insurance, pre-paid debit and credit cards, cheque cashing, money transfers, and pre-paid phone cards. We believe that our customers find our consumer loan products to be convenient and transparent alternatives to other more expensive short-term financing options.

Short-Term Advances. Under our Cash Store Financial and Instaloans banners, we provide consumers with short-term advances without requiring them to provide a credit history or security on their short-term advance by acting as a broker between the customer and third-party lenders or by directly lending to the customer. For a brokered loan, after an application is completed and other relevant information is obtained from a customer, we broker the customer's loan request to third-party

lenders with whom we have entered into written agreements. Based on approval criteria established by the third-party lenders, the customer's eligibility for an advance is assessed. If the customer is approved, we provide the lender's loan documentation to the customer. Upon fulfillment of the loan documentation requirements, we are authorized by the lender to forward the short-term advance to the customer on behalf of the lender. When an advance becomes due and payable, the customer must make repayment of the principal and interest owing to the lender through us which, in turn, we remit to the third-party lender. Loans are not extended or renewed unless the original loan is paid off in full. If there is difficulty with the collection process, the customer's account may be turned over to an independent collection agency. The third-party lenders are responsible for losses suffered on account of uncollectible loans, provided we have properly fulfilled our obligations under the terms of the agreements. In the event that we do not properly fulfill our obligations and the lenders make a claim as required under the agreement, we may be liable to the lenders for losses they have incurred.

We typically arrange for advances to customers ranging from $100 to $1,500. In order to receive an advance, a consumer is required to provide proof of income, copies of recent bank statements, current proof of residence and personal references. The customer must then either write a cheque or execute a preauthorized debit agreement for the amount of the advance plus the third-party lender's pre-calculated interest. The cheque's deposit is deferred until the due date of the loan which is the consumer's next payday (normally seven to 31 days). The cheque is not post-dated. When the agreement expires, the cheque may be deposited to repay the advance, or the consumer may redeem the cheque by paying cash in the amount of the cheque.

Customers have the option to receive their advance through a cheque from the third-party lender, delivery of an electronic funds transfer to a personal bank account, which may be a customer's existing account with a commercial financial institution or an account with DirectCash Bank or having the funds loaded on a pre-paid debit or credit card. Pre-paid debit and credit cards are offered through our arrangement with DirectCash Bank, which allows our branches to load short-term advances and other amounts onto a pre-paid debit or credit card for a fee charged by DirectCash Bank. The customer can then immediately use the debit or credit card at any ATM/ABM, point of sale terminal in Canada or the Internet where traditional debit or credit cards are accepted.

In 2010, we started providing loans to customers directly. When lending directly to a customer, the process is similar to the foregoing except that the lending criteria are established internally and loan approvals are completed internally.

Current Lending Model. In regulated provincial jurisdictions, we generate revenue by charging a loan fee to each customer on each loan based on approved rate caps as prescribed by provincial regulations. Our third-party lenders provide our customers with short-term loans in amounts equal to the principal amount the customer has requested together with an amount for the loan fee and any other financial services fee. The loan fee is typically equal to the maximum rate caps as prescribed by provincial regulations. All loans including principal and loan fees are payable by the customer to the third-party lenders on their due dates. We charge and collect interest on delinquent loans in jurisdictions where permitted by provincial regulations.

In unregulated provincial jurisdictions, we generate revenue by charging a broker fee and interest to each customer on each loan. Our third-party lenders provide our customers with short-term loans in amounts equal to the principal amount the customer has requested together with an amount for the broker fee and any other financial services fee. The broker fee is typically equal to $25 per hundred dollars loaned. All loans including principal and loan fees are payable by the customer to the third-party lenders on their due dates. Interest is charged on all loans at 59% per annum.

We pay an amount to our third-party lenders so that they receive an annualized return which during the year ended September 30, 2011 period equaled 19.0% on amounts loaned to our customers. Every quarter, our Board approves a resolution which authorizes us to pay these voluntary payments to

our third-party lenders as consideration for continuing to fund advances to our customers. While the third-party lenders have not been guaranteed an expected return, the decision has been made to voluntarily make these payments to the lenders to ensure they continue to fund loans to our customers.

Ancillary Financial Products and Services. In addition to short-term advances, we generate recurring, fee-based revenue through a broad range of ancillary financial products and services, including bank accounts, financial product insurance, pre-paid debit and credit cards, money transfers, cheque cashing and pre-paid phone cards. Fee-based revenue from these ancillary financial products and services accounted for 28.1% of our total revenue during the most recent quarter ended September 30, 2011. In addition to the recurring revenue nature of these fee-based services, we believe these services improve customer retention, broaden our customer base and enhance the lifetime revenue potential of our customers without the need for significant capital investment.

Bank Accounts. Through an agreement with DirectCash Bank, we offer bank accounts which are insured by Canada Deposit Insurance Corporation. In addition to our basic accounts, we also offer premium accounts which provide free unlimited cheque cashing and free, unlimited bill payments. DirectCash Bank charges a $9.95 per month fee on our basic account and a $29.95 per month fee on our premium accounts, on which we receive a commission. Although relatively immature, we believe that our bank account products have been well received by our customers.

Financial Product Insurance. We offer optional insurance to qualified short-term advance customers which covers the outstanding balance of the advance in the event of involuntary unemployment, accidental injury, critical illness, death or disability. We offer this product through Trans Global Insurance and receive commissions based on total sales.

Pre-paid Debit and Credit Cards. Through our agreement with DirectCash Bank, we offer access to reloadable pre-paid debit cards such as Freedom MasterCards and Prestige debit cards, with a variety of enhanced features that provide our customers with a convenient and secure method of accessing their funds in a manner that meets their individual needs. We also provide pre-paid credit cards. The cards are provided by DirectCash Bank, and our branches serve as distribution points where customers can purchase cards as well as load funds onto and withdraw funds from their cards. In addition, customers receive cheque cashing proceeds on their cards without having to worry about carrying cash. We are paid agent fees from DirectCash Bank that are based on the sale of the cards, monthly card fees, interchange fees and ATM access fees.

Money Transfers. We assist customers in sending and receiving wire transfers of money both domestically and internationally by acting as an agent for RIA Financial Services Inc. (“RIA”) which has an extensive network of agent locations in 200 countries. We are compensated by receiving a portion of the fee charged to the customer by RIA.

Cheque Cashing. We also offer cheque cashing services. We do not impose maximum cheque size restrictions and transact with all forms of cheques, including payroll, government, tax refund, insurance, money order, cashiers and personal cheques. We believe this flexibility results in increased customer loyalty and transaction volume. For each transaction, we charge a cheque cashing fee based on the size of cheque.

Pre-paid Phone Cards. We offer our customers pre-paid long distance calling or cell phone airtime cards with a Canadian telecommunications provider. We are compensated by receiving a portion of the fee charged to the customer.

Our Customers

Our customers are primarily moderate-to middle-income individuals who require basic financial services and value timely and convenient alternatives to banks, credit card companies and other

traditional financial services companies that may charge higher fees and penalties and offer less flexible products. Customers of short-term advances are 18 years of age or older, generally employed and hold a bank account. According to a June 2009 report by the Government of Alberta, between 3% and 6% of the general population of Alberta use short-term advances. Over half (54%) of all short-term advance users are between the ages of 36 and 64, with the 25 to 35 age group representing approximately 35% of all users. The report indicates that there is a general misconception among non-users that those individuals who use short-term advance products are universally disadvantaged by socioeconomic circumstances or emergency situations. While approximately 37% of all users have an annual household income of between $20,000 and $50,000, the report states that lower income situations are not always the case. Approximately 38% of all users have an annual household income of greater than $50,000 and approximately 9% have an annual household income of greater than $100,000.

We believe that consumers seek our industry's services for numerous reasons, including: their preference for and trust in the simplicity, transparency and convenience of our products; a dislike or distrust of banks due to confusing and complicated fee structures that are not uncommon for traditional bank products; access to financial services outside of normal banking hours; they have an immediate need for cash for sudden financial challenges and unexpected expenses; they have been rejected for or are unable to access traditional banking or other credit services; they seek an alternative to the high cost of bank overdraft fees, credit card and other late payment fees and utility reconnection fees; and they wish to avoid potential negative credit consequences of missed payments with traditional creditors.

Locations and Operations

We currently operate branches under the Cash Store Financial and Instaloans brands. We are focused on increasing the customer's awareness of our brands by using uniform signage for each brand and branch design at each location. Our branches are located primarily in strip malls within high traffic areas. Branches are, where permitted by law, open seven days a week with operating hours from 9 a.m. to 8 p.m. Monday to Friday, 9 a.m. to 5 p.m. on Saturdays, and 11 a.m. to 4 p.m. on Sundays. Typically, the branches range in size from 500 to 1,500 square feet. All of our branches are leased with the exception of one branch which is owned, generally under leases providing for an initial term of 5 years with optional renewal terms of 5 years.

Our branch development staff selects each new branch location, negotiates leases, and supervises the construction of new branches and the remodelling of existing branches. In addition, our branch development staff performs lease management and facility maintenance services for the open branches. Since all of our branches are built within existing retail space, the customer area of each branch is customized to meet the varying size and other requirements of each location while also giving it an appearance that is consistent with our other similarly branded branches.

Our corporate headquarters in Edmonton, Alberta currently occupies approximately 21,128 square feet under a lease that expires on January 31, 2014. On March 4, 2011, we entered into a lease agreement with Quinco Financial Inc. (the "Landlord") for approximately 3.93 acres of land in Edmonton on which we intend to construct a new, 45,000 square foot corporate headquarters. The term of the new lease is 15 years, commencing on the date that the Landlord delivers certain certificates, declarations, inspections and permits evidencing completion of construction and that the building is ready for us to occupy as tenants and open for business. The lease will be renewable for two additional five-year periods. The Landlord estimates the basic monthly rent on the premises will be $132,000 per month.

Advertising and Marketing

Our marketing efforts are designed to promote our product and service offerings, create customer loyalty, introduce new customers to our branches and create cross-selling opportunities. In our markets, we operate under the Cash Store Financial and Instaloans brands. In most of our markets, we utilize mass-media advertising, including flyers, direct mail, outdoor advertising, yellow pages and, on a limited basis, radio and television advertising. We also utilize point-of-purchase materials in our retail locations to implement in-branch marketing programs and promotions. Additional local marketing initiatives include sponsorship and participation in local events and charity functions.

We develop our marketing strategies based in part on results from consumer research and data analysis and from insights gained from phantom shopper programs. We are continuously testing new ways of communicating and promoting our products and services, which include direct mail, online advertising and print advertising.

Employees

We refer to our employees as associates. As of September 30, 2011, we had over 2,300 associates, including 567 branch managers, 19 designated managers and 50 regional managers (“RMs”), eight divisional vice presidents (“DVP”s) (including two senior divisional vice presidents (“Sr. DVP”s)) and 116 corporate associates located in Edmonton, Alberta. We consider our relations with our associates to be good. Our associates are not covered by a collective bargaining agreement, and we have never experienced any organized work stoppage, strike, or labor dispute.

Human Resources

Our operations team is led by the President who has two Sr. DVPs who are accountable to him. The Sr. DVP’s have three DVPs, whose divisions are geographically aligned to support RMs responsible for the branches assigned to them. There are 50 RMs who each manage between six and fifteen branches in their regions. The RM’s are responsible for branch operations, operational controls, training and mentoring, as well as various administrative functions. Corporate office support teams include finance, risk management, banking and credit, internal audit, training, marketing, communications, information management and human resources and provide overall operational support.

Our President and Chief Operating Officer conducts an annual tour to meet individually with each manager in our national branch network. This is a critical component of our long-term growth program, as our President learns first-hand of the challenges and opportunities facing our front-line staff. In response to his 2011 tour, particular emphasis has been placed on the implementation of new training programs to address common areas of concern raised by our associates. In addition, there has been a significant realignment of the senior management structure of our operations group. In concert with our new training initiatives, we expect that these changes will lead to strong growth in future periods.

Hiring and Retention. Branch managers are responsible for hiring branch associates. RMs are involved in the process for less experienced managers and hold final authority for the hiring process, including a final criminal record check. Our successful employee hiring and retention is attributed to competitive wages, a comprehensive benefit package, registered retirement savings plan matching programs, and opportunities for advancement.

The human resource team executes a service delivery model where each operational division and department within the corporate office has one key human resource representative who provides support in recruitment and selection; performance management; employee and organizational development; organizational design; employee relations; human rights; occupational health and safety;

and compensation. This model has ensured human resources is positioned to provide support to every level within our organization. A positive reflection on our human resources strategy and practices and our organizational success was recently acknowledged when we received an honorable mention in the magazine Alberta Venture's list of "Alberta's Best Workplaces."

Training. A centralized training department is responsible for developing, delivering and implementing training programs for branch associates, RMs, and operational corporate associates. Training content focuses on customer service, sales skills, compliance, product knowledge, and operational processes and policies. New associates also receive training in product and company knowledge; processes and systems functionality; annual compliance and anti-money laundering programs specific to branch and regional operations. Cash Store College, a web based platform, provides self directed learning through interactive multimedia modules, guides, and testing, and Cash Store TV is used for daily communications and weekly training. Associates watch weekly news updates, training related to sales, policies and compliance, contest updates and other broad-based branch communications, and receive ongoing training support through coaches and the training department.

Underwriting Process

Payday Advances. Each customer must meet requirements to obtain an advance, including a steady source of employment or fixed income source, government issued photo identification, an active bank account, valid references and proof of address. The customer completes an in-branch application form with no credit check. A customer cannot have a loan outstanding with another location under the same banner (Cash Store Financial or Instaloans) or with our collection center. If the customer meets the criteria, our employees are empowered to make the lending decision. Our main goal is to make the advance quickly and easily for the customer. Each customer is qualified for their maximum advance according to provincial lending regulations and/or internal policies.

Underwriting criteria also currently follows third-party lender requirements for qualifications. We offer many optional and additional products and services that have additional criteria; for example, our Payment Protection Plan, pre-paid credit card products, and low-balance bank accounts have additional requirements to obtain these optional services.

The transaction is completed in our point-of-sale system, the loan documents and disclosures are presented and signed, and a card product or cheque is provided to advance the funds. The entire process is completed in an average of 15 minutes for a first-time customer, and 5-8 minutes for a returning customer.

We encourage re-payment by the customer returning to the branch to pay the loan in full. At the time of the advance, in many provinces, a customer will exchange a cheque or a pre-authorized debit on the customer's bank account. If the customer fails to return to the branch to re-pay, the cheque will be deposited or a debit placed on the customer's account. Should those instruments return non-sufficient funds, the branch will initiate collection activity. Our main goal is to work with the customer to repay the loan, maintaining the relationship and keeping the customer in an active status.

Cheque Cashing. Cheque cashing is a complementary product to payday advances and is a free service on our premium bank account product that we offer. Every effort is made to cash each cheque presented to our centralized cheque cashing department. Our central cheque cashing department reviews and approves all dollar values and subsequently provides approval to branch level associates to advance the funds. Cheque cashing services are not limited to account holders. A customer does not require minimum funds in their account and there are no holds put on the cheque.

Our centralized cheque cashing department minimizes risk on the cheque funding and we believe that we have invested significant training and resources to ensure efficient cheque processing.

Hybrid Collection Model. To ensure high levels of customer service and to maintain relationships with our customers, the majority of our collection process occurs at branch level. This strategy makes the most of the client-branch relationship that exists from loan disbursement. Treatment includes past due calls and letters depending on days in arrears and relevant stage of collection, pre-authorized payments and certified cheques are processed extensively to ensure maximum collection success prior to late stage delinquency.

At a certain age (typically 90 days), the debt is deemed doubtful and an indicator is set automatically on the account. This indicator acts as a trigger which pushes accounts to a new collection stage after a defined period of time. Once the branch collection cycle is complete, accounts are moved to a central collection centre for further action.

Branch systems feed customer information and loan history directly into the proprietary collections system. The automated telephone operating system is fully integrated with this state-of-the-art technology which allows for full tracking of collection activity in addition to allowing for standardized and comprehensive workflow management.

Our centralized collection department employs approximately 60 associates and a leadership group of six managers, including a vice president of credit and collections. The team focuses on the debt released monthly from branch level, employing specialized collections techniques. The department utilizes a dynamic workflow to ensure all debt is processed in the most thorough and effective manner. The primary goal is to collect the outstanding amount while maintaining the customer relationship and ultimately re-instating their active customer status. If these efforts do not prove successful, an account is deemed uncollectible, written off and transferred to third parties for further recovery. A multi-tiered, market share based approach is utilized that allows for maximum collection at this advanced stage of arrears.

Loan Losses. Our policy for charging off uncollectible consumer loans is to write the loan off when a loan remains in default status for an extended period of time, typically 210 days, without any extended payment arrangements made. Loans to customers who file for bankruptcy are written off upon receipt of a bankruptcy notice. Loans in default consist of short-term consumer loans we have originated that are in default status. Our policy of determining past due or delinquency status is defined as short-term consumer loans originated by us where payment has not been received in full from the customer on or before the maturity date of the loan.

An allowance for the defaulted loans receivable is established and is included in the loan loss provision in the period in which the loan is placed in default status. We review the reserve monthly and any additional provision to the loan loss reserve as a result of our assessment of the relevant internal and external factors that affect loan collectability, including the amount of outstanding loans owed, historical percentages of loans written off, current collection patterns and other current economic trends that are included in our loan loss provisions. If the loans remain in a defaulted status for an extended period of time (typically 210 days), an allowance for the entire amount of the loan is recorded and the receivable is ultimately written off.

Competition

We believe that the primary competitive factors in our business are convenience, location, fees, range of services and speed. We face competition in all of our markets from other alternative financial product and services providers, banks, savings and loan institutions, short-term consumer lenders and other financial services entities. Generally, the landscape is characterized by a small number of large, national participants with a significant presence in the markets across Canada and smaller localized

operators specializing in short-term advances, multiline providers offering both cash advance services in addition to cheque cashing and other services, subprime specialty finance and consumer finance companies, as well as businesses conducting operations over the Internet and by phone.

In the short-term advance market, we have a market share of approximately 36% by branches. There are approximately 1,600 short-term advance branches across Canada. Our biggest competitor is Dollar Financial, a U.S.-based public company. Dollar Financial operates and franchises approximately 444 branches in Canada under the banner "Money Mart." This excludes 33 branches in Québec which do not provide short-term advances. "Cash Money" is the next largest operator in Canada with 130 branches. The definition of the regulatory environment has brought competition from U.S. short-term advance providers, including Advance America, Cash Advance Centers Inc and EZCorp Inc. The rest of the market consists of small, single store operations and regional operations that may have a number of short-term advance branches in a given region. Competition also comes from other companies, such as cheque cashers, pawnshops, rental stores and others, that offer the short-term advance service as an ancillary service. Several companies also provide short-term advances via the Internet.

Suppliers and Contractual Business Arrangements

Subsequent to the completion of this offering, a portion of our advances will continue to be funded by independent third-party lenders. The short-term advances made to our customers are repayable solely to the third-party lenders and are assets of the third-party lenders; accordingly, they are not included in our consolidated financial statements. To facilitate the short-term advance business, we have entered into written agreements with a number of third-party lenders that are prepared to consider lending to customers. Under the terms of our agreements with third-party lenders, responsibility for losses suffered on account of uncollectible loans rests with the third-party lender unless we have not properly performed our responsibilities under the terms of the agreement, the most significant of which generally include ensuring that any proposed loan was applied for through an authorized outlet; ensuring each potential customer meets the loan selection criteria; satisfying the third-party lender's documentation requirements; providing loan management services; and providing collection services on behalf of the third-party lender for all loans funded which are not paid in full by the due date, all of which while ensuring information system integrity is maintained.

Regulatory Environment

The alternative financial services industry is regulated by the federal and provincial governments in Canada and, in the UK, by the national government. In Canada, where provincial legislation or regulation governing small, short-term advances (commonly referred to as payday loans) has been implemented and is applicable, such legislation contains measures that protect recipients of payday loans and provides for limits on the total cost of borrowing under the agreements. Typically, such applicable provincial legislation imposes restrictions and requirements governing interest rates and fees; maximum loan amounts; the number of simultaneous or consecutive loans and required waiting periods between loans; loan extensions and refinancings; payment schedules (including maximum and minimum loan durations); required repayment plans for borrowers claiming inability to repay loans; disclosures; security for loans and payment mechanisms; licensing; and database reporting and utilization. In the absence of such applicable provincial legislation governing payday loans, our short-term advance business is subject to compliance with the criminal interest rate provisions of the Criminal Code.

In Canada, we are also subject to federal and provincial legislation relating to our other financial products, including consumer protection and cost of credit disclosure legislation, legislation governing collection of receivables and collection practices, legislation governing recording and reporting certain financial transactions, identifying and reporting suspicious transactions and attempted transactions, and safeguarding the privacy of customers' non-public personal information.

Overview of Regulation of Short-Term Advance Business in Canada

In Canada, short-term advances are, in the absence of certain provincial legislation and regulations, subject to the criminal interest rate provisions of Section 347 of the Criminal Code. The maximum chargeable interest rate provisions under the Criminal Code prohibit loan agreements or loan arrangements pursuant to which a lender would receive payment of interest at an annual rate in excess of 60%. In 2007, the federal government of Canada enabled provincial regulation of payday loans (as such term is defined in the Criminal Code) by amending the Criminal Code to exempt, under Section 347.1 of the Criminal Code, persons from the criminal interest rate provisions when making certain short-term advances, if those loans are made in a province which has enacted legislation regarding such loans and if such has been designated by the federal government for that purpose. As a result, the criminal interest rate provisions of the Criminal Code currently do not apply to payday loans in the regulated provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia, and, effective January 1, 2012, Saskatchewan. In the remaining Canadian provinces and territories, the criminal interest rate provisions of the Criminal Code continue to apply to payday loans.

We believe that regulation of the industry is a strong positive for our operations, providing barriers to entry and protection from litigation, including class action law suits, and enabling us to effectively implement our key business strategies. In provinces, as discussed below, where regulations have been proposed but not enacted, we have voluntarily implemented certain of those consumer protection measures that are in place in regulated jurisdictions. We anticipate that we will be able to accommodate our business model to the rate caps in the provinces that have passed but not yet implemented payday loan legislation. In addition, our voluntary implementation of a prohibition on the provision of rollovers has given us a competitive advantage over those companies that have not done so in advance of the now regulated prohibition on these practices. It should be noted that a number of the services offered at Cash Store Financial and Instaloans branches are provided by an arm's length third-party bank. The exemption from the criminal interest rate provisions of the Criminal Code does not apply to or affect Canadian banks, and banks are not subject to provincial payday loan legislation.

Regulation of Short-Term Advance Business in Regulated Provinces

In the Regulated Provinces, all payday loan lenders, and all payday loan brokers or arrangers, are required to obtain a license from the applicable provincial authority. Once a license is obtained, the lender is subject to ongoing regulation by the provincial body and the complaint, inspection and enforcement provisions of the provincial regulation. The lenders are also subject to certain enforcement measures, including license suspension or revocation or monetary fines. In addition, violations of the regulations or license conditions may result in the non-enforceability of the costs of borrowing of the relevant loan and, as a result, the borrower would only be required to repay the principal amount of the loan and not the interest or other costs of borrowing. In addition, a breaching party may be required to make contributions in respect of the breach to the applicable provincial consumer fund. In order to fall within the scope of the regulations, a payday loan must be for an amount less than $1,500 and the term of the loan must be 62 days or less. In addition, it is generally prohibited for a lender to require, request or accept an assignment of wages from employment from a payday loan borrower.

A summary of key regulatory requirements in each of the Regulated Provinces is below.

Alberta

In Alberta, payday loans are regulated under the Payday Loans Regulation (Alberta) of the Fair Trading Act (Alberta). Key provisions of the law and regulations include:

- a lender (which includes arrangers) is prohibited from making false, misleading or deceptive statements relating to a payday loan agreement;

- a lender under a payday loan agreement must deliver a copy of the agreement, together with a cancellation notice, to the borrower no later than the time of entering into the agreement;
- the borrower has a two day "cooling off" period to cancel the agreement for any reason;
- prepayment in full may be made at any time without charge or penalty; and
- the cost of borrowing must not exceed $23 per $100 borrowed, although specified default charges are permitted in the event of the borrower's default.

Specified practices are prohibited, including:

- rollover loans;
- tied selling of ancillary products;
- a payday loan is prohibited from being due before the day on which the borrower will receive his or her pay or other income following the date of the loan;
- discounting the principal of a loan;
- accepting a cheque from a borrower that is not made out to the payday lender;
- charging any other fee for the loan other than those referred to in the loan agreement;
- entering into or arranging wage assignments; and
- requiring, requesting or accepting information that would give the payday lender direct access to a borrower's bank account, except for pre-authorization for repayment of a specific payday loan.

On May 10, 2011, the Government of Alberta issued an Order directing us to cease certain practices. The Government of Alberta has stated that the Order is based on allegations that unfair lending activities have been practiced by us. Of particular concern to us are reported allegations that we have required customers to purchase ancillary services, such as a pre-paid cash card, as a condition for receiving a loan. This is not, and never has been, our policy but is the major issue identified in the Order. Our policy is to provide customers with the ability to immediately receive proceeds of their loan by way of cheque, immediately upon request. We served notice to the Government of Alberta of our intention to appeal the Order on June 9, 2011. On October 17, 2011, following without prejudice discussions with representatives of the Government of Alberta, we determined to abandon the appeal. We believe that the allegations which led to the order were isolated instances of possible non-compliance with our policies by individual employees and do not raise issues with respect to our business model or practices.

British Columbia

In British Columbia, payday loans are regulated pursuant to the Business Practices and Consumer Protection Act (British Columbia) ("BPCP"). Key provisions include:

- a lender (which includes arrangers) is prohibited from making false, misleading or deceptive statements or committing deceptive or unconscionable acts relating to a payday loan or payday loan agreement;
- certain disclosure requirements and mandatory notices apply to a payday lender's advertising;
- the terms of a payday loan must be included in a written agreement containing certain prescribed disclosure, reviewed with the borrower prior to signing, and signed and dated by the borrower;
- a lender must deliver a copy of the loan agreement to the borrower at the time of entering into the agreement, together with a form of cancellation notice that may be used by the borrower;

- the borrower has cancellation rights that include a "cooling off" period during which the borrower may cancel the payday loan by the end of the lender's next business day following the initial advance without interest or penalty;
- the borrower may cancel the payday loan at any time, upon giving the prescribed notice and repaying all amounts advanced, if the lender fails to advise the borrower of cancellation rights, if the loan agreement fails to satisfy any prescribed requirement, or if the lender contravenes a prescribed provision of the BPCP or regulations thereto, and the borrower's liabilities in respect of the cancelled loan are extinguished;
- prepayment in full or in part may be made at any time without premium or penalty; and
- the cost of borrowing must not exceed 23% of the principal borrowed, although certain default charges are permitted in the event of the borrower's default.

The BPCP prohibits certain lending practices, including:

- making a payday loan contingent upon the supply of other goods or services;
- a provision in a loan agreement giving the lender permission to collect arrears directly from the borrower's employer;
- requiring repayment before the borrower's next payday;
- granting rollover loans (failure to comply limits the lender's recovery to the principal amount loaned);
- requiring or accepting from the borrower an assignment of wages, or any real or personal property (or document that may be used to transfer title to real or personal property) as security for the payday loan;
- requiring or requesting that the borrower insure the payday loan;
- offering enticements to enter into a payday loan;
- withholding from the initial advance any amount representing any portion of the total cost of credit (failure to comply limits the lender's recovery to the principal amount loaned);
- where a borrower has entered into a third or subsequent payday loan within a 62 day period, requiring or requesting payment in excess of a prescribed percentage of the borrower's net pay or other net income to be received during the payday loan term, (failure to comply limits the lender's recovery to the principal amount loaned);
- making a payday loan to a borrower who has a payday loan from the lender outstanding; and
- making a loan in an amount that exceeds 50% of the borrower's net pay or other net income to be received during the term of the loan.

On November 9, 2010, Consumer Protection BC issued a compliance order requiring us to: (i) reimburse all borrowers with loan agreements negotiated with Cash Store Financial and its subsidiaries between November 1, 2009, and November 9, 2010, the amount charged, required or accepted for or in relation to the issuance of a cash card; (ii) provide the option to any borrower negotiating a loan agreement with us and our subsidiaries of receiving a cheque, cash or some other financial instrument which provides the loan proceeds to the borrower at the time the loan agreement is negotiated; and (iii) make a payment of $4,005.90 in respect of costs. We have disputed certain findings upon which this compliance order was based and on December 9, 2010, filed a Request for Redetermination. The basis of our request is that we do not issue and have never issued cash cards to our customers. Rather, customers are issued cash cards by DirectCash Bank or Direct Cash Management Inc. DirectCash Bank is a federally regulated Canadian schedule I bank. We are not a

party to any agreements with customers in respect of cash cards. All contracts in respect of cash cards are directly between individuals and DirectCash Bank or Direct Cash Management Inc. Through agreements with DirectCash Bank, our customers are given the option, following the completion of a loan agreement with us, of receiving a cash card and related services from DirectCash Bank or Direct Cash Management Inc. All fees associated with the issuance of these cash cards accrue directly to DirectCash Bank or Direct Cash Management Inc. We are not a related party to DirectCash Bank or to Direct Cash Management Inc. On the basis of our legal position we anticipate no material impact from the determination. Consumer Protection BC has advised us it will reconsider its determination and there is no definite time frame for a conclusion on the matter.

Manitoba

In Manitoba, payday loans are regulated pursuant to the Consumer Protection Act (Manitoba) and the Payday Loans Regulation (under the Consumer Protection Act). Key provisions of the law and regulations include:

- a lender (which includes an arranger) is prohibited from making false, misleading or deceptive statements relating to a payday loan or payday loan agreement;
- a lender under a payday loan agreement must deliver a copy of the agreement to the borrower no later than the time of entering into the agreement;
- the borrower has a two day "cooling off" period to cancel the agreement for any reason;
- prepayment in full may be made at any time without charge or penalty and partial prepayment may be made on any scheduled payment date without charge or penalty;
- the cost of borrowing may not exceed $17 per $100, although specified default charges are permitted in the event of the borrower's default; and
- for replacement loans, extensions, renewals and consecutive payday loans, the cost of borrowing may not exceed $5 per $100.

The regulations also prohibit certain practices, including making a concurrent loan unless it is a replacement loan and making a loan due before the borrower is next due to receive income. The amount of a loan may not exceed 30% of a person's net pay (subject to certain exceptions for a replacement loan).

An application for a payday lender license or renewal of a license must be accompanied either by a bond or by a deposit of cash or negotiable bonds, in each case in an amount specified by regulation.

Nova Scotia

In Nova Scotia, payday loans are regulated under the Consumer Protection Act (Nova Scotia), the Consumer Protection Act Regulations and the Payday Lenders Regulations. Key provisions of the legislation and regulations of loans include:

- a lender is prohibited from making false, misleading or deceptive statements relating to a payday loan;
- a lender under a payday loan agreement must deliver a copy of the agreement to the borrower;
- the borrower has cancellation rights that include a "cooling-off" period in which the borrower may cancel a payday loan by the end of the next business day after the receipt of the initial advance;
- repayment in full may be made at any time without charge or penalty; and

- the cost of borrowing must not exceed the $25 per $100 loan and the maximum permitted default charge is $40 per payday loan.

Specified practices are prohibited, including;

- rollover loans;
- making a loan contingent on purchasing any product or service;
- issuing a new payday loan to a borrower who already has a loan with the lender;
- requiring security for a payday loan; and
- issuing a loan in excess of a specified portion of the borrower's net pay, or, where a loan agreement makes provision for installment payments, requiring an installment payment to be in excess of a specified portion of the borrower's net pay.

The periodic reporting of "repeat loans", which are defined as a payday loan granted to a borrower 24 hours or less after they repay a prior payday loan granted to them is also required.

It is expected that recent amendments to Nova Scotia legislation will soon be in force which require (among other things) that a payday lender make the proceeds of a loan available in cash if requested by the borrower, and add other requirements with respect to disclosure.

Ontario

In Ontario, payday loans are regulated under the Payday Loans Act, 2008 (Ontario). Key provisions of the regulations include:

- a lender is prohibited from making false, misleading or deceptive statements relating to a payday loan or payday loan agreement;
- all payments that a borrower is required to make under a payday loan agreement must go to the lender, and not to any other person or entity, such as a loan broker;
- a lender under a payday loan agreement must deliver a copy of the agreement to the borrower no later than the time of entering into the agreement;
- the borrower has a two day "cooling off" period to cancel the agreement for any reason;
- a lender under a payday loan agreement is not entitled to demand payment of any portion of the cost of borrowing under the agreement until the end of the term of the agreement;
- prepayment in full may be made at any time without charge or penalty; and
- the cost of borrowing may not exceed $21 per $100 loan.

If a borrower cancels a payday loan agreement, the lender is required to refund to the borrower all payments made under the agreement, except for repayments of any part of the loan, and return to the borrower all post-dated cheques, pre-authorized debits and authorizations for future payments. If the lender or a loan broker receives a payment from the borrower that the borrower is not required to make, the borrower is entitled to a refund of the payment.

The Payday Loans Act establishes a fund known as the Ontario Payday Lending Education Fund. Licensees are required to make payments to this fund.

On July 16, 2011, the Ontario Ministry of Consumer Services published amendments to the regulations, which include, among other requirements, the requirement that the lender ensures that the borrower is informed orally of all the means for obtaining a payday loan from the lender. The regulations also specify certain types of fees charged directly or indirectly to a borrower that has

entered into a payday loan agreement that must be included in the cost of borrowing. These fees include charges related to the use of a "device" such as a debit card, pre-paid credit card or cheque. The effect of the amendments to the regulation is to prohibit licensees from providing or offering to provide other goods or services in connection with a payday loan, whether on the licensee's own behalf or on behalf of any other person. The amendments also prescribe certain circumstances under which a payday lender must provide and disclose to the borrower the availability of the option to remit a device to the payday lender and receive, in cash, the balance outstanding on the device.

The amendments came into force September 1, 2011 and may significantly impact the profitability of our business in Ontario. On August 31, 2011, we commenced an application for judicial review in the Ontario Divisional Court against Her Majesty the Queen in Right of Ontario as represented by the Minister of Consumer Services and the Lieutenant Governor in Council. We are seeking a declaration that certain of the amendments to the regulations under the Ontario Act are ultra vires the regulation-making authority of the Minister and Lieutenant Governor in Council, as delegated under the Ontario Act. We allege in the notice of application that the impugned regulations are outside the stated purpose and objectives of the Ontario Act, which are to govern payday loan transactions and place a cap on the total cost of borrowing. We also allege that the impugned regulations seek to prohibit consumers from purchasing optional goods or services "in connection with" payday loans, which is an improper prohibition on trade and commerce and not consistent with the Ontario Act. The application is currently pending.

Pending the application for judicial review, we have changed our operations such that we believe that we are in compliance with the new regulatory requirements and we believe that such changes will not have a material adverse impact on our business. The regulations apply to the business activities of payday lenders in Ontario.

Saskatchewan

In Saskatchewan, payday loans are regulated pursuant to The Payday Loans Act (Saskatchewan) and The Payday Loans Regulations. The Payday Loans Act contains a cost of borrowing cap of $23 per $100 borrowed, and otherwise largely mirrors the law and regulations applicable in Alberta, described above. However, in Saskatchewan, the cooling off period, during which time the borrower may cancel a payday loan agreement, is at any time before the end of the business day following the date that the payday loan agreement was entered into.

Current Status of Unregulated Provinces

New Brunswick

New Brunswick has passed payday loan legislation but has not yet proclaimed it in force, for reasons including that the province has not yet been designated by the Canadian federal government. Since the province is not so designated, payday loans made in the province are subject to the criminal provisions of the Criminal Code. The new law will set a maximum borrowing cap, which has yet to be determined, and otherwise largely mirrors the law applicable in Alberta, described above.

Newfoundland and Labrador

Newfoundland has announced that it does not intend to enact payday loan legislation. Therefore, payday loans made in the province are subject to the criminal interest provisions of the Criminal Code.

Prince Edward Island

Prince Edward Island has passed payday loan legislation but has not yet proclaimed it in force, for reasons including that the province has not yet been designated by the Canadian federal government as

required under the Criminal Code. Since the province is not so designated, payday loans made in the province are subject to the criminal interest provisions of the Criminal Code The new law will set a maximum borrowing cap, which has yet to be determined, and otherwise largely mirrors the law and regulations applicable in Alberta, described above.

Cheque Cashing Regulation in Canada

In Canada, the federal government generally does not regulate cheque cashing businesses, except in respect of federally regulated financial institutions (and other than the criminal interest rate provisions of the Criminal Code in respect of the fee for a cheque cashing transaction) nor do most provincial governments generally impose any regulations specific to the cheque cashing industry. The exceptions are the provinces of Québec (where cheque cashing stores are not permitted to charge a fee to cash a government cheque) and Manitoba (where the province imposes a maximum fee to be charged to cash a government cheque).

Privacy Regulation in Canada

The Personal Information Protection and Electronic Documents Act (Canada) (“PIPEDA”) applies to every organization in Canada (with limited exceptions) that collects, uses, or discloses personal information in the course of commercial activities. PIPEDA mandates adherence to prescribed privacy principles. Among these are the requirement that personal information may only be collected, retained, used and disclosed with the consent of the individual, and for agreed purposes. Of the jurisdictions where we carry on business, Alberta and British Columbia have adopted privacy legislation for the private sector that applies instead of PIPEDA in respect of the collection, use and disclosure of personal information that occurs within each such province. If the information moves out of the province, then PIPEDA also applies.

Anti-Money Laundering and Anti-Terrorist Financing Compliance in Canada

Canadian anti-money laundering and anti-terrorist financing (“AML/ATF”) requirements are found in the Criminal Code, the United Nations Act (Canada) and the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (“PCMLTFA”) and related regulations. Québec has also passed legislation to regulate money services businesses but has not yet brought the legislation into force, pending the adoption of regulations. We have no operations in Québec and therefore there is no impact from legislation in Québec on our business.

The PCMLTFA establishes mandatory reporting and record-keeping measures to detect and deter money laundering and the financing of terrorist activity, and to facilitate the investigation and prosecution of money laundering offences and terrorist activity financing offences. Provisions respecting record keeping, ascertaining a client’s identity and reporting requirements, including the reporting of suspicious transactions and attempted transactions, are specific to the business activity of specified types of financial service providers and intermediaries (known as “reporting entities”). Money services businesses—businesses that deal in foreign exchange, that remit or transfer funds by any means or through any person or network, or that issue or redeem money orders, traveller’s cheques or similar instruments (except cheques payable to a named person)—are reporting entities. Provisions that require reporting of the cross-border movement of currency and monetary instruments apply to all persons and entities. The PCMLTFA also establishes the Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”) as Canada’s financial intelligence unit. Payday lenders and cheque cashing businesses are excluded from the reporting regime, and our business does not require us to register or report to FINTRAC. Among the ancillary financial products and services we offer to our customers are services where we act for third-party financial service providers on an agency basis. The third-parties are subject to the requirements of the PCMLTFA and not us.

Provisions in and regulations under the *United Nations Act* (Canada) impose compliance and reporting obligations concerning Canada's anti-terrorism efforts. These provisions have general application, whether or not the person or entity is a reporting entity under the PCMLTFA.

The Criminal Code and the United Nations Suppression of Terrorism Regulations prohibit all persons in Canada and all Canadians outside Canada from knowingly: (i) dealing, directly or indirectly, in property of a "listed person" or "terrorist group"; (ii) entering or facilitating a transaction related to dealing in such property; or (iii) providing any financial service or other related service to or for the benefit of a "listed person" or "terrorist group." In addition, it is prohibited to deal directly or indirectly with any property of a listed person. The list of names is published by the Office of the Superintendent of Financial Institutions and is based on names listed under regulations establishing a list of entities pursuant to the Criminal Code and regulations under the *United Nations Act.* The list includes names listed by the United Nations Security Council.

Interest Disclosure Requirements in Canada

The Interest Act (Canada) requires the disclosure of interest at an annual rate. Provincial consumer protection legislation and cost of credit disclosure legislation establish certain rights and obligations of consumer contracts between a lender and its borrower, except when borrowing for most business purposes and except to the extent the arrangement is excluded or made subject to other provisions or legislation such as payday loan legislation. Each of the Canadian provinces and territories has legislation mandating the form, timing and content of disclosure of the cost of credit. Although the federal and provincial governments agreed pursuant to the Agreement on Internal Trade to harmonize their requirements for cost of credit disclosure, the adoption by each jurisdiction of legislation based on agreed principles has been slow. To date, all provinces have implemented cost of credit disclosure requirements based on the harmonization agreement with the exception of Nova Scotia, Prince Edward Island and Québec. None of the territories have harmonized their cost of credit disclosure requirements based on the harmonization agreement. Additionally, New Brunswick, Nova Scotia, Québec and Saskatchewan require lenders to be registered or licensed as a lender in order to engage in that business activity in the province. The public disclosure requirements of the *Interest Act* and other provincial lending requirements, including licensing requirements as applicable in certain provinces, apply to our proposed short and medium-term credit scored lending products.

Regulation in the United Kingdom

In the UK, consumer lending is governed by the Consumer Credit Act of 1974, which was amended by the Consumer Credit Act of 2006, and related rules and regulations. Our subsidiaries in the United Kingdom must maintain licenses from the Office of Fair Trading, which is responsible for regulating consumer credit and competition, for policy and for consumer protection. There has been some public controversy regarding the potential impact of payday loans on low-income individuals. The Office of Fair Trading recently responded to these concerns by conducting and publishing a comprehensive analysis of the industry and its users. On the basis that there is no clear evidence that rate caps enable consumers to avoid financial detriment, this report concluded that no case can be made at this time for rate caps.

Legal Proceedings

British Columbia

On March 5, 2004, an action under the Class Proceedings Act (British Columbia) was commenced in the Supreme Court of British Columbia by Andrew Bodnar and others proposing that a class action be certified on his own behalf and on behalf of all persons who have borrowed money from the defendants: The Cash Store Inc. (Canada), Cash Store Financial and All Trans Credit Union Ltd. The

action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Criminal Code. On May 25, 2006, the claim in British Columbia was affirmed as a certified class proceeding by the British Columbia Court of Appeal. In fiscal 2007, the plaintiffs in the British Columbia action brought forward an application to have certain of our customers' third-party lenders added to the claim. On March 18, 2008, another action commenced in the Supreme Court of British Columbia by David Wournell and others against Cash Store Financial, Instaloans Inc., and others in respect of the business carried out under the name Instaloans since April 2005. Collectively, these actions are referred to as the "British Columbia Related Actions."

On May 12, 2009, we settled the British Columbia Related Actions in principle. The settlement has been approved by the Court. The settlement does not include or constitute an admission of liability by us.

Under the terms of the court approved settlement, we are to pay to each of the eligible class members who were advanced funds under a loan agreement and who repaid the payday loan plus brokerage fees and interest in full, or who met certain other eligibility criteria, a maximum estimated amount of $9.4 million in cash and $9.4 million in credit vouchers. Thus, the estimated maximum exposure with respect to this settlement is approximately $18.8 million including approved legal expenses. The credit vouchers may be used to pay existing outstanding brokerage fees and interest or to pay a portion of brokerage fees and interest which may arise in the future through new loans advanced. The credit vouchers are not transferable and have no expiry date. In addition, we are to pay the legal fees and costs of the class. Based on our estimate of the rate of take-up of the available cash and credit vouchers, an expense of approximately $10.9 million to date has been recorded to cover the estimated costs of the settlement, including legal fees of the Class and costs to administer the settlement fund. It is possible that additional settlement costs could be required. In the year ended September 30, 2011, we increased the provision by approximately $3.2 million due to new information being received. See note 4 to our audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010, which are included elsewhere in this offering circular. As of September 30, 2011, the remaining accrual is approximately $4.0 million.

Alberta

We have been served in prior fiscal periods with a Statement of Claim issued in Alberta alleging that we are in breach of s. 347 of the Criminal Code (the provision of the Criminal Code dealing with criminal rates of interest) and certain provincial consumer protection statutes.

The certification motion has been pending since fiscal 2006 and has not yet been heard. On January 19, 2010, the plaintiffs in the Alberta action brought forward an application to have a related subsidiary, certain of our customers' third-party lenders, directors and officers added to the claim.

We believe that we conducted our business in accordance with applicable laws and are defending the action vigorously. However, the likelihood of loss, if any, is not determinable.

Manitoba

On April 23, 2010, an action under the Manitoba Class Proceedings Act was commenced in the Manitoba Court of Queen's Bench by Scott Meeking against The Cash Store (Canada), Instaloans, and Cash Store Financial proposing that a class action be certified on his own behalf and on behalf of all persons in Manitoba and others outside the province who elect to claim in Manitoba and who obtained a payday loan from the Cash Store Financial or Instaloans. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Criminal Code.

We believe that we conducted our business in accordance with applicable laws and are defending the action vigorously. We further maintain that that most of the proposed class members are bound by the judgment in the settlement of the Ontario class action, as approved by the Ontario Superior Court of Justice and that accordingly the action should be dismissed. However, the likelihood of loss, if any, is not determinable.

United States

On August 23, 2010, Cottonwood Financial Ltd. commenced an action for injunctive relief and damages as a consequence of our using the phrase "Cash Store" in the United States connection with our listing on the New York Stock Exchange and in connection with investment relations activities in the United States. Cottonwood operates consumer lending services in seven states under the CASH STORE mark. On September 24, 2010, Cottonwood moved for a preliminary injunction restraining us from using the phrase "Cash Store" in connection with our business activities in the United States or in any manner visible from the United States. We defended the motion, and the court released its decision on March 31, 2011 in which it granted a limited preliminary injunction until trial requiring us to include a disclaimer of any affiliation with Cottonwood, and restricting the extent to which the phrase "Cash Store" (as opposed to "Cash Store Financial") could be used in communications directed to the U.S. The court also dismissed certain of the plaintiff's claims. We have complied with that injunction. The case is currently in the discovery process, and is being defended vigorously. The likelihood of loss is not determinable.

Other Claims

We are also involved in other claims related to the normal course of our operations. Management believes that it has adequately provided for these claims.

MANAGEMENT

The following table sets forth certain information regarding our directors and executive officers. Ages stated are as of October 31, 2011.

Name	Age	Office and Position
Gordon Reykdal	54	Chairman and Chief Executive Officer and Director
Barret Reykdal	33	President and Chief Operating Officer
Nancy Bland	41	Chief Financial Officer
S. William Johnson	64	Senior Executive Vice President
Michael Thompson	45	Senior Vice President and Corporate Secretary
Ron Chicoyne	43	Director
William Dunn	58	Director
Robert Gibson	65	Director
Edward McClelland	70	Director
J. Albert Mondor	66	Director
Michael Shaw	57	Director

Gordon J. Reykdal, Chairman & Chief Executive Officer and Director. Mr. Reykdal is our Chairman and Chief Executive Officer He founded Cash Store Financial in February of 2001. He was also the founder, Chairman, President and Chief Executive Officer of RTO Enterprises Inc. from 1991 to 2001. RTO Enterprises Inc. was renamed easyhome Ltd. (TSX:EH). Mr. Reykdal is also the Chairman of AUC and the Chairman and Chief Executive Officer of RTF. Mr. Reykdal is the father of Mr. Barret J. Reykdal.

Barret J. Reykdal, President and Chief Operating Officer. Mr. Reykdal was one of the first associates to join us in 2001. He was responsible for launching and managing operations of many of our inaugural branches and went on to become Regional Manager for Northern Alberta and then Vice President of Western Canada. Mr. Reykdal was appointed President and Chief Operating Officer in 2005. Previously, Mr. Reykdal held positions with RTO Enterprises Inc. and was the owner operator of two Insta-Rent locations, the furniture rental division of Cash Store Financial.

Nancy Bland, Chief Financial Officer. Ms. Bland joined us in March 2006 as Vice President of Finance. She was appointed Chief Financial Officer in September 2007. Previously, Ms. Bland held positions with Capital Health, Luscar Ltd., The Northwest Territories Power Corporation and Grant Thornton Chartered Accountants. Ms. Bland is a Chartered Accountant and a Certified Internal Auditor. She holds a Bachelor of Commerce from the University of Alberta.

S. William Johnson, Senior Executive Vice President. Mr. Johnson joined us in April 2006 and in October 2008 became our Senior Executive Vice President, prior to which he was President and Chief Executive Officer of Insta-rent, the furniture rental division of Cash Store Financial. Previously, Mr. Johnson was Executive Vice President and Chief Financial Officer of easyhome Ltd. Mr. Johnson is also a director of AUC. He is a Chartered Accountant, holds a Bachelor of Economics degree and has over 40 years of financial and business management experience.

Michael Thompson, Senior Vice President and Corporate Secretary. Mr. Thompson has been our Senior Vice President and Corporate Secretary since February of 2008. Previously, he was President of The Canadian Payday Loan Association, Economic Policy Advisor to the Deputy Prime Minister of

Canada and Director of Communications for the Canadian Federation of Labour. He holds an M.A. in Political Science.

Ron Chicoyne, Director. Mr. Chicoyne joined our board in October 2008. Mr. Chicoyne has been the Managing Director of Links Capital Partners since 2005 and was previously a Partner and Director of Mercantile Bancorp Limited. He holds a Chartered Financial Analyst and Corporate Finance designation and received his Bachelor of Commerce degree from the University of Manitoba. He also holds the designation ICD.D from the Institute of Corporate Directors.

William C. Dunn, Director. Mr. Dunn joined our board in May 2002. He is the Chairman of Bellatrix Exploration Ltd. From 1992 to 2011, Mr. Dunn was a director of Precision Drilling Corporation (TSX:PD; NYSE:PDS) and was a director of Vero Energy Inc. from 2004 to 2010. From 1982 to 2000 he was the President of Cardium Service and Supply Ltd., an oilfield equipment company.

Robert Gibson, Director. Mr. Gibson joined our board in April 2008. He has been President of a private investment firm, Stuart & Company Limited, since 1963 and is also Managing Director of Alsten Holdings Ltd. Mr. Gibson holds an ICD.D designation from the Institute of Corporate Directors and has been a director of Precision Drilling Corporation (TSX:PD; NYSE:PDS) since June 1996. He was appointed to the Board of Trustees in September 2005.

Edward C. McClelland, Director. Mr. McClelland joined our board in November 2005 and has been the Chief Executive Officer of AUC since 2009. From 1994 to 1996 he was the Vice President of CIBC Finance. Prior to that he was the President of Transamerica/Borg Warner Group of Companies, Canada, Australia, and Europe.

J. Albert Mondor, Director. Mr. Mondor joined our board in April 2008. He has been the President of Hartel Investments Ltd., a consulting services firm, since 2006. He is a Chartered Accountant and former senior audit partner with Grant Thornton LLP. He is currently Chairman of Alberta Pension Services Corporation ("APS") and serves as a financial and corporate governance consultant to APS. He was previously a vice-president with Sumex Inc. Mr. Mondor holds the designation ICD.D from the Institute of Corporate Directors.

Michael Shaw, Director. Mr. Shaw joined our board in October 2009. He is President of Amkco Inc. and was formerly Managing Director, Global Enterprises for the ATCO Group of Companies.

Corporate Governance

National Policy 58-201—*Corporate Governance Guidelines* of the Canadian Securities Administrators ("NP 58-201") establishes corporate governance guidelines which apply to all Canadian public companies. We recognize the importance of corporate governance to the effective management of our business and to the protection of our employees and shareholders and have been continually enhancing our corporate governance practices. Our Board is committed to sound corporate governance practices which are in the best interests of our shareholders, and which contribute to effective and efficient decision-making.

Existing corporate governance initiatives include:

Independence. Consistent with NP 58-201, a majority of our directors are independent. Our Board consists of 7 directors. Gordon J. Reykdal, a director, as well as our Chairman and Chief Executive Officer ("CEO"), is a member of management. Each of the remaining six current directors are considered by the Board to be "independent" within the meaning of Multilateral Instrument 52-110—*Audit Committees* of the Canadian Securities Administrators.

The independent members of the Board hold regularly scheduled meetings at which the non-independent members of the Board and management are not in attendance. However, the independent directors also hold informal discussions and have the ability to meet independent of management when deemed necessary. The audit committee of the Board (the "Audit Committee") meets regularly with our external auditors, without management present, to discuss significant risks or exposures, internal controls and the completeness and accuracy of our financial statements.

Codes of Conduct. We have adopted a written *Code of Business Conduct and Ethics*. Our corporate governance and nominating committee (the "CGN Committee") are responsible for monitoring compliance with the code. To monitor compliance, directors, officers and management are asked to verify their compliance with the code annually. Our associates are also asked to verify their compliance from time-to-time, but at a minimum annually. We have also adopted the core values of "Honesty, Integrity, Loyalty and Teamwork" and established simple and direct principles of: respect your customers; respect your associates; respect yourself; and respect the law. The core values and principles are displayed in all branches and discussed as part of each new associate's orientation. We have also adopted a whistleblower policy, which provides procedures for employees to raise concerns or questions regarding questionable accounting matters, auditing matters or violations of our *Code of Business Conduct and Ethics*. We have also adopted a *Timely Disclosure, Confidentiality and Insider Trading Policy.*

To ensure that the directors exercise independent judgment in considering transactions and agreements in which a director or officer has a material interest, all such matters are considered and approved by the independent directors.

Board Committees. Committees of the Board are an integral part of our governance structure. There are three standing committees: the compensation committee (the "Compensation Committee"), the Corporate Governance and Nominating Committee (the "CGN Committee"), and the audit committee (the "Audit Committee") (together, the "Committees") established to devote the necessary expertise and resources to particular areas and to enhance the quality of discussion at Board meetings. The Committees facilitate effective Board decision-making by providing recommendations to the Board on matters within their respective responsibilities. The Board believes that the Committees assist in the effective functioning of the Board and that the composition of the Committees should ensure that the views of independent directors are effectively represented.

Audit Committee. The Audit Committee assists the Board in fulfilling its responsibilities relating to our corporate accounting and reporting practices. The Audit Committee is responsible for ensuring that management has established appropriate processes for monitoring our systems and procedures for financial reporting and controls, reviewing all financial information in disclosure documents, as well as monitoring the performance and fees and expenses of our external auditors and recommending external auditors for appointment by shareholders. The Audit Committee is also responsible for reviewing our quarterly and annual financial reports prior to approval by the Board and release to the public. The Audit Committee meets periodically in private with our external auditors to discuss and review specific issues as appropriate. The Audit Committee is currently comprised entirely of independent directors.

Compensation Committee. The Compensation Committee is responsible for reviewing and approving and then recommending to the Board compensation for our directors, the CEO and other members of our senior management team; administering our compensation plans, including stock options, directors' compensation plans and such other compensation plans or arrangements as we adopt from time-to-time; and researching and identifying trends in employment benefits as well as establishing and conducting periodic reviews of our policies in the area of management benefits and perquisites. The Compensation Committee meets at least once annually. Unless such matters are delegated specifically to the Compensation Committee, the Compensation Committee shall only make recommendations to the Board for its consideration and approval, if appropriate. In determining the

compensation for directors and officers, the Compensation Committee considers comparative industry data and whether compensation arrangements promote the creation of shareholder value. The Compensation Committee is comprised entirely of independent directors.

Corporate Governance and Nominating Committee. The CGN Committee is responsible for establishing the qualifications and skills necessary for members of the Board and procedures for identifying possible nominees who meet these criteria and who are likely to bring to the Board the skills and qualifications the Board needs as a whole. The CGN Committee is also responsible for establishing an appropriate review and selection process for new nominees to the Board as well as analyzing the needs of the Board relating to current or future vacancies on the Board and identifying and recommending nominees who meet such needs. The identification and recruitment of new directors is carried on informally through business and industry contacts of our directors and officers.

The CGN Committee is also responsible for assessing and improving our governance policies. In particular, the committee's governance responsibilities also include an annual review and revision of its charter as necessary with the approval of the Board, reviewing, on a periodic basis, the size and composition of the Board and ensuring that an appropriate number of independent directors sit on the Board, thus facilitating the independent functions of the Board and the maintenance of an effective relationship between the Board and our management; reviewing and assessing the effectiveness of the Board, its committees and individual directors; and reviewing the quality of our governance and suggesting changes to our governance practices. The CGN Committee is currently comprised of three directors. To encourage an objective nomination process, members of the committee are asked not to participate in any meetings or portions of meetings or vote on matters, as the case may be, where they, either directly or indirectly, may be considered not to be independent.

Board Leadership. The Chairman of the Board is Gordon J. Reykdal. Mr. Reykdal is also our CEO and therefore not independent. J. Albert Mondor has been appointed as Lead Director of the Board. The role of the Lead Director is to assist the Board in effectively discharging its duties, responsibilities and obligations and to be satisfied that the Board functions independently of management. The responsibilities of the Lead Director include:

- being satisfied that the Board is alert to its obligations to our shareholders;
- assisting the Chair in establishing the frequency of Board meetings;
- assisting the Chair in setting agendas;
- liaising and communicating with all members of the Board and the committee chairs to co-ordinate input from all members of the Board, and optimizing the effectiveness of the Board and its committees;
- being satisfied that the Board receives adequate and regular updates from the Chair on all issues important to our welfare and future;
- collaborating with the Chair to ensure information requested by members of the Board or committees of the Board is provided and meets their needs;
- reviewing conflict of interest issues with respect to members of the Board as they arise; and
- chairing *in camera* meetings of the Board, without management present, at every Board meeting.

The Board has adopted a written mandate, as well as written position descriptions for the Chair of the Board, the Lead Director, and the Chair of each board committee. The Board has also adopted a written position description for the Chief Executive Officer.

Cease Trade Orders and Bankruptcies

To the Company's knowledge, as of the date hereof, unless otherwise stated below, no director:

(a) is, or has been, within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(i) was subject to an order that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer, or

(ii) was subject to an order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;

(b) is, or has been, within ten years before the date hereof, a director or executive officer of any company (including the Company) that, while such director was acting in that capacity, or within a year of such director ceased to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director.

For the purposes of the above section, the term "order" means:

(a) a cease trade order;

(b) an order similar to a cease trade order;

(c) an order that denied the relevant company access to any exemption under securities legislation, or

(d) that was in effect for a period of more than 30 consecutive days.

To the Company's knowledge, as of the date hereof, no director has been subject to:

(i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for the director.

Ron Chicoyne

Mr. Chicoyne was a director of Paintearth Energy Services Ltd. ("Paintearth"), a privately held Alberta oil field services company. Mr. Chicoyne resigned as a director on May 18, 2010 and Paintearth filed for bankruptcy protection on September 27, 2010.

Bob Gibson

Mr. Gibson was a director of International Utility Structures Inc. ("International"), a publicly held Alberta steel production company. *Company's Creditors Arrangement Act* (Canada) ("CCAA") proceedings were initiated against International on October 17, 2003. It was announced on

November 12, 2003 that Mr. Gibson had resigned as a director. International exited CCAA proceedings and completed its liquidation on April 1, 2005."

Executive Compensation

The following table contains information for the three most recently completed annual fiscal periods (year ended September 30, 2011, fifteen months ended September 30, 2010 and year ended June 30, 2009) regarding the compensation paid to or earned by our CEO, chief financial officer ("CFO") and each of the three most highly compensated executive officers ("NEOs") other than the CEO and CFO whose total compensation was, individually, more than $150,000 in respect of the twelve months ended September 30, 2011.[1]

					Long Term Compensation			
					Awards			
		Compensation			Securities Under Options/ SARs Granted	Shares or Units Subject to Resale Restrictions	Payouts	
Name and Principal Position	Fiscal Period	Salary[3]	Bonus	Other Compensation			LTIP Payouts	All other Compensation
		($)	($)	($)	($)	($)	($)	($)
Gordon J. Reykdal	2011	200,000	929,247	55,523	—	—	—	—
Chairman and Chief Executive	2010[2]	250,000[3]	1,978,116	68,068	—	—	—	—
Officer[4]	2009	200,000[3]	1,603,126	47,314	—	—	—	—
Barret J. Reykdal[5]	2011	175,000	311,443	34,937	—	—	—	—
President and Chief Operating	2010[2]	215,385	468,890	36,486	30,000	—	—	—
Officer	2009	175,000	329,572	45,581	—	—	—	—
Nancy Bland	2011	250,000	63,335	17,860	—	—	—	—
Chief Financial Officer	2010[2]	276,923	129,607	16,000	20,000	—	—	—
	2009	225,000	80,859	25,943	—	—	—	—
S. William Johnson[6]	2011	250,000	65,974	30,762	—	—	—	—
Senior Executive Vice President	2010[2]	312,495	104,920	26,000	20,000	—	—	—
	2009	187,497	26,946	20,865	—	—	—	—
Michael Thompson	2011	180,245	32,093	26,939	—	—	—	—
Senior Vice President and	2010[2]	221,841	73,444	24,750	20,000	—	—	—
Corporate Secretary	2009	175,000	66,987	28,153	10,000	—	—	—

(1) All figures in this table are denominated in Canadian dollars.

(2) Salaries and bonuses for 2010 are reflective of a 15-month period due to the change in fiscal year from June 30 to September 30.

(3) The value of perquisites and benefits for each NEO does not exceed the lesser of $50,000 and 10% of the total annual salary and bonus unless specifically identified. The amounts shown are for car allowance/vehicle lease payments and/or executive health care benefits.

(4) All amounts shown reflect annual service fees we paid to 424187 Alberta Inc., a company controlled by Mr. Gordon Reykdal, in connection with executive services provided by Mr. Reykdal.

(5) Mr. Barret J. Reykdal is the son of Mr. Reykdal, our Chairman and CEO.

(6) Mr. S. William Johnson ceased providing executive services to Cash Store Financial on April 1, 2008, when he became President and CEO of Insta-Rent Inc. After Insta-Rent Inc. was sold, he rejoined Cash Store Financial on October 1, 2008. All amounts shown reflect annual service fees paid by us in connection with executive services provided by Mr. Johnson to SW Johnson Professional Corporation, a company controlled by Mr. S. William Johnson.

Employment Agreements

Gordon J. Reykdal. In January 2002, we executed a services agreement with 424187 Alberta Ltd. ("424187"), a company controlled by Mr. Gordon J. Reykdal, our Chairman and CEO in connection with executive services to be provided by Mr. Reykdal. This agreement was updated in February 2006 with no material changes. The agreement provides for an annual service fee of $200,000 and a performance bonus based on 5% of our pre-tax profits. In addition, the Board has the authority to grant special bonuses from time to time as they deem appropriate.

We pay, or 424187 is reimbursed, as applicable, for all travel and other expenses actually and reasonably incurred in connection with the performance of the executive services provided under the agreement. The agreement contains customary non-compete and non-solicitation provisions which provide that, among other things, upon termination, neither Mr. Reykdal nor 424187 are permitted to solicit our customers or employees for a period of 12 months.

Barret J. Reykdal. We originally entered into an employment agreement with Barret Reykdal on April 22, 2005. This agreement was updated in February 2006 with no material changes. The agreement was amended in 2008 to provide for an annual base salary of $175,000 and a performance bonus based on 1% of our pre-tax BOI less regional expenses. The agreement contains customary non-compete and non-solicitation provisions which provide, among other things, that upon termination, Mr. Barret Reykdal is not permitted to solicit our customers or employees for a period of 18 months.

The termination clause in Barret Reykdal's employment agreement is as follows: The employer may terminate the employment of the employee hereunder at any time without cause, by prior written notice given to the employee. In the event of the termination of the employee's employment pursuant to this subsection, the employer shall pay to the employee: an aggregate amount equal to his salary, if unpaid, up to and including the effective time of termination; an amount equal to 12 times the employee's base monthly salary if termination occurs within six months of the commencement of the term, otherwise an amount equal to 12 times the employee's base monthly salary to an overall maximum of 12 times the employee's base monthly salary; and the present worth of all employee benefits to which the employee would have received or which would have been available to the employee for a period of 12 months if termination occurs within six months of the commencement of the term, otherwise 12 months to an overall maximum of 12 months from the effective date of termination.

Nancy Bland. We originally entered into an employment agreement with Nancy Bland on August 20, 2006. This agreement was updated in August 2008 after Ms. Bland was promoted to the position of Chief Financial Officer on October 1, 2007. The agreement provides for an annual base salary of $225,000 and participation in our performance-based bonus program. The agreement contains customary non-compete and non-solicitation provisions which provide, among other things, that upon termination, Ms. Bland is not permitted to solicit our customers or employees for a period of 12 months.

The termination clause in Ms. Bland's employment agreement is as follows: The employer may terminate the employment of the employee hereunder at any time without cause, by prior written notice given to the employee. In the event of the termination of the employee's employment pursuant to this subsection, the employer shall pay to the employee: an aggregate amount equal to her salary, if unpaid, up to and including the effective time of termination; an amount equal to one times the employee's average monthly compensation based on the previous three months' compensation, with an overall minimum of nine times the employee's average monthly compensation based on the previous three months' compensation; and the present worth of all employee benefits to which the employee would have received, or which would have been available to the employee, for a period of nine months if termination occurs within six months of the commencement of the term, otherwise nine months to an overall maximum of nine months from the effective date of termination.

S. William Johnson. In October 2008, we executed a services agreement with S.W. Johnson Professional Corporation ("SWJPC"), a company controlled by Mr. S. William Johnson, our Senior Executive Vice President, in connection with executive services to be provided to us by Mr. Johnson. The agreement provides for an annual service fee of $250,000 and a bonus based on a combination of our profitability and certain performance initiatives being achieved. In addition, we pay, or SWJPC is reimbursed, as applicable, for all travel and other expenses actually and reasonably incurred in connection with the performance of the executive services provided under the agreement. The

agreement contains customary non-compete and non-solicitation provisions which provide that, among other things, upon termination, neither Mr. Johnson nor SWJPC are permitted to solicit our customers or employees for a period of 12 months.

In the event that we terminate the executive services of Mr. Johnson, other than for cause, we shall pay to SWJPC a termination payment on or before the last day that services are provided consisting of a lump sum cash amount equal to one times SWJPC's average monthly compensation (inclusive of bonuses) based on the previous three months compensation with an overall minimum of twelve times SWJPC's average monthly compensation as determined above.

Michael Thompson. We originally entered into an employment agreement with Michael Thompson on November 6, 2006. This agreement was updated in August 2008, after his promotion to Senior Vice President and Corporate Secretary, with no other material changes. The agreement provides for an annual base salary of $175,000 and participation in our performance-based bonus program. The agreement contains customary non-compete and non-solicitation provisions, which provide, among other things, that upon termination, Mr. Thompson is not permitted to solicit our customers or employees for a period of 12 months.

The termination clause in Mr. Thompson's employment agreement is as follows: The employer may terminate the employment of the employee hereunder at any time without cause by prior written notice given to the employee. In the event of the termination of the employee's employment pursuant to this subsection, the employer shall pay to the employee: an aggregate amount equal to his salary, if unpaid, up to and including the effective time of termination; an amount equal to one times the employee's average monthly compensation based on the previous three months' compensation, with an overall minimum of nine times the employee's average monthly compensation based on the previous three months' compensation; and the present worth of all employee benefits to which the employee would have received, or which would have been available to the employee, for a period of nine months if termination occurs within six months of the commencement of the term, otherwise nine months to an overall maximum of nine months from the effective date of termination.

Stock Plans and Grants

We adopted a common share option plan (the "Share Option Plan") on December 14, 2005. All options ("Options") granted since approval of the Share Option Plan by our shareholders have and will be granted pursuant to the Share Option Plan. As of September 30, 2011, the aggregate maximum number of our common shares reserved for issuance for all purposes under the Share Option Plan and all other share compensation arrangements was 1,990,002 common shares (which represented 11.4% of our issued and outstanding common shares as of the date of approval). As of June 30, 2011, there were 977,502 Options outstanding under the Share Option Plan (which represents 5.6% of our issued and outstanding common shares as of September 30, 2011) and 1,866,501 Options (which represents 10.7% of our issued and outstanding common shares) available to be granted under the Share Option Plan. Common shares in respect of which Options are not exercised shall become available for the grant of subsequent Options under the Share Option Plan. The maximum number of our common shares which, at any time, may be reserved for issuance to "insiders" our common shares under the Share Option Plan or any other share compensation arrangement cannot exceed 10% of our common shares outstanding. Additionally, the maximum number of our common shares which, within any one year period, may be reserved for issuance to "insiders" under the Share Option Plan, or any other share compensation arrangement, cannot exceed 10% of our common shares outstanding. No fractional common shares may be purchased or issued under the Share Option Plan.

The Board, the Compensation Committee, or another committee appointed for such purposes by the Board, may from time to time grant to directors, officers, our or any of our subsidiaries' employees and consultants, as well as any management company providing services to us or any subsidiary,

Options in such numbers, for such terms, and at such exercise prices, as may be determined. The Board has the authority under the Share Option Plan to establish the Option price at the time each Option is granted; however, the Option price may not be lower than the market price, being the closing price of our common shares as traded on the Toronto Stock Exchange on the last trading day preceding the date on which the Option is approved by the Board. Options granted under the Share Option Plan must be exercised no later than 10 years after the date of grant. Options are not transferable other than by will or the laws of dissent and distribution and may be exercised during the lifetime of the optionee only by the optionee.

On January 26, 2011, our shareholders approved an amended and restated Share Option Plan which includes amendments that: (a) broadened the authority of the Board to make certain amendments to the Share Option Plan without shareholder approval; (b) added provisions that would apply to options in the event of a change of control; (c) added provisions permitting assignment to certain permitted assigns; and (d) updated outdated definitions and other terms of the Share Option Plan.

Director Compensation

Standard Compensation Arrangements. Directors are compensated for their services through a combination of annual retainers and Options. For the fiscal year ended September 30, 2011, each director, excluding Mr. Gordon Reykdal who is an officer, was paid a retainer of $45,000. Additional annual retainer fees were also paid to directors who served as committee chairs. Our lead director and Audit Committee chair incumbent (both positions were held by the same individual) was paid an additional annual retainer of $30,500 ($11,500 for audit committee chair and $19,000 for lead director). The Compensation Committee chair and CGN Committee chair were each paid an additional retainer of $7,500. For personal attendance at scheduled meetings, directors are also paid a stipend of $1,500 per meeting ($750 if attending by telephone or $1,500 for special telephone meetings). For the fiscal year ended September 30, 2011, each non-management director was also granted 25,000 Options on July 12, 1011 with an exercise price of $13.09. These Options vest at the end of three years and expire in five years.

Other Arrangements. Mr. McClelland received annual compensation of $90,000 prior to September 30, 2011 as the CEO of AUC. None of our other directors were compensated in their capacity as directors by us during the fiscal year ended September 30, 2011 pursuant to any other arrangement or in lieu of any standard compensation arrangement.

Actual compensation received by our directors for the year ended September 30, 2011, including meeting fees, retainers and Option grants are outlined in the table below.

	Salary[1]	Meeting Attendance Fees	Chair Fees	Committee Membership Fees	Total Monetary Compensation	Stock Options Granted
	($)	($)	($)	($)	($)	(#)
Gordon Reykdal	—	—	—	—	—	—
Edward McClelland	45,000	15,000	—	2,500	62,500	25,000
Robert Gibson	45,000	21,000	7,500	2,500	76,000	25,000
Ron Chicoyne	45,000	21,000	—	5,000	71,000	25,000
J. Albert Mondor	45,000	15,000	30,500	—	90,500	25,000
William Dunn	45,000	18,750	7,500	2,500	73,750	25,000
Michael Shaw	45,000	21,000	—	5,000	71,000	50,000

Indemnification of Directors and Officers

Our by-laws provide that, subject to any limitations under the *Business Corporations Act* (Ontario) (the "OBCA"), we will indemnify any of our directors or officers, former directors or officers or other individuals who act or acted at our request as a director or officer or in a similar capacity of another entity (together, "Indemnified Persons"), against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the Indemnified Person in respect of any civil, criminal, administrative action, investigative or other proceeding in which the Indemnified Person is involved because of their association with us or the other entity. For an Indemnified Person to be avail his or herself of the indemnity, Indemnified Person must have acted honestly and in good faith with a view to our best interest, or, as the case may be, to the best interests of the other entity for which the Indemnified Person acted as a director or officer or in a similar capacity at our request. If the Indemnified Person fails to fulfill these conditions, the Indemnified Person shall repay us any monies received as an indemnity.

In the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, we will indemnify an Indemnified Person if the Indemnified Person had reasonable grounds for believing that his or her conduct was lawful; and a court or other competent authority has not judged that the Indemnified person committed any fault or omitted to do anything that the Indemnified Person ought to have done. We will also indemnify Indemnified Persons in such other circumstances as the OBCA permits or requires.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of December 21, 2011 based on information obtained from the persons named below or publicly available information, with respect to the beneficial ownership of our common shares held by (i) each person known by us to be the owner of more than 5% of our outstanding common shares, (ii) each director, (iii) each NEO, and (iv) all executive officers and directors as a group. As of December 21, 2011, we had 17,420,880 common shares outstanding.

Name of Beneficial Owner	Numbers of Shares Beneficially Owned[1]	Percentage of Class[2]
Gordon Reykdal[3]	3,583,700	20.6%
Barret Reykdal[4]	180,367	1.0%
Nancy Bland[5]	89,167	*
S. William Johnson[6]	48,934	*
Michael Thompson[7]	23,783	*
Coliseum Capital Management, LLC[8]	1,829,014	10.5%
Watershed Asset Management, L.L.C[9]	1,638,383	9.4%
Janus Capital Management[10]	1,514,765	8.7%
Landex Investments Company	1,000,000	5.7%
Ron Chicoyne[11]	58,450	*
William Dunn[12]	800,000	4.6%
Robert Gibson[13]	60,000	*
Edward McClelland[14]	54,500	*
J. Albert Mondor[15]	61,225	*
Michael Shaw[16]	97,799	*
All directors and executive officers as a group (11 persons)	5,064,592	29.0%

* Less than 1%.

(1) Unless otherwise indicated, each beneficial owner has both sole voting and sole investment power with respect to the common shares beneficially owned by such person, entity or group. The number of common shares shown as beneficially owned include all options, warrants and convertible securities held by such person, entity or group that are exercisable or convertible within 60 days of December 21, 2011.

(2) The percentages of beneficial ownership as to each person, entity or group assume the exercise or conversion of all Options, warrants and convertible securities held by such person, entity or group which are exercisable or convertible within 60 days, but not the exercise or conversion of Options, warrants and convertible securities held by others shown in the table.

(3) 223,468 of the these common shares are directly owned by Mr. Gordon Reykdal. 137,597 are owned by Mr. Reykdal's spouse and 3,222,635 by 424187 Alberta Ltd., a company of which Mr. Reykdal is a director.

(4) Includes 16,667 common shares underlying presently exercisable Options and 21,054 common shares held by Mr. Barret Reykdal's spouse.

(5) Includes 76,667 common shares underlying presently exercisable Options.

(6) Includes 6,667 common shares underlying presently exercisable Options.

(7) Includes 16,400 common shares underlying presently exercisable Options.

(8) Coliseum Capital Management, LLC, Mr. Adam Gray and Mr. Christopher Shackleton ("Coliseum") share dispositive and voting power over these common shares. The amount of

common shares shown is as of February 17, 2011, the date of the most recent Schedule 13G Coliseum filed with the SEC.

(9) The amount of Common Shares owned by Watershed Asset Management, LLC is as of the most recent insider report on the system for electronic disclosure by insiders.

(10) The amount of common shares beneficially owned by Janus Capital Management LLC ("Janus") is given as of February 14, 2011, the date of the most recent Schedule 13G Janus filed with the SEC.

(11) Includes 50,000 common shares underlying presently exercisable Options, 2,220 common shares held by Mr. Chicoyne's spouse and 800 common shares held in an education plan for Mr. Chicoyne's children.

(12) Includes 75,000 common shares underlying presently exercisable Options. 625,000 of the common shares are directly owned by Mr. William Dunn and 100,000 are owned by Cheerio Energy Inc., a company that Mr. Dunn controls.

(13) Includes 50,000 common shares underlying presently exercisable Options.

(14) Includes 25,000 common shares underlying presently exercisable Options.

(15) Includes 50,000 common shares underlying presently exercisable Options and 10,750 common shares held by Mr. Mondor's spouse. Mr. Mondor disclaims beneficial ownership in the shares held by his spouse except to the extent of his pecuniary interest therein, if any.

(16) Includes 16,666 common shares underlying presently exercisable Options, 1,800 common shares held by Mr. Shaw's spouse and 3,333 common shares held jointly with Mr. Shaw's spouse.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Cash Store Australia Holdings Inc.

We provide administrative functions to AUC pursuant to an agreement between us and AUC. During the fiscal year ended September 30, 2011, we charged AUC $30,000 per month for this service under the agreement. We own 3,000,000 or approximately 18.3% of the outstanding common shares of AUC. Of the 3,000,000 common shares, 450,000 common shares are subject to escrow provisions that prevent us from selling these shares until March 8, 2012.

RTF Financial Holdings Inc.

We provide administrative services to RTF pursuant to an agreement between us and RTF. During the fiscal year ended September 30, 2011, we charged RTF $20,000 per month for this service under the agreement.

DESCRIPTION OF OTHER INDEBTEDNESS

We have entered into a letter agreement dated September 1, 2011 with a Canadian chartered bank providing for the New Revolving Credit Facility. The New Revolving Credit Facility has a maximum availability of $25.0 million, which amount includes a letter of credit sub-facility with availability of $5.0 million. In addition to the foregoing limits, the New Revolving Credit Facility is subject to a limit of 75% of our eligible loan receivables less certain prior ranking amounts. Unless extended or replaced, the New Revolving Credit Facility will mature on September 30, 2014, at which time all amounts drawn must be repaid.

Our ability to draw under the New Revolving Credit Facility is subject to satisfaction by us of a number of conditions, some of which have yet to be satisfied. The completion of the offering is not conditional upon us satisfying all conditions required to draw under the New Revolving Credit Facility. If we do satisfy all conditions required to draw under the New Revolving Credit Facility prior to or concurrently with the completion of the offering, we do not anticipate that any amounts will be drawn under our New Revolving Credit Facility as of the closing of this offering. We expect to use borrowings under the New Revolving Credit Facility, in part, to provide additional liquidity as we increase our direct lending activity.

The New Revolving Credit Facility provides for availability by way of Canadian dollar loans, Canadian dollar bankers' acceptances, US dollar base rate loans, and standby letters of credit. The interest rates, bankers' acceptance stamping fees, fees for letters of credit, and standby fees will vary depending on our issuer rating as determined by Standard & Poor's at the end of each fiscal quarter. In addition to such amounts, we will pay a set-up fee in the amount of $250,000.

Our obligations under the New Revolving Credit Facility will be secured by a general security agreement creating a first priority security interest in substantially all of our present and after-acquired property. However, such security interests will not be registered (and therefore will not be perfected) in provinces other than the Regulated Provinces until such time as such provinces have adopted regulations in respect of our industry pursuant to Section 347.1 of the Criminal Code and such regulations are in force and effective. Each of our subsidiaries will guarantee our obligations under the New Revolving Credit Facility and provide general security agreements creating first priority security interests in substantially all of our subsidiaries' present and after acquired property. Notwithstanding the foregoing, the security interests created in support of our obligations under the New Revolving Credit Facility will be subject to prior ranking liens that are typically permitted in facilities similar to the New Revolving Credit Facility. Pursuant to an intercreditor agreement between the collateral agent and the lenders under our New Revolving Credit Facility, the liens on the Collateral securing the Notes will be subordinated to those liens provided as security for our obligations under the New Revolving Credit Facility, and the noteholders' rights to exercise remedies with respect to the Collateral will have limitations. See "Description of Notes" for a further description of these intercreditor arrangements.

The New Revolving Credit Facility will contain customary covenants that restrict our ability to, among other things, incur indebtedness; make capital expenditures; create liens; amalgamate, dissolve, wind-up or liquidate; dispose of or transfer assets; make acquisitions and investments; make certain restricted payments; make loans and guarantee obligations; engage in certain transactions with affiliates; act as a third party broker for payday loans in certain jurisdictions; amend our current dividend policy; fund foreign subsidiaries; amend our underwriting standards; and form subsidiaries. The foregoing covenants are subject to certain qualifications and exceptions. In addition, we must maintain a specified fixed charge coverage ratio and debt to EBITDA ratio.

Our New Revolving Credit Facility will contain customary events of default such as non-payment of obligations under the facility, default under our covenants, material inaccuracy of representations, defaults under other material debt, bankruptcy and insolvency events, failure to promptly satisfy judgments, change of control, invalidity of credit documents, failure to provide or maintain the required security, the occurrence of a material adverse effect, and certain other events as are specified in our New Revolving Credit Facility.

DESCRIPTION OF NOTES

The Cash Store Financial Services Inc. will issue $125,000,000 in aggregate principal amount of its % Senior Secured Notes due 2017 (the "*Notes*") under an indenture (the "*Indenture*") to be dated as of , 2012, among itself, the Guarantors, Computershare Trust Company of Canada as Canadian trustee, and Computershare Trust Company, NA, as U.S. trustee (collectively in such capacities, the "*Trustee*").

Certain defined terms used in this "Description of Notes" are defined under the caption "—Certain Definitions." As used in this section, the term "*Company*" refers only to The Cash Store Financial Services Inc. and not to any of its Subsidiaries.

The following summary of certain provisions of the Indenture, the Collateral Documents and the Collateral Trust Agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of those agreements and instruments, including the definitions of certain terms used therein and those terms made a part thereof by contractual reference to the Trust Indenture Act. We urge you to read those agreements and instruments because they, and not this description, define your rights as holders of the Notes. You may request copies of those documents at our address set forth under the heading "Available Information."

General

The Notes will:

- be senior secured obligations of the Company;
- rank equal in right of payment with all existing and future senior Indebtedness of the Company, including borrowings under the Credit Agreement;
- rank senior in right of payment to all existing and future subordinated Indebtedness of the Company;
- be secured on a second-priority basis by Liens on the Collateral;
- be effectively junior to the Company's obligations under the Credit Agreement, to the extent of the value of the Collateral securing such obligations; and
- be fully and unconditionally Guaranteed, jointly and severally, on a senior secured basis, by all of the Company's Restricted Subsidiaries that guarantee any of the Company's or any Guarantor's obligations under any Credit Facility.

The Notes will initially be fully and unconditionally Guaranteed, jointly and severally, on a senior secured basis by all of the Company's Restricted Subsidiaries. In addition, each current or future Restricted Subsidiary that is not a Guarantor as of the date of the Indenture that guarantees Indebtedness of the Company or any Guarantor under any Credit Facility will guarantee the Notes. Each Guarantee of the Notes (a "*Notes Guarantee*") will:

- be a senior secured obligation of the Guarantor;
- rank equal in right of payment with all existing and future senior indebtedness of such Guarantor, including such Guarantor's obligations under its Guarantee of the Credit Agreement;
- rank senior in right of payment to all existing and future subordinated Indebtedness of such Guarantor;
- be secured on a second-priority basis by Liens on the Collateral; and
- be effectively junior to such Guarantor's obligations under the Credit Agreement, to the extent of the value of the Collateral securing such obligations.

Certain of the Company's future Subsidiaries, including Unrestricted Subsidiaries, may not Guarantee the Company's obligations under the Notes. Therefore, the Notes will be effectively subordinated to the existing and future liabilities of such Subsidiaries, including trade creditors, secured creditors and other creditors holding debt and Guarantees issued by such Subsidiaries, as well as claims of preferred and minority stockholders (if any) of such Subsidiaries. The Company will have the ability to designate any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture. See "Risk Factors—Risks Relating to Our Notes and this Offering—Claims of holders of Notes will be structurally subordinated to claims of creditors of any subsidiaries that are not guarantors."

As of September 30, 2011, on a pro forma basis after giving effect to this offering (1) the Company would have had approximately $126.3 million of senior indebtedness, of which $125.0 million would have been secured by second-priority liens on the Collateral (including the Notes and Notes Guarantees offered hereby) and none of which would have been secured by first-priority liens on the Collateral; and (2) subject to the satisfaction of certain conditions precedent the Company would have had $25.0 million of availability under its Credit Agreement, including a letter of credit sub-facility with availability of $5.0 million, all of which would be secured by first-priority liens on the Collateral.

The Indenture will permit the Company and its Subsidiaries to Incur additional Indebtedness, including secured Indebtedness, in the future.

Principal, Maturity and Interest

- The Company will issue Notes in an aggregate principal amount of $125.0 million in this offering.
- The Notes will mature on , 2017.
- The Notes will be issued in denominations of $2,000 and integral multiples of $1,000 in excess thereof.
- The Notes will bear interest at the rate of % per annum from the most recent date to which interest has been paid or, if no interest has been paid, from January , 2012. The Company will pay interest on the Notes semi-annually, in arrears, every January and July , commencing on July , 2012 to holders of record on the immediately preceding December and June . Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. The Company will pay interest on overdue principal of and premium, if any, on the Notes at % per annum in excess of the above rate and will pay interest on overdue installments of interest at such increased rate to the extent lawful.

The yearly rate of interest that is equivalent to the rate payable under the Notes is the rate payable multiplied by the actual number of days in the year and divided by 360 and is disclosed herein solely for the purpose of providing the disclosure required by the *Interest Act* (Canada).

Subject to the covenants described below, the Company may, without the consent of the holders of the Notes, issue additional Notes ("*Additional Notes*") under the Indenture having the same terms in all respects as the Notes, or similar in all respects to the Notes except for the issue date, the issue price and the first interest payment date of such Additional Notes. The Notes offered hereby and any Additional Notes would be treated as a single class for all purposes under the Indenture, including waivers, amendments, redemptions, offers to purchase and with respect to the Notes Guarantees. Any Additional Notes issued after this offering will be secured by the Collateral, equally and ratably, with the Notes. As a result, the issuance of Additional Notes will have the effect of diluting the security interest of the Collateral for the then outstanding Notes. Because, however, any Additional Notes may not be fungible with the Notes for United States federal income tax purposes, they may have a

different CUSIP number or numbers and may be represented by a different global note or notes. Unless the context otherwise requires, for all purposes of the Indenture and this "Description of Notes," references to "Notes" include any Additional Notes actually issued.

The Company will pay principal of, premium, if any, and interest on the Notes:

- at the office or agency maintained for that purpose;
- at its option, by check mailed to the holders of the Notes at their respective addresses set forth in the register of holders of the Notes; or
- with respect to Notes represented by Global Notes the holders of which have provided the Company with wire transfer instructions, by wire transfer of immediately available funds to the account or accounts specified.

Until the Company designates another office or agency, its office or agency for the payment of principal of, premium, if any, and interest on the Notes will be the corporate trust office of the Trustee.

Guarantees

The obligations of each Guarantor under its Notes Guarantee will be limited in a manner intended to prevent such Guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable law. We cannot assure you that this limitation will protect the Notes Guarantees from fraudulent conveyance or fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under a Notes Guarantee would suffice, if necessary, to pay the Notes in full when due. In a recent Florida bankruptcy case, this kind of provision was found to be unenforceable and, as a result, the subsidiary guarantees in that case were found to be fraudulent conveyances. The decision in that case was overturned, in part, but we do not know if that case will be followed if there were to be litigation on this question under the Indenture. If a Notes Guarantee were rendered voidable, it could be subordinated by a court to all other Indebtedness (including Guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such Indebtedness, a Guarantor's liability on its Notes Guarantee could be reduced to zero. See "Risk Factors—Risks Relating to Our Notes and this Offering—Applicable statutes allow courts, under specific circumstances, to void the subsidiary guarantees of the Notes so the resources of our subsidiaries may not be available to make payment in respect of the Notes."

The Notes Guarantee of a Guarantor and its obligations under the Indenture Documents will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of amalgamation, arrangement, exchange offer, merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition complies with the "Asset Sale" provisions of the Indenture;

(2) in connection with any sale, issuance or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale, issuance or other disposition complies with the "Asset Sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary of the Company as a result of such sale, issuance or other disposition;

(3) if the Company designates that Guarantor or any Restricted Subsidiary of the Company of which such Guarantor is a Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) in the event that such Guarantor was required to become a Guarantor under the provisions of the Indenture described under "—Certain Covenants—Additional Subsidiary Guarantees" at such time as such Guarantor shall cease to Guarantee any Indebtedness of the Company or any other Guarantor under any Credit Facility; or

(5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as described below under the captions "—Defeasance" and "—Satisfaction and Discharge."

Security

The obligations of the Company with respect to the Notes, the obligations of the Guarantors under the Note Guarantees and the performance of all other obligations of the Company and the Guarantors under the Indenture Documents will be secured by liens, security interests, and where applicable, hypothecs, in all of the tangible and intangible properties and assets at any time owned or acquired by the Company or any Guarantor except for Excluded Assets (collectively, the "*Collateral*"). The Liens on the Collateral securing the Notes and the Note Guarantees will be junior to the Liens on the Collateral securing the Priority Lien Obligations, including obligations under the Credit Agreement. All such Liens will be subject to Permitted Liens.

Collateral

The Collateral comprises substantially all of the tangible and intangible assets, other than Excluded Assets, of the Company and the Guarantors, and includes substantially all of the accounts receivable, letter of credit rights, inventory, deposit accounts, securities accounts, instruments and chattel paper, general intangibles, records related to any of the foregoing and certain assets related thereto, in each case held by the Company and the Guarantors. The capital stock of Cash Store Australia Holdings, Inc. will be included in the Collateral only to the extent the Company is not restricted from pledging such capital stock pursuant to regulatory requirements. The security interest in the Collateral will not be registered (and therefore will not be perfected) in provinces other than the Regulated Provinces until such time as such provinces have adopted regulations in respect of our industry pursuant to Section 347.1 of the Criminal Code and such regulations are in force and effective. See "Risk Factors—Risks Related to Our Notes and this Offering—Rights of Holders of the Notes in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral. We will not be required to perfect the security interest over certain Collateral".

Subject to the Collateral Documents, if property is acquired by the Company or a Guarantor that is not automatically subject to a perfected security interest under the Collateral Documents, then the Company or relevant Guarantor will within 10 days provide security over this property in favor of the Collateral Agent and deliver certain certificates and opinions if applicable in respect thereof as specified in the Indenture.

No appraisals of any of the Collateral have been prepared by or on behalf of the Company in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after the payment of the Priority Lien Obligations would be sufficient to satisfy the Indenture Obligations. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all.

Collateral Trust Agreement

The Company and each Secured Obligations Guarantor will enter into a collateral trust and intercreditor agreement, to be dated the date of the Indenture (the "*Collateral Trust Agreement*"), with the Collateral Agent and the Secured Debt Representatives, which sets forth the terms on which the Collateral Agent will receive, hold, administer, maintain and distribute the proceeds of the Collateral

securing the obligations under the Security Documents and will accept, enter into, hold, maintain, administer, enforce and perform its obligations under all Security Documents and with respect to all Liens upon any property of the Company and each Secured Obligations Guarantor created thereunder, in trust for the present and future holders of the Secured Obligations.

Collateral Agent

Computershare Trust Company of Canada (and/or certain of its affiliates) serve as the common Collateral Agent under the Collateral Trust Agreement for the benefit of the holders of:

- the Notes and the Guarantees of the Notes;
- all other Parity Lien Obligations outstanding from time to time;
- the loans under the Credit Agreement and the Guarantees of such loans; and
- all other Priority Lien Obligations outstanding from time to time.

The Collateral Agent holds (directly or through co-trustees, agents or sub-agents), and will be entitled to enforce, all Liens on the Collateral created by the Security Documents. The Collateral Agent may be the same entity serving as a Parity Debt Representative or a Priority Debt Representative.

Except as provided in the Collateral Trust Agreement or as directed by an Act of Instructing Debtholders, the Collateral Agent will not commence any exercise of remedies or any foreclosure actions or otherwise take any actions or proceeding against any of the Collateral. The Collateral Agent will allow each Secured Debt Representative to obtain copies of all Security Documents delivered to the Collateral Agent.

Enforcement of Security Interests

If the Collateral Agent at any time receives a Notice of Actionable Default, it will promptly deliver written notice thereof to each other Secured Debt Representative. Thereafter, the Collateral Agent may await direction by an Act of Instructing Debtholders and will act, or decline to act, as directed by an Act of Instructing Debtholders, in the exercise and enforcement of the Collateral Agent's interests, rights, powers and remedies in respect of the Collateral or under the Security Documents or applicable law and, following the initiation of such exercise of remedies, the Collateral Agent will act, or decline to act, with respect to the manner of such exercise of remedies as directed by an Act of Instructing Debtholders. Unless it has been directed to the contrary by an Act of Instructing Debtholders, the Collateral Agent in any event may (but will not be obligated to) take or refrain from taking such action with respect to an Actionable Default as it may deem advisable and in the best interest of the holders of Secured Obligations.

Prior Liens

The Indenture will permit the Company and the Secured Obligations Guarantors to grant Liens on portions of the Collateral that will be senior to the Liens securing the Secured Obligations. See "—Certain Covenants—Liens." If the Company or a Secured Obligations Guarantor satisfies the conditions in the Indenture for the granting of such Liens, certified to the Collateral Agent in an Officer's Certificate, and delivers to the Collateral Agent an Act of Instructing Debtholders directing such action, the Collateral Agent will execute such agreements, certificates, filings and other documents as are reasonably requested by the Company in order to recognize or establish the ranking of such Liens.

Restrictions on Enforcement of Parity Liens

Until the Discharge of Priority Lien Obligations, the holders of the loans under the Credit Agreement and other Priority Lien Obligations will have, subject to the exceptions set forth below in clauses (1) through (4) and the provisions described below under the caption "Provisions of the Indenture Relating to Security—Relative Rights," and subject to the rights of the holders of Permitted Prior Liens, the exclusive right to enforce rights and exercise remedies with respect to any Collateral that is part of the Senior Trust Estate, regardless of whether such Collateral may also be part of the Junior Trust Estate (including, without limitation, the exclusive right to authorize or direct the Collateral Agent to enforce, collect or realize on any Collateral or exercise any other right or remedy with respect to the Collateral) and neither the Trustee nor the holders of Notes or other Parity Lien Obligations may authorize or direct the Collateral Agent with respect to such matters. Notwithstanding the foregoing, the Parity Lien Secured Parties may, subject to the rights of the holders of other Permitted Prior Liens, enforce rights, exercise remedies and take actions:

(1) without any condition or restriction whatsoever, at any time after the Discharge of Priority Lien Obligations;

(2) as necessary to redeem any Collateral in a creditor's redemption permitted by law or to deliver any notice or demand necessary to enforce (subject to the prior Discharge of Priority Lien Obligations) any right to claim, take or receive proceeds of Collateral remaining after the Discharge of Priority Lien Obligations in the event of foreclosure or other enforcement of any prior lien;

(3) as necessary to perfect or establish the priority (subject to the Priority Liens) of the Parity Liens upon any Collateral, except through possession or control; or

(4) as necessary to create, prove, preserve or protect (but not enforce) the Parity Liens upon any Collateral.

Subject to the provisions described below under the caption "Provisions of the Indenture Relating to Security—Relative Rights," both before or during an insolvency, liquidation or similar proceeding until the Discharge of Priority Lien Obligations, none of the Parity Lien Secured Parties will:

(1) request judicial relief, in an insolvency, liquidation or similar proceeding or in any other court, that would hinder, delay, limit or prohibit the lawful exercise or enforcement of any right or remedy otherwise available to the holders of Priority Lien Obligations in respect of the Priority Liens or that would limit, invalidate, avoid or set aside any Priority Lien or subordinate the Priority Liens to the Parity Liens or grant the Parity Liens equal ranking to the Priority Liens;

(2) oppose or otherwise contest any motion for relief from the automatic stay or from any injunction against foreclosure or enforcement of Priority Liens made by any holder of Priority Lien Obligations in any insolvency, liquidation or similar proceedings;

(3) oppose or otherwise contest any lawful exercise by any holder of Priority Lien Obligations of the right to credit bid Priority Lien Debt at any sale in foreclosure of Priority Liens; or

(4) oppose or otherwise contest any other request for judicial relief made in any court by any holder of Priority Lien Obligations relating to the lawful enforcement of any Priority Lien.

Notwithstanding the foregoing, both before and during an insolvency, liquidation or similar proceeding, the Parity Lien Secured Parties may take any actions and exercise any and all rights that would otherwise be available to a holder of unsecured claims, including, without limitation, the commencement of an insolvency, liquidation or similar proceeding against the Company or any other

Obligor in accordance with applicable law; except that the Parity Lien Secured Parties may not challenge the validity, enforceability, perfection or priority of the Priority Liens.

Waiver of Right of Marshalling

The Collateral Trust Agreement provides that, prior to the Discharge of Priority Lien Obligations, each Parity Lien Secured Party and the Collateral Agent may not assert or enforce any right of marshalling accorded to a junior lienholder, as against the holders of Priority Liens (in their capacity as priority lienholders), under equitable principles.

Insolvency, Liquidation or Similar Proceedings

If in any insolvency, liquidation or similar proceeding and prior to the Discharge of Priority Lien Obligations, the holders of Priority Lien Obligations by an Act of Instructing Debtholders consent to any order:

(1) for use of cash Collateral;

(2) approving a debtor-in-possession financing secured by a Lien that is senior to or on a parity with all Priority Liens upon any property of the estate in such insolvency, liquidation or similar proceeding;

(3) granting any relief on account of Priority Lien Obligations as adequate protection (or its equivalent) for the benefit of the holders of Priority Lien Obligations in the Collateral subject to Priority Liens; or

(4) relating to a sale of assets of the Company or any other Obligor that provides, to the extent the assets sold are to be free and clear of Liens, that all Priority Liens and Parity Liens will attach to the proceeds of the sale;

then, the Parity Lien Secured Parties, in their capacity as holders or representatives of secured claims, will not oppose or otherwise contest the entry of such order, so long as none of the Priority Lien Secured Parties in any respect opposes or otherwise contests any request made by any Parity Lien Secured Party for the grant to the Collateral Agent, for the benefit of the Parity Lien Secured Parties, of a junior Lien upon any property on which a Lien is (or is to be) granted under such order to secure the Priority Lien Obligations, co-extensive in all respects with, but subordinated (as set forth herein under the caption "—Provisions of the Indenture Relating to Security—Ranking of Note Liens") to, such Lien and all Priority Liens on such property.

Notwithstanding the foregoing, both before and during an insolvency, liquidation or similar proceeding, the Parity Lien Secured Parties may take any actions and exercise any and all rights that would be available to a holder of unsecured claims, including, without limitation, the commencement of insolvency, liquidation or similar proceedings against the Company or any other Obligor in accordance with applicable law; *provided* that, both before and during an insolvency, liquidation or similar proceeding, the Parity Lien Secured Parties may not challenge the validity, enforceability, perfection and priority of the Priority Liens.

The Parity Lien Secured Parties will not file or prosecute in any insolvency, liquidation or similar proceeding any motion for adequate protection (or any comparable request for relief) based upon their interest in the Collateral under the Parity Liens, except that:

(1) they may freely seek and obtain relief: (a) granting a junior Lien co-extensive in all respects with, but subordinated (as set forth herein under the caption "—Provisions of the Indenture Relating to Security—Ranking of Note Liens") to, all Liens granted in the insolvency, liquidation or similar proceeding to, or for the benefit of, the holders of Priority Lien

Obligations; or (b) in connection with the confirmation of any plan of reorganization or similar dispositive restructuring plan of the Company or any other Obligor; and

(2) they may freely seek and obtain any relief upon a motion for adequate protection (or any comparable relief), without any condition or restriction whatsoever, at any time after the Discharge of Priority Lien Obligations.

If in any insolvency, liquidation or similar proceeding of the Company or any other Obligor, debt obligations of the reorganized debtor secured by Liens on any property of the reorganized debtor are distributed both on account of Priority Lien Obligations and on account of the Parity Lien Obligations, then, to the extent the debt obligations distributed on account of the Priority Lien Obligations and on account of the Parity Lien Obligations are secured by Liens on the same property, the provisions described herein under the caption "—Provisions of the Indenture Relating to Security—Ranking of Note Liens" will survive the distribution of those debt obligations pursuant to the plan and will apply with like effect to the Liens securing those debt obligations.

Order of Application

The Collateral Trust Agreement provides that if any Collateral is sold or otherwise realized upon by the Collateral Agent in connection with any foreclosure, collection or other enforcement of security interests granted to the Collateral Agent in the Security Documents, the proceeds received by the Collateral Agent from such foreclosure, collection or other enforcement or the proceeds of any insurance policy, including any title insurance policy, will, subject to applicable law, be distributed by the Collateral Agent in the following order of application:

First, to the payment of all amounts payable under the Collateral Trust Agreement on account of the Collateral Agent's fees and any reasonable legal fees, costs and expenses or other liabilities of any kind incurred by the Collateral Agent or any co-trustee or agent in connection with any security document;

Second, to the repayment of Indebtedness or other Obligations, other than Secured Debt, secured by a Permitted Prior Lien on the Collateral sold or realized upon;

Third, to the respective Priority Debt Representatives for application to the payment of all outstanding Priority Lien Debt and any other Priority Lien Obligations that are then due and payable in such order as may be provided in the Priority Lien Documents in an amount sufficient to pay in full in cash all outstanding Priority Lien Debt and all other Priority Lien Obligations that are then due and payable (including all interest accrued thereon after the commencement of any bankruptcy, insolvency, liquidation or similar proceeding at the rate, including any applicable post-default rate, specified in the Priority Lien Documents, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding, and including the discharge or cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Priority Lien Document) of all outstanding letters of credit and bankers' acceptances constituting Priority Lien Debt);

Fourth, to the respective Parity Debt Representatives for application to the payment of all outstanding Parity Lien Debt and any other Parity Lien Obligations that are then due and payable in such order as may be provided in the Parity Lien Documents in an amount sufficient to pay in full in cash all outstanding Parity Lien Debt and all other Parity Lien Obligations that are then due and payable (including all interest accrued thereon after the commencement of any bankruptcy, insolvency, liquidation or similar proceeding at the rate, including any applicable post-default rate, specified in the Parity Lien Documents, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding, and including the discharge or cash collateralization (at 102.5% of the aggregate undrawn amount) of all outstanding letters of credit and bankers' acceptances constituting Parity Lien Debt; and

Fifth, any surplus remaining after the payment in full in cash of all of the Secured Obligations and Obligations entitled to the benefit of such Collateral will be paid to the Company or the other applicable Obligor, as the case may be, or its successors or assigns, or as a court of competent jurisdiction may direct.

If any Parity Debt Representative or any holder of a Parity Lien Obligation collects or receives any proceeds in respect of the Parity Lien Obligations that should have been applied to the payment of the Priority Lien Obligations or obligations secured by a Permitted Prior Lien in accordance with the paragraph above and a responsible officer of such Parity Debt Representative shall have received written notice, or shall have actual knowledge, of the same prior to such Parity Debt Representative's distribution of such proceeds, whether after the commencement of a bankruptcy, insolvency, liquidation or similar proceeding or otherwise, such Parity Debt Representative or such holder of a Parity Lien Obligation, as the case may be, will forthwith deliver the same to the Collateral Agent, for the account of the holders of the Priority Lien Obligations or obligations secured by a Permitted Prior Lien, in the form received, duly endorsed to the Collateral Agent, for the account of the holders of the Priority Lien Obligations or obligations secured by a Permitted Prior Lien to be applied in accordance with the paragraph above.

Until so delivered, such proceeds will be held by such Parity Debt Representative or such holder of a Parity Lien Obligation, as the case may be, for the benefit of the holders of the Priority Lien Obligations or obligations secured by a Permitted Prior Lien. These provisions will not apply to payments received by any holder of Parity Lien Obligations if such payments are not proceeds of any realization upon any Collateral.

Release of Liens on Collateral

The Collateral Trust Agreement provides that the Collateral Agent's Liens on the Collateral will be released:

(1) in whole, upon (a) payment in full in cash and discharge of all outstanding Secured Debt and all other Secured Obligations that are outstanding, due and payable at the time all of the Secured Debt is paid in full in cash and discharged and (b) termination or expiration of all commitments to extend credit under all Secured Debt Documents and the cancellation or termination or cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Secured Debt Documents) of all outstanding letters of credit and bankers' acceptances issued pursuant to any Secured Debt Documents;

(2) as to any Collateral that is sold, transferred or otherwise disposed of by the Company or any other Obligor in a transaction or other circumstance that is not prohibited by the "Asset Sale" provisions of the Indenture or by the other Secured Debt Documents, at the time of such sale, transfer or other disposition or to the extent of the interest sold, transferred or otherwise disposed of; and

(3) as to any Collateral other than Collateral being released pursuant to clause (1) or (2) of this paragraph, if (a) consent to the release of that Collateral has been given by an Act of Instructing Debtholders; *provided*, that if such Collateral represents all or substantially all of the Collateral, consent to release of such Collateral has been given by the requisite percentage or number of holders of each Series of Secured Debt at the time outstanding as provided for in the applicable Secured Debt Documents and (b) the Company has delivered an Officer's Certificate to the Collateral Agent certifying that any such necessary consents have been

obtained; *provided*, that the Collateral Agent receives a copy of the Act of Instructing Debtholders referred to in this clause (a) above.

Notwithstanding the preceding paragraph, the Collateral Trust Agreement provides that, upon the occurrence of the events specified below, the Collateral Agent's Lien in the applicable Collateral specified below shall automatically, without further action, be released:

(1) with respect to any Collateral that shall be sold, transferred or otherwise disposed of in the ordinary course of business, *provided*, that such sale, transfer or other disposition does not violate the terms of any Secured Debt Document, upon such sale, transfer or other disposition, the Lien of the Security Documents in such Collateral shall automatically, without further action, be released;

(2) with respect to any capital stock issued by any Pledgor that is dissolved, *provided*, that such dissolution does not violate the terms of any Secured Debt Document, upon such dissolution, the Lien of the Security Documents in such capital stock issued by such Pledgor shall automatically, without further action, be released;

(3) unless an Actionable Default shall have occurred and be continuing and the Collateral Agent shall have received an Act of Instructing Debtholders to the contrary, with respect to amounts withdrawn from any accounts by any Pledgor pursuant to, and in accordance with, the applicable Security Documents with respect thereto, and in each case applied to pay third-party liabilities in the ordinary course of business or to make restricted payments and permitted investments but only to the extent in compliance with the Secured Debt Documents, upon such application, the Lien of the Security Documents in such amounts shall automatically, without further action, be released;

(4) with respect to amounts distributed by the Collateral Agent pursuant to, and in accordance with the provisions of the Collateral Trust Agreement, upon such distribution, the Lien of the Security Documents in such amounts shall automatically, without further action, be released; and

(5) with respect to any Collateral for which the release of the Lien of the Security Documents is provided for pursuant to a provision of any Security Document, the Lien of the Security Documents on such Collateral shall automatically, without further action, hereunder be released as provided for in such provision;

and, in each such case, except (1) above, upon request of the Company, the Collateral Agent will execute (with such acknowledgements and/or notarizations as are required) and deliver evidence of such release to the Company; *provided, however,* that within 15 days after the end of the six-month periods ended on June 30 and December 31 in each year, the Company will deliver to the Collateral Agent an Officers' Certificate to the effect that no release of Collateral pursuant to this paragraph during the preceding six-month period has violated the terms of any Secured Debt Document. See "—Restrictions on Enforcement of Parity Liens".

Amendment of Collateral Documents

The Collateral Trust Agreement provides that the Collateral Agent, acting as directed by an Act of Instructing Debtholders, and the Obligors may enter into amendments and supplements to the provisions of any Security Document, provided that:

(1) any amendment or supplement that has the effect solely of adding or maintaining Collateral, securing additional Secured Debt that was otherwise permitted by the terms of the Secured

Debt Documents to be secured by the Collateral or preserving or perfecting the Liens thereon or the rights of the Collateral Agent therein, will become effective when executed and delivered by the Company or any other applicable Obligor party thereto and the Collateral Agent;

(2) no amendment or supplement that reduces, impairs or adversely affects the right of any holder of Secured Debt to:

(a) vote its outstanding Secured Debt as to any matter described as subject to an Act of Instructing Debtholders (or amends the provisions of this clause (2) or the definition of "Act of Instructing Debtholders," "Required Parity Debtholders," or "Actionable Default");

(b) share in the order of application described above under "—Order of Application" in the proceeds of enforcement of or realization on any Collateral that has not been released in accordance with the provisions described under "—Release of Liens on Collateral;" or

(c) require that Liens securing Secured Obligations be released only as set forth in the provisions described above under the caption "—Release of Liens on Collateral,"

will become effective without the consent of the requisite percentage or number of holders of each Series of Secured Debt so affected under the applicable Secured Debt Document; and

(3) no amendment or supplement that imposes any obligation upon the Collateral Agent or any Secured Debt Representative or adversely affects the rights of the Collateral Agent or any Secured Debt Representative, respectively, in its capacity as such will become effective without the consent of the Collateral Agent or such Secured Debt Representative, respectively.

The Collateral Agent or any Secured Debt Representative will not enter into any such amendment or supplement unless it has received an Officers' Certificate to the effect that such amendment or supplement will not result in a breach of any provision or covenant contained in any of the Secured Debt Documents.

Notwithstanding the foregoing, any amendment, supplement or other agreement regarding the provisions of the Security Documents that has the purpose of releasing Collateral will be effective only in accordance with the requirements set forth in "—Release of Liens on Collateral."

The Collateral Trust Agreement provides that, notwithstanding anything to the contrary in this section, but subject to clauses (2) and (3) above, any amendment or waiver of, or any consent under, any provision of the Collateral Trust Agreement or any security document that secures Priority Lien Obligations will apply automatically to any comparable provision of any comparable Parity Lien Document without the consent of or notice to any Parity Lien Secured Party and without any action by the Company or any other Obligor or any Parity Lien Secured Party.

Voting

In connection with any matter under the Collateral Trust Agreement requiring a vote of holders of the Secured Debt each Series of Secured Debt will cast its votes as a block in accordance with the Secured Debt Documents governing such Series of Secured Debt. The amount of Secured Debt to be voted by a Series of Secured Debt will equal (1) the aggregate principal amount of Secured Debt held constituting such Series of Secured Debt (including outstanding letters of credit whether or not then available to be drawn and Hedge Obligations owed to Lender Hedge Providers) plus (2) other than in

connection with an exercise of remedies, the aggregate unfunded commitments to extend credit which, when funded, would constitute Indebtedness of such Series of Secured Debt.

Provisions of the Indenture Relating to Security

Equal and Ratable Sharing of Collateral by Holders of Parity Lien Debt

The Indenture will provide that, notwithstanding:

(1) anything to the contrary contained in the Security Documents;

(2) the time of incurrence of any Series of Parity Lien Debt;

(3) the order or method of attachment or perfection of any Liens securing any Series of Parity Lien Debt;

(4) the time or order of filing or recording of financing statements, mortgages or other documents filed or recorded to perfect any Lien upon any Collateral;

(5) the time of taking possession or control over any Collateral;

(6) that any Parity Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or

(7) the rules for determining priority under any law governing relative priorities of Liens,

(i) all Liens at any time granted to secure any of the Parity Lien Debt will secure, equally and ratably, all present and future Parity Lien Obligations; and (ii) all proceeds of all Liens at any time granted to secure any of the Parity Lien Debt and other Parity Lien Obligations will be allocated and distributed equally and ratably on account of the Parity Lien Debt and other Parity Lien Obligations; *provided*, that in the absence of an Event of Default, the Company shall be entitled to utilize cash proceeds of Collateral in the ordinary course of its business or as may be required by its financing agreements.

The foregoing provision is intended for the benefit of, and will be enforceable as a third party beneficiary by, each present and future holder of Parity Lien Obligations, each present and future Parity Debt Representative and the Collateral Agent as holder of Parity Liens. The Parity Debt Representative of each future Series of Parity Lien Debt will be required to deliver a Parity Debt Sharing Confirmation to the Collateral Agent and the Trustee at the time of incurrence of such Series of Parity Lien Debt.

Ranking of Note Liens

The Indenture will provide that, notwithstanding:

(1) anything to the contrary contained in the Security Documents;

(2) the time of incurrence of any Series of Secured Debt;

(3) the order or method of attachment or perfection of any Liens securing any Series of Secured Debt;

(4) the time or order of filing or recording of financing statements, mortgages or other documents filed or recorded to perfect any Lien upon any Collateral;

(5) the time of taking possession or control over any Collateral;

(6) that any Priority Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or

(7) the rules for determining priority under any law governing relative priorities of Liens,

all Liens at any time granted to secure any of the Parity Lien Obligations will be subject and subordinate to all Priority Liens securing Priority Lien Obligations.

The foregoing provision is intended for the benefit of, and will be enforceable as a third party beneficiary by, each present and future holder of Priority Lien Obligations, each present and future Priority Debt Representative and the Collateral Agent as holder of Priority Liens. No other Person will be entitled to rely on, have the benefit of or enforce this provision. The Parity Debt Representative of each future Series of Parity Lien Debt will be required to deliver a Parity Debt Sharing Confirmation to the Collateral Agent and each Priority Debt Representative at the time of incurrence of such Series of Parity Lien Debt.

In addition, the foregoing provision is intended solely to set forth the relative ranking, as Liens, of the Parity Liens securing Parity Lien Debt as against the Priority Liens. Neither the Notes nor any other Parity Lien Obligations nor the exercise or enforcement of any right or remedy for the payment or collection thereof are intended to be, or will ever be by reason of the foregoing provision, in any respect subordinated, deferred, postponed, restricted or prejudiced.

Relative Rights

Nothing in the Note Documents will:

(1) impair, as between the Company and the holders of the Notes, the obligation of the Company to pay principal of, premium and interest, if any, on the Notes in accordance with their terms or any other obligation of the Company or any other Obligor under the Note Documents;

(2) affect the relative rights of holders of Notes as against any other creditors of the Company or any other Obligor under the Note Documents (other than holders of Priority Liens or other Parity Liens);

(3) restrict the right of any holder of Notes to sue for payments that are then due and owing (but not enforce any judgment in respect thereof against any Collateral to the extent specifically prohibited by (a) "—Collateral Trust Agreement—Restrictions on Enforcement of Parity Liens" or (b) "—Collateral Trust Agreement—Insolvency, liquidation or similar proceedings");

(4) restrict or prevent any holder of Notes or other Parity Lien Obligations, the trustee, the Collateral Agent or other Person on their behalf from exercising any of its rights or remedies upon a Default or Event of Default not specifically restricted or prohibited by

(a) "—Collateral Trust Agreement—Restrictions on Enforcement of Parity Liens" or

(b) "—Collateral Trust Agreement—Insolvency and Liquidation Proceedings;" or

(5) restrict or prevent any holder of Notes or other Parity Lien Obligations, the trustee, the Collateral Agent or any other Person on their behalf from taking any lawful action in a bankruptcy, insolvency, liquidation or similar proceeding not specifically restricted or prohibited by

(a) "—Collateral Trust Agreement—Restrictions on Enforcement of Parity Liens" or

(b) "—Collateral Trust Agreement—Insolvency and Liquidation Proceedings."

Release of Security Interests in Respect of Notes

The Indenture will provide and the Collateral Trust Agreement provides that the Collateral Agent's Liens upon the Collateral will no longer secure the Notes outstanding under the Indenture or any other Obligations under the Indenture, and the rights of the holders of the Notes and such Obligations to the benefits and proceeds of the Collateral Agent's Liens on the Collateral will terminate and be discharged:

(1) upon satisfaction and discharge of the Indenture as set forth under the caption "—Satisfaction and Discharge;"

(2) upon a Legal Defeasance or Covenant Defeasance of the Notes as set forth under the caption "—Legal Defeasance and Covenant Defeasance;"

(3) upon payment in full and discharge of all Notes outstanding under the Indenture and all Obligations that are outstanding, due and payable under the Indenture at the time the Notes are paid in full and discharged; or

(4) in whole or in part, with the consent of the holders of the requisite percentage of Notes in accordance with the provisions described below under the caption "Amendment, Supplement and Waiver."

Further Assurances; Insurance

The Indenture and the Security Documents will provide that the Company and each of the Obligors will do or cause to be done all acts and things that may be required, or that the Collateral Agent from time to time may reasonably request, to assure and confirm that the Collateral Agent holds, for the benefit of the holders of Secured Obligations, duly created and enforceable and perfected Liens upon the Collateral, including after-acquired Collateral and any property or assets that become Collateral pursuant to the definition thereof after the Notes are issued, subject to such exceptions as may be contemplated by the Secured Debt Documents.

Upon the reasonable request of the Collateral Agent or any Secured Debt Representative at any time and from time to time, the Company and each of the other Obligors will promptly execute, acknowledge and deliver such Security Documents, instruments, certificates, notices and other documents, and take such other actions as shall be reasonably required, or that the Collateral Agent may reasonably request, to create, perfect, protect, assure or enforce the Liens and benefits intended to be conferred, in each case as contemplated by the Secured Debt Documents.

The Company and the other Obligors will:

(1) keep their properties adequately insured at all times by financially sound and reputable insurance companies, which, in the case of any insurance on any mortgaged property, are licensed to do business in the jurisdictions where the applicable mortgaged property is located;

(2) maintain such other insurance, to such extent and against such risks (and with such deductibles, retentions and exclusions), including fire and other risks insured against by extended coverage, as is customary with companies in the same or similar businesses operating in the same or similar locations, including public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by them;

(3) maintain such other insurance as may be required by law; and

(4) maintain such other insurance as may be required by the Security Documents.

Upon the request of the Collateral Agent, the Company and the Obligors will furnish to the Collateral Agent full information as to their property and liability insurance carriers. Holders of Secured Obligations, as a class, will be named as additional insureds on all liability insurance policies of the Company and the other Obligors.

All insurance policies required by clauses (1), (2), (3) and (4) above will:

(1) name the Collateral Agent, on behalf of the Secured Parties, as an additional insured thereunder as its interests may appear and in the case of each property damage insurance policy, contain a loss payable clause or endorsement, reasonably satisfactory in form and substance to the Collateral Agent, that names Collateral Agent, on behalf of the Secured Parties, as the loss payee thereunder;

(2) provide that the insurers will endeavor to deliver 30 days prior written notice to the Collateral Agent of (x) any cancellation or termination of such insurance or (y) any reduction in the limits of liability of such insurance;

(3) waive all claims for insurance premiums or commissions or additional premiums or assessments against the Secured Parties; and

(4) waive any right of the insurers to setoff or counterclaim or to make any other deductions, whether by way of attachment or otherwise, as against the Secured Parties.

Upon the request of the Collateral Agent, the Company and the other Obligors will permit the Collateral Agent or any of its agents or representatives, at reasonable times and intervals upon reasonable prior notice, to visit its offices and sites and inspect any of the Collateral and to discuss matters relating to the Collateral with their respective officers and independent chartered accountants.

The Company and the other Obligors shall, at any reasonable time and from time to time upon reasonable prior notice, permit the Collateral Agent or any of its agents or representatives to examine and make copies of and abstracts from the records and books of account of the Company and the other Obligors and their Subsidiaries; *provided* that by virtue of this paragraph the Company and the other Obligors shall not be deemed to have waived any right to confidential treatment of the information obtained, subject to the provisions of applicable law or court order.

Additional Amounts

The Indenture will provide that payments made by the Company under or with respect to the Notes or any of the Guarantors with respect to any Notes Guarantee are made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, assessment or other governmental charge, including any related interest, penalties or additions to tax ("*Taxes*"), unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Company or any Guarantor is then organized, engaged in business for tax purposes or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Company or any Guarantor (including the jurisdiction of any paying agent) or any political subdivision thereof or therein (each, a "*Tax Jurisdiction*") is at any time required to be made from any payments made by the Company under or with respect to the Notes or any of the Guarantors with respect to any Notes Guarantee, the Company

or the relevant Guarantor, as applicable, will pay to each holder of Notes that are outstanding on the date of the required payment, such additional amounts ("*Additional Amounts*") as may be necessary so that the net amount received by such holder (including the Additional Amounts) after such withholding or deduction (including with respect to any Additional Amounts) will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted; *provided* that no Additional Amounts are payable with respect to a payment to a holder of the Notes (an "*Excluded holder*"):

(a) with which the Company does not deal at arm's-length (within the meaning of the Income Tax Act (Canada)) at the time of making such payment,

(b) which is subject to such Taxes by reason of its being connected with a relevant Tax Jurisdiction or any province or territory thereof otherwise than by the mere holding of the Notes or the receipt of payments in respect of such Notes or a Notes Guarantee,

(c) which, following a timely request by the Company, failed to provide any certification, documentation, information or other evidence concerning such holder's (or its beneficial owner's) nationality, residence, entitlement to treaty benefits, identity or connection with a Tax Jurisdiction, if and to the extent that due and timely compliance is required by applicable law, applicable regulation, published administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of any Taxes as to which Additional Amounts would have otherwise been payable to such holder but for this clause, or

(d) any combination of the above clauses in this proviso.

The Company or the relevant Guarantor will also:

(a) make such withholding or deduction, and

(b) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

The Company or the relevant Guarantor will furnish, within 30 days after the date the payment of any Taxes are due pursuant to applicable law, to the Trustee on behalf of the holders of Notes that are outstanding on the date of the required payment, copies of tax receipts, if any (or other documentation), evidencing the payments of Taxes made by the Company, or a Guarantor, as the case may be, on behalf of the holders.

The Company and the Guarantors will indemnify and hold harmless each holder of Notes that are outstanding on the date of the required payment (other than an Excluded holder) and upon written request reimburse each such holder for the amount of:

(a) any Taxes so levied or imposed and paid by such holder as a result of payments made under or with respect to the Notes,

(b) any liability (including penalties, interest and expense) arising therefrom or with respect thereto, and

(c) any Taxes imposed with respect to any reimbursement under clause (a) or (b) above.

In addition to the foregoing, the Company and the Guarantors will also pay and indemnify each holder for any present or future stamp, issue, registration, transfer, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other

liabilities related thereto) which are levied by any relevant Tax Jurisdiction on the execution, delivery, issuance, or registration of any of the Indenture Documents or any other document referred to therein, or the receipt of any payments with respect thereto, or enforcement of, any of the Notes or any Notes Guarantee.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or a Guarantor becomes obligated to pay Additional Amounts with respect to such payment, the Company or the relevant Guarantor, as applicable, will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable, and the amounts so payable and will set forth such other information as is necessary to enable the Trustee to pay such Additional Amounts to the holders of the Notes on the payment date.

Whenever in any Indenture Document or in this Description of Notes there is mentioned, in any context:

(a) the payment of principal (and premium, if any),

(b) purchase prices in connection with a repurchase of Notes,

(c) interest, or

(d) any other amount payable on or with respect to any of the Notes or any Subsidiary Guarantee,

such mention shall be deemed to include mention of the payment of Additional Amounts provided for in this section to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture Documents, any transfer by a holder or beneficial owner of its Notes, and apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Company or any Guarantor is incorporated, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Notes Guarantee) and any department or political subdivision thereof or therein.

Redemption for Tax Reasons

The Company may at any time redeem all of the outstanding Notes, in whole but not in part, at a redemption price of 100% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, and all Additional Amounts (if any) then due and which will be come due on the date of redemption as a result of the redemption or otherwise, if on the next date on which any amount would be payable in respect of the Notes, the Company has become or would become obligated to pay any Additional Amounts (as defined herein) in respect of the Notes, and the Company cannot avoid any such payment obligation by taking reasonable measures available to it, as a result of:

(a) any change in or amendment to the laws (or regulations promulgated thereunder) of a relevant Tax Jurisdiction, or

(b) any change in or amendment to any official position regarding the application or interpretation of such laws or regulations,

which change or amendment is announced and is effective on or after the date of the Indenture (or, if the applicable relevant Tax Jurisdiction became a Tax Jurisdiction on a date after the date of the Indenture, such later date). See "—Additional Amounts."

Optional Redemption

Except as set forth above under "—Redemption for Tax Reasons" and below, the Company will not be entitled to redeem the Notes at its option prior to July , 2014.

At any time prior to July , 2014, the Company may redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium, and accrued and unpaid interest, if any, to, but excluding, the date of redemption (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date).

On and after July , 2014, the Company may redeem the Notes, in whole or in part, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the periods set forth below.

For the period below	Percentage
On or after July , 2014	%
On or after January , 2015	%
On or after July , 2015	%
On or after January , 2016	%
On or after July , 2016	%

Prior to July , 2014, the Company shall be entitled at its option on one or more occasions to redeem up to 35% of the aggregate principal amount of the Notes (including any Additional Notes) originally issued under the Indenture at a redemption price of % of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date) if:

- such redemption is made with the proceeds of one or more Equity Offerings;
- at least 65% of the aggregate principal amount of the Notes (including Additional Notes) originally issued under the Indenture remain outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company or any of its Subsidiaries); and
- the redemption occurs within 90 days of such Equity Offering.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

Except as described below under the captions "—Repurchase at the Option of Holders—Change of Control," and "—Asset Sales," the Company is not required to make mandatory redemption or sinking fund payments or offers to purchase with respect to the Notes. The Company or any Affiliate of the Company may at any time and from time to time acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws and regulations.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select the Notes for redemption as follows:

- if the Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or
- if the Notes are not listed on any national securities exchange, on a pro rata basis, by lot to the extent practicable or by such other method in accordance with the applicable procedures of the depositary.

No Notes of $2,000 or less will be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address. Notices of redemption may not be conditional; *provided* that, a revocable notice of redemption may be made in advance of a prospective refinancing of the Notes, conditioned upon the consummation of such refinancing transaction, if an executed commitment letter (which may be subject to customary conditions) is in place for such refinancing transaction at the time such notice of redemption is delivered.

If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount of that Note to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued (or book-entry notation made) in the name of the holder thereof upon cancellation of the original Note. On and after the redemption date, unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the principal amount of the Notes or portions of Notes called for redemption and for which funds have been set aside for payment.

Repurchase at the Option of Holders

Change of Control

Within 30 days following any Change of Control, unless the Company has previously or concurrently mailed a redemption notice with respect to all of the outstanding Notes as described under "Optional Redemption," the Company will offer to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess thereof) of each holder's Notes pursuant to the offer described below at a purchase price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase (subject to the right of holders of record on the relevant record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*") by mailing a notice to each holder with a copy to the Trustee (the "*Change of Control Offer*") stating:

- that a Change of Control has occurred and that such holder has the right to require the Company to purchase such holder's Notes at a purchase price in cash equal to the Change of Control Payment;
- the circumstances and relevant facts regarding such Change of Control;
- the purchase date (which shall be no earlier than 30 days no later than 60 days from the date such notice is mailed); and
- the instructions, as determined by the Company, consistent with the covenant described hereunder, that a holder must follow in order to have its Notes purchased.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third-party makes an offer to repurchase all of the outstanding Notes in the manner, at the times and otherwise in conformity with the requirements set forth in the Indenture applicable to a Change of

Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon such Change of Control occurring, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

On a date that is at least 30 but no more than 60 days from the date on which the Company mails notice of the Change of Control (the "*Change of Control Payment Date*"), the Company will, to the extent lawful:

- accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and
- deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

The paying agent will promptly mail to each holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The Change of Control covenant may discourage or make more difficult to effect a sale or takeover of the Company. The Company has no present intention to engage in a transaction involving a Change of Control, although it is possible that the Company could decide to do so in the future. Subject to the limitations discussed below, the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect its capital structure or credit rating. Restrictions on the Company's ability to Incur additional Indebtedness are contained in the covenants described below under the captions "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," "—Liens" and "—Sale and Leaseback Transactions." Such restrictions can only be waived with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford holders of the Notes protection in the event of a highly leveraged transaction.

The definition of "Change of Control" includes a phrase relating to the sale, conveyance, transfer, lease or other disposition of "all or substantially all" of the assets of the Company and its Subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase such Notes as a result of a sale, conveyance, transfer, lease or other disposition of less than all of the assets of the Company and its Subsidiaries, taken as a whole, to another Person may be uncertain.

Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Sale (except with respect to an Event of Loss) unless:

- the Company, or the Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value (measured at the time of contractually agreeing to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and
- at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents;

provided that the amount of:

- any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or any Restricted Subsidiary of the Company (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Notes Guarantee thereof) that are assumed by the transferee of any such assets and with respect to which the Company or such Restricted Subsidiary is unconditionally released from further liability; and
- any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted within 60 days by the Company or such Restricted Subsidiary into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received in that conversion),

will be deemed to be cash for purposes of this provision.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale by the Company or a Restricted Subsidiary of the Company, the Company or such Restricted Subsidiary may apply such Net Proceeds at its option:

- to permanently reduce Indebtedness under any Credit Facility (and to correspondingly reduce commitments with respect thereto);
- with respect to Asset Sales of assets of a Restricted Subsidiary of the Company that is not a Guarantor, to permanently reduce Indebtedness of a Restricted Subsidiary of the Company that is not a Guarantor (and to correspondingly reduce commitments with respect thereto), other than Indebtedness owed to the Company or another Subsidiary of the Company; and/or
- to the making of a capital expenditure or to acquire assets that are used or useful in a Similar Business, including the making or purchase of loans, advances or other extensions of credit in the ordinary course of business.

Pending the final application of any such Net Proceeds, the Company or a Restricted Subsidiary of the Company may temporarily reduce Indebtedness under any Credit Facility or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested (by election or as a result of the passage of time) as provided in the first sentence of the preceding paragraph will be deemed to constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds $7.5 million, the Company will be required to make an offer (an "*Asset Sale Offer*") to all holders of Notes to purchase the maximum principal amount of Notes that may be purchased out of the Excess Proceeds. The offer price for such Asset Sale Offer shall be an amount in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest

payment date), in accordance with the procedures set forth in the Indenture. To the extent that the aggregate amount of Notes tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company and its Restricted Subsidiaries may use any remaining Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes surrendered by holders thereof exceeds the amount of the Excess Proceeds, the Trustee shall select the Notes to be purchased on a *pro rata* basis based upon principal balance (subject to adjustments so that no Notes in an unauthorized denomination are repurchased in part). Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero.

General

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of, and Rule 14e-l under, the Exchange Act and any other securities laws and regulations thereunder in connection with the repurchase of the Notes as a result of a Change of Control or Asset Sale. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Indenture by virtue of its compliance with such securities laws or regulations.

Notes (or portions thereof) purchased pursuant to a Change of Control Offer or an Asset Sale Offer will be cancelled and cannot be reissued.

Certain provisions under the Indenture relating to the Company's obligation to make a Change of Control Offer or an Asset Sale Offer may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes.

If a Change of Control Offer is made, there can be no assurance that the Company will have available funds sufficient to pay the Change of Control Offer purchase price for all the Notes that might be delivered by holders of the Notes seeking to accept the Change of Control Offer. It is also possible that the events that constitute a Change of Control may also be events of default under any Credit Facility. These events may permit the lenders under such Credit Facility to accelerate the Indebtedness outstanding thereunder. If the Company is required to repurchase the Notes pursuant to a Change of Control Offer and repay certain amounts outstanding under any Credit Facility if such Indebtedness is accelerated, the Company would probably require third-party financing. In those circumstances, the Company cannot be sure that it would be able to obtain third-party financing on acceptable terms, or at all. If the Indebtedness under such Credit Facility is not paid, the lenders thereunder may seek to enforce security interests in the collateral securing such indebtedness, thereby limiting the Company's ability to raise cash to purchase the Notes, and reducing the practical benefit of the offer to purchase provisions to the holders of the Notes. In such circumstances, the provisions of the Collateral Trust Agreement would also restrict the ability of Notes Secured Parties and the Collateral Agent to enforce their rights in the Collateral. See "—Security—Collateral Trust Agreement."

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture. If on any date following the date of the Indenture (i) the Notes have Investment Grade Ratings from both Rating Agencies and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "*Covenant*

Suspension Event"), the Company and its Restricted Subsidiaries will not be subject to the following covenants (collectively, the "*Suspended Covenants*"):

(1) "—Repurchase at the Option of Holders—Asset Sales", but only to the extent relating to properties or assets of the Company or any Restricted Subsidiary that do not constitute Collateral;

(2) "—Restricted Payments";

(3) "—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(4) clause (3) of the first paragraph of "—Merger, Consolidation or Sale of Assets";

(5) "—Transactions with Affiliates"; and

(6) "—Dividend and Other Payment Restrictions Affecting Subsidiaries".

In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "*Reversion Date*") one or both of the Rating Agencies withdraw their Investment Grade Rating or downgrade the rating assigned to the Notes below an Investment Grade Rating, then the Company and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants with respect to future events.

The period of time between the Covenant Suspension Event and the Reversion Date is referred to in this description as the "*Suspension Period*." In the event of any such reinstatement, no action taken or omitted to be taken by the Company or any of its Restricted Subsidiaries prior to such reinstatement that would otherwise be a breach of any Suspended Covenant will give rise to a Default or Event of Default under the Indenture with respect to the Notes; provided that (x) with respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments made will be calculated as though the covenant described under the caption "—Restricted Payments" had been in effect prior to, but not during, the Suspension Period, and all events set forth in clause (c) of the first paragraph under "—Restricted Payments" (including Consolidated Net Income earned) occurring during a Suspension Period shall be disregarded for purposes of determining the amount of Restricted Payments the Company or any of its Restricted Subsidiaries is permitted to make pursuant to such clause (c) after the applicable Reversion Date, and (y) all Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (b)(8) of "—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock." No Subsidiaries of the Company shall be designated as Unrestricted Subsidiaries of the Company during any Suspension Period.

This provision shall in no way suggest or imply that the Notes will ever achieve or maintain Investment Grade Ratings.

Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly,

(1) declare or pay any dividend on, or make any other payment or distribution in respect of, its Equity Interests (including any dividend or distribution payable in connection with any amalgamation, arrangement, exchange offer, merger or consolidation involving the Company) or similar payment to the direct or indirect holders thereof in their capacity as such (other than any dividends or distributions payable solely in its Equity Interests (other than

Disqualified Stock) and dividends or distributions payable to the Company or any of its Restricted Subsidiaries:

(2) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company held by any Person (other than Equity Interests held by the Company or a Restricted Subsidiary of the Company), including in connection with any amalgamation, arrangement, exchange offer, merger or consolidation and including the exercise of any option to exchange any Equity Interests (other than into Equity Interests of the Company that are not Disqualified Stock);

(3) make any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to the scheduled maturity, scheduled repayment or scheduled sinking fund payment of any Indebtedness that is contractually subordinated in right of payment to the Notes or any Notes Guarantee thereof (other than the payment of interest and other than the purchase, repurchase, redemption, defeasance or other acquisition of such Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition); or

(4) make any Restricted Investment (all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(b) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in paragraph (a) under the caption "—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; and

(c) such Restricted Payment, together with the aggregate of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the date of the Indenture (without duplication and excluding Restricted Payments permitted by clauses (2), (3), (6) through (8) and (11) of the next succeeding paragraph), is, at the time of determination, less than the sum of:

(A) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) beginning on October 1, 2011 and ending on the last day of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, *less* 100% of such deficit), *plus*

(B) 100% of the aggregate net cash proceeds or the Fair Market Value of assets received by the Company from the issuance or sale of its Equity Interests (other than Disqualified Stock) subsequent to the date of the Indenture (other than an issuance or sale to a Subsidiary of the Company) and 100% of any cash capital contribution or the Fair Market Value of any other capital contribution received by the Company from its shareholders subsequent to the date of the Indenture, *plus*

(C) the amount by which the principal amount of any Indebtedness of the Company or a Restricted Subsidiary of the Company is reduced upon the conversion or exchange (other than by a Restricted Subsidiary of the Company) subsequent to the date of the Indenture of any Indebtedness of the Company or a Restricted Subsidiary of the Company convertible or exchangeable for Equity Interests (other than Disqualified Stock) of the Company (less the amount of any cash, or the fair value of any other property, distributed by the Company or a Restricted Subsidiary of the Company upon such conversion or exchange); *provided, however*, that the foregoing amount shall not exceed the net cash proceeds received by the Company or any Restricted Subsidiary of the Company from the sale of such Indebtedness (excluding net cash proceeds from sales to a Restricted Subsidiary of the Company), *plus*

(D) the amount equal to the sum of (x) the net reduction in the Restricted Investments made by the Company or any Restricted Subsidiary of the Company in any Person resulting from repurchases, repayments or redemptions of such Investments by such Person, proceeds realized on the sale or other disposition of such Investment and proceeds representing the return of capital (excluding dividends and distributions to the extent included in Consolidated Net Income), in each case realized by the Company or any Restricted Subsidiary of the Company, and (y) in the event that any Unrestricted Subsidiary of the Company is redesignated as a Restricted Subsidiary, the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary, *plus*

(E) 100% of any dividends received by the Company or a Guarantor after the date of the Indenture from an Unrestricted Subsidiary of the Company, to the extent such dividends were not otherwise included in the Consolidated Net Income of the Company for such period.

The foregoing provisions will not prohibit:

(1) the payment of any dividend or distribution within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of the Indenture or the redemption of any Indebtedness that is contractually subordinated in right of payment to the Notes within 60 days after the notice thereof if at said date of notice such redemption would have complied with the provisions of the Indenture;

(2) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, any Restricted Payment made in exchange for, or with the net cash proceeds from, the substantially concurrent sale of Equity Interests of the Company (other than any Disqualified Stock and other than Equity Interests issued or sold to a Subsidiary of the Company) or a substantially concurrent cash capital contribution received by the Company from its shareholders; *provided* that the net cash proceeds from such sale or such cash capital contribution (to the extent so used for such Restricted Payment) shall be excluded from clause (4)(c)(B) of the preceding paragraph;

(3) the defeasance, redemption, repurchase, retirement or other acquisition of indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the Notes or to any Notes Guarantee in exchange for, or with the net cash proceeds from, an Incurrence of Permitted Refinancing Debt;

(4) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, the redemption, repurchase, retirement or other acquisition for value of any Equity

Interests of the Company or any Restricted Subsidiary of the Company held by employees, former employees, directors, former directors, officers, former officers, consultants or former consultants of the Company (or any of its Subsidiaries); *provided* that the aggregate amount of such repurchases and other acquisitions (excluding amounts representing cancellation of Indebtedness) shall not exceed $1.5 million in any fiscal year and $6.0 million in the aggregate (in each case plus the amount of net cash and proceeds received by the Company and its Restricted Subsidiaries (a) in respect of "key-man" life insurance and (b) from the issuance of Equity Interests by the Company to members of management of the Company and its Subsidiaries, to the extent that those amounts did not provide the basis for any previous Restricted Payment);

(5) the declaration and payment of cash dividends on the Common Shares in an amount not to exceed $0.12 per Common Share per fiscal quarter (which amount shall be (a) proportionately decreased in the event the Company shall issue additional Common Shares to then current holders of Common Shares in a stock dividend, stock distribution, subdivision or other similar transaction or (b) proportionately increased in the event the outstanding Common Shares shall be combined or consolidated, by reclassification or otherwise, into a lesser number of Common Shares); *provided, however*, that (x) at the time of the declaration of any such cash dividend, (1) no Default or Event of Default has occurred and is continuing or would be caused thereby and (2) the Common Shares are publicly traded on the Toronto Stock Exchange or a United States national securities exchange and (y) after giving effect to any such payment of cash dividends, the Company's Net Cash would be equal to or greater than (1) $8.0 million or, (2) if Additional Notes have been issued pursuant to the Indenture, an amount sufficient to satisfy all amounts due in respect to the Notes on the next succeeding interest payment date under the Indenture (including, without limitation, any amounts due in respect of principal or premium on such date); provided further, that any adjustment contemplated by clause (a) or (b) above shall be made in good faith by the Board of Directors of the Company as of the effective date of the applicable transaction and as evidenced by a resolution of the Board of Directors of the Company as set forth in an Officer's Certificate;

(6) payments of dividends on Disqualified Stock issued pursuant to the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(7) repurchases of Capital Stock deemed to occur upon exercise of stock options if such Capital Stock represents a portion of the exercise price of such options;

(8) cash payments in lieu of the issuance of fractional shares in connection with (a) any amalgamation, arrangement, exchange offer, merger, consolidation or similar transaction or (b) the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company; *provided, however*, that any such cash payment shall not be for the purpose of evading the limitation of the covenant described under this caption;

(9) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, payments of intercompany subordinated Indebtedness, the Incurrence of which was permitted under clause (5) of paragraph (b) of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(10) the repurchase, redemption or other acquisition or retirement for value of any Indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the Notes or to any Notes Guarantee pursuant to provisions similar to those described under the captions "Repurchase at the Option of Holders—Change of Control"; *provided* that all

Notes tendered by holders in connection with a Change of Control Offer have been repurchased, redeemed or acquired for value; or

(11) payments or distributions to dissenting shareholders in accordance with applicable law;

(12) the payment of any dividend by a Restricted Subsidiary that is not a Wholly-Owned Subsidiary to the holders of Capital Stock on a *pro rata* basis;

(13) payments or distributions of Equity Interests in or Indebtedness or assets of an Unrestricted Subsidiary; or

(14) Restricted Payments in an amount which, when taken together with all Restricted Payments previously made pursuant to this clause (14), does not exceed $5.0 million.

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of the Restricted Payment of the assets proposed to be transferred by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

As of the date of the Indenture, all of the Subsidiaries of the Company will be Restricted Subsidiaries. The Company will not permit any Unrestricted Subsidiary of the Company to become a Restricted Subsidiary of the Company except pursuant to the last sentence of the second paragraph under the caption "—Designation of Restricted and Unrestricted Subsidiaries." For purposes of designating any Restricted Subsidiary of the Company as an Unrestricted Subsidiary, all outstanding Investments by the Company and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of "Investment." Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time pursuant to the covenant described under "—Restricted Payments" or pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Debt) and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of Preferred Stock; *provided, however*, that the Company and any Guarantor may Incur Indebtedness (including Acquired Debt) and the Company may issue shares of Disqualified Stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred or such Disqualified Stock is issued would have been at least 2.5 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net cash proceeds therefrom, including the effect of acquisitions or repayments or redemptions of Indebtedness to be funded by such proceeds), as if the additional Indebtedness had been Incurred, or the Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) The foregoing provisions will not prohibit the Incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

  (1) the Incurrence by the Company or any Guarantor (including any Guarantees thereof) of Indebtedness pursuant to Credit Facilities in an aggregate principal amount not to exceed $40.0 million;

(2) the Incurrence by the Company and the Guarantors of Indebtedness represented by the Notes (including the related Notes Guarantees but excluding Additional Notes);

(3) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness (including Capital Lease Obligations, mortgage financings or purchase money obligations) for the purpose of financing (or refinancing) all or any part of the purchase price or cost of construction or improvement of property (real or personal), plant or equipment used or useful in a Similar Business that, added to all other Indebtedness Incurred pursuant to this clause (3) and then outstanding, will not exceed $5.0 million;

(4) the Incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Debt in exchange for, or the net cash proceeds of which are used to extend, refinance, renew, replace, defease or refund, Indebtedness that was Incurred pursuant to paragraph (a) or pursuant to clause (2) or (8) or this clause (4);

(5) the Incurrence of intercompany indebtedness of the Company or any Restricted Subsidiary of the Company for so long as such Indebtedness is held by the Company or a Guarantor; *provided* that (i) such Indebtedness shall be unsecured and if owing by the Company or any Guarantor, contractually subordinated in all respects (other than with respect to the maturity thereof) to the obligations of the Company under the Notes or such Guarantor under its Notes Guarantee, as the case may be and (ii) if as of any date any Person other than the Company or a Guarantor owns or holds any such Indebtedness or holds a Lien in respect of such Indebtedness (other than Permitted Liens of the type described in clause (1) of the definition thereof that secure Priority Lien Obligations that are permitted under the Indenture or a Permitted Lien of the type described in clause (19) of the definition thereof), such date shall be deemed the incurrence of Indebtedness not permitted under this clause (5) by the issuer of such Indebtedness; or

(6) Guarantees by the Company or any Restricted Subsidiary of the Company of Indebtedness of the Company or any Restricted Subsidiary of the Company otherwise permitted hereunder so long as the Person giving such Guarantee could have Incurred the Indebtedness that is being Guaranteed; *provided* that if the Indebtedness being guaranteed (x) is subordinated to the Notes or a Notes Guarantee, then the Guarantee must be subordinated to the same extent as the Indebtedness being guaranteed or (y) is owed by any Restricted Subsidiary of the Company that is not a Guarantor, such Guarantee shall be subordinated to the prior payment in full of the Notes in the case of the Company or the Notes Guarantees in the case of a Guarantor;

(7) the Incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations that are Incurred for the purpose of fixing or hedging (A) interest rate risk with respect to any floating rate indebtedness that is permitted by the terms of the Indenture to be outstanding or (B) currency exchange risk in connection with existing financial obligations, in each case, Incurred in the ordinary course of business and not for purposes of speculation;

(8) the Incurrence of Existing Indebtedness (other than Indebtedness described in clause (1), (2) or (5) of this covenant);

(9) Indebtedness in respect of insurance or self-insurance and in the form of letters of credit, bank guarantees, performance, bid and surety bonds and completion guarantees provided by the Company or any of its Restricted Subsidiaries, in each case, Incurred in the ordinary course of business;

(10) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within 10 days of its Incurrence;

(11) Indebtedness of the Company or any Restricted Subsidiary of the Company consisting of the financing of insurance premiums in the ordinary course of business;

(12) Indebtedness consisting of promissory notes or similar Indebtedness issued by the Company or any Restricted Subsidiary of the Company to current, future or former officers, directors and employees thereof, or to their respective estates, spouses or former spouses, in each case to finance the purchase or redemption of Equity Interests of the Company or a Restricted Subsidiary of the Company to the extent described in clause (4) of the second paragraph under the caption "*Restricted Payments*";

(13) Indebtedness arising from agreements of the Company or any of its Restricted Subsidiaries providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred in connection with the disposition of any business, assets or Subsidiary, other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company or such Restricted Subsidiary in connection with such disposition; and

(14) the Incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness, or issuance of Disqualified Stock by the Company (in addition to Indebtedness or Disqualified Stock permitted by any other clause of this paragraph) in an aggregate principal amount (or accreted value, as applicable) that, when added to all other Indebtedness Incurred pursuant to this clause (14) and then outstanding, will not exceed $5.0 million.

(c) For purposes of determining compliance with this covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Indebtedness described in clauses (1) through (14) of the immediately preceding paragraph or under paragraph (a) of this covenant, the Company shall, in its sole discretion, divide and classify such item of Indebtedness in any manner that complies with this covenant and will only be required to include the amount and type of such Indebtedness in one of such clauses or pursuant to paragraph (a) of this covenant, and may re-classify any such item of Indebtedness from time to time among such clauses or the first paragraph of this covenant, so long as such item meets the applicable criteria for such category. For the avoidance of doubt, Indebtedness may be classified as Incurred in part pursuant to one of the clauses (1) through (14) above, and in part under one or more other clauses or under paragraph (a) of this covenant. Notwithstanding the foregoing, all Indebtedness outstanding and secured by Liens permitted pursuant to clauses (1) and (23) of the definition of "Permitted Liens" and all Indebtedness outstanding under the Credit Agreement shall be treated as Incurred pursuant to clauses (1) or (14) above, as applicable, and may not be reclassified.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Accrual of interest and dividends, accretion of accreted value, issuance of securities paid-in-kind, amortization of original issue discount, changes to amounts outstanding in respect of Hedging Obligations solely as a result of fluctuations in foreign currency exchange rates or interest rates or by reason of fees, indemnities and compensation payable thereunder shall not be deemed to be an Incurrence of indebtedness for purposes of this covenant.

The Company will not incur, and will not permit any other Guarantor to incur, any Indebtedness that is contractually subordinated in right of payment to any other Indebtedness of the Company or such other Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Notes Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness solely by virtue of being unsecured or by virtue of being secured on junior Lien or priority basis.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary of the Company to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary of the Company is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Restricted Payment or Investment would be permitted at the time of the designation.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Restricted Payments." The Company and its Restricted Subsidiaries will not permit any Unrestricted Subsidiary to incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Company or any of its Restricted Subsidiaries. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if such Indebtedness (1) is permitted under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind on any asset now owned or hereafter acquired, except Permitted Liens.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary of the Company to:

(1) pay dividends or make any other distributions to the Company or any of its Restricted Subsidiaries with respect to its Capital Stock or any other interest or participation in, or measured by, its profits (it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock);

(2) pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;

(3) make any loans or advances to the Company or any of its Restricted Subsidiaries (it being understood that the subordination of loans or advances made to the Company or any Restricted Subsidiary of the Company to other Indebtedness Incurred by the Company or any Restricted Subsidiary of the Company shall not be deemed a restriction on the ability to make loans or advances); or

(4) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries (it being understood that such transfers shall not include any type of transfer described in clause (1), (2) or (3) above).

However, the foregoing restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) any agreements in effect or entered into on the date of the Indenture, including agreements governing Existing Indebtedness as in effect on the date of the Indenture, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refunding, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in the agreements governing such Indebtedness as in effect on the date of the Indenture;

(2) the Credit Agreement as in effect as of the date of the Indenture, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof and any additional Credit Facilities permitted under the Indenture; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements, refinancings or additional facilities are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in the Credit Agreement as in effect on the date of the Indenture;

(3) the Indenture Documents;

(4) applicable law and any applicable rule, regulation or order;

(5) customary non-assignment provisions in leases, licenses or other agreements entered into in the ordinary course of business;

(6) purchase money obligations, Capital Lease Obligations, security agreements or mortgages that impose restrictions of the nature described in clause (4) of the first sentence of this section

"—Dividend and Other Payment Restrictions Affecting Subsidiaries" on the property so acquired;

(7) any agreement for the sale or other disposition of all or substantially all of the Capital Stock or assets of a Restricted Subsidiary of the Company that restricts distributions by that Restricted Subsidiary pending its sale or other disposition thereof;

(8) any agreement or other instrument of a Person acquired by the Company or any Restricted Subsidiary of the Company in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired;

(9) Liens that limit the right of the Company or any of its Restricted Subsidiaries to dispose of the asset or assets subject to such Lien;

(10) customary provisions limiting the disposition or distribution of assets or property in partnership, joint venture, asset sale agreements, stock sale agreements and other similar agreements, which limitation is applicable only to the assets that are the subject of such agreements;

(11) Permitted Refinancing Debt, *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Debt are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced; and

(12) restrictions on cash or other deposits or net worth imposed by landlords, suppliers and customers under contracts entered into in the ordinary course of business.

Merger, Consolidation or Sale of Assets

(a) *The Company*. The Company may not, in any transaction or series of related transactions, amalgamate, arrange or consolidate with or merge with or into (whether or not the Company survives), or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its property and assets whether as an entirety or substantially as an entirety, to any Person, unless:

(1) either;

(A) if the transaction or series of transactions is an amalgamation, arrangement or consolidation with or a merger of the Company with or into any other Person, the Company shall be the surviving Person of such amalgamation, arrangement, merger or consolidation; or

(B) the Person formed by any amalgamation, arrangement, consolidation or merger with or into the Company or to which all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries, taken as a whole, are sold, assigned, conveyed, transferred, leased or otherwise disposed of (the "Successor Company") shall be a corporation organized and existing under the federal laws of Canada or the laws of any province thereof or the laws of the United States, any state thereof or the District of Columbia, and such Person shall expressly assume by (i) a supplemental indenture executed and delivered to the Trustee, all of the obligations of the Company under the Notes and the Indenture and, in each case, the Indenture, as so supplemented, shall remain in full force and effect and (ii) an amendment,

supplement or other instrument, executed and delivered to the Trustee, all obligations of the Company under the Collateral Documents, and in connection therewith shall cause such instruments to be filed and recorded in such jurisdictions and take such other actions as may be required by applicable law to perfect or continue the perfection of the Lien created under the Collateral Documents on the Collateral owned by or transferred to the surviving entity; and

(2) immediately after giving effect to such transaction or series of transactions on a *pro forma* basis (including any Indebtedness Incurred or anticipated to be Incurred in connection with or in respect of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing; and

(3) immediately after giving *pro forma* effect to such transaction as if such transaction had occurred at the beginning of the applicable period (but without giving effect to the costs and expenses of such transaction), the Company or the Successor Company would be permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in paragraph (a) of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock."

Notwithstanding the foregoing, clauses (2) and (3) shall not apply to any transaction of the Company with a Restricted Subsidiary of the Company or for the purpose of reincorporating the Company in any jurisdiction in Canada or the United States.

In connection with any amalgamation, arrangement, consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition contemplated by the foregoing provisions, the Company shall deliver, or cause to be delivered, to the Trustee an Officer's Certificate stating that such amalgamation, arrangement, consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition and the supplemental indenture in respect thereof comply with the requirements of the Indenture and an Opinion of Counsel.

The successor entity shall succeed to, and be substituted for, and may exercise every right and power of the predecessor company under the applicable Indenture Documents, and the predecessor company shall be released from all its obligations and covenants under the applicable Indenture Documents.

(b) *The Guarantors*. The Company will not permit any Guarantor, in any transaction or series of related transactions, to amalgamate, arrange or consolidate with or merge into (whether or not such Guarantor survives), or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to, any Person, unless either:

(1) either:

(A) if the transaction or series of transactions is an amalgamation, arrangement, or consolidation of such Guarantor with or a merger of such Guarantor with or into any other Person, such Guarantor shall be the surviving Person of such amalgamation, arrangement, consolidation or merger; or

(B) the Person formed by any amalgamation, arrangement, consolidation or merger with or into such Guarantor, or to which all or substantially all of the properties and assets of such Guarantor and its Subsidiaries, taken as a whole, as the case may be, are sold, assigned, conveyed, transferred, leased or otherwise disposed of shall be a corporation, partnership, limited liability company or trust organized and existing under the federal laws of Canada or the laws of any province thereof or the laws of

the United States, any state thereof or the District of Columbia and shall expressly assume by (i) a supplemental indenture executed and delivered to the Trustee, all of the obligations of such Guarantor under its Notes Guarantee and the Indenture and, in each case, the Indenture, as so supplemented, shall remain in full force and effect and (ii) an amendment, supplement or other instrument, executed and delivered to the Trustee, all obligations of such Guarantor under the Collateral Documents, and in connection therewith shall cause such instruments to be filed and recorded in such jurisdictions and take such other actions as may be required by applicable law to perfect or continue the perfection of the Lien created under the Collateral Documents on the Collateral owned by or transferred to the surviving entity; or

(C) the transaction is made in compliance with the covenant described under "Repurchase at the Option of Holders—Asset Sales."

The foregoing requirements shall not apply to any transaction or series of transactions involving the sale, assignment, conveyance, transfer, lease or other disposition of any properties or assets by any Subsidiary of the Company to the Company or any Guarantor, or the amalgamation, arrangement, consolidation or merger of any Subsidiary of the Company with or into the Company or any Guarantor, or, for the avoidance of doubt, the consolidation or merger of any Subsidiary of the Company that is not a Guarantor with or into any other Subsidiary of the Company that is not a Guarantor.

In connection with any amalgamation, arrangement, consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition contemplated by clause (1) of the foregoing provisions, such Guarantor shall deliver, or cause to be delivered, to the Trustee an Officer's Certificate stating that such amalgamation, arrangement, consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposition and the supplemental indenture in respect thereof comply with the requirements of the Indenture and an Opinion of Counsel.

The successor entity shall succeed to, and be substituted for, and may exercise every right and power of the predecessor company under the Indenture and the Notes Guarantee, and the predecessor company shall (except in the case of a lease) be released from all its obligations under the Indenture and the Notes Guarantee.

Transactions with Affiliates

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, exchange, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "*Affiliate Transaction*"), unless:

(1) such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction at the time in an arm's-length transaction with a person who was not an Affiliate; and

(2) if such Affiliate Transaction involves an amount in excess of $5.0 million, the terms of the Affiliate Transaction are set forth in writing and a majority of the non-employee directors of the Company disinterested with respect to such Affiliate Transaction has determined in good faith that the criteria set forth in clause (1) are satisfied and has approved the relevant Affiliate Transaction as evidenced by a resolution of the Board of Directors of the Company set forth in an Officer's Certificate; and

(3) if such Affiliate Transaction or series of related Affiliate Transactions involves an amount in excess of $10.0 million, the Company obtains an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing in the United States or Canada or that such Affiliate Transaction is no more restrictive to the Company and its Subsidiaries than could reasonably be expected to be obtained at the time in an arm's-length transaction with a person who was not an Affiliate.

The foregoing provisions will not apply to the following:

(a) any reasonable and customary employment agreement or compensation plan or arrangement and other benefits (including retirement, health, severance, stock option and other benefit plans) entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business of the Company or such Restricted Subsidiary;

(b) transactions exclusively between or among the Company and/or its Restricted Subsidiaries; *provided* that such transactions are not otherwise prohibited by the Indenture;

(c) reasonable and customary compensation of and indemnity arrangements in favor of, directors of the Company and its Subsidiaries;

(d) the issuance or transfer of Equity Interests (other than Disqualified Stock) of the Company to any Affiliate, director, officer, employee or consultant (or their respective estates, investment funds, investment vehicles, spouses or former spouses) of the Company or any of its Restricted Subsidiaries and the granting and performing of reasonable and customary registration rights with respect to such Equity Interests;

(e) Restricted Payments that are permitted by the provisions of the Indenture described above under the caption "—Restricted Payments" and Permitted Investments of the type described in clause (8) of the definition thereof;

(f) any agreement as in effect as of the date of the Indenture that is disclosed in the Final Offering Circular under the caption "Certain Relationships and Related Party Transactions", as such agreements may be amended, modified, supplemented, extended or renewed from time to time, so long as any such amendment, modification, supplement, extension or renewal is not more disadvantageous to the holders of the Notes in any material respect, when taken as a whole, than the terms of the agreements in effect on the date of the Indenture;

(g) any agreement between any Person and an Affiliate of such Person existing at the time such Person is acquired by, merged into or amalgamated, arranged or consolidated with the Company or a Restricted Subsidiary of the Company; provided that such agreement was not entered into in contemplation of such acquisition, merger, amalgamation, arrangement or consolidation and any amendment thereto (so long as any such amendment is not disadvantageous to the holders of the Notes, when taken as a whole, as compared to the applicable agreement as in effect on the date of such acquisition, merger, amalgamation, arrangement or consolidation);

(h) transactions between the Company or any of its Restricted Subsidiaries and any Person that is an Affiliate solely because one or more of its directors is also a director of the Company or any Restricted Subsidiary of the Company; *provided* that such director abstains from voting as a director of the Company or such Restricted Subsidiary, as the case may be, on any matter involving such other Person;

(i) any merger, amalgamation, arrangement, consolidation or other reorganization of the Company with an Affiliate solely for the purpose and with the sole effect of forming a holding company or reincorporating the Company in a new jurisdiction;

(j) the entering into of a tax sharing agreement, or payments pursuant thereto, between the Company and one or more Subsidiaries, on the one hand, and any other Person with which the Company and such Subsidiaries are required or permitted to file a consolidated tax return or with which the Company and such Subsidiaries are part of a consolidated group for tax purposes, on the other hand, which payments by the Company and the Restricted Subsidiaries are not in excess of the tax liabilities that would have been payable by them on a stand-alone basis; and

(k) pledges of Equity Interests in or Indebtedness of Unrestricted Subsidiaries of the Company.

Business Activities

The Company will not and will not permit any of its Restricted Subsidiaries to, engage in any business other than Similar Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Payments for Consent

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Notes or any other Indenture Document unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Sale and Leaseback Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction with respect to any property unless:

(1) the Company or such Restricted Subsidiary would be entitled to (A) incur Indebtedness in an amount equal to the Attributable Debt relating to such Sale and Leaseback Transaction pursuant to the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and (B) Incur a Lien on such property securing such Attributable Debt pursuant to the covenant described above under the caption "—Liens";

(2) the net proceeds of such Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in such Sale and Leaseback Transaction is permitted by, and the Company applies the Net Proceeds of such transaction in compliance with, the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales."

The foregoing provisions will not apply to transactions among the Company and any of the Guarantors, among the Guarantors or solely among Subsidiaries of the Company that are not Guarantors.

Additional Subsidiary Guarantees

The Company will cause each future Restricted Subsidiary that is not a Guarantor that guarantees Indebtedness of the Company or any Guarantor under any Credit Facility after the date of the Indenture to:

(1) as promptly as reasonably practicable, execute and deliver (A) to the Trustee a supplemental indenture, pursuant to which such Restricted Subsidiary will unconditionally guarantee, on a

senior secured basis, all of the Company's Obligations under the Indenture Documents on the terms set forth in the Indenture;

(2) execute and deliver to the Collateral Agent such amendments or supplements to the Collateral Documents necessary in order to grant to the Collateral Agent, for the benefit of the Notes Secured Parties, a perfected security interest in the Equity Interests of such Subsidiary, subject to Permitted Liens and the Collateral Trust Agreement, which are owned by the Company or a Guarantor and are required to be pledged pursuant to the Collateral Documents;

(3) take such actions as are necessary to grant to the Collateral Agent for the benefit of the Notes Secured Parties a perfected security interest in the assets of such Subsidiary, subject to Permitted Liens and the Collateral Trust Agreement, including the filing of Uniform Commercial Code financing statements, in each case as may be required by the Collateral Documents;

(4) take such further action and execute and deliver such other documents specified in the Indenture Documents or as otherwise may be reasonably requested by the Trustee or Collateral Agent to give effect to the foregoing; and

(5) deliver to the Trustee and the Collateral Agent an Opinion of Counsel that (i) such supplemental indenture and any other documents required to be delivered have been duly authorized, executed and delivered by such Subsidiary and constitute legal, valid, binding and enforceable obligations of such Subsidiary and (ii) the Collateral Documents to which such Subsidiary is a party create a valid perfected Lien on the Collateral covered thereby.

Further Assurances

The Company shall, and shall cause each Guarantor to, at their sole cost and expense, (i) execute and deliver all such agreements and instruments as may be necessary and as the Collateral Agent shall reasonably request to more fully or accurately describe the property intended to be Collateral or the obligations intended to be secured by the Collateral Documents and (ii) make such registrations and file any such notice filings or other agreements or instruments as may be reasonably necessary under applicable law to perfect (and maintain the perfection and priority of) the Liens created by the Collateral Documents, subject to Permitted Liens, at such times and at such places as the Collateral Agent may reasonably request, in each case subject to the terms of the Collateral Documents.

Reports

The Company shall deliver to the Trustee, no later than fifteen (15) calendar days after the time such report is required to be filed with the SEC pursuant to the Exchange Act (including, without limitation, to the extent applicable, any extension permitted by Rule 12b-25 under the Exchange Act), a copy of each report the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act; *provided*, *however*, that the Company shall not be required to deliver to the Trustee any material for which the Company has sought and obtained confidential treatment by the SEC; *provided further*, each such report will be deemed to be so delivered to the Trustee if the Company files such report with the SEC through the SEC's EDGAR database. In the event the Company is at any time while any Notes are outstanding no longer subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act, the Company shall continue to provide to the Trustee and, upon request, to each holder of Notes, no later than fifteen (15) calendar days after the date the Company would have been required to file the same with the SEC, the reports the Company would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if the Company were subject to the reporting requirements of such sections. The Company also shall comply with the other provisions of Section 314(a) of the Trust Indenture Act.

Events of Default and Remedies

An Event of Default will be defined in the Indenture as:

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in payment when due of the principal, or premium, if any, of any Note when due at maturity, upon optional redemption, upon required purchase, upon acceleration or otherwise;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with its obligations under the captions "—Repurchase at the Option of Holders—Change of Control," "—Repurchase at the Option of Holders—Asset Sales" or "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(4) failure to perform any other covenant or agreement of the Company or any of its Restricted Subsidiaries under the Indenture Documents for 30 days (or, in the case of the provisions described under the caption "—Certain Covenants—Reports," 90 days) after written notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the date of the Indenture, which default (A) is caused by a failure to pay principal at final stated maturity (after giving effect to all applicable grace periods provided in such Indebtedness) (a "*Payment Default*") or (B) results in the acceleration of such Indebtedness prior to its final stated maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates in excess of $12.5 million (or its foreign currency equivalent);

(6) failure by the Company or any of its Restricted Subsidiaries to pay final and non-appealable judgments aggregating in excess of $12.5 million (or its foreign currency equivalent), which judgments are not paid, discharged or stayed for a period of 60 days following such judgment becoming final, and in the event such judgment is covered by insurance, any enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(7) (i) any security interest created by any Collateral Document ceases to be in full force and effect (except as permitted by the terms of the Indenture or the Collateral Documents) or (ii) the breach or repudiation by the Company or any of its Restricted Subsidiaries of any of their obligations under any Collateral Document; *provided* that, in the case of clauses (i) and (ii), such cessation, breach or repudiation, individually or in the aggregate, results in Collateral having a Fair Market Value in excess of $5.0 million not being subject to a valid, perfected security interest;

(8) except as permitted by the Indenture, any Notes Guarantee of a Significant Subsidiary of the Company or any group of Guarantors that, when taken together, would constitute a Significant Subsidiary of the Company shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor that is a Significant Subsidiary of the Company or any group of Guarantors that, when taken together, would constitute a Significant Subsidiary of the Company, or any Person acting on behalf of any such Guarantor or Guarantors, shall deny or disaffirm its obligations under its Notes Guarantee; and

(9) certain events of bankruptcy or insolvency with respect to the Company or any of the Company's Significant Subsidiaries or any group of Restricted Subsidiaries of the Company that, when taken together, would constitute a Significant Subsidiary.

If any Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company, all outstanding Notes will become due and payable without further action or notice. Subject to certain limitations, holders of at least a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder of a Note or that would involve the Trustee in personal liability. If a Default is deemed to occur solely because a Default (the "*Initial Default*") already existed, and such Initial Default is subsequently cured and is not continuing, the Default or Event of Default resulting solely because the Initial Default existed shall be deemed cured, and will be deemed annulled, waived and rescinded without any further action required.

The holders of at least a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of principal, premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration).

In the event of any Event of Default specified in clause (5) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders of Notes, if within 20 days after such Event of Default arose the Company delivers an Officer's Certificate to the Trustee stating that:

(1) the Indebtedness or Guarantee that is the basis for such Event of Default has been rescinded, cured or discharged, or holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default;

(2) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction; and

(3) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no holder of Notes may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security or indemnity reasonably satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the holders of a majority in principal amount of the then outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60 day period.

Subject to certain restrictions, the holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use under the circumstances in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture, the Notes or any Notes Guarantee, or that the Trustee determines in good faith is unduly prejudicial to the rights of any other holder of the Notes or that would involve the Trustee in personal liability.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture, the Notes and the Notes Guarantees at the request or direction of any of the holders unless such holders have offered to the Trustee indemnity or security reasonably satisfactory to it against any loss, liability or expense.

The Indenture will provide that if a Default occurs and is continuing and is known to the Trustee, the Trustee will mail to each holder notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold from the holders notice of any continuing Default if the Trustee determines in good faith that withholding the notice is in the interests of the holders. In addition, the Company is required to deliver to the Trustee, within 90 days after the end of each fiscal year ending after the issue date, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year.

The Company is also required to deliver to the Trustee, within ten Business Days after the occurrence thereof, written notice of any events that would constitute a Default, their status and what action the Company is taking or proposing to take in respect thereof.

No Personal Liability of Directors, Officers, Employees and Stockholders

No past, present or future director, officer, employee or stockholder of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Indenture Documents, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws or other corporate laws, and it is the view of the SEC that such a waiver is against public policy.

Governing Law

The Notes and the Notes Guarantees will be governed by, and construed in accordance with, the laws of the State of New York and the Collateral Documents will be governed by, and construed in accordance with, the laws of Alberta and such other local laws as designated at closing or thereafter in an Act of Instructing Debtholder.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights and immunities of the Trustee and rights of registration of transfer or exchange of Notes, as expressly provided for in the Indenture) as to all outstanding Notes if:

(a) (1) the Company will have paid or caused to be paid the principal of, premium, if any, and interest as and when the same will have become due and payable, (2) all outstanding Notes (except lost, stolen or destroyed Notes which have been replaced or paid) have been delivered to the Trustee for cancellation or (3) all Notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable by reason of the mailing of a notice of redemption or (ii) (A) shall become due and payable at their Stated Maturity within one (1) year or (B) are to be called for redemption within one (1) year under arrangements reasonably satisfactory to the Trustee, and the Company has irrevocably deposited or caused to be deposited with the Trustee funds in trust of cash in Canadian dollars, non-callable Canadian Government Securities, or a combination thereof in an amount sufficient to pay and discharge the principal, premium, if any, and interest on the Notes to the date of Stated Maturity or such redemption, as the case may be;

(b) the Company has paid all other sums payable by it under the Indenture Documents; and

(c) the Company has delivered an Officer's Certificate and an Opinion of Counsel stating that all conditions have been met.

Defeasance

At the Company's option:

(1) if applicable, the Company will be discharged from any and all obligations in respect of the outstanding Notes; or

(2) if applicable, the Company may omit to comply with certain restrictive covenants, and that such omission shall not be deemed to be a Default or an Event of Default under the Indenture and the Notes;

in either case (1) or (2) upon irrevocable deposit with the Trustee, in trust, of cash in Canadian dollars, non-callable Canadian Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent certified public accountants, to pay the principal of, premium, if any, and interest on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to Stated Maturity or to a particular redemption date. With respect to clause (2), the obligations under the Indenture (other than with respect to such covenants) and the Events of Default (other than the Events of Default relating to such covenants) shall remain in full force and effect.

Such trust may only be established if, among other things:

(a) with respect to clause (1), the Company shall have delivered to the Trustee an Opinion of Counsel confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of the Indenture, there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred; or, with respect to clause (2), the

Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such deposit and defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

(b) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and the granting of Liens with respect thereto);

(c) such deposit, defeasance and discharge or deposit and defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(d) the Company must have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of the Notes over the other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(e) the Company must have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to the deposit, defeasance and discharge or the deposit and defeasance have been complied with.

Transfer and Exchange; Registered Holders

A holder may transfer or exchange Notes in accordance with the Indenture. Upon any transfer or exchange, the registrar of the Notes and the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a holder to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption. Also, the Company is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The registered holder of a Note will be treated as the owner of it for all purposes. The registered holders of the Notes are those that own Notes registered in their own names on the books that the Company or the Trustee maintains for this purpose, and not those who own beneficial interests in the Notes registered in street name or in Notes issued in book-entry form through one or more depositaries. Only registered holders will have rights under the Indenture. Owners of beneficial interests in the Notes should read the information contained under the heading "Book-Entry, Delivery and Form" elsewhere in this offering memorandum.

Amendment, Supplement and Waiver

Except as provided below, the Indenture Documents may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and any existing default or compliance with any provision of the Indenture Documents may be waived with the consent of the holders of at least a majority in aggregate principal amount of the then outstanding Notes (including consents obtained in connection with purchase of, or tender offer or exchange offer for, the Notes).

Without the consent of each holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of, premium, if any, or extend the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "Repurchase at the Option of Holders" prior to the time at which an obligation to make such an offer has arisen or provisions relating to notice);

(3) reduce the rate of or extend the time for payment of interest on any Note;

(4) waive a Default in the payment of principal of, premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in any currency other than Canadian dollars;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, premium, if any, or interest on the Notes;

(7) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture; or

(8) make any change in the foregoing or succeeding amendment and waiver provisions.

In addition, any amendment to, or waiver of, the provisions of the Indenture Documents that has the effect of releasing all or substantially all of the Collateral from the Liens securing the Notes will require the consent of the holders of at least 66⅔% in aggregate principal amount of the Notes then outstanding.

Notwithstanding the foregoing, without the consent of any holder of Notes, the Company, the Trustee and the Collateral Agent may amend or supplement the Indenture Documents to:

(1) cure any ambiguity, defect or inconsistency or to make a modification of a formal, minor or technical nature or to correct a manifest error;

(2) provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) comply with the covenant relating to mergers, consolidations and sales of assets;

(4) provide for the assumption of the Company's or any Guarantor's obligations to holders of Notes in the case of an amalgamation, arrangement, merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's assets; *provided* that the Company delivers to the Trustee:

  (A) an Opinion of Counsel to the effect that holders of the Notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such assumption by a successor corporation and will be subject to U.S. Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such assumption had not occurred, and

  (B) an Opinion of Counsel in Canada to the effect that holders of the Notes will not recognize income, gain or loss for Canadian tax purposes as a result of such assumption by a successor corporation and will be subject to Canadian taxes (including withholding

taxes) on the same amounts, in the same manner and at the same times as would have been the case if such assumption had not occurred;

(5) add Guarantees with respect to the Notes or to secure the Notes;

(6) add to the covenants of the Company or any Guarantor for the benefit of the holders of the Notes or surrender any right or power conferred upon the Company or any Guarantor;

(7) make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture Documents of any such holder;

(8) if it becomes necessary to qualify the Indenture under the Trust Indenture Act or similar applicable laws of Canada or any province thereof, to comply with the Trust Indenture Act or such similar applicable laws of Canada or any province thereof;

(9) (i) enter into additional or supplemental Collateral Documents or (ii) release Collateral or Guarantors in accordance with the terms of the Indenture and the Collateral Documents;

(10) evidence and provide for the acceptance and appointment under the Indenture of a successor trustee pursuant to the requirements thereof;

(11) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including to facilitate the issuance and administration of the Notes or to comply with the rules of any applicable securities depository; *provided*, *however*, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of holders to transfer Notes;

(12) conform the text of the Indenture Documents to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the Indenture Documents; or

(13) provide for or confirm the issuance of Additional Notes in accordance with the terms of the Indenture.

The consent of holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

After an amendment under the Indenture becomes effective, the Company is required to mail to holders of the Notes a notice briefly describing such amendment. However, the failure to give such notice to all holders of the Notes, or any defect therein, will not impair or affect the validity of the amendment.

Foreign Currency Equivalents

For purposes of determining compliance with any Canadian dollar-denominated restriction or amount, the Canadian dollar equivalent principal amount of any amount denominated in a foreign currency will be the Canadian Dollar Equivalent calculated on the date the Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt or other transaction was entered into; provided that if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than Canadian dollars, and such refinancing would cause the applicable Canadian dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Canadian dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision in the Indenture, no restriction or amount will be exceeded solely as a result of fluctuations in the exchange rate of currencies.

Consent to Jurisdiction and Service of Process

The Company and each of the Guarantors domiciled outside the United States will irrevocably appoint CT Corporation System, 111 Eighth Avenue, New York, New York 10011, as their agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any Federal or state court located in New York City and each of such parties will submit to the jurisdiction thereof.

Enforceability of Judgments

Because the Company and each of the Guarantors are incorporated outside the United States of America, and all of their directors and most of their officers are residents of Canada (or other jurisdictions outside the United States), and all or a substantial portion of their respective assets are located outside the United States of America, any judgment obtained in the United States of America against the Company or such Guarantors, including judgments with respect to the payment of any principal, premium, interest, and Additional Amounts may not be collectible within the United States of America.

An Ontario court would give a judgment based upon a final and conclusive *in personam* judgment of a court exercising jurisdiction in the State of New York (a "New York Court") for a sum certain, obtained against the Company with respect to a claim arising out of the Notes or the Indenture (a "New York Judgment"), without reconsideration of the merits provided that:

(1) an action to enforce the New York Judgment must be commenced in the Ontario Court within any applicable limitation period;

(2) the Ontario Court has discretion to stay or decline to hear an action on the New York Judgment if the New York Judgment is under appeal or there is another subsisting judgment in any jurisdiction relating to the same cause of action as the New York Judgment;

(3) the Ontario Court will render judgment only in Canadian dollars; and

(4) an action in the Ontario Court on the New York Judgment may be affected by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally,

subject to the following defenses:

(a) the New York Judgment was obtained by fraud or in a manner contrary to the principles of natural justice provided that the New York Judgment would not be contrary to natural justice by reason only that service of process was effected on the agent for service of process appointed by the Company;

(b) the New York Judgment is for a claim which under Ontario law would be characterized as based on a foreign revenue, expropriatory, penal law;

(c) the New York Judgment is contrary to Ontario public policy; and

(d) the New York Judgment has been satisfied or is void or voidable under New York law.

In the opinion of our counsel Cassels Brock & Blackwell LLP, a court of competent jurisdiction in the Province of Ontario should not avoid enforcement of judgments of a New York Court respecting the Indenture or the Notes on the basis of public policy, as that term is understood under the laws of the Provinces of Ontario.

Concerning the Trustee

Computershare Trust Company of Canada will be the Trustee under the Indenture. The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company,

to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *provided*, *however*, that if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign.

The holders of at least a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. If an Event of Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of the Notes, unless such holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense and then only to the extent required by the terms of the Indenture.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person was merged into or amalgamated, arranged or consolidated with or became a Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging into or amalgamating, arranging or consolidating with or becoming a Subsidiary of such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person at the time such asset is acquired by such specified Person.

"*Act of Instructing Debtholders*" means, as to any matter at any time:

(1) prior to the Discharge of Priority Lien Obligations, a direction in writing delivered to the Collateral Agent by or with the written consent of the holders of more than 50% of the sum of:

    (a) the aggregate outstanding principal amount of Priority Lien Debt (including the undrawn amount of outstanding letters of credit whether or not then available to be drawn and Hedge Obligations owed to Lender Hedge Providers); and

    (b) other than in connection with the exercise of remedies, the aggregate unfunded commitments to extend credit which, when funded, would constitute Priority Lien Debt; and

(2) at any time after the Discharge of Priority Lien Obligations, a direction in writing delivered to the Collateral Agent by or with the written consent of the Parity Debt Representatives representing the holders of a majority of the aggregate outstanding principal amount of all Parity Lien Debt, voting together as a single class.

For purposes of this definition, neither Hedge Obligations owed to non-Lender Hedge Providers nor Secured Debt registered in the name of, or beneficially owned by, the Company or any Affiliate of the Company will be deemed to be outstanding and votes will be determined in accordance with the Collateral Trust Agreement.

"*Actionable Default*" means:

(1) prior to the Discharge of Priority Lien Obligations, the occurrence of any event of default under any Priority Lien Document, the result of which is that:

(a) the holders of Priority Lien Debt under such Priority Lien Document have the right to declare all of the Secured Obligations thereunder to be due and payable prior to the stated maturity thereof; or

(b) such Secured Obligations automatically become due and payable prior to the stated maturity thereof; and

(2) at any time after the Discharge of Priority Lien Obligations, the occurrence of any event of default under any Parity Lien Document, the result of which is that:

(a) the holders of Parity Lien Debt under such Parity Lien Document have the right to declare all of the Secured Obligations thereunder to be due and payable prior to the stated maturity thereof; or

(b) such Secured Obligations automatically become due and payable prior to the stated maturity thereof.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of such Note; and

(2) the excess, if any, of (a) the present value at such redemption date of (i) the redemption price of such Note at July   , 2014 (such redemption price being set forth in the table appearing above under the caption "—Optional Redemption"), *plus* (ii) all required interest payments due on such Note through July   , 2014 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over (b) the principal amount of such Note.

"*Asset Sale*" means:

(1) the sale, lease, transfer, conveyance or other disposition of any assets (including by way of a Sale and Leaseback Transaction); *provided* that the sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions described under the caption "—Repurchase at the Option of Holders—Asset Sales";

(2) the issue or sale by the Company or any of its Restricted Subsidiaries of Equity Interests of any of the Company's Restricted Subsidiaries; and

(3) an Event of Loss to the extent of the cash proceeds actually received by the Company or any of its Restricted Subsidiaries in connection with such Event of Loss.

In the case of either clause (1), (2) or (3), whether in a single transaction or a series of related transactions:

(1) that have a Fair Market Value in excess of $2.5 million; or

(2) for Net Proceeds in excess of $2.5 million.

Notwithstanding the foregoing, none of the following will be deemed to be an Asset Sale:

(1) a transfer of assets to the Company or any Restricted Subsidiary of the Company:

(2) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary of the Company;

(3) for purposes of the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales" only, a Restricted Payment that is permitted by the covenant described above under the caption "—Certain Covenants—Restricted Payments" or a Permitted Investment;

(4) the incurrence of Permitted Liens and the disposition of assets subject to such Liens by or on behalf of the Person holding such Liens;

(5) the sale, transfer or other disposition of accounts (including loans or advances) in the ordinary course of business;

(6) the sale, transfer or other disposition of Equity Interests in or Indebtedness of an Unrestricted Subsidiary of the Company;

(7) any disposition of cash or Cash Equivalents;

(8) the lease, assignment or sub-lease of any property in the ordinary course of business;

(9) any surrender or waiver of contract rights or the settlement, release or surrender of contract rights or other litigation claims in the ordinary course of business;

(10) the sale, transfer or other disposition of assets of the Company or any of its Restricted Subsidiaries in exchange for assets used or useful in a Similar Business; *provided* that the assets received in exchange have a Fair Market Value equal to or greater than the transferred assets;

(11) sales of assets that have become worn out, obsolete or damaged or otherwise unsuitable for use in connection with the business of the Company or any of its Restricted Subsidiaries;

(12) the license of patents, trademarks, copyrights, software applications and know-how to Restricted Subsidiaries of the Company and to third Persons in the ordinary course of business;

(13) the disposition of all or substantially all of the assets of the Company or a Guarantor in a manner permitted pursuant to "—Certain Covenants—Merger, Consolidation or Sale of Assets" or any disposition that constitutes a Change of Control pursuant to the Indenture;

(14) the issuance by a Restricted Subsidiary of the Company of Preferred Stock that is permitted by the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(15) any financing transaction with respect to property built or acquired by the Company or any Restricted Subsidiary of the Company after the date of the Indenture, including Sale and Lease-Back Transactions permitted by the Indenture; and

(16) dispositions of motor vehicles securing consumer loans made by the Company and its Restricted Subsidiaries in the ordinary course of business.

"*Attributable Debt*" in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the total obligations of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended; *provided*, *however*, if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of Capital Lease Obligation).

"Available Cash" means the amount of cash and Cash Equivalents held by the Company and its Restricted Subsidiaries, as reflected on the Company's consolidated balance sheet for the most recently completed fiscal quarter for which financial statements have been provided to holders in accordance with the covenant described under "—Reports" and calculated in accordance with GAAP.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq., as amended from time to time and any successor provision thereto.

"*Bankruptcy Law*" means the Bankruptcy Code, BIA and any similar federal, state or foreign law for the relief of debtors.

"*BIA*" means the *Bankruptcy and Insolvency Act* (Canada) as such legislation now exists or may from time to time hereafter be amended, modified, recodified, supplemented or replaced, together with all rules, regulations and interpretations thereunder or related thereto.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors or other governing body of the general partner of the partnership;

(3) with respect to a limited liability company, the board of directors, managers or other governing body, and in the absence of the same, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person or other individual or entity serving a similar function.

"*Canadian Dollar Equivalent*" of any amount means, at the time of determination thereof,

(1) if such amount is expressed in Canadian dollars, such amount; or

(2) if such amount is expressed in any other currency, the equivalent of such amount in Canadian dollars determined by using the noon rate published by the Bank of Canada on the date one business day prior to such determination.

"*Canadian Government Securities*" means direct obligations of, or obligations guaranteed by the Government of Canada (or any agency thereof provided the obligations of such agency are guaranteed by the Government of Canada) or any Province of Canada (or any agency thereof provided the obligations of such agency are guaranteed by such government).

"*Capital Lease Obligation*" of any Person means the obligations of such Person to pay rent or other amounts under a lease of (or other Indebtedness arrangements conveying the right to use) real or personal property which are required to be classified and accounted for as a capital lease or capitalized

on a balance sheet of such Person determined in accordance with GAAP and the amount of such obligations shall be the capitalized amount thereof in accordance with GAAP and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease or other arrangement prior to the first date upon which such lease or other arrangement may be terminated by the lessee without payment of a penalty; *provided* that any obligations of the Company and its Restricted Subsidiaries either existing on the date of the Indenture or created prior to the recharacterization described below (i) that were not included on the consolidated balance sheet of the Company as capital lease obligations and (ii) that are subsequently recharacterized as capital lease obligations due to a change in accounting treatment or otherwise, shall for all purposes of the Indenture (including, without limitation, the calculation of Consolidated Net Income and Consolidated Cash Flow) not be treated as Capital Lease Obligations or Indebtedness.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock or shares;

(2) in the case of an association or business entity other than a corporation, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of the issuing Person;

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with such Capital Stock.

"*Cash Equivalents*" means;

(1) marketable direct obligations issued by, or unconditionally Guaranteed by, the United States or Canada or issued by any agency thereof and backed by the full faith and credit of the United States or Canada, as applicable, in each case maturing within one year from the date of acquisition;

(2) certificates of deposit, time deposits, overnight bank deposits or bankers' acceptances having maturities of one year or less from the date of acquisition issued by any lender to the Company or any of its Subsidiaries or by any commercial bank organized under the laws of Canada or the United States or any subdivision thereof or any U.S. or Canadian branch of a foreign bank having, at the date of acquisition thereof, combined capital and surplus of not less than $250,000,000 and whose long-term debt is rated "A-3" or "A−" or higher according to Moody's or S&P (or such similar equivalent rating by at least one "nationally recognized statistical rating organization" (as defined in Rule 436 under the Securities Act));

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) entered into with (a) a bank meeting the qualifications described in clause (2) above, or (b) any primary government securities dealer reporting to the Market Reports Division of the Federal Reserve Bank of New York;

(4) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America with a rating at the time as of which any Investment therein is made of "*P-1*" (or higher) according to Moody's or "*A-1*" (or higher) according to S&P (or such similar equivalent rating by at least one "*nationally recognized statistical rating organization*" (as defined in Rule 436 under the Securities Act)) or, with respect to commercial paper issued in Canada by a corporation (other than an Affiliate of the Company)

organized and in existence under the laws of Canada, having a rating at the time as of which any Investment therein is made of "*R-1*" (or higher) according to Dominion Bond Rating Service Limited;

(5) direct obligations (or certificates representing an ownership interest in such obligations) of any state of the United States of America, any province of Canada or any foreign country recognized by the United States or any political subdivision of any such state, province or foreign country, as the case may be (including any agency or instrumentality thereof), for the payment of which the full faith and credit of such state is pledged and which are not callable or redeemable at the issuer's option, *provided* that (a) the long-term debt of such state, province or country is rated "*A-3*" or "*A* −" or higher according to Moody's or S&P (or such similar equivalent rating by at least one "*nationally recognized statistical rating organization*" (as defined in Rule 436 under the Securities Act)), and (b) such obligations mature within one year of the date of acquisition thereof; and

(6) Investments in money market funds which invest substantially all of their assets in securities of the types described in clauses (1) through (5) above.

"*CCAA*" means the *Companies' Creditors Arrangement Act* (Canada) as such legislation now exists or may from time to time hereafter be amended, modified, recodified, supplemented or replaced, together with all rules, regulations and interpretations thereunder or related thereto.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, conveyance, transfer, lease or other disposition (other than by way of amalgamation, arrangement, exchange offer, merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company (whether or not otherwise in compliance with the Indenture);

(3) the consummation of any transaction (including any amalgamation, arrangement, exchange offer, merger or consolidation) the result of which is that any "person" (as defined above) becomes the "beneficial owner" (as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause (3) such person shall be deemed to have "beneficial ownership" of all shares that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the voting stock of the Company; or

(4) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors;

except that in the case of (1), (3) or (4) above, any transaction or series of related transactions where immediately following such transaction or transactions (x) Gordon J. Reykdal is the Chairman of the Company or any successor thereto or the person to whom all or substantially all of such assets are sold conveyed, transferred, leased or otherwise disposed (a "Successor Entity") and (y) the Equity Interests in the Company or the Successor Entity controlled, directly or indirectly, by Gordon J. Reykdal and his Affiliates are no less than 20% of the total Equity Interest in the Company or such Successor Entity, shall not constitute a Change of Control.

"*Collateral*" means the collateral securing the Indenture Obligations.

"*Collateral Agent*" means Computershare Trust Company of Canada, in its capacity as Collateral Agent under the Collateral Documents, together with its successors in such capacity.

"*Collateral Documents*" means the Collateral Trust Agreement, the Securities Pledge Agreements, the General Security Agreements, and all security agreements, pledge agreements, collateral assignments, collateral agency agreements, debentures, control agreements or other grants or transfers for security executed and delivered by the Company or any Guarantor creating (or purporting to create) a Lien upon Collateral in favor of the Collateral Agent for the benefit of the Priority Lien Secured Parties or the Parity Lien Secured Parties or under which rights or remedies with respect to any such Lien are governed, in each case as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms and the provisions described under the caption "—Security—Amendment of Collateral Documents."

"*Common Shares*" means the common shares of the Company, no par value, as existing on , 2012, or to the extent such common shares are reclassified or otherwise ceases to exist, any class of Capital Stock of the Company that (1) is at the time entitled to vote in the election of the Board of Directors of the Company and (2) has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer thereof and which is not subject to redemption by the issuer thereof.

"*Company*" means The Cash Store Financial Services Inc., a corporation organized under the laws of Canada and the issuer of the Notes.

"*Consolidated Cash Flow*" means, with respect to any Person for any period, the Consolidated Net Income of such Person and its Restricted Subsidiaries for such period plus:

(1) an amount equal to any extraordinary or non-recurring loss, to the extent that such losses were deducted in computing such Consolidated Net Income; plus

(2) an amount equal to any net loss realized in connection with an Asset Sale, the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness by such Person or its Restricted Subsidiaries, to the extent such losses were deducted in computing such Consolidated Net Income; plus

(3) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net income; plus

(4) Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period; plus

(5) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) to the extent deducted in computing such Consolidated Net Income; plus

(6) write offs, write downs or impairment of goodwill or other intangible assets, unrealized mark-to-market losses, and other non-cash charges and expenses (excluding any such other non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent deducted in computing such Consolidated Net Income; plus

(7) any charge or expense related to the final disposition, including settlement, of any class action litigation described in the Final Offering Circular; plus

(8) any one-time, non-recurring expenses or charges related to any Equity Offering, Permitted Investment, acquisition, recapitalization or Indebtedness permitted to be incurred under the Indenture (including a refinancing thereof), whether or not successful, including (i) such fees, expenses or charges related to the offering of the Notes and the Credit Agreement and (ii) any amendment or other modification of the Indenture, in each case, deducted in computing Consolidated Net Income; minus

(9) all non-cash items to the extent that such non-cash items increased Consolidated Net Income for such period (excluding the recognition of deferred revenue or any items which represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period and any items for which cash was received in a prior period).

Notwithstanding the foregoing, the provision for taxes based on income or profits of, and the depreciation and amortization and other non-cash charges of, a Restricted Subsidiary of a Person shall be added to Consolidated Net Income to compute Consolidated Cash Flow only to the extent (and in the same proportion) that the Net Income of such Restricted Subsidiary was included in calculating the Consolidated Net Income of such Person.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, the sum of, without duplication:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments and receipts (if any) pursuant to interest rate Hedging Obligations, but excluding the imputed interest component of retention payments paid by such Person and its Restricted Subsidiaries); *provided* that the amortization or write-off of capitalized financing or debt issuance costs shall be excluded; plus

(2) all cash dividend payments on any series of Preferred Stock to the extent treated as debt for tax purposes;

(3) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(4) any interest expense on Indebtedness of another Person to the extent that such Indebtedness is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on the assets of such Person or one of its Restricted Subsidiaries (whether or not such Guarantee or Lien is called upon).

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP; *provided* that:

(1) the Net Income of any Person that is not a Restricted Subsidiary of such Person, or that is accounted for by the equity method of accounting shall be included, but only to the extent of the amount of dividends or distributions that have been distributed in cash (or to the extent converted into cash) to the referent Person or a Restricted Subsidiary thereof in respect of such period;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c) of the first paragraph under the covenant described under "—Certain Covenants—Restricted Payments" the Net Income of any Restricted Subsidiary that is not a Guarantor

shall be excluded only to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction has been legally waived;

(3) the cumulative effect of a change in accounting principles shall be excluded;

(4) any non-recurring charge or expense related to this offering of Notes and the use of proceeds therefrom, as described in the Final Offering Circular, shall be excluded;

(5) any income or loss from the early extinguishment of Indebtedness or Hedging Obligations or other derivative instruments shall be excluded; and

(6) any unrealized net gain or loss resulting in such period from Hedging Obligations or other derivative instruments shall be excluded.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of the Company who (1) was a member of such Board of Directors on the date of the Indenture or (2) was nominated for election or elected to such Board of Directors with the approval, recommendation or endorsement of a majority of the directors who were members of such Board of Directors on the date of the Indenture or whose nomination or election to the Board of Directors was previously so approved.

"*Credit Agreement*" means the letter agreement dated as of September 1, 2011 by and among the Company and the lender thereto, including any related notes, guarantees, collateral documents, instruments and agreements in connection therewith (in each case, as may be amended and restated, supplemented or otherwise modified from time to time).

"*Credit Agreement Representative*" means an administrative agent or, if no administrative agent, such lender or lenders under the Credit Agreement.

"*Credit Facility*" means one or more debt facilities, including the Credit Agreement, or other financing arrangements (including commercial paper facilities or indentures) providing for revolving credit loans, term loans, letters of credit, bankers acceptances or other indebtedness, including any notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case, as amended, extended, renewed, restated, supplemented, replaced (whether or not upon termination and whether with the original lenders, institutional investors or otherwise), refinanced (including through the issuance of debt securities), restructured or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any agreement (and related document) governing Indebtedness incurred to refinance, in whole or in part, the borrowings and commitments then outstanding or permitted to be outstanding under such Credit Facility or a successor Credit Facility, whether by the same or any other agent, lender or group of lenders (or institutional investors).

"*Default*" means any event that is or with the passage of time or the giving of notice or both would be an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default shall be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

"*Discharge of Priority Lien Obligations*" means the occurrence of all of the following:

(1) termination of all commitments to extend credit that would constitute Priority Lien Debt;

(2) payment in full in cash of the principal of and interest, fees and premium (if any) on all Priority Lien Debt (other than any undrawn letters of credit);

(3) discharge or cash collateralization (at the lower of (i) 105% of the aggregate undrawn amount and (ii) the percentage of the aggregate undrawn amount required for release of liens under the terms of the applicable Priority Lien Document) of all outstanding letters of credit and bankers' acceptances constituting Priority Lien Debt; and

(4) payment in full in cash of all other Priority Lien Obligations that are outstanding and unpaid at the time the Priority Lien Debt is paid in full in cash (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at such time).

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock convertible or exchangeable solely at the option of the Company or a Subsidiary of the Company; *provided* that any such conversion or exchange will be deemed an Incurrence of Indebtedness or Disqualified Stock, as applicable); or

(3) is redeemable at the option of the holder thereof, in whole or in part,

in the case of each of clauses (1), (2) and (3) on or prior to the 91st day after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring on or prior to the 91st day after the Stated Maturity of the Notes will not constitute Disqualified Stock if the terms of such Capital Stock provide that such Person may not repurchase or redeem any such Capital Stock pursuant to such provisions prior to the Company's purchase of the Notes as are required to be purchased pursuant to the provisions of the Indenture as described under "Repurchase at the Option of Holders—Change of Control" and "—Assets Sales."

"*Domestic Subsidiary*" means each Restricted Subsidiary of the Company that is organized or existing under the federal laws of Canada or any province or territory thereof.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for Capital Stock).

"*Equity Offering*" means a sale for cash of either (1) common equity securities or units including or representing common equity securities of the Company (other than to the Company or a Subsidiary of the Company) or (2) common equity securities or units including or representing common equity securities of a direct or indirect parent entity of the Company (other than to the Company or a Subsidiary of the Company) to the extent that the net proceeds therefrom are contributed to the common equity capital of the Company.

"*Event of Loss*" means, with respect to any property or asset, any (i) loss or destruction of, or damage to, such property or asset or (ii) any condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, of such property or asset, or confiscation or requisition of the use of such property or asset.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended.

"*Excluded Assets*" means:

(1) any lease, license, contract, property right or agreement to which the Company or any Guarantor has the benefit, to the extent that (a) such lease, license, contract, property right or

agreement is not assignable or capable of being encumbered as a matter of law or under the terms of the lease, license, contract, property right or agreement applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the licensor or lessor thereof or other applicable party thereto and (b) such consent has not been obtained; *provided, however*, that the term "Excluded Assets" shall not include, (i) any and all proceeds of such lease, license, contract, property right and agreement to the extent that the assignment or encumbering of such proceeds is not so restricted and (ii) if the consent of any such licensor, lessor or other applicable party with respect to any such otherwise excluded lease, license, contract, property right and agreement shall hereafter be obtained, thereafter such lease, license, contract, property right and agreement as well as any and all proceeds thereof that might theretofore have been included in the term "Excluded Assets" shall be excluded from such term;

(2) property, plant and equipment owned by the Company or any Guarantor on the date of the Indenture or thereafter acquired that is subject to a lien securing a mortgage financing, purchase money obligation or Capital Lease Obligation permitted to be incurred pursuant to the provisions of the Indenture and the Credit Agreement if the contract or other agreement in which such lien is granted (or the documentation providing for such purchase money obligation or capital lease obligation) validly prohibits the creation of any other lien on such assets;

(3) the last day of the term of any lease or agreement therefor but upon the enforcement of the security interest granted by the Security Documents, the Company or any Guarantor shall stand possessed of such last day in trust to assign the same to any person acquiring such term;

(4) shares of The Cash Store Australia Holdings, Inc. owned by the Company or any of its Subsidiaries to the extent such shares are not subject to pledge restrictions pursuant to regulatory requirements; and

(5) any consumer goods of the Company or any Guarantor;

provided, however, that Excluded Assets shall not include any "proceeds" (as such term is defined in the PPSA), substitutions or replacements of any Excluded Assets referred to in clause (1), (2), (3), (4) or (5) (unless such proceeds, substitutions or replacements would constitute Excluded Assets referred to in clause (1), (2), (3), (4) or (5).

"*Existing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries outstanding on the date of the Indenture until such Indebtedness is repaid.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Company, as applicable; *provided*, *however*, that, (x) with respect to any such price less than $5.0 million, only the good faith determination of the Company's senior management, as applicable, shall be required, (y) with respect to any such price in excess of $5.0 million, the basis of such determination is set forth in writing and a majority of the non-employee directors of the Company has determined in good faith that the criteria set forth in this definition are satisfied as evidenced by a resolution of the Board of Directors of the Company set forth in an Officer's Certificate and (z) except in the case of determining the Fair Market Value of assets in connection with an Asset Sale not involving the sale of assets to an Affiliate, the Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing in the United States or Canada if the Fair Market Value exceeds $10.0 million.

"*Final Offering Circular*" means the final Offering Circular relating to this offering of Notes, dated , 2012.

"*Fixed Charge Coverage Ratio*" means with respect to any Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the Company or any of its Restricted Subsidiaries incurs or redeems any Indebtedness (other than revolving credit borrowings) or issues or redeems Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence or redemption of Indebtedness, or such issuance or redemption of Preferred Stock (including the application of any proceeds therefrom), as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of making the computation referred to above:

(1) acquisitions that have been made by the Company or any of its Restricted Subsidiaries, including through amalgamations, arrangements, mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated to include the Consolidated Cash Flow of the acquired entities (adjusted to exclude (A) the cost of any compensation, remuneration or other benefit paid or provided to any employee, consultant, Affiliate or equity owner of the acquired entities to the extent such costs are eliminated and not replaced and (B) the amount of any reduction in general, administrative or overhead costs of the acquired entities, in each case, as determined in good faith by an officer of the Company);

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the referent Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary of the Company on the Calculation Date will be deemed to have been a Restricted Subsidiary of the Company at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary of the Company on the Calculation Date will be deemed not to have been a Restricted Subsidiary of the Company at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

"*Fixed Charges*" means, with respect to any Person for any period, the sum of, without duplication:

(1) the Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period; plus

(2) the product of (A) all cash dividend payments on any series of Preferred Stock to the extent not treated as debt for tax purposes of such Person, *times* (B) a fraction, the numerator of

which is one and the denominator of which is one minus the then current combined federal, provincial, state and local statutory income tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"*Foreign Subsidiary*" means each Restricted Subsidiary of the Company that is not a Domestic Subsidiary.

"*GAAP*" means generally accepted accounting principles in the United States of America in effect on the date of the Indenture.

"*General Security Agreement*" means the general security agreements granted by each Secured Obligations Guarantor in favour of the Collateral Agent for the benefit of the Priority Lien Secured Parties and the Parity Lien Secured Parties as security for the payment and performance of the Secured Obligations, in each case as amended, modified, renewed, restated or replaced, in whole or part, from time to time, in accordance with its terms and the provisions described under the caption "—Security—Amendment of Collateral Documents".

"*Grantors*" means the Company and each Guarantor and each other Person that has or may from time to time hereafter execute and deliver a Collateral Document as a Person granting a Lien or other interest in its property to secure any of the Indenture Obligations.

"*Guarantee*" by any Person means any obligation, contingent or otherwise, of such Person guaranteeing any Indebtedness or other obligation of any other Person (the "*primary obligor*") in any manner, whether directly or indirectly, and including any obligation of such Person to:

(1) purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness;

(2) purchase property, securities or services for the purposes of assuring the holder of such Indebtedness of the payment of such Indebtedness; or

(3) maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness;

provided, *however*, that the Guarantee by any Person shall not include endorsements by such Person for collection or deposit, in either case, in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantors*" means each Restricted Subsidiary of the Company that executes a Notes Guarantee in accordance with the provisions of the Indenture.

"*Hedge Agreements*" means any commodity swap, future or option contracts, interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts, and other hedging agreements or swap contracts with respect to the management of risks related to commodities, interest rate or currency fluctuations which is permitted under each applicable Secured Debt Document.

"*Hedge Obligations*" means the actual Indebtedness of the Borrower or any other Obligor to a Hedge Provider under or pursuant to any Hedge Agreement to which it is a party.

"*Hedge Providers*" means any person who enters into a Hedge Agreement with the Borrower or any other Obligor to the extent permitted under each applicable Secured Debt Document and who has complied with the Collateral Trust Agreement or is a Lender Hedge Provider.

"*Incur*" means, with respect to any indebtedness or other obligation of any Person, to create, issue, incur (by conversion, exchange or otherwise), assume (pursuant to an amalgamation, arrangement, merger, consolidation, acquisition or other transaction), Guarantee or otherwise become liable in

respect of such Indebtedness or other obligation or the recording, as required pursuant to GAAP or otherwise, of any such Indebtedness or other obligation on the balance sheet of such Person (and "incurrence" and "incurred" shall have meanings correlative to the foregoing); *provided*, *however*, that a change in GAAP that results in an obligation of such Person that exists at such time becoming Indebtedness shall not be deemed an Incurrence of such Indebtedness. Indebtedness otherwise incurred by a Person before it becomes a Subsidiary of the Company shall be deemed to have been Incurred at the time it becomes such a Subsidiary.

"*Indebtedness*" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(1) obligations of such Person in respect of principal for money borrowed;

(2) obligations of such Person in respect of principal evidenced by bonds, debentures, notes or other similar instruments;

(3) every reimbursement obligation of such Person with respect to letters of credit, banker's acceptances or similar facilities issued for the account of such Person, other than obligations with respect to letters of credit securing obligations, other than obligations referred to in clauses (1), (2) and (5) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the 10th day following payment on the letter of credit;

(4) every obligation of such Person issued or assumed as the deferred purchase price of property or services that is recorded as a liability under GAAP (but excluding trade payables, credit on open account, provisional credit, accrued liabilities or similar terms arising in the ordinary course of business which are not overdue by more than 30 days or which are being contested in good faith);

(5) every Capital Lease Obligation of such Person;

(6) the maximum fixed redemption or repurchase price of Disqualified Stock, of such Person at the time of determination plus accrued but unpaid dividends;

(7) every net payment obligation of such Person under interest rate swap, cap, collar or similar agreements or foreign currency hedge, exchange or similar agreements of such Person (collectively, "*Hedging Obligations*"); and

(8) every obligation of the type referred to in clauses (1) through (7) of another Person the payment of which, in either case, such Person has Guaranteed or is liable, directly or indirectly, as obligor, guarantor or otherwise, to the extent of such Guarantee or other liability;

provided, that obligations in respect of any payments due in connection with the termination or expiration of a lease that is not a Capital Lease Obligation pursuant to the terms of such lease shall not be deemed to be Indebtedness.

"*Indenture Documents*" means the Indenture, the Notes and the Collateral Documents.

"*Indenture Obligations*" means all Obligations in respect of the Notes or arising under the Indenture Documents, including the fees and expenses (including, without limitation, fees, expenses and disbursements of agents, counsel and professional advisors) of the Trustee and Collateral Agent. Indenture Obligations shall include all interest accrued (or which would, absent the commencement of an insolvency or liquidation proceeding, accrue) after the commencement of an insolvency or liquidation proceeding in accordance with and at the rate specified in the relevant Indenture Document whether or not the claim for such interest is allowed as a claim in such insolvency or liquidation proceeding.

"*Insolvency or Liquidation Proceeding*" means:

(1) any voluntary or involuntary case or proceeding under the Bankruptcy Code or BIA or CCAA with respect to any Grantor;

(2) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding with respect to any Grantor or with respect to a material portion of their respective assets;

(3) any liquidation, dissolution, reorganization or winding up of any Grantor whether voluntary or involuntary and whether or not involving insolvency or bankruptcy; or

(4) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of any Grantor.

"*Investment Grade Rating*" means (1) a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB− (or the equivalent) by S&P or (2) a rating equal to or higher than Baa3 (or the equivalent) by Moody's or BBB− (or the equivalent) by S&P and an equivalent rating by any other Rating Agency.

"*Investments*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of direct or indirect loans (including Guarantees of Indebtedness or other obligations), advances or capital contributions (excluding commissions, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP; *provided* that an acquisition of assets, Equity Interests or other securities by the Company or a Restricted Subsidiary of the Company for consideration consisting of common equity securities of the Company or such Restricted Subsidiary shall not be deemed to be an Investment, if the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that after giving effect to any such sale or disposition, such Person is no longer a direct or indirect Restricted Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Equity Interests of such Restricted Subsidiary not sold or disposed of. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under "Certain Covenants—Restricted Payments"

(1) investments shall include the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of a Subsidiary of the Company at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

    (a) the Company's "Investment" in such Subsidiary at the time of such redesignation; less

    (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary of the Company shall be valued at its Fair Market Value at the time of such transfer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash by the Company or a Restricted Subsidiary of the Company in respect of such Investment.

"*Junior Trust Estate*" means all of each Obligor's right, title and interest in, to and under all Collateral granted to the Collateral Agent under any Security Document for the benefit of the Parity Lien Secured Parties, together with all of the Collateral Agent's right, title and interest in, to and under the Security Documents, and all interests, rights, powers and remedies of the Collateral Agent thereunder or in respect thereof and all cash and non-cash proceeds thereof, which each Obligor grants to the Collateral Agent to hold, in trust under the Collateral Trust Agreement for the benefit of all present and future holders of Parity Lien Obligations.

"*Lender Hedge Providers*" means a Hedge Provider who enters into a Hedge Agreement that is permitted under the Secured Debt Documents and who at the time of entering into such Hedge Agreement is either (a) a lender under a Credit Facility, or (b) an Affiliate of a lender under a credit facility.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest, encumbrance or hypothecation of any kind in respect of that asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any other agreement to give a security interest in and any filing of any financing statement under any Personal Property Security Act (or equivalent legislation) of any jurisdiction).

"*Moody's*" means Moody's Investors Services, Inc. or any successor to the rating agency business of Moody's Investors Inc.

"*Mortgages*" means a collective reference to each mortgage, deed of trust, deed to secure debt and any other document or instrument under which any Lien on real property owned by the Company or any Guarantor is granted to secure any Indenture Obligations or under which rights or remedies with respect to any such Liens are governed.

"*Net Cash*" means, as of the date of the declaration of a dividend pursuant to clause (5) of the second paragraph under the caption "—Restricted Payments," the sum of (1) the amount of undrawn and available borrowing capacity under Credit Facilities in existence on the date of the declaration of such dividend, which, as of such date, may be Incurred by the Company or any of its Restricted Subsidiaries and (2) Available Cash.

"*Net Income*" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends, excluding, however, (1) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (A) any Asset Sale (including dispositions pursuant to Sale and Leaseback Transactions) or (B) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries and (2) any extraordinary or nonrecurring gain (but not loss), together with any related provision for taxes on such extraordinary or nonrecurring gain (but not loss).

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale (including legal, accounting and investment banking fees and sales commissions) and any relocation expenses Incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"*Non-Recourse Debt*" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise; and

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary of the Company) would permit upon notice, lapse of time or both any holder of any other indebtedness of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity.

"*Note Documents*" means the Indenture, the Notes, the Notes Guarantees, the Collateral Trust Agreement (and related Security Documents), each Parity Debt Sharing Confirmation, and all other agreements related to the Indenture, the Notes and the Notes Guarantees.

"*Notes Secured Parties*" means the holders of Indenture Obligations.

"*Notice of Actionable Default*" means a written notice given to the Collateral Agent stating that an Actionable Default has occurred and is continuing, delivered by:

(1) prior to the Discharge of Priority Lien Obligations, the Secured Debt Representative for the holders of Priority Lien Obligations that are governed by the Secured Debt Document pursuant to which the Actionable Default has occurred; and

(2) following the Discharge of Priority Lien Obligations, the Secured Debt Representative for the holders of Parity Lien Obligations that are governed by the Secured Debt Document pursuant to which the Actionable Default has occurred.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Obligor*" means the Borrower, the Secured Obligations Guarantors and each other Person (if any) that at any time provides collateral security for any Secured Obligations.

"*Officer's Certificate*" means a certificate signed by any one of the chief executive officer, chief financial officer, president, senior vice-president, treasurer or principal accounting officer of the Company and delivered to the Trustee.

"*Opinion of Counsel*" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company.

"*Parity Debt Representative*" means:

(1) the case of the Notes and the Guarantees of the Notes, the Trustee; and

(2) in the case of any other Series of Parity Lien Debt, the trustee, agent or representative of the holders of such Series of Parity Lien Debt who maintains the transfer register for such Series of Parity Lien Debt and is appointed as a Parity Debt Representative (for purposes related to the administration of the Security Documents) pursuant to the credit agreement, Indenture or other agreement governing such Series of Parity Lien Debt, and who has executed a joinder to the Collateral Trust Agreement.

"*Parity Debt Sharing Confirmation*" means, as to any Series of Parity Lien Debt, the written agreement of the holders of that Series of Parity Lien Debt, as set forth in the Indenture or other agreement governing that Series of Parity Lien Debt, for the benefit of all holders of each other existing and future Series of Parity Lien Debt and each existing and future Parity Debt Representative, that all Parity Lien Obligations will be and are secured equally and ratably by all Liens at any time

granted by the Company or any other Obligor to secure any Obligations in respect of such Series of Parity Lien Debt, whether or not upon property otherwise constituting Collateral, that all such Liens will be enforceable by the Collateral Agent for the benefit of all holders of Parity Lien Obligations equally and ratably, and that the holders of Obligations in respect of such Series of Parity Lien Debt are bound by the provisions of the Collateral Trust Agreement relating to the order of application of proceeds from enforcement of such Liens, and consent to and direct the Collateral Agent to perform its obligations under the Collateral Trust Agreement.

"*Parity Lien*" means a Lien granted by a Security Document to the Collateral Agent upon any property of the Company or any other Obligor to secure Parity Lien Obligations.

"*Parity Lien Debt*" means

(1) the Notes and the Notes Guarantees issued on the date hereof; and

(2) any other Indebtedness (including Additional Notes) that is secured equally and ratably with the Notes by a Parity Lien that was permitted to be incurred and so secured under each applicable Secured Debt Document; provided, in the case of any Indebtedness referred to in this clause (2), that:

   (a) on or before the date on which such Indebtedness is incurred by the Borrower such Indebtedness is designated by such Borrower, in an Officers' Certificate delivered to each Parity Debt Representative and the Collateral Agent, as "Parity Lien Debt" for the purposes of the Secured Debt Documents; provided that no Obligation or Indebtedness may be designated as both Parity Lien Debt and Priority Lien Debt;

   (b) such Indebtedness is governed by an Indenture or other agreement that includes a Parity Debt Sharing Confirmation; and

   (c) all requirements set forth in the Collateral Trust Agreement as to the confirmation, grant or perfection of the Collateral Agent's Liens to secure such Indebtedness or Obligations in respect thereof are satisfied (and the satisfaction of such requirements and the other provisions of this clause (c) will be conclusively established for purposes of entitling the holders of such indebtedness to share equally and ratably with other holders of Parity Lien Debt in the benefits and proceeds of the Collateral Agent's Liens on the Collateral if the Borrower delivers to the Collateral Agent an Officer's Certificate stating that such requirements and other provisions have been satisfied and that such Indebtedness is "Parity Lien Debt").

"*Parity Lien Documents*" means, collectively, the Note Documents and each agreement, Indenture or instrument governing each other Series of Parity Lien Debt and all other agreements governing, securing or relating to any Parity Lien Obligations.

"*Parity Lien Obligations*" means Parity Lien Debt and all other Obligations in respect thereof.

"*Parity Lien Secured Parties*" means the holders of Parity Lien Obligations and any Parity Debt Representatives.

"*Permitted Investments*" means:

(1) any Investment in the Company or a Restricted Subsidiary of the Company;

(2) any Investment in cash or Cash Equivalents or the Notes;

(3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment (A) such Person becomes a Restricted Subsidiary of the Company or (B) such Person is merged into or amalgamated, arranged or consolidated with,

or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(4) any Investment existing on the date of the Indenture or made pursuant to binding commitments in effect on the date of the Indenture or an Investment consisting of any extension, modification or renewal of any Investment existing on the date of the Indenture; *provided* that the amount of any such Investment may be increased (x) as required by the terms of such Investment as in existence on the date of the Indenture or (y) as otherwise permitted under the Indenture;

(5) any Restricted Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales;"

(6) any Investment in loans, advances or other extensions of credit in the ordinary course of business, whether or not originated by the Company or any of its Subsidiaries;

(7) Hedging Obligations that are Incurred by the Company or any of its Restricted Subsidiaries for the purpose of fixing or hedging (A) interest rate risk with respect to any floating rate Indebtedness that is permitted by the terms of the Indenture to be outstanding or (B) currency exchange risk in connection with existing financial obligations and not for purposes of speculation;

(8) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits;

(9) loans and advances to officers, directors and employees of the Company and its Restricted Subsidiaries in the ordinary course of business not to exceed $2.0 million in the aggregate at any one time outstanding;

(10) any Investment consisting of a Guarantee permitted by the covenant described above under the caption "Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(11) Investments consisting of non-cash consideration received in the form of securities, notes or similar obligations in connection with dispositions of assets permitted pursuant to the Indenture;

(12) Investments received in settlement of bona fide disputes or as distributions in bankruptcy, insolvency, foreclosure or similar proceedings;

(13) advances to suppliers in the ordinary course of business;

(14) investments consisting of purchases and acquisitions of supplies, materials and equipment or purchases or contract rights or licenses of intellectual property, in each case in the ordinary course of business;

(15) receivables owing to the Company or any of its Restricted Subsidiaries if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(16) Investments consisting of obligations of officers and employees to the Company or its Restricted Subsidiaries in connection with such officers' and employees' acquisition of Equity Interests in the Company (other than Disqualified Stock) so long as no cash is actually advanced by the Company or any of its Restricted Subsidiaries in connection with the acquisition of such obligations; and

(17) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding, not to exceed $7.5 million.

"*Permitted Liens*" means:

(1) Liens securing Priority Lien Obligations;

(2) Liens in favor of the Company or a Guarantor;

(3) Liens on property of a Person existing at the time such Person is merged into or amalgamated, arranged or consolidated with the Company or a Restricted Subsidiary of the Company, provided that such Liens were not created in connection with, or in contemplation of, such amalgamation, arrangement, merger or consolidation and do not extend to any assets other than those of the Person merged into or amalgamated, arranged or consolidated with the Company or a Restricted Subsidiary of the Company;

(4) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary of the Company, *provided* that such Liens were not created in connection with, or in contemplation of, such acquisition;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds, workmen's compensation or unemployment obligations or other obligations of a like nature, or to secure letters of credit issued with respect to such obligations, Incurred in the ordinary course of business;

(6) Liens consisting of deposits in connection with leases or other similar obligations, or securing letters of credit issued in lieu of such deposits, incurred in the ordinary course of business, and cash deposits in connection with acquisitions otherwise permitted under the Indenture;

(7) Liens securing Indebtedness (including Capital Lease Obligations) permitted by clause (3) of paragraph (b) of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" covering only the assets acquired with such indebtedness and directly related assets such as proceeds (including insurance proceeds), products, replacements, substitutions and accessions thereto;

(8) Liens existing on the date of the Indenture and replacement Liens that do not encumber additional assets, unless such encumbrance is otherwise permitted;

(9) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent for more than 30 days or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, *provided* that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(10) Liens securing Permitted Refinancing Debt, *provided* that the obligor under such Indebtedness was permitted to Incur such Liens with respect to the Indebtedness so refinanced under the Indenture and:

 (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

 (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced replaced, defeased or discharged with such Permitted Refinancing Indebtedness; and (y) an amount necessary to pay any fees and

expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(11) statutory and common law Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen or other similar Liens arising in the ordinary course of business with respect to amounts that are not yet delinquent for more than 30 days or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, *provided* that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(12) Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review, *provided* that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(13) Liens arising from filings of financing statements or similar documents regarding leases or otherwise for precautionary purposes relating to arrangements not constituting Indebtedness;

(14) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Company or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Company and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(15) Liens on Permitted Investments;

(16) to the extent not otherwise prohibited under the Indenture, Liens on assets pursuant to merger, amalgamation, or arrangement agreements, stock or asset purchase agreements and similar agreements in respect of the disposition of such assets;

(17) deposits made in the ordinary course of business to secure liability to insurance carriers;

(18) Liens on the Equity Interests or Indebtedness of Unrestricted Subsidiaries;

(19) Liens securing Indenture Obligations, including, without limitation, any Additional Notes permitted to be Incurred under the Indenture;

(20) Liens Incurred in the ordinary course of business of the Company or any Restricted Subsidiary of the Company with respect to obligations in an aggregate principal amount that does not exceed $5.0 million at any one time outstanding and that (A) are not Incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (B) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by the Company or such Subsidiary;

(21) encumbrances or exceptions expressly permitted pursuant to the Collateral Documents;

(22) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including Liens securing letters of credit issued in the ordinary course of business in connection therewith;

(23) Liens securing Indebtedness permitted by clause (14) of paragraph (b) of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock"; and

(24) pledges of Equity Interests of an Unrestricted Subsidiary of the Company securing Non-Recourse Debt of such Unrestricted Subsidiary.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest in connection with or in respect of any referenced Indebtedness.

"*Permitted Prior Liens*" means: (a) Liens that are permitted to rank senior in priority to both Priority Lien Debt and Parity Lien Debt in accordance with the Secured Debt Documents; and (b) Liens that arise by operation of law and are not voluntarily granted, to the extent entitled by law to priority over the Liens created by the Secured Debt Documents.

"*Permitted Refinancing Debt*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net cash proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries; *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Debt does not exceed the principal amount and premium, if any, plus accrued interest (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of any fees and expenses Incurred in connection therewith);

(2) such Permitted Refinancing Debt has a final scheduled maturity date later than the final scheduled maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Debt is subordinated in right of payment to, the Notes on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary of the Company that is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded or would otherwise be permitted to Incur such Indebtedness.

"*Person*" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock corporation, trust, unincorporated organization or government or agency or political subdivision thereof or any other entity.

"*Pledgor*" means the Borrower, the Secured Obligations Guarantors and each other Person (if any) that at any time provides collateral security for any Secured Obligations.

"*PPSA*" means the Personal Property Security Act (Alberta) and the Regulations thereunder, as from time to time in effect, provided, however, if attachment, perfection or priority of the Collateral Agent's security interest in any Collateral is governed by the personal property security laws of any jurisdiction other than Alberta, PPSA means those personal property security laws in such other jurisdiction of Canada for the purposes of the provisions hereof relating to such attachment, perfection or priority and for the definitions related to such provisions.

"*Preferred Stock*" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Priority Debt Representative*" means:

(1) in the case of (i) the obligations under the Credit Agreement, and (ii) Hedge Obligations owed to a Lender Hedge Provider, the Credit Agreement Representative (subject to the Collateral Trust Agreement); and

(2) in the case of any other Series of Priority Lien Debt (including non-Lender Hedge Providers described in the Collateral Trust Agreement), the trustee, agent or representative of the holders of such Series of Priority Lien Debt who maintains the transfer register for such Series of Priority Lien Debt and is appointed as a Priority Debt Representative (for purposes related to the administration of the Security Documents) pursuant to the credit agreement, Indenture or other agreement governing such Series of Priority Lien Debt, and who has executed a joinder to the Collateral Trust Agreement.

"*Priority Debt Sharing Confirmation*" means, as to any Series of Priority Lien Debt, the written agreement of the holders of such Series of Priority Lien Debt, as set forth in the agreement governing such Series of Priority Lien Debt, for the benefit of all holders of each other existing and future Series of Priority Lien Debt and each existing and future Priority Debt Representative, that all Priority Lien Obligations will be and are secured equally and ratably by all Liens at any time granted by the Company or any other Obligor to secure any Obligations in respect of such Series of Priority Lien Debt, whether or not upon property otherwise constituting Collateral, that all such Liens will be enforceable by the Collateral Agent for the benefit of all holders of Priority Lien Obligations equally and ratably, and that the holders of Obligations in respect of such Series of Priority Lien Debt are bound by the provisions in the Collateral Trust Agreement relating to the order of application of proceeds from enforceable of such Liens, and consent to and direct the Collateral Agent to perform its obligations under the Collateral Trust Agreement.

"*Priority Lien Debt*" means:

(1) Indebtedness under the Credit Agreement and the Guarantees thereof that, in each case, was permitted to be incurred and so secured under each applicable Secured Debt Document; provided that for certainty, all Obligations from time to time under the Credit Agreement are Priority Lien Debt whether or not permitted under each Secured Debt Document; and

(2) Indebtedness under any other credit facility, Hedge Agreement or any Guarantee thereof of an Obligor that is secured equally and ratably with the Credit Agreement by a Priority Lien that was permitted to be incurred and so secured under each applicable Secured Debt Document; provided, in the case of any Indebtedness referred to in this clause (2), that:

   (a) on or before the date on which such Indebtedness is incurred by the Borrower such Indebtedness is designated by such Borrower, in an Officer's Certificate delivered to each Priority Debt Representative and the Collateral Agent, as "Priority Lien Debt" for the purposes of the Secured Debt Documents; provided that no Obligation or Indebtedness may be designated as both Parity Lien Debt and Priority Lien Debt;

   (b) such Indebtedness is governed by a credit agreement, an Indenture or other agreement that includes a Priority Debt Sharing Confirmation;

   (c) until the payment in full and discharge of all Obligations under the Credit Agreement or any Hedge Agreement with a lender or Affiliate of a lender, written acknowledgment from the Administrative Agent to the Collateral Agent that such Obligations are Priority Lien Debt; and

   (d) all requirements set forth in the Collateral Trust Agreement as to the confirmation, grant or perfection of the Collateral Agent's Lien to secure such Indebtedness or Obligations in respect thereof are satisfied (and the satisfaction of such requirements and the other

provisions of this clause (iii) will be conclusively established if the Borrower delivers to the Collateral Agent an Officers' Certificate stating that such requirements and other provisions have been satisfied and that such Indebtedness is "Priority Lien Debt").

"*Priority Lien Documents*" means, collectively, the Credit Agreement and the documents relating thereto or arising thereunder, Hedge Agreements and the credit agreements, indentures or other agreements governing any other Credit Facility pursuant to which Priority Lien Debt is incurred (and not prohibited to be incurred under each applicable Secured Debt Document) and all other agreements governing or securing any Priority Lien Obligations (and not prohibited to be so secured under each applicable Secured Debt Document).

"*Priority Lien Obligations*" means the Priority Lien Debt and all other Obligations in respect hereof.

"*Priority Lien Secured Parties*" means the holders of Priority Lien Obligations and any Priority Debt Representatives.

"*Priority Liens*" means a Lien granted to the Collateral Agent, for the benefit of the Priority Lien Secured Parties, upon any property of the Borrower or any other Obligor to secure Priority Lien Obligations.

"*Rating Agencies*" means Moody's and S&P, or if Moody's or S&P or both shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Company which shall be substituted for Moody's or S&P or both, as the case may be.

"*Refinance*" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "*Refinanced*" and "refinancing" shall have correlative meanings.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means, with respect to any Person, any Subsidiary of such Person that is not an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

"*Sale and Leaseback Transaction*" means an arrangement relating to property owned by the Company or one of its Subsidiaries on the date of the Indenture or thereafter acquired by the Company or one of its Subsidiaries whereby the Company or such Subsidiary transfers such property to a Person and the Company or such Subsidiary leases it from such Person.

"*SEC*" means the Securities and Exchange Commission, or any successor agency thereto.

"*Secured Debt*" means Parity Lien Debt and Priority Lien Debt.

"*Secured Debt Documents*" means the Parity Lien Documents and the Priority Lien Documents.

"*Secured Debt Representatives*" means each Parity Debt Representative and each Priority Debt Representative.

"*Secured Obligations*" means the Parity Lien Obligations and the Priority Lien Obligations.

"*Secured Obligations Guarantor*" means each of the guarantors of the initial loans under the Credit Agreement, and each other Person (if any) that at any time provides a guarantee and security in respect of any of the Secured Obligations and their respective successors and assigns.

"*Secured Parties*" means the holders of Priority Lien Obligations and Parity Lien Obligations.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*Securities Pledge Agreements*" means the securities pledge agreements granted by each Secured Obligations Guarantor in favor of the Collateral Agent for the benefit of the Priority Lien Secured Parties and the Parity Lien Secured Parties as general and continuing security for the payment and performance of the Secured Obligations, in each case as amended, modified, renewed, restated or replaced, in whole or part, from time to time, in accordance with its terms and the provisions described under the caption "—Security—Amendment of Collateral Documents".

"*Security Documents*" means the Collateral Trust Agreement and one or more security agreements, debentures, pledge agreements, collateral assignments, mortgages, collateral agency agreements, control agreements, blocked account agreements, deeds of trust or other grants or transfers for security executed and delivered by the Borrower and each other Obligor creating (or purporting to create) a Lien upon Collateral in favor of the Collateral Agent, for the benefit of the Secured Parties, in each case, as amended, supplemented, amended and restated or otherwise modified and in effect from time to time, in accordance with its terms.

"*Senior Trust Estate*" all of each Obligor's right, title and interest in, to and under all Collateral granted to the Collateral Agent under any Security Document for the benefit of the Priority Lien Secured Parties, together with all of the Collateral Agent's right, title and interest in, to and under the Security Documents, and all interests, rights, powers and remedies of the Collateral Agent thereunder or in respect thereof and all cash and non-cash proceeds thereof, which each Obligor grants to the Collateral Agent to hold, in trust under the Collateral Trust Agreement for the benefit of all present and future holders of Priority Lien Obligations.

"*Series of Parity Lien Debt*" means, severally, the Notes, the Guarantees of the Notes and each other issue or Series of Parity Lien Debt for which a single transfer register is maintained.

"*Series of Priority Lien Debt*" means, severally, each issue or series of Priority Lien Debt for which a single transfer register is maintained, and for purposes hereof, Hedge Obligations owed to Lender Hedge Providers will be treated as part of the same Series of Priority Lien Debt as the other Priority Lien Debt owed to such Lender Hedge Provider.

"*Series of Secured Debt*" means, severally, each Series of Priority Lien Debt and each Series of Parity Lien Debt.

"*Significant Subsidiary*" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the date of the Indenture.

"*Similar Business*" means any business conducted or proposed to be conducted by the Company and its Restricted Subsidiaries on the date of the Indenture or any business that is similar, reasonably related, incidental, complementary or ancillary thereto, or a reasonable extension or expansion thereof.

"*Stated Maturity*" when used with respect to any security or any installment of interest thereon, means the date specified in such security as the fixed date on which the principal of such security or such installment of interest is due and payable.

"*Subsidiary*" means, with respect to any Person, (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person (or a combination thereof) and (2) any partnership (A) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (B) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"*Total Assets*" means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries on a consolidated basis, as shown on the consolidated balance sheet of the Company and its Restricted Subsidiaries as of the end of the most recently ended fiscal quarter prior to the applicable date of determination for which internal financial statements are available; provided that, for purposes of calculating "Total Assets" for purposes of testing the covenants under the Indenture in connection with any transaction, the total consolidated assets of the Company and its Restricted Subsidiaries shall be adjusted to reflect any acquisitions and dispositions of assets that have occurred during the period from the date of the applicable balance sheet through the applicable date of determination but without giving effect to the transaction being tested under the Indenture.

"*Treasury Rate*" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to July , 2014; *provided, however,* that if the period from such redemption date to July , 2014 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended, and the rules and regulations thereunder.

"*Unrestricted Subsidiary*" means, with respect to any Person, any Subsidiary of such Person that is designated by the Board of Directors of such Person as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors of such Person, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Transactions with Affiliates," is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (A) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (B) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by

(2) the then outstanding principal amount of such Indebtedness.

"*Wholly-Owned Subsidiary*" of any Person means a Subsidiary of such Person all of the outstanding Capital Stock of which (other than directors' qualifying shares and nominal amounts required to be held by local nationals) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person (or any combination thereof).

BOOK ENTRY, DELIVERY AND FORM

The Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes"). Notes also may be offered and sold in offshore transactions in reliance on Regulation S ("Regulation S Notes"). Except as set forth below, Notes will be issued in registered, global form in minimum denominations of $2,000 and integral multiples of $1,000 in excess of $1,000. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "Rule 144A Global Notes"). Regulation S Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"). The Global Notes will be issued in the form of one or more registered global securities to be held by or on behalf of CDS, as depositary and registered in the name of CDS's nominee. Direct and indirect participants in CDS, including DTC, on behalf of its participants, will record beneficial ownership of the Notes on behalf of its accountholders or participants, as applicable. Beneficial interests in the Global Notes may not be exchanged for beneficial interests in the other Global Notes at any time except in the limited circumstances described below. See "—Exchanges Between Regulation S Notes and Rule 144A Notes."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of CDS or to a successor of CDS or its nominee. Beneficial interests in the Global Notes may not be exchanged for securities in certificated form except in the limited circumstances described below. See "—Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes in certificated form.

The Global Notes (including beneficial interests in the Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "Notice to Investors." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of CDS and its direct or indirect participants (including, if applicable, those of DTC), which may change from time to time.

The Global Notes may be presented for registration of transfer and exchange at the request of the registrar.

Except as described below, owners of beneficial interests in the Global Notes will not have Notes registered in their names or be shown on the records maintained by CDS (except through a book-entry account of a participant acting on their behalf), will not receive physical delivery of such Notes in definitive certificated form, and will not be considered the registered owners or "holders" thereof under the indenture for any purposes.

As long as CDS or its nominee, CDS & Co., is the registered holder of the Global Notes, CDS or such nominee, as the case may be, will be considered the sole owner and holder of the Notes represented by such Global Notes for the purpose of receiving payments and for all other purposes under the indenture governing the Notes. Owners of beneficial interests in the Global Notes will receive a confirmation of purchase from the initial purchaser or other dealer from whom a beneficial interest in the Notes is purchased in accordance with the practices and procedures of that initial purchaser or dealer. CDS will be responsible for establishing and maintaining book-entry accounts for its participants having interests in the Global Notes. The ability of a purchaser to pledge Notes or otherwise take action with respect to such purchaser's interest therein (other than through a participant) may be limited due to the lack of a physical certificate. Subject to the following considerations, interests in the Global Notes will trade in CDS's same-day settlement system.

Depository Procedures

The following description of the operations and procedures of CDS and DTC are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes from time to time by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC

Noteholders may hold their Note through the accounts maintained by DTC in CDS only if they are participants of DTC, or indirectly through organizations which are participants of DTC.

DTC will hold omnibus book-entry positions on behalf of its participants through customers' services in its depositary which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Payments

Payments of interest and principal on each Global Note will be made to CDS or its nominee, as the case may be, as registered holder of the Global Note. As long as CDS or its nominee is the registered owner of a Global Note, CDS or its nominee, as the case may be, will be considered the sole legal owner of the Global Note for the purposes of receiving payments of interest and principal on the Notes and for all other purposes under the indenture governing the Notes and the Notes. Interest payments on Global Notes will be made by electronic funds transfer on the day interest is payable and delivered to CDS or its nominee, as the case may be.

Although we will make all payments of principal and interest on the Notes in Canadian dollars, holders of Notes held through DTC will receive such payments in U.S. dollars, except as set forth below. Canadian dollar payments received by CDS will be exchanged into U.S. dollars and paid directly to DTC in accordance with procedures established from time to time by CDS and DTC. All costs of conversion will be borne by holders of Notes held through DTC who receive payments in U.S. dollars. Holders of Notes held through DTC may elect, through procedures established from time to time by DTC and its participants, to receive Canadian dollar payments, in which case such Canadian dollar amounts will be transferred directly to Canadian dollar accounts designated by such holders to DTC.

We understand that CDS or its nominee, upon receipt of any payment of interest or principal in respect of a Global Note, will credit participants' accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Global Note as shown on the records of CDS or its nominee. We also understand that payments of interest and principal by participants to the owners of beneficial interest in such Global Note held through such participants will be governed by standing instructions and customary practices and will be the responsibility of such participants. Our responsibility and liability in respect of payments on Notes represented by Global Notes is limited solely and exclusively, while the Notes are registered in Global Note form, to making payment of any interest and principal due on such Global Note to CDS or its nominee.

The rules governing CDS provide that it acts as the agent and depositary for its participants. As a result, such participants must look solely to CDS and purchasers acquiring a beneficial interest in the Notes must look solely to participants in CDS for the payment of the principal and interest on the Notes paid to CDS.

Neither we, the initial purchasers, the trustee under the indenture governing the Notes or any of their respective agents will have any responsibility or liability for (i) any aspect of the records

maintained by CDS relating to or payment made on account of beneficial ownership interests in the Global Notes held by CDS or the book-entry accounts maintained by CDS, (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests, or (iii) any advice or representation made by or with respect to CDS and contained herein or in the indenture governing the Notes with respect to the rules and regulations of CDS or at the directions of participants.

If definitive Notes are issued instead of or in place of Global Notes, payments of interest on each definitive Note will be made by electronic funds transfer, if agreed to by the holder, or by cheque dated the relevant interest payment date and mailed to the address of the holder appearing in the register maintained by the registrar for the Notes, at the close of business on the last day of the month immediately preceding the month in which the relevant interest payment date occurs.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for definitive securities in registered certificated form ("Certificated Notes") if:

(1) CDS notifies us that it is unwilling or unable to continue as depositary for the Global Notes and we fail to appoint a successor depositary;

(2) we, at our option, notify the trustee in writing that we elect to cause the issuance of the Certificated Notes; or

(3) there has occurred and is continuing an event of default with respect to the Global Notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of CDS in accordance with the indenture governing the Notes. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Notice to Investors," unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture governing the Notes) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such securities. See "Notice to Investors."

Exchanges Between Regulation S Notes and Rule 144A Notes

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of an interest in the Regulation S Global Note only if the transferor first delivers to the trustee a written certificate (in the form provided in the indenture governing the Notes) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available).

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following summary is a discussion of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes by a U.S. Holder, as defined below, that acquires the Notes in this initial offering at the price set forth on the cover page. This discussion is not a complete analysis or description of all of the possible tax consequences of such transactions and does not address all tax considerations that might be relevant to particular holders in light of their personal circumstances or to persons that are subject to special tax rules. In particular, the information set forth below deals only with holders that will hold the Notes as capital assets for U.S. federal income tax purposes (generally, property held for investment). In addition, this description of certain material U.S. federal income tax consequences does not address the tax treatment of special classes of holders, such as financial institutions, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities (or investors in such entities), tax-exempt entities, insurance companies, persons holding the Notes as part of a hedging, integrated or conversion transaction, constructive sale or "straddle," U.S. expatriates, persons subject to the alternative minimum tax, dealers or traders in securities or currencies and traders in securities that elect to use the mark-to-market method of accounting for their securities.

This summary does not address U.S. federal estate and gift tax consequences or tax consequences under any state, local or non-U.S. laws.

The following discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated under the Code, U.S. judicial decisions and administrative pronouncements. All of the preceding authorities are subject to change, possibly with retroactive effect, which may result in U.S. federal income tax consequences different from those discussed below. This discussion assumes that the Notes will be treated as debt for U.S. federal income tax purposes. We have not requested, and will not request, a ruling from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences described below. As a result, there can be no assurance that the IRS or a court considering these issues will not disagree with or challenge any of the conclusions we have reached and describe herein.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Notes that is (1) an individual who is a citizen or a resident alien of the United States for U.S. federal income tax purposes, (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (4) a trust (A) if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust, or (B) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership or other pass-through entity holds the Notes, the tax treatment of a partner in or owner of the partnership or pass-through entity will generally depend upon the status of the partner or owner and the activities of the entity. If you are a partner in or owner of a partnership or other pass-through entity that is considering holding Notes, you should consult your tax advisor regarding the tax consequences of acquiring, owning and disposing of Notes.

We urge holders to consult their own tax advisor regarding the application of U.S. federal, state and local tax laws, as well as any applicable non-U.S. tax laws, to their particular situation.

Treasury Department Circular 230. To ensure compliance with Treasury Department Circular 230, each holder and/or purchaser of Notes is hereby notified that: (a) any discussion of tax issues herein is not intended or written to be relied upon, and cannot be relied upon, by a holder and/or purchaser for the purpose of avoiding penalties that may be imposed on such holder and/or

purchaser under applicable tax law; (b) such discussion is included herein in connection with our promotion or marketing (within the meaning of Circular 230) of the offer to sell Notes; and (c) a holder and/or purchaser of a Note should seek advice based on its particular circumstances from an independent advisor.

Tax Consequences to U.S. Holders

Payments of Interest

Each payment of interest on a Note (including any amount withheld as withholding tax) will be taxable as ordinary interest income at the time it accrues or is received, in accordance with your method of accounting for U.S. federal income tax purposes. In addition to interest on the Notes, you will be required to include in income any additional amounts paid in respect of foreign (i.e., non-U.S.) taxes withheld. You may be entitled to deduct or credit these taxes subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your foreign taxes for a particular tax year). Interest paid on the Notes will be income from sources outside the United States for purposes of computing the foreign tax credit allowable to a U.S. Holder. Interest income on a Note generally will be considered "passive category income" for United States foreign tax credit purposes. The rules governing the foreign tax credit are complex, and you should consult your tax advisor regarding the availability of the credit under your particular circumstances.

If you receive foreign currency as interest on your Note and you use the cash method of accounting, you will be required to include in income the U.S. dollar value of the foreign currency interest, translated at the spot rate of exchange on the date of receipt, whether or not converted into U.S. dollars. No foreign currency gain or loss will be recognized with respect to the receipt of such payment (other than foreign currency gain or loss realized on any subsequent disposition of the foreign currency so received, see "—Exchange of Amounts in Other than U.S. Dollars").

If you receive foreign currency as interest on your Note and you use the accrual method of accounting you will accrue interest income on a Note in the foreign currency and translate the amount accrued into U.S. dollars based on:

- the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year; or
- at your election, at the spot rate of exchange on (1) the last day of the accrual period (and in the case of a partial accrual period, the spot rate on the last day of the taxable year) or (2) the date of receipt, if such date is within five business days of the last day of the accrual period.

Such election must be applied consistently by you to all debt instruments from year to year and can be changed only with the consent of the IRS. If you use the accrual method of accounting, you will recognize foreign currency gain or loss on the receipt of an interest payment if the spot rate of exchange on the date the payment is received differs from the rate applicable to a previous accrual of that interest income as determined above. Such foreign currency gain or loss generally will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the Notes.

Original Issue Discount

The Notes may be issued with original issue discount ("OID") for U.S. federal income tax purposes. You will be considered to have purchased Notes with OID to the extent the issue price of the Notes is less than the stated principal amount of the Notes by more than a de minimis amount. If the Notes are issued with OID, you will be required to include such OID in gross income (as ordinary interest income) on a constant yield to maturity method, regardless of your method of tax accounting

or the fact that the cash payments attributable that income generally will not be received until a subsequent taxable year.

The amount of OID includible in income is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which you hold such Note ("accrued OID"). A daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID that accrued in such period. The "accrual period" of a Note may be of any length and may vary in length over the term of the Note; provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of qualified stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period is equal to its issue price, increased by the accrued OID for each prior accrual period and reduced by any prior payments made on such Note (other than payments of qualified stated interest).

You should consult your tax advisors concerning the consequences of holding Notes issued with OID.

Notes Subject to Contingencies

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the Notes (see, e.g., "Description of Notes—Optional Redemption" and "Description of Notes—Repurchase at the Option of Holders—Change of Control"). It is possible that our obligation to make additional payments on the Notes could implicate the provisions of Treasury regulations relating to "contingent payment debt instruments." If the Notes were characterized as contingent payment debt instruments, you might, among other things, be required to accrue interest income at a higher rate than the stated interest rate on the Notes and to treat any gain recognized on the sale or other disposition of a Note as ordinary income rather than as capital gain.

We intend to take the position that the likelihood of additional payments on the Notes is remote or the amount of such payments would be incidental, and thus, that the Notes should not be treated as contingent payment debt instruments. Our determination that these contingencies are remote or that the amounts involved are incidental is binding on you unless you disclose your contrary position in the manner required by applicable Treasury regulations. Our determination, however, is not binding on the IRS, and if the IRS were to challenge this determination, you might be required to accrue additional interest income on your Notes and to treat as ordinary income rather than as capital gain any income realized on the sale or other disposition of a Note before the resolution of the contingency. In the event the Notes are contingent payment debt instruments and a contingency occurs, such contingency would affect the amount and timing of income recognized by you. If any additional payments are in fact paid, you will be required to recognize such amounts as income.

This discussion assumes that our determination that the contingencies are remote and/or incidental is correct. The Treasury regulations applicable to contingent payment debt instruments have not been the subject of authoritative interpretation, however, and the scope of the regulations is not certain. You are urged to consult your tax advisor regarding the possible application of the contingent payment debt instrument rules to the Notes.

Sale, Exchange, Redemption, Retirement or Other Taxable Disposition of the Notes

Upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, you will generally recognize capital gain or loss in an amount equal to the difference between (1) the amount of cash plus the fair market value of any property received (other than any amount received that is

attributable to accrued but unpaid stated interest not previously included in income, which will be taxable as ordinary interest income) and (2) your adjusted tax basis in the Note at the time of sale, exchange, redemption, retirement or other taxable disposition. If your Note is sold or retired for an amount in foreign currency, the amount you realize will be the U.S. dollar value of such amount on the date the Note is disposed of or retired, except that in the case of a Note that is traded on an established securities market (as defined in applicable Treasury regulations), if you are a cash basis taxpayer, or an accrual basis taxpayer that so elects, you will determine the amount realized based on the U.S. dollar value of the foreign currency on the settlement date of the sale. Your tax basis in a Note generally will be the amount that you paid for the Note, increased by the amount of OID, if any, previously included in gross income, and reduced by any cash payments received on the Note other than stated interest. If you purchase your Note with foreign currency, the U.S. dollar cost of your Note will generally be the U.S. dollar value of the purchase price on the date of purchase. However, if you are a cash basis taxpayer, or an accrual basis taxpayer who so elects, and your Note is traded on an established securities market (as defined in the applicable Treasury regulations), the U.S. dollar cost of your Note will be the U.S. dollar value of the purchase price on the settlement date of your purchase.

Any capital gain or loss will be long-term capital gain or loss if at the time of the sale, exchange, redemption, retirement or other taxable disposition of the Note, the U.S. Holder has held the Note for more than one year. Long-term capital gain of non-corporate U.S. Holders, including individual U.S. Holders, is generally taxed at reduced rates. The gain or loss will generally be treated as U.S. source gain or loss. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by you upon the sale, retirement or other disposition of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which you held such Note. Such exchange gain or loss will generally equal the difference between the U.S. dollar value of the foreign currency purchase price of the Note determined on the date of disposition (or on the settlement date, if the Notes are traded on an established securities market and you are either a cash basis taxpayer or an electing accrual basis taxpayer) and the U.S. dollar value of the foreign currency purchase price of the Note determined using the spot rate of exchange on the date the you acquired the Note (or on the settlement date, if the Notes are traded on an established securities market and you are either a cash basis taxpayer or an electing accrual basis taxpayer). The recognition of such exchange gain or loss will be limited to the amount of overall gain or loss realized on the disposition of a Note.

Exchange of Amounts in Other than U.S. Dollars

If you receive foreign currency as interest on your Note or on the sale retirement or other disposition of your Note, your tax basis in such foreign currency will equal its U.S. dollar value when the interest is received or at the time of the sale, retirement or other disposition. If you purchase foreign currency, you generally will have a tax basis equal to the U.S. dollar value of such foreign currency on the date of your purchase. If you sell or dispose of foreign currency, you will generally recognize gain or loss equal to the difference, if any, between the amount of U.S. dollars, or the fair market value in U.S. dollars of the other property received in such sale or disposition and your tax basis in such foreign currency. If you purchase a Note with previously owned foreign currency, you will generally recognize gain or loss equal to the difference, if any, between your tax basis in such foreign currency and the U.S. dollar fair market value of such Note on the date of purchase. Any such gain or loss generally will be ordinary income or loss. The conversion of U.S. dollars to a foreign currency and the immediate use of such foreign currency to purchase a Note generally will not result in foreign currency gain or loss for

Additional Tax on Passive Income

Certain U.S. Holders who are individuals, estates or trusts will be required to pay an additional 3.8 percent tax on, among other things, interest income (including OID, if any) and capital gains from the sale or other disposition of Notes for taxable years beginning after December 31, 2012. U.S. Holders should consult their own tax advisors regarding the application of this additional tax to their investment in Notes.

Treasury Regulations Requiring Disclosure of Reportable Transactions

Recently promulgated Treasury regulations require United States taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a "Reportable Transaction"). Under these regulations, if the Notes are denominated in a foreign currency, a U.S. Holder (or a non-U.S. Holder that holds the Notes in connection with a U.S. trade or business) that recognizes a loss with respect to the Notes that is characterized as an ordinary loss due to changes in currency exchange rates would be required to report the loss on Internal Revenue Service Form 8886 (Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is $50,000 in any single year. For other types of taxpayers and other types of losses, the thresholds are higher. You are urged to consult with your tax advisor regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of Notes.

Information Reporting and Backup Withholding

In general, information reporting requirements apply to certain payments to U.S. Holders of principal of, and interest on, a Note, and the receipt of proceeds on the sale or other disposition (including a retirement or redemption) of a Note before maturity, in each case when made within the U.S. or through certain U.S. intermediaries. Additionally, if a U.S. Holder does not otherwise qualify for an exemption and fails (1) to furnish its taxpayer identification number, (2) to certify that such number is correct, (3) to certify that such U.S. Holder is not subject to backup withholding, or (4) otherwise fails to comply with the applicable requirements of the backup withholding rules, such U.S. holder may be subject to backup withholding.

Certain U.S. Holders are generally not subject to backup withholding and information reporting requirements provided their exemption from backup withholding and information reporting are properly established. Backup withholding is not an additional tax. Any amounts withheld from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided the required information is furnished to the IRS in a timely manner. You should consult your tax advisor regarding the application of backup withholding, the availability of an exemption from backup withholding and the procedure for obtaining such an exemption, if available.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "Tax Act") generally applicable to a purchaser who acquires Notes offered hereby as a beneficial owner and who, at all relevant times for purposes of the Tax Act deals at arm's length with, and is not affiliated with, Cash Store Financial and its subsidiaries, and holds Notes as capital property (a "holder"). The Notes will generally be considered to be capital property for this purpose to a holder unless either the holder holds such Notes in the course of carrying on a business of trading or dealing of securities, or the holder has held or acquired such Notes in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This portion of the summary is not applicable to a holder (i) that is a "financial institution" for purposes of the "mark-to-market" rules, or an "authorized foreign bank," all as defined for purposes of the Tax Act, (ii) that is a "specified financial institution" as defined for purposes of the Tax Act, (iii) an interest in which is a "tax shelter investment" as defined for purposes of the Tax Act, (iv) that reports its "Canadian tax results," as defined for purposes of the Tax Act, in a currency other than the Canadian currency. All such holders should consult with their own tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereto (the "Regulations") and our understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"). This summary also takes into account all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by way of legislative, judicial, regulatory or administrative action or interpretation, nor does it address any foreign, provincial or territorial tax considerations.

The following summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any prospective investor, and no representation with respect to the tax consequences to any particular investor is made. Accordingly, all prospective investors should consult with their own tax advisors for advice with respect to the income tax consequences to them of purchasing, holding or disposing of the Notes having regard to their own particular circumstances. The discussion below is qualified accordingly.

Tax Consequences to Residents of Canada

This portion of the summary is generally applicable to a holder that, at all relevant times for purposes of the Tax Act, is (or is deemed to be) resident in Canada and meets the other relevant requirements described above (referred to in this portion of the summary as a "Resident Holder"). Certain Resident Holders whose Notes might not otherwise be capital property, may, in certain circumstances, be entitled to have the Notes and all other "Canadian securities," as defined in the Tax Act, owned by such holder in the taxation year in which the election is made and in all subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and advisable in their circumstances.

Taxation of Interest on the Notes

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will generally be required to include in computing its income for a

taxation year the amount of interest that accrues or is deemed to accrue on the Notes to the end of the taxation year or that becomes receivable or is received by it before the end of that taxation year, to the extent such amounts have not otherwise been included in such Resident Holder's income for that taxation year or a preceding taxation year.

Any other Resident Holder, including an individual or a trust (other than trusts described in the preceding paragraph), will be required to include in income for a taxation year any interest on the Notes received or receivable by such Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income) except to the extent that such amount was otherwise included in the Resident Holder's income for that taxation year or a preceding taxation year.

Disposition of Notes

In general, a disposition or a deemed disposition of a Note, including a redemption, purchase for cancellation or payment on maturity, will give rise to a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Notes to the Resident Holder immediately before the disposition or deemed disposition. For this purpose, a Resident Holder's proceeds of disposition in respect of a Note will exclude any amount of interest that accrued (or is deemed to have accrued) to the Resident Holder to the time of disposition, but that is not payable until after the time of disposition, or other amount that is required to be so included in income as interest, all as described above under "Taxation of Interest on the Notes." Any such capital gain (or capital loss) will be subject to the treatment described under the heading "Taxation of Capital Gains and Capital Losses" below.

On a disposition or deemed disposition of a Note, including a payment on maturity, redemption or purchase for cancellation of a Note, a Resident Holder generally will be required to include in computing income the amount of interest accrued on the Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in computing the Resident Holder's income for the taxation year or a previous taxation year, and such amount will be excluded in computing the Resident Holder's proceeds of disposition of the Note as described in the preceding paragraph.

Any premium paid by us to a Resident Holder as a result of our exercise of our optional redemption right or a change of control will generally be deemed to be interest received by a Resident Holder at the time of the redemption and will be required to be included in computing the Resident Holder's income as interest as described above to the extent that the premium can reasonably be considered to relate to, and does not exceed the value at the time of payment of, an amount that would have been paid or payable by us on the Note for a taxation year ending after the time of payment.

Taxation of Capital Gains and Capital Losses

In general, one-half of any capital gain (a "taxable capital gain") realized by a Resident Holder in a taxation year will be included in such a Resident Holder's income in the year. One-half of the amount of any capital loss ("allowable capital loss") realized by a Resident Holder in a taxation year will be deducted from taxable capital gains realized by the Resident Holder in the year and allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be deducted in any of the three preceding taxation years or in any subsequent year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

Refundable Tax

A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a special tax (refundable in certain circumstances) of 6⅔% on certain investment income, including amounts in respect of interest and taxable capital gains.

Alternative Minimum Tax

A capital gain realized by an individual or trust (other than certain trusts) may be relevant for the purposes of calculating liability for alternative minimum tax.

Tax Consequences to Non-Residents of Canada

This portion of the summary is generally applicable to a holder that, at all relevant times and for the purposes of the Tax Act (i) is not resident or deemed to be resident in Canada, (ii) deals at arm's length with any transferee resident or deemed to be resident in Canada to whom the holder disposes of, or is deemed to have disposed of, Notes, including Cash Store Financial, (iii) does not use or hold, and is not deemed to use or hold, Notes in connection with a business carried on, or deemed to be carried on, in Canada, and (iv) is not an insurer carrying on an insurance business in Canada and elsewhere. Holders that meet all of the foregoing requirements and any other relevant requirements described above are referred to as "Non-Resident Holders" in this summary, and this summary only addresses such Non-Resident Holders.

Under the Tax Act, interest, premium, bonus and principal paid or credited, or deemed to be paid or credited, to a Non-Resident Holder on the Notes and proceeds received by a Non-Resident Holder on the disposition of a Note, including a redemption, purchase for cancellation and payment on maturity will be exempt from Canadian withholding tax. A Non-resident holder will not be subject to any other tax under the Tax Act in respect of the receipt of interest, premium, bonus or principal on the Notes, or the proceeds of disposition received by a Non-Resident Holder on a disposition of the Notes, including a redemption, purchase for cancellation, and payment on maturity.

Eligibility for Investment

Provided that our common shares continue to be listed on a "designated stock exchange" (which includes the TSX), the Notes will be qualified investments for a trust governed by a registered retirement savings plan ("RRSP"), registered education savings plan, registered retirement income fund ("RRIF"), deferred profit sharing plan (except a deferred profit sharing plan to which we, or an employer that does not deal at arm's length with us, has made a contribution), registered disability savings plan or tax-free savings account ("TFSA"), each as defined in the Tax Act.

Notwithstanding that the Notes may be a qualified investment for a trust governed by an RRSP, RRIF or TFSA, the holder, in the case of a TFSA, or an annuitant, in the case of an RRSP or RRIF, will be subject to penalty taxes in respect of such Notes held in an RRSP, RRIF or TFSA if such Notes are a "prohibited investment" within the meaning of the Tax Act.

The Notes will generally be a "prohibited investment" for the purposes of an RRSP, RRIF or TFSA if the holder, in the case of a TFSA, or an annuitant, in the case of an RRSP or RRIF, does not deal at arm's length with Cash Store Financial for the purposes of the Tax Act or has a "significant interest" within the meaning of the Tax Act in Cash Store Financial or in a corporation, partnership or trust with which we do not deal at arm's length for the purposes of the Tax Act. Prospective purchasers should consult their own tax advisors to ensure that the Notes would not be a prohibited investment for a trust governed by an RRSP, or RRIF or TFSA in their particular circumstances.

CERTAIN ERISA CONSIDERATIONS

The following summary regarding certain aspects of the United States Employee Retirement Income Security Act of 1974, as amended, or "ERISA," and the Code is based on ERISA and the Code, judicial decisions and United States Department of Labor and IRS regulations and rulings that are in existence on the date of this preliminary offering circular. This summary is general in nature and does not address every issue pertaining to ERISA that may be applicable to us, the Notes or a particular investor. Accordingly, each prospective investor, including plan fiduciaries, should consult with his, her or its own advisors or counsel with respect to the advisability of an investment in the Notes, and potentially adverse consequences of such investment, including, without limitation, certain ERISA-related issues that affect or may affect the investor with respect to this investment and the possible effects of changes in the applicable laws.

ERISA and the Code impose certain requirements on employee benefit plans that are subject to Title I of ERISA ("ERISA Plans") and plans subject to Section 4975 of the Code (together with ERISA Plans, "Plans") and on those persons who are "fiduciaries" with respect to ERISA Plans. In considering an investment of the assets of an ERISA Plan in the Notes, a fiduciary must, among other things, discharge its duties solely in the interest of the participants of such ERISA Plan and their beneficiaries and for the exclusive purpose of providing benefits to such participants and beneficiaries and defraying reasonable expenses of administering the ERISA Plan. A fiduciary must act prudently and must diversify the investments of an ERISA Plan so as to minimize the risk of large losses, as well as discharge its duties in accordance with the documents and instruments governing such ERISA Plan. In addition, ERISA generally requires fiduciaries to hold all assets of an ERISA Plan in trust and to maintain the indicia of ownership of such assets within the jurisdiction of the district courts of the United States. A fiduciary of an ERISA Plan should consider whether an investment in the Notes satisfies these requirements.

An investor who is considering acquiring the Notes with the assets of a Plan must consider whether the acquisition and holding of the Notes will constitute or result in a non-exempt prohibited transaction under ERISA or the Code. Section 406(a) of ERISA and Sections 4975(c)(1)(A), (B), (C) and (D) of the Code prohibit certain transactions that involve a Plan and a "party in interest" as defined in Section 3(14) of ERISA or a "disqualified person" as defined in Section 4975(e)(2) of the Code with respect to such Plan. Examples of such prohibited transactions include, but are not limited to, sales or exchanges of property or extensions of credit (such as the Notes) between a Plan and a party in interest or disqualified person. Section 406(b) of ERISA and Sections 4975(c)(1)(E) and (F) of the Code generally prohibit a fiduciary with respect to a Plan from dealing with the assets of such Plan for its own benefit (for example, when a fiduciary of a Plan uses its position to cause such Plan to make investments in connection with which the fiduciary (or a party related to the fiduciary) receives a fee or other consideration).

ERISA and the Code contain certain statutory exemptions, and the Department of Labor has issued several administrative exemptions, from the prohibited transactions described above, although certain exemptions do not provide relief from the prohibitions on self-dealing contained in Section 406(b) of ERISA and Sections 4975(c)(1)(E) and (F) of the Code. These exemptions include Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code pertaining to certain transactions with non-fiduciary service providers; Department of Labor Prohibited Transaction Class Exemption (PTCE) 95-60, applicable to transactions involving insurance company general accounts; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 91-38, regarding investments by bank collective investment funds; PTCE 84-14, regarding investments effected by a qualified professional asset manager; and PTCE 96-23, regarding investments effected by an in-house asset manager. There can be no assurance that any of these exemptions will be available with respect to an investment in the Notes, even if the specified conditions are met. Excise taxes under Section 4975 of the Code or other liabilities may be imposed on parties in interest, disqualified persons or fiduciaries who participate in or cause a Plan to participate in a non-exempt prohibited transaction.

Because the acquisition and holding of the Notes may be deemed to involve an extension of credit or other transaction between a Plan and a party in interest or disqualified person, the Notes may not be purchased or held by any Plan, or any person investing plan assets of any such Plan, if we or any of our affiliates (a) have investment or administrative discretion with respect to the assets of the Plan used to effect such purchase; (b) have the authority or responsibility to give, or regularly give, investment advice with respect to such assets for a fee and pursuant to an agreement or understanding that such advice (1) will serve as a primary basis for investment decisions with respect to such assets, and (2) will be based on the particular investment needs of such Plan or (c) is an employer maintaining or contributing to such Plan, unless an applicable exemption applies.

As a general rule, a governmental plan, as defined in Section 3(32) of ERISA (a "Governmental Plan"), a church plan, as defined in Section 3(33) of ERISA, that has not made an election under Section 410(d) of the Code (a "Church Plan") and a non-U.S. plan are not subject to the requirements of ERISA or Section 4975 of the Code. Accordingly, assets of such plans may be invested without regard to the fiduciary and prohibited transaction considerations described above. Although a Governmental Plan, a Church Plan or a non-U.S. plan is not subject to ERISA or Section 4975 of the Code, it may be subject to other U.S. federal, state or local laws or non-U.S. laws that regulate its investments or are otherwise similar to the prohibited transaction restrictions described above (a "Similar Law"). A fiduciary of a Government Plan, a Church Plan or a non-U.S. plan should make its own determination as to the requirements, if any, under any Similar Law applicable to the acquisition and holding of the Notes.

The Notes may be acquired by a Plan, by an entity whose underlying assets include "plan assets" pursuant to ERISA Section 3(42), the Department of Labor "plan assets regulations" at 2910 C.F.R. Section 101.-3 or otherwise under ERISA by reason of investments in such entity by one or more Plans (a "Plan Asset Entity"), and any person investing "plan assets" of any Plan or Plan Asset Entity, or by a Governmental Plan, a Church Plan or a non-U.S. plan, but only if the acquisition and holding of the Notes will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a violation of Similar Law. Therefore, each investor in the Notes will be deemed to represent and warrant to us and the Trustee that (1) either (a) it is not and is not acting on behalf of or using the assets of (i) a Plan, (ii) a Plan Asset Entity, (iii) a Governmental Plan, (iv) a Church Plan or (v) a non-U.S. plan, or (b) it is a Plan or a Plan Asset Entity and the acquisition and holding of the Notes will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or (c) it is a Governmental Plan, a Church Plan or a non-U.S. plan that is not subject to (i) ERISA, (ii) Section 4975 of the Code or (iii) any Similar Law that prohibits or taxes (in terms of an excise or penalty tax) the acquisition or holding of the Notes; and (2) it will notify us and the Trustee immediately if, at any time, it is no longer able to make the representations contained in clause (1) above. Any purported transfer of the Notes to a transferee that does not comply with the foregoing requirements shall be null and void *ab initio*.

This offer is not a representation by us or the initial purchasers that an acquisition of the Notes meets all legal requirements applicable to investments by Plans, Plan Asset Entities, Governmental Plans, Church Plans or non-U.S. plans or that such an investment is appropriate for any particular Plan, Plan Asset Entity, Governmental Plan, Church Plan or non-U.S. plan

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement, dated , 2012, we have agreed to sell $125.0 million aggregate principal amount of Notes. Certain of the Notes will be offered and sold by the Company to Imperial Capital, LLC, Canaccord Genuity Corp. and CIBC World Markets Inc. (the "initial purchasers"), acting as principal, for resale by the initial purchasers (i) in the United States or to certain U.S. persons, to qualified institutional buyers, pursuant to Rule 144A under the Securities Act and (ii) to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. In addition, certain of the Notes will be offered and sold by the Company directly to certain non-U.S. persons in Canada, including persons who are third-party lenders in the Regulated Provinces, in offshore transactions in reliance on Regulation S under the Securities Act on a basis that is exempt from the prospectus requirements under applicable securities laws in Canada.

The purchase agreement provides that the obligations of the initial purchasers are subject to certain conditions precedent such as the receipt by the initial purchasers of officers' certificates and legal opinions and approval of certain legal matters by their counsel. Under the purchase agreement, we and the guarantors have agreed to indemnify each of the initial purchasers and their controlling persons jointly and severally against certain liabilities in connection with this offering, including liabilities under the Securities Act and applicable Canadian Securities laws, and to contribute to payments that the initial purchasers may be required to make in respect of those liabilities.

In connection with sales outside the United States, the initial purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering or the date the Notes were originally issued. Each initial purchaser will send to each dealer to whom it sells such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, with respect to Notes initially sold pursuant to Regulation S, until 40 days after the commencement of the offering, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The initial purchasers may offer the Notes for sale in one or more of the provinces of Canada directly or through certain of their affiliates pursuant to exemptions from the prospectus requirements of securities laws of such provinces. A prospectus has not been filed under the securities laws of any province or territory of Canada to qualify the sale of the Notes in such jurisdictions. The Notes are not being offered and may not be offered or sold, directly or indirectly, in Canada or to or for the account of any resident of Canada in contravention of the securities law of any province or territory thereof. The Notes may not be offered or sold in Canada or to Canadian purchasers except pursuant to an exemption from the prospectus requirements under applicable securities laws in Canada and only by persons permitted to offer and sell those securities.

The Notes will initially be offered at the price indicated on the cover page of this offering circular. After the initial offering of the Notes, the offering price and other selling terms of the Notes may be changed at any time without notice.

Transfer Restrictions & Liquidity

The offering of the Notes has not been and will not be registered under the Securities Act or qualified for sale under the securities laws of any U.S. state or any jurisdiction outside the United States. Accordingly, the Notes will be subject to significant restrictions on resale and transfer as described under "Notice to Investors." Each purchaser of the Notes, by its purchase of the Notes, will

be deemed to have made certain acknowledgements, representations, warranties and agreements as set forth under "Notice to Investors".

The Notes will constitute a new class of securities with no established trading market. We do not intend to apply for the Notes to be listed on any securities exchange or to arrange for any of the Notes to be quoted on any automated quotation system. The initial purchasers have advised us that, following the completion of this offering, they currently intend to make a market in the Notes as permitted by applicable laws and regulations. However, the initial purchasers are not obligated to do so, and the initial purchasers may discontinue any market making activities with respect to the Notes at any time in their sole discretion. Accordingly, no assurance can be given that a liquid trading market will develop for the Notes, that you will be able to sell any of the Notes held by you at a particular time or that the prices that you receive when you sell will be favorable.

Stabilization

The initial purchasers have advised us that certain persons participating in the offering may engage in transactions, including overallotment, stabilizing bids, syndicate covering transactions or the imposition of penalty bids, which may have the effect of stabilizing or maintaining the market price of the Notes at a level above that which might otherwise prevail in the open market. Overallotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. A stabilizing bid is a bid for the purchase of Notes on behalf of an initial purchaser for the purpose of fixing or maintaining the price of the Notes. A syndicate covering transaction is the bid for or the purchase of Notes on behalf of an initial purchaser to reduce a short position incurred by the initial purchaser in connection with the offering. A penalty bid is an arrangement permitting an initial purchaser to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if the Notes originally sold by such syndicate member are purchased in a syndicate covering transaction and therefore have not been effectively placed by such syndicate member. Neither we nor the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. The initial purchasers are not obligated to engage in these activities and, if commenced, any of the activities may be discontinued at any time.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers (Québec), the initial purchasers may not, throughout the period of distribution under this offering circular, bid for or purchase the Notes. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Notes. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer when the order was not solicited during the period of distribution.

Electronic Distribution

An offering circular in electronic format may be made available by e-mail or through other online services maintained by any initial purchaser or its affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The initial purchasers may agree with us to allocate a specific number of Notes for sale to online brokerage account holders. Any such allocation for online distributions will be made by the initial purchasers on the same basis as other allocations. Other than the offering circular in electronic format, the information on any initial purchaser's web site and any information contained in any other web site maintained by any initial purchaser is not part of the offering circular, has not been approved and/or endorsed by us or the initial purchasers and should not be relied upon by investors.

Affiliations

Certain affiliates of certain initial purchasers are expected to be lenders and/or agents under our New Revolving Credit Facility (such affiliate lenders and/or agents, the "Connected Banks"). In addition, we engaged Canaccord Genuity Corp., one of the initial purchasers, in respect of certain matters relating to our purchase of loans receivable from our third-party lenders, and Canaccord Genuity Corp. will be paid a customary fee in connection with such engagement. In addition, we have retained Canaccord Genuity Corp. and Imperial Capital LLC, each of which are initial purchasers, to provide certain financial advisory services, for which each will be paid customary fees. We may be considered a "connected" issuer of Imperial Capital, LLC, Canaccord Genuity Corp. and CIBC World Markets Inc. and their respective affiliates, under applicable Canadian securities laws. The New Revolving Credit Facility is in an amount of $25.0 million. Except as disclosed in this offering circular (including the financial statements), our financial position has not changed since the aforementioned indebtedness was incurred. As of the date hereof, we are in compliance in all material respects with the terms of the agreements governing the New Revolving Credit Facility and no breach thereof has been waived by any of the initial purchasers or their affiliates since the execution of such facility. See "Description of Other Indebtedness". The decision to offer the Notes and the determination of the terms of the offering were made through negotiation between us and the initial purchasers, without the involvement of any of the Connected Banks, and the decision of each of the initial purchasers to act as placement agent was made independently of their Connected Bank affiliates. Other than as disclosed in the preceding paragraph, none of the initial purchasers will receive any benefit from this issuance other than their respective portions of the fees payable by us. For more information see "Use of Proceeds".

In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Company. The initial purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Investors in the United Kingdom

This offering circular is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), and/or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order and other persons to whom it may lawfully be communicated, each such person being referred to as a "relevant person." This offering circular and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

NOTICE TO INVESTORS

Purchasers are advised to consult legal counsel prior to making any offer, resale, pledge, or transfer of the Notes because the following restrictions will apply. The Notes have not been and will not be registered under the Securities Act or any securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined under the Securities Act, as amended) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, as amended, and such other securities laws. Accordingly, the Notes are being offered and sold only (a) to QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A, and (b) outside the United States in reliance upon Regulation S under the Securities Act to non-U.S. persons, which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust) who in each case will be required to make certain representations to us and others prior to the investments in the Notes. As used herein, the terms "United States" and "U.S. person" have the meanings given to them in Regulation S under the Securities Act. Because of these restrictions and those described herein, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented and warranted to, and agreed with, the initial purchasers and us as follows:

(1) It understands and acknowledges that the Notes have not been and will not be registered under the Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the Securities Act or any other securities law, including resales pursuant to Rule 144A under the Securities Act, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act and any other applicable securities law or pursuant to an exemption therefrom and, in each case, in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the Securities Act) of us or acting on our behalf and it is:

   (a) a QIB and aware that any sale of Notes to it will be made in reliance on Rule 144A under the Securities Act and such acquisition will be for its own account or for the account of another QIB; or

   (b) a non-U.S. person and is purchasing the Notes in an offshore transaction in accordance with Regulation S under the Securities Act.

(3) It acknowledges that neither we nor the initial purchasers, nor any person representing us or the initial purchasers, has made any representations to it with respect to us or the offering or sale of any Notes, other than in this offering circular, which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. Accordingly, it acknowledges that no representation or warranty is made by the initial purchasers as to the accuracy or completeness of such materials and it has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of and request information from the initial purchasers and us.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of such

investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S under the Securities Act or any other exemption from registration available under the Securities Act. It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes, by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to the date that is one year (or such other period that may be hereafter provided under Rule 144 under the Securities Act as permitting resales of restricted securities by non-affiliates without restriction) after the later of the date of original issue and the last date on which we or any of our affiliates was the owner of such Notes (or any predecessor thereto), or the Resale Restriction Termination Date (as defined herein), only (a) to us or any of our subsidiaries, (b) for so long as the Notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to which notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act, (c) pursuant to offers and sales to non-U.S. persons that occur outside the United States in accordance with Regulation S under the Securities Act, (d) pursuant to a registration statement that has been declared effective under the Securities Act or (e) pursuant to any other available exemption from the registration requirements of the Securities Act, subject, in each of the foregoing cases, to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and, in each case, in compliance with applicable securities laws of any U.S. state or any other applicable jurisdiction.

Each purchaser will, and each subsequent holder of Notes is required to, notify any subsequent purchaser of Notes from it of the resale restrictions set forth in the immediately preceding paragraph. We are not making any representations as to the availability of the exemption provided by Rule 144 for resale of the Notes. Any purchase of Notes from an affiliate of the Company will reset the one-year holding period for such Notes pursuant to Rule 144(d)(1) under the Securities Act.

The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date (except in the case of our affiliates). Each purchaser acknowledges that we and the trustee, as the case may be, reserve the right prior to any offer, sale or other transfer prior to the Resale Restriction Termination Date pursuant to clause (c) or (e) above to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the trustee, as the case may be. Each purchaser acknowledges that each note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS A NON-U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION

TERMINATION DATE") WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHICH NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (D) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S, OR THE INITIAL PURCHASERS' OR REGISTRAR'S, AS APPLICABLE, RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (C) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND IN EACH OF THE FOREGOING CASES, A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE OR REGISTRAR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

CANADIAN RESALES LEGEND

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE   , 2012.

(5) It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that, if any acknowledgements, representations, warranties and agreements deemed to have been made by the purchaser of the Notes are no longer accurate, it shall promptly notify the initial purchasers. If it is acquiring any of the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such investor account.

(6) It is either (i) not acquiring or holding the Note or an interest therein for, on behalf of or with the assets of (A) an employee benefit plan subject to Part 4 of Subtitle B of Title I of ERISA, (B) a plan to which Section 4975 of the Code applies, (C) any entity whose underlying assets include plan assets by reason of an employee benefit plan's or plan's investment in such entity (each of (A), (B) and (C), a "Benefit Plan Investor"), (D) a governmental plan (as defined in Section 3(32) of ERISA) (a "Governmental Plan"), (E) a church plan (as defined in Section 3(33) of ERISA that has not made an election under Section 410(d) of the Code) (a "Church Plan"), or (F) a non-U.S. plan, or (ii) the acquisition and holding of any interest in the Note by the purchaser, throughout the period that it holds such Note and through and including the disposition of such Note or an interest therein, will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code, or a violation of any Similar Law.

(7) It confirms that neither us nor any person acting on our behalf has offered to sell the Notes by, and that it has not been made aware of the offering of the Notes by, any form of general solicitation or general advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio.

(8) It acknowledges that the trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth in this notice section have been complied with.

(9) It agrees that it will give to each person to whom it transfers Notes notice of any restrictions on transfer of such Notes.

The Notes have not been nor will they be qualified for sale to the public under applicable Canadian securities laws and, accordingly, any offer and sale of the Notes in Canada will be made on a basis which is exempt from the prospectus requirements of Canadian securities laws. Any resale of the Notes must be made in accordance with, or pursuant to an exemption from, or in a transaction not subject to, the prospectus requirements of those laws.

LEGAL MATTERS

Certain Canadian legal matters with respect to the offering will be passed upon for us by Cassels, Brock & Blackwell LLP and certain U.S. legal matters with respect to the offering will be passed upon for us by Paul, Weiss, Rifkind, Wharton & Garrison LLP. Certain legal matters with respect to the offering will be passed upon for the initial purchasers by Jones Day. Certain Canadian legal matters with respect to the offering will be passed upon for the initial purchasers by Norton Rose Canada LLP.

INDEPENDENT CHARTERED ACCOUNTANTS

Our financial statements for the twelve and fifteen months ended September 30, 2011 and September 30, 2010, included in this offering circular, have been audited by KPMG LLP, independent chartered accountants, as stated in their report appearing herein.

AVAILABLE INFORMATION

You should rely only upon the information provided in this offering circular. We have not authorized anyone to provide you with different information. You should not assume that the information in this offering circular is accurate as of any date other than the date of this offering circular.

This offering circular contains summaries of certain agreements that we have entered into or will enter into in connection with the Transactions, such as the indenture governing the Notes offered hereby and certain intercreditor and security agreements. The descriptions contained in this offering circular of these agreements do not purport to be complete and are subject to, and qualified in their entirety by reference to, the definitive agreements.

You may obtain a copy of any of these documents at no cost by writing or telephoning us at the following address:

The Cash Store Financial Services Inc.
17631 – 103 Avenue
Edmonton, Alberta
T5S 1N8

AUDITORS' CONSENT

The Board of Directors of The Cash Store Financial Services Inc.

We consent to the use of our Independent Auditors' Report of Registered Public Accounting Fim dated November 16, 2011 in the offering circular of The Cash Store Financial Services Inc. dated January , 2012 relating to the sale and issue of % Senior Secured Notes due 2017.

Chartered Accountants
Edmonton, Canada
January , 2012

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KPMG LLP
Chartered Accountants
10125 – 102 Street
Edmonton AB T5J 3V8
Canada

Telephone (780) 429-7300
Fax (780) 429-7379
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of The Cash Store Financial Services Inc.

We have audited the accompanying consolidated financial statements of The Cash Store Financial Services Inc., which comprise the consolidated balance sheets as at September 30, 2011 and 2010, the consolidated statements of operations and comprehensive income, retained earnings, and cash flows for the year ended September 30, 2011 and the fifteen months ended September 30, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. With respect to the consolidated financial statements for the year ended September 30, 2011, we also conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG LLP"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Cash Store Financial Services Inc. as at September 30, 2011 and 2010, and its consolidated results of operations and its consolidated cash flows for the year ended September 30, 2011 and the fifteen months ended September 30, 2010, in accordance with Canadian generally accepted accounting principles.

Other Matter

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The Cash Store Financial Services Inc.'s internal control over financial reporting as of September 30, 2011, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated November 16, 2011 expressed an unqualified opinion on the effectiveness of The Cash Store Financial Services Inc.'s internal control over financial reporting.

Signed "KPMG LLP"

Chartered Accountants

Edmonton, Canada
November 16, 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of The Cash Store Financial Services Inc.

We have audited The Cash Store Financial Services Inc.'s internal control over financial reporting as of September 30, 2011, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Cash Store Financial Services Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Management's Report on Internal Control over Financial Reporting included in Form 40-F for the year ended September 30, 2011. Our responsibility is to express an opinion on The Cash Store Financial Services Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG LLP"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, The Cash Store Financial Services Inc. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of The Cash Store Financial Services Inc. as at September 30, 2011, and the consolidated statements of operations and comprehensive income, retained earnings, and cash flows for the year then ended, and our report dated November 2, 2011 expressed an unqualified opinion on those consolidated financial statements.

Signed "KPMG LLP"

Chartered Accountants

Edmonton, Canada
November 16, 2011

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(in thousands, except share and per share amounts)

	Year ended September 30 2011	Fifteen months ended September 30 2010
REVENUE		
Loan fees	**$ 136,623**	$ 170,659
Other income - Note 5	**53,276**	49,859
	189,899	220,518
EXPENSES		
Salaries and benefits	**77,136**	84,614
Selling, general and administrative	**31,691**	32,550
Retention payments	**26,786**	28,167
Rent	**19,074**	18,553
Advertising and promotion	**5,865**	6,109
Provision for loan losses - Note 23	**2,559**	788
Depreciation of property and equipment	**7,950**	8,138
Amortization of intangible assets	**965**	923
Class action settlements - Note 13	**3,206**	2,915
	175,232	182,757
INCOME BEFORE INCOME TAXES	**14,667**	37,761
PROVISION FOR INCOME TAXES - NOTE 11		
Current	**6,157**	11,196
Future (recovery)	**(532)**	101
	5,625	11,297
NET INCOME AND COMPREHENSIVE INCOME	**$ 9,042**	$ 26,464
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - Note 17		
Basic	**17,259,196**	16,913,213
Diluted	**17,663,380**	17,522,246
BASIC EARNINGS PER SHARE		
Net income and comprehensive income	**$ 0.52**	$ 1.56
DILUTED EARNINGS PER SHARE		
Net income and comprehensive income	**$ 0.51**	$ 1.51

See accompanying notes to the consolidated financial statements

CONSOLIDATED BALANCE SHEETS

(in thousands)

	September 30 2011	September 30 2010
ASSETS		
Cash - Note 4	$ **19,291**	$ 19,639
Other receivables - Note 5	**12,575**	9,940
Consumer loans receivable, net - Note 6	**4,781**	4,460
Prepaid expenses and other assets	**4,370**	2,135
Current future income taxes	**1,516**	614
	42,533	36,788
Long term receivable - Note 5	**681**	450
Deposits and other assets	**857**	684
Future income taxes - Note 11	**2,468**	2,381
Property and equipment - Note 8	**25,589**	24,986
Intangible assets - Note 9	**10,578**	10,648
Goodwill - Note 10	**39,133**	39,108
	$ **121,839**	$ 115,045
LIABILITIES		
Accounts payable and accrued liabilities - Note 12	$ **22,989**	$ 17,027
Income taxes payable	**138**	2,116
Current portion of deferred revenue - Note 14	**1,135**	1,277
Current portion of deferred lease inducements	**490**	427
Current portion of obligations under capital leases - Note 15	**659**	961
	25,411	21,808
Deferred revenue - Note 14	**4,976**	5,916
Deferred lease inducements	**1,082**	1,039
Obligations under capital leases - Note 15	**636**	991
Future income taxes - Note 11	**2,388**	1,936
	34,493	31,690
SHAREHOLDERS' EQUITY		
Share capital - Note 16	**46,149**	43,468
Contributed surplus - Note 18	**4,178**	3,981
Retained earnings	**37,019**	35,906
	87,346	83,355
	$ **121,839**	$ 115,045

Commitments - Note 20
Contingencies - Note 21
Subsequent event - Note 25

Approved by the Board:

Signed "Gordon J. Reykdal"
Director

Signed "J. Albert Mondor"
Director

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands)

	Year ended September 30 2011	Fifteen months ended September 30 2010
RETAINED EARNINGS, BEGINNING OF PERIOD	**$ 35,906**	$ 20,978
Dividends on common shares - Note 19	**(7,929)**	(9,120)
Shares repurchased - Note 16 (a)	**-**	(2,416)
Net income and comprehensive income for the period	**9,042**	26,464
RETAINED EARNINGS, END OF PERIOD	**$ 37,019**	$ 35,906

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year ended September 30 2011	Fifteen months ended September 30 2010
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net income	**$ 9,042**	$ 26,464
Items not affecting cash:		
Depreciation of property and equipment	**7,950**	8,138
Amortization of intangible assets	**965**	923
Provision for loan losses - Note 23	**2,559**	788
Equity loss on investments - Note 7	**-**	540
Stock-based compensation - Note 18	**786**	1,098
Future income taxes (recovery)	**(532)**	101
	20,770	38,052
Change in non-cash operating items:		
Other receivables and long-term receivables	**(2,866)**	(7,462)
Prepaid expenses, deposits and other assets	**(2,408)**	(841)
Income taxes receivable	**-**	150
Accounts payable and accrued liabilities	**6,617**	2,262
Income taxes payable	**(1,978)**	2,116
Deferred revenue	**(1,082)**	7,047
Deferred lease inducements	**106**	720
Cash generated by operating activities	**19,159**	42,044
INVESTING ACTIVITIES		
Consumer loans receivable, net	**(2,881)**	(4,985)
Business acquisitions - Note 3	**(25)**	(5,276)
Cash restricted for class action facilitation - Note 4	**(3,289)**	1,532
Purchase of intangible assets	**(895)**	(2,648)
Purchase of property and equipment	**(9,091)**	(17,440)
Purchase of long-term investments	**-**	(360)
Cash used in investing activities	**(16,181)**	(29,177)
FINANCING ACTIVITIES		
Repayment of obligations under capital leases	**(778)**	(156)
Dividends paid on common shares - Note 19	**(7,929)**	(9,120)
Issuance of common shares	**2,092**	2,397
Shares repurchased	**-**	(3,336)
Cash used in financing activities	**(6,615)**	(10,215)
(DECREASE) INCREASE IN CASH	**(3,637)**	2,652
CASH, BEGINNING OF PERIOD	**16,671**	14,019
CASH, END OF PERIOD	**$ 13,034**	$ 16,671
Supplemental cash flow information:		
Interest paid	$ 147	$ 210
Interest received	30	8
Income taxes paid (inclusive of tax refunds)	8,132	8,891

See accompanying notes to the consolidated financial statements

Nature of Business

The Cash Store Financial Services Inc. (the "Company") operates under two branch banners: The Cash Store Financial and Instaloans, who act as brokers and lenders to facilitate short-term advances and provide other financial services, to income-earning consumers. As at September 30, 2011, the Company operated 586 (2010 – 544) branches. The Company has operations in Canada and the United Kingdom.

The Cash Store Financial is a Canadian corporation that is not affiliated with Cottonwood Financial Ltd. or the outlets Cottonwood Financial Ltd. who operates in the United States under the name "Cash Store." The Cash Store Financial does not do business under the name "Cash Store" in the United States and does not own or provide any consumer lending services in the United States.

Change in Fiscal Year

In 2010, the Company changed its fiscal year end from June 30 to September 30. The fiscal year end change results in a 15 month comparative reporting period from July 1, 2009 to September 30, 2010.

Note 1 – Significant Accounting Policies

(a) Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and differ in certain respects from accounting principles generally accepted in the United States of America (U.S. GAAP), as described in Note 27. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated.

All figures are presented in Canadian dollars, unless otherwise disclosed.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian and U.S. GAAP requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Certain estimates, such as those related to allowance for consumer loan losses, property and equipment, goodwill and intangible asset, income taxes, accrued liabilities related to the class action lawsuits, depend upon subjective or complex judgments about matters that may be uncertain, and changes in those estimates could materially impact the consolidated financial statements. Actual results could differ from those estimates made by management.

Note 1 – Significant Accounting Policies (continued)

(c) Business Combinations

The Company accounts for all business combinations using the acquisition method. Acquisition related costs which include finder's fees, advisory, legal, accounting, valuation, other professional or consulting fees, and administrative costs are expensed as incurred.

(d) Revenue Recognition

Revenue arising from brokering short-term advances for customers is recognized once all services have been rendered, all advance amounts have been received by the customer, and the brokerage fee has been received by the Company. Revenue from this source is recorded in Loan fees in the statement of operations.

Revenue arising from direct lending of short-term advances to customers is recognized on a constant yield basis ratably over the term of the related loan.

Revenue from the Company's cheque cashing, money order sales, money transfer, bill payment services and other miscellaneous services is recognized when the transactions are completed at the point-of-sale in the branch and the related fee charged by the Company has been received. Revenue from the Company's banking and non-sufficient funds fees are recognized when collected.

Revenue from each of these sources is recorded in Other income in the statement of operations.

(e) Retention payments

When the Company acts as a broker on behalf of income earning consumers seeking short-term advances, the funding of short-term advances is provided by independent third party lenders. The advances provided by the third party lenders are repayable by the customer to the third party lenders and represent assets of the lenders; accordingly, they are not included on the Company's balance sheet.

To facilitate the short term advance business, the Company has entered into written agreements with third party lenders who are prepared to consider lending to the Company's customers. Pursuant to these agreements, the Company provides services to the lenders related to the collection of documents and information as well as loan collection services. Under the terms of the Company's agreements with third party lenders, responsibility for losses suffered on account of uncollectible loans rests with the third party lender, unless the Company has not properly performed its duties as set forth under the terms of the agreement. The significant duties under the terms of the agreements generally include ensuring that any proposed loan was applied for through an authorized outlet, ensuring each potential customer meets the loan selection criteria as set forth by the third party lender prior to approval and release of funding, satisfying the documentation requirements in a full and timely manner, providing loan management services throughout the term of the loan, and providing collection services on behalf of the third party lender for all loans funded which are not paid in full by the due date, all of which while ensuring information system integrity is maintained. In the event the Company does not properly perform its duties and the lenders make a claim as required under the agreement, the Company may be liable to the lenders for losses they have incurred. A liability is recorded when it is determined that the Company has a liability under the agreement.

Note 1 – Significant Accounting Policies (continued)

(e) Retention payments (continued)

The Company's Board of Directors regularly approves a resolution which authorizes management to pay a maximum amount of retention payments per quarter to third party lenders as consideration to those lenders that continue to be willing to fund advances to the Company's customers. While the third party lenders have not been guaranteed a return, the decision has been made to voluntarily make retention payments to the lenders to lessen the impact of loan losses experienced by the third party lenders. Retention payments are recorded in the period in which a commitment is made to a lender pursuant to the resolution approved by the Board of Directors.

(f) Provision for Loan Losses

Loans in default consist of direct lending short-term consumer loans originated by the Company which are past due. The Company defines a past due or delinquent account whereby payment has not been received in full from the customer on or before the maturity date of the loan. A provision for loan losses is recorded when the Company no longer has reasonable assurance of timely collection of the full amount of principal and interest (included in loan fee). In determining whether the Company will be unable to collect all principal and interest payments due, the Company assesses relevant internal and external factors that affect loan collectability, including the amount of outstanding loans owed to the Company, historical percentages of loans written off, current collection patterns and other current economic trends. The provision for loan losses reduces the carrying amount of consumer loan receivables to their estimated realizable amounts. The provision is primarily based upon models that analyze specific portfolio statistics, and also reflect, to a lesser extent, management judgement regarding overall accuracy. The analytical model takes into account several factors, including the number of transactions customers complete and charge-off and recovery rate. The provision is reviewed monthly, and any additional provision as a result of historical loan performance, current and expected collection patterns and current economic trends is included in the provision for the loan losses at that time. If the loans remain past due for an extended period of time, an allowance for the entire amount of the loan is recorded and the loan is ultimately written off. The Company's policy for charging off uncollectible consumer loans is to write the loan off when a loan remains in default status for an extended period of time without any extended payment arrangements made, typically 210 days. Loans to customers who file for bankruptcy are written off upon receipt of the bankruptcy notice.

(g) Stock Based Compensation

The Company has a stock based compensation plan, which is described in Note 16 (b). The Company accounts for all stock based compensation payments that are settled by the issuance of equity in accordance with a fair value-based method of accounting. Stock based compensation awards are recognized in the financial statements over the period in which the related services are rendered, which is usually the vesting period of the option, or as applicable, over the period to the date an employee is eligible to retire, whichever is shorter, with a corresponding increase recorded in contributed surplus. The fair value is calculated using the Black-Scholes option-pricing model. When options are exercised, the proceeds received by the Company, together with the amount in contributed surplus associated with the exercised options, are credited to share capital.

Note 1 – Significant Accounting Policies (continued)

(h) Earnings Per Share

Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during each reporting period. Diluted earnings per share are computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised, and that proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

(i) Consumer Loans Receivable

Unsecured short-term and longer-term advances that the Company originates on its own behalf are reflected on the balance sheet in consumer loans receivable. Consumer loans receivable are reported net of a provision. In regulated jurisdictions, interest is charged on consumer loans commencing upon default; however, it is not recorded as income until payment is received in full or partially from the consumer. In unregulated jurisdictions, interest is charged on consumer loans over the period of the loan and is recorded in income as it is earned.

(j) Income Taxes

Income taxes are accounted for under the asset and liability method. Future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment or substantive enactment date. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

(k) Long-term Investments

The Company applies the equity method of accounting for its investments in The Cash Store Australia Holdings Inc. and RTF Financial Holdings Inc. These investments are recorded at cost plus the Company's share of net income or loss to date.

(l) Property and Equipment

Property and Equipment are recorded at cost. Depreciation is recorded using the rates and methods outlined in the table below.

	Rate	Method
Computer hardware	25%	Straight-line
Computer software	20%	Straight-line
Fixtures, furniture, and equipment	20%	Straight-line
Signs	20%	Straight-line
Buildings	4%	Straight-line
Vehicles	20%	Straight-line

Leasehold improvements are depreciated based on the straight-line basis over the shorter of the lease term, including renewal options that are reasonably assured and the estimated useful life of the asset.

(m) Intangible Assets

Intangible assets acquired individually or as part of a group of other assets are initially recognized and measured at cost. The cost of a group of intangible assets acquired in a transaction, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their fair values.

Both internal and external costs incurred to purchase and develop computer software are capitalized after the preliminary project stage is completed and management authorizes the computer software project.

Intangible assets with finite useful lives are amortized over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized and are tested for impairment annually on July 1st of each year, or more frequently if events or changes in circumstances indicate that such assets might be impaired.

The amortization methods and estimated useful lives of intangible assets, which are reviewed annually, are as follows:

Customer list, contracts and relationships	Straight-line – 3 years
Computer software	Straight-line – 5 years
Non-compete agreements	Term of the agreements
Brand name	Indefinite life

(n) Goodwill

Goodwill represents the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Company's reporting units that are expected to benefit from the business combination. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortized and is tested for impairment annually on July 1st of each year, or more frequently if events or changes in circumstances indicate it may be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared to its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination described in the preceding paragraph, using the fair value of the reporting unit as if it were the purchase price.

When the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess.

Note 1 – Significant Accounting Policies (continued)

(o) Accounting for the Impairment of Long-Lived Assets

Long-lived assets and identifiable intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of a group of assets to the sum of future undiscounted cash flows expected to be generated from the use and eventual disposition of the group of assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the group of assets exceeds the fair value of the group of assets. Any assets to be disposed of by sale are reported at the lower of carrying amount or fair value less costs to sell. Such assets are not depreciated while they are classified as held-for-sale.

(p) Deferred Revenue

The Company has entered into a long-term services contract for which the Company received advance payments. These advance payments are recorded as deferred revenue and recognized as revenue over the life of the contract.

(q) Deferred Lease Inducements

The Company has received various inducements to lease space for its branches. The inducements are amortized over the remaining terms of the respective leases and recorded as a reduction to rent expense.

(r) Leases

Leases are classified as capital or operating depending upon the terms and conditions of the contracts. Obligations under capital leases are recorded as an asset with a corresponding liability. Asset values recorded under capital leases are depreciated on a straight-line basis over the estimated useful life. Obligations under capital leases are reduced by lease payments net of imputed interest. Computer and phone operating lease expenses are recorded in selling, general, and administrative expenses. Branch leases are recorded in rent.

(s) Fair Value of Financial Instruments

The Company's financial instruments consist of cash, other receivables, consumer loans receivables less any allowance for loan losses, accounts payable and accrued liabilities, all of which are short-term in nature and their fair value approximates their carrying value. The fair value of obligations under capital leases carrying amounts are determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using a rate which takes into account the Company's spread for credit risk at year-end for similar terms and types of debt arrangements.

Note 2 – Changes in Accounting Policies and Practices

There have been no changes in accounting policies and practices under Canadian GAAP that have impacted these annual consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

International Financial Reporting Standards (IFRS)

The Accounting Standards Board of the Canadian Institute of Chartered Accountants previously announced its decision to require all publicly accountable enterprises to report under International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. However, National Instrument 52-107 allows Securities and Exchange Commission ("SEC") registrants, such as the Company, to file financial statements with Canadian securities regulators that are prepared in accordance with U.S. GAAP. The Company has decided to adopt U.S. GAAP instead of IFRS as its primary basis of financial reporting commencing in fiscal 2012.

The decision to adopt U.S. GAAP was made to enhance communication with shareholders and improve the comparability of financial information reported with its U.S. based competitors and peer group.

Note 3 – Business Acquisitions

On October 16, 2010, the Company acquired all the business assets of Dash for Cash representing one branch in Manitoba for total cash consideration of $25 all of which was allocated to Goodwill. Dash for Cash operated in the short-term advances industry.

On April 26, 2010, the Company acquired all the business assets of 101019134 Saskatchewan Ltd. (EZ Cash), representing 14 branches in Saskatchewan, for total cash consideration of $4,476. EZ Cash operated in the short-term advances industry.

On September 1, 2009, the Company acquired all the business assets of Affordable Payday Loans (APL) representing eight branches in Ontario and two branches in Alberta for total cash consideration of $800. Affordable Payday Loans operated in the short-term advances industry.

The combined purchase price allocation for the fifteen months ended September 30, 2010, is detailed in the following table below.

Net assets acquired at assigned values		
Property and equipment	$	36
Non-compete and other intangible assets		392
Goodwill		4,881
Accounts payable and accrued liabilities		(33)
	$	**5,276**

(in thousands, except share and per share amounts)

Note 3 – Business Acquisitions (continued)

Revenues and earnings since the acquisitions date and pro-forma information as if the acquisitions were completed as of the dates described below, are as follows:

	2011		2010	
	As reported [(1)]	**Pro forma [(2)]**	As reported [(1)]	**Pro forma [(2)]**
Operating revenues	**$ 189,899**	**$ 189,899**	$ 220,518	$ 226,540
Net income	**9,042**	**9,042**	26,464	27,578
Net income per Common Share				
- Basic	**0.52**	**0.52**	1.56	1.63
- Diluted	**$ 0.51**	**$ 0.51**	$ 1.51	$ 1.59

(1) Operating revenues and net income for the year ended September 30, 2011, include $72 related to the acquisition of Dash into Cash and for the fifteen months ended September 30, 2010, include $4,627 and $854, respectively, in respect of the acquisitions of APL and EZ Cash.

(2) Pro forma amounts for the year ended September 30, 2011, reflect Dash into Cash as if it was acquired on October 1, 2010. Pro forma amounts for the fifteen months ended September 30, 2010, reflect APL and EZ Cash as if they were acquired on July 1, 2009.

The acquisition costs related to the business acquisitions are not significant. Goodwill related to the business acquisitions are 75% tax deductible.

Note 4 – Cash

The significant components of cash are as follows:

	2011	2010
Cash	**$ 13,034**	$ 16,671
Restricted cash	**6,257**	2,968
	$ 19,291	$ 19,639

Restricted cash includes $6,257 (2010 - $2,968) in funds to facilitate claims related to the British Columbia class action lawsuit settlement (Note 13 (b)). Subsequent to year end, the total amount transferred to a third-party administrator was $6,257.

Approximately $3,611 (2010 - $2,697) was cash in transit as a result of pre-authorized debit, facilitated by a third-party.

Note 5 – Other Receivables and Other Income

(a) Other Receivables

	2011	2010
Due from investee corporations	**$ 61**	$ 492
Due from suppliers	**11,143**	7,223
Other	**2,052**	2,675
	$ 13,256	$ 10,390

Due from Suppliers

Due from suppliers includes $11,143 (2010 - $7,223) of short term receivables from our main suppliers of bank accounts, debit and prepaid mastercard and insurance products that have occurred in the normal course of business.

Other

Amounts included in Other receivables are from the sale of a business and amounts due in the normal course of business. Included with long-term receivables is an amount of $681 (2010 - $450).

(b) Other Income

	2011	2010
Agency fee income	**$ 46,809**	$ 36,706
Other income	**6,467**	13,153
	$ 53,276	$ 49,859

Note 6 – Consumer Loans Receivable

	2011	2010
Short-term advances receivable	**$ 6,799**	$ 3,644
Term loans receivable	**765**	1,327
Allowance for consumer loan losses	**(2,783)**	(511)
	$ 4,781	$ 4,460

Note 7 – Long-Term Investments

(a) The Cash Store Australia Holdings Inc.

The Company owns 3,000,000 shares, or approximately 18.3% of the outstanding common shares of The Cash Store Australia Holdings Inc. (AUC) acquired at a price of $0.06 per share. The carrying amount of this investment is $nil (2010 - $nil). Of the 3,000,000 common shares, 450,000 common shares are subject to escrow provisions that prevent the Company from selling these shares until the following dates:

Date	Percentage	Common Shares
March 8, 2012	15%	450,000

Included in selling, general, and administrative expenses is the Company's share of AUC's loss of $nil (2010 - $180).

(b) RTF Financial Holdings Inc.

The Company owns 6,000,000 shares, or approximately 15.7%, of RTF Financial Holdings Inc. (RTF) acquired at a price of $0.06 per share. The carrying amount of this investment is $nil (2010 - $nil).

Included in selling, general, and administrative expenses is the Company's share of RTF's loss of $nil (2010 - $360).

Note 8 – Property and Equipment

	2011		
	Cost	**Accumulated Depreciation**	**Net Book Value**
Leasehold improvements	**$ 28,887**	**$ 15,491**	**$ 13,396**
Fixtures, furniture, and equipment	**12,421**	**6,195**	**6,226**
Computer hardware	**6,463**	**3,596**	**2,867**
Signs	**7,533**	**4,670**	**2,863**
Buildings	**132**	**20**	**112**
Vehicle	**77**	**15**	**62**
Land	**51**	**-**	**51**
Computer software	**241**	**229**	**12**
	$ 55,805	**$ 30,216**	**$ 25,589**

	2010		
	Cost	Accumulated Depreciation	Net Book Value
Leasehold improvements	$ 27,359	$ 13,509	$ 13,850
Fixtures, furniture, and equipment	11,578	5,475	6,103
Computer hardware	5,538	2,949	2,589
Signs	6,014	3,821	2,193
Buildings	132	15	117
Vehicle	75	4	71
Land	51	-	51
Computer software	242	230	12
	$ 50,989	$ 26,003	$ 24,986

Note 8 – Property and Equipment (continued)

Depreciation expense for the twelve months ended September 30, 2011 includes a write off of property and equipment of $65 (2010 - $61).

Cost and accumulated depreciation of property and equipment as at September 30, 2011 included $13,866 of fully depreciated assets.

Assets under capital lease included above:

	2011		
	Cost	**Accumulated Depreciation**	**Net Book Value**
Computer hardware	**$ 2,171**	**$ 1,163**	**$ 1,008**
Fixtures, furniture and equipment	**903**	**653**	**250**
	$ 3,074	**$ 1,816**	**$ 1,258**

	2010		
	Cost	Accumulated Depreciation	Net Book Value
Computer hardware	$ 2,050	$ 1,064	$ 986
Fixtures, furniture and equipment	903	587	316
	$ 2,953	$ 1,651	$ 1,302

Depreciation of property and equipment for the twelve months ended September 30, 2011, includes $165 (2010 - $821) relating to assets under capital leases.

During the twelve months ended September 30, 2011, additions to property and equipment included $121 (2010 - $683) of assets that were acquired by means of capital lease and $nil (2010 - $47) of assets that were acquired by way of vehicle financing.

Note 9 – Intangible Assets

	2011		
	Cost	**Accumulated Amortization**	**Net Book Value**
Customer contracts, relationships, lists and other	**$ 962**	**$ 917**	**$ 45**
Non-compete agreements	**507**	**249**	**258**
Computer software	**6,717**	**1,742**	**4,975**
Brand name	**5,300**	**-**	**5,300**
	$ 13,486	**$ 2,908**	**$ 10,578**

	2010		
	Cost	Accumulated Amortization	Net Book Value
Customer contracts, relationships, lists and other	$ 952	$ 887	$ 65
Non-compete agreements	507	175	332
Computer software	5,832	881	4,951
Brand name	5,300	-	5,300
	$ 12,591	$ 1,943	$ 10,648

During the twelve months ended September 30, 2011, the Company acquired $nil in non-compete agreements (2010 - $330) and $nil in customer contracts, relationships, lists and other (2010 - $62) as part of the business acquisitions (Note 3).

Included in computer software are assets under development with a cost of $262 (2010 - $3,274). These assets have not been amortized in the twelve months ended September 30, 2011.

Cost and accumulated amortization of intangibles as at September 30, 2011 included $305 of fully amortized intangible assets.

Note 10 – Goodwill

	2011	2010
Balance, beginning of period	**$ 39,108**	$ 34,554
Goodwill acquired - Note 3	**25**	4,881
Disposal of goodwill	**-**	(327)
Balance, end of period	**$ 39,133**	$ 39,108

Note 11 – Income Taxes

(a) Provision for Income Taxes

The income tax provision differs from the amount that would be computed by applying the federal and provincial statutory income tax rates of 28.0% (2010 – 29.1%) to income as a result of the following:

	2011	2010
Income before income taxes	**$ 14,667**	$ 37,761
Computed tax expense at statutory income tax rates	**$ 4,107**	$ 11,011
Change in enacted tax rates	**(31)**	(1)
Adjustment for prior year immaterial errors	**1,180**	-
Stock-based compensation	**206**	319
Permanent differences and other	**163**	(32)
Total income tax provision	**$ 5,625**	$ 11,297

(b) Future Income Taxes

The tax effects that give rise to significant portions of the future income tax assets and liabilities are presented below:

	2011	2010
Future income tax assets:		
Current:		
Accrued liability for class action settlements and other temporary differences	**$ 1,078**	$ 614
Loan loss provision	**438**	-
	$ 1,516	$ 614
Non-current:		
Losses available to be carried forward	**193**	-
Property and equipment, intangible assets and goodwill	**320**	192
Deferred lease inducements	**308**	381
Deferred revenue	**1,647**	1,808
	$ 2,468	$ 2,381
Future income tax liabilities:		
Property and equipment, intangible assets and goodwill	**$ (2,388)**	$ (1,936)

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. Based upon management assessment, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The amount of the future income tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Note 12 – Accounts Payable and Accrued Liabilities

	2011	2010
Trade accounts payable and accrued liabilities	**$ 6,937**	$ 5,733
Class action settlements Note 13 (a), (b), (c), and (d)	**4,185**	2,153
Accrued salaries and benefits	**2,808**	2,725
Amounts due to third party lenders	**8,487**	5,647
Other	**572**	769
	$ 22,989	$ 17,027

The amounts due to third party lenders reflects funds made available by lenders but not yet advanced to customers, any liability under the lending agreement, including any paid retention payments, as well as loan repayment and interest amounts collected from customers. Amounts due to third party lenders are non-interest bearing, unsecured and have no specified repayment terms.

Note 13 – Class Action Settlements

(a) Ontario and the rest of Canada with the exception of British Columbia and Alberta

On April 13, 2004, a legal proceeding was commenced against The Cash Store Financial and Instaloans Inc., by Thompson McCutcheon (the "Plaintiff"), a customer. The Plaintiff obtained an order pursuant to the *Class Proceedings Act*, 1992, S.O. 1992 c.6 (the "Class Proceeding Act"), as amended, certifying the action as a class proceeding and appointing him as the representative of the class. The Plaintiff asserted that the defendants were in breach of the *Criminal Code of Canada* and the *Fair Trading Act* as the aggregate of all charges, including interest, broker fees and card fees, was in excess of those allowed by law. The Statement of Claim stated that the members of the Class would seek to recover all amounts charged, collected or received by the defendants at a criminal rate of interest and/or at an excessive rate, as well as damages, costs and interest.

On December 2, 2008, the Ontario Superior Court of Justice certified the class action lawsuit as a class proceeding under the Act, and granted approval of the settlement that had been agreed to between the Company and the representative Plaintiff on behalf of the Class. The settlement does not constitute any admission of liability by The Cash Store Financial.

Under the terms of the settlement, the Company is to pay to the class a minimum of $750 and a maximum of $1,500 in cash and a minimum of $750 and a maximum of $1,500 in credit vouchers to those customers of The Cash Store Financial and Instaloans, exclusive of Alberta and British Columbia, who were advanced funds under a loan agreement and who repaid the payday loan plus brokerage fees and interest in full. The credit vouchers may be used to pay existing outstanding brokerage fees and interest or to pay a portion of brokerage fees and interest which may arise in the future through new loans advanced. The credit vouchers are fully transferable and have no expiry date. Based on our estimate of the rate of take-up of the available cash and vouchers, a total provision of $2,010 was previously recorded to cover the estimated costs of the settlement, including legal fees and other costs. During the year ended June 30, 2009, the Company paid the legal fees and costs of the class. On August 6, 2009, the claims process was concluded and we issued $750 in vouchers and $750 in cheques to the class members as full and final satisfaction of all claims. As at September 30, 2011, the remaining accrual is $46 (2010 - $52).

Note 13 – Class Action Settlements (continued)

(b) British Columbia

On March 5, 2004, an action under the Class Proceedings Act was commenced in the Supreme Court of British Columbia by Andrew Bodnar and others proposing that a class action be certified on his own behalf and on behalf of all persons who have borrowed money from the defendants: The Cash Store Financial and All Trans Credit Union Ltd. The action stems from the allegations that all Payday Loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Criminal Code of Canada. On May 25, 2006, the claim in British Columbia was affirmed as a certified class proceeding of Canada by the B.C. Court of Appeal. In fiscal 2007, the plaintiffs in the British Columbia action brought forward an application to have certain of our customers' third-party lenders added to the claim. On March 18, 2008, another action commenced in the Supreme Court of British Columbia by David Wournell and others against The Cash Store Financial, Instaloans Inc., and others in respect of the business carried out under the name Instaloans since April 2005. Collectively, the above actions are referred to the "British Columbia Related Actions".

On May 12, 2009, the Company settled the British Columbia Related Actions in principle. The settlement has been approved by the Court. The settlement does not constitute any admission of liability by The Cash Store Financial.

Under the terms of the court approved settlement, the Company is to pay to the eligible class members who were advanced funds under a loan agreement and who repaid the Payday Loan plus brokerage fees and interest in full, or who met certain other eligibility criteria, a maximum estimated amount of $9,400 in cash and $9,400 in credit vouchers. Thus, the estimated maximum exposure with respect to this settlement is approximately $18.8 million including approved legal expenses. The credit vouchers may be used to pay existing outstanding brokerage fees and interest or to pay a portion of brokerage fees and interest which may arise in the future through new loans advanced. The credit vouchers are not transferable and have no expiry date. In addition, the Company is to pay the legal fees and costs of the class. Based on the Company's estimate of the rate of take-up of the available cash and credit vouchers, an expense of $10,921 to date has been recorded to cover the estimated costs of the settlement, including legal fees of the Class and costs to administer the settlement fund. The Company increased the provision by $3,206 for the twelve months ended September 30, 2011 (2010 - $2,915) as a result of new information being received. It is possible that additional settlement costs could be required in the future. As at September 30, 2011, the remaining accrual is $4,039 (2010 - $2,001). Subsequent to year end the administration of the settlement fund was transferred to a third-party based on a court approved order. The total amount transferred was $6,257.

(c) Alberta

The Company has been served in prior fiscal periods with a Statement of Claim issued in Alberta alleging that we are in breach of s. 347 of the Code (the interest rate provision) and certain provincial consumer protection statutes.

The certification motion has been pending since fiscal 2006 and has not yet been heard. On January 19, 2010, the plaintiffs in the Alberta action brought forward an application to have a related subsidiary, as well as certain of our customers' third-party lenders, directors and officers added to the Claim.

The Company has agreed to a motion to certify the class proceeding if the third party lenders, officers and directors are removed as defendants. Class counsel has agreed to the Company's proposal.

The Company believes that it conducted its business in accordance with applicable laws and is defending the action vigorously. As at September 30, 2011, a total of $100 (2010 - $100) has been accrued. However, the likelihood of loss, if any, is not determinable at this time.

Note 13 – Class Action Settlements (continued)

(d) Manitoba

On April 23, 2010, an action under the Manitoba Class Proceedings Act was commenced in the Manitoba Court of Queen's Bench by Scott Meeking against The Cash Store Financial and Instaloans proposing that a class action be certified on his own behalf and on behalf of all persons in Manitoba and others outside the province who elect to claim in Manitoba and who obtained a payday loan from The Cash Store Financial or Instaloans. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the *Criminal Code of Canada*.

The Company conducts business in accordance with applicable laws and is defending the action vigorously. Further it will be maintained that most of the proposed class members are bound by the judgment in the settlement of the Ontario class action in 2008, as approved by the Ontario Superior Court of Justice and that accordingly the action should be dismissed. However, the likelihood of loss, if any, is not determinable at this time.

Note 14 – Deferred Revenue

	2011	2010
Current	**$ 1,135**	$ 1,277
Long-term	**4,976**	5,916
	$ 6,111	$ 7,193

On September 1, 2010, the Company entered into an agreement with Ria Financial Services, a division of Euronet Worldwide Inc. (NASDAQ: EEFT), to supply money transfer services across the Company's network of The Cash Store Financial and Instaloans branches in Canada.The Company received a $7,000 signing bonus, which will be recognized into revenue over the next seven years, which is the length of the agreement.

Note 15 – Obligations under Capital Leases

The Company has financed certain office furniture, equipment, and printers by entering into capital leasing and financing arrangements.

	2011		
	Aggregate Due	**Less Imputed Interest**	**Net**
Various leases - repayable in monthly instalments totalling $57 including imputed interest ranging from nil - 19.8%; due to mature between 2012 - 2015; secured by leased assets with an aggregate carrying amount of $1,258.	**$ 1,421**	**$ 126**	**$ 1,295**
Less current portion	**761**	**102**	**659**
	$ 660	**$ 24**	**$ 636**

Note 15 – Obligations under Capital Leases (continued)

	2010		
	Aggregate Due	Less Imputed Interest	Net
Various leases - repayable in monthly instalments totalling $59 including imputed interest ranging from nil - 19.8%; due to mature between 2011 - 2014; secured by leased assets with an aggregate carrying amount of $1,302. Included in leases is a one time payment of $368 due in 2011.	$ 2,167	$ 215	$ 1,952
Less current portion	1,081	120	961
	$ 1,086	$ 95	$ 991

The capital lease repayments are due as follows:

	Aggregate Due	**Less Imputed Interest**	**Net**
2012	$ 749	$ 90	$ 659
2013	433	40	393
2014	233	13	220
2015	27	4	23
	$ 1,442	$ 147	$ 1,295

During the twelve months ended September 30, 2011, the Company incurred interest charges related to capital leases in the amount of $147 (2010 - $179). These have been included in selling, general, and administrative expenses.

Note 16 – Share Capital

(a) Issued share capital

	2011		2010	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized:				
Unlimited common shares with no par value				
Issued:				
Balance, beginning of period	**17,085,727**	**$ 43,468**	16,959,492	$ 40,222
Transfer from contributed surplus for stock options exercised - Note 18	**-**	**572**	-	1,769
Options exercised	**183,487**	**939**	514,034	2,397
Warrants exercised	**150,000**	**1,170**	-	-
Shares repurchased	**-**	**-**	(387,799)	(920)
Balance, end of period	**17,419,214**	**$ 46,149**	17,085,727	$ 43,468

Note 16 – Share Capital (continued)

(a) Issued share capital (continued)

For the year ended September 30, 2011, the Company did not purchase and subsequently cancel any common shares (2010 – 387,799 common shares at a cost of $3,336).

(b) Options to Employees and Directors

The Company has an incentive stock option plan for certain employees, officers and directors. Options issued under the plan have vesting terms that vary depending on date granted and other factors. All stock options must be exercised over specified periods not to exceed five years from the date granted.

	2011		2010	
	Total Options for Shares	**Weighted Average Price**	Total Options for Shares	Weighted Average Price
Outstanding, beginning of year	**1,019,322**	**$ 8.07**	1,128,356	$ 4.72
Granted	**155,000**	**12.96**	460,000	12.18
Exercised	**(183,487)**	**5.12**	(514,034)	4.66
Expired	**(10,000)**	**5.52**	-	-
Forfeited	**(1,667)**	**8.80**	(55,000)	5.69
Outstanding, end of year	**979,168**	**9.42**	1,019,322	8.07
Exercisable, end of year	**505,832**	**$ 6.84**	321,644	$ 5.00

At September 30, 2011, the range of exercise prices, the weighted average exercise price, and weighted average remaining contractual life are as follows:

Fiscal Year Granted	**Number Outstanding**	**Weighted Average Remaining Term**	**Weighted Average Exercise Price**	**Number Exercisable**
2008	238,600	14 mos.	$ 3.81	238,600
2009	169,733	30 mos.	6.65	124,735
2010	415,835	40 mos.	12.45	142,497
2011	155,000	58 mos.	12.96	-
	979,168	35 mos.	$ 9.42	505,832

The fair value of common share options is estimated at the grant date using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2011	2010
Risk free interest rate	**1.6%**	1.7%
Expected life (years)	**3**	3
Expected volatility	**39.0%**	52.8%
Expected dividends	**3.7%**	3.4%

The weighted average grant-date fair value of options granted was estimated at $2.72 (2010 - $3.46) per option.

The Company is authorized to issue an additional 1,868,167 equity share options under its existing stock option plan.

(in thousands, except share and per share amounts)

Note 16 – Share Capital (continued)

(c) Warrants to outside agents

	2011		2010	
	Number of	**Weighted Average**	Number of	Weighted Average
Balance, beginning of year	**150,000**	**$7.80**	150,000	$7.80
Issued	**nil**	**nil**	nil	nil
Exercised	**150,000**	**7.80**	nil	nil
Expired	**nil**	**nil**	nil	nil
Balance, end of year	**nil**	**nil**	150,000	$7.80
Exercisable for shares, end of year	**nil**	**nil**	150,000	$7.80

On May 14, 2009, the Company entered into an agreement for the exclusive financing services of a financing agent. In consideration of providing these financial advisory and agency services, non-transferrable warrants up to a total of 150,000 common shares in the Company were issued at a strike price of $7.80 per share expiring on May 14, 2011. On April 26, 2011, the Company received $1,170 of proceeds related to the 150,000 warrants being exercised by the financing agent.

Note 17 – Per Share Amounts

Basic net income per common share is calculated by dividing net income attributable to common shares by the total weighted average common shares outstanding during the period. Diluted net income per common share is calculated to give effect to share option awards and warrants.

The following table presents the reconciliations of the denominators of the basic and diluted per share computations. Net income attributable to common shares equaled diluted income attributable to common shares for all periods presented.

	2011	2010
Basic total weighted average common shares outstanding	**17,259,196**	16,913,213
Effect of dilutive securities		
Share option awards	**369,345**	459,033
Warrants	**34,839**	150,000
Diluted total weighted average common shares outstanding	**17,663,380**	17,522,246

(in thousands, except share and per share amounts)

Note 18 – Contributed Surplus

For stock options granted to certain employees, officers and directors after July 1, 2002, the Company records compensation expense using the fair value method. Compensation costs are recognized over the vesting period as an increase to stock-based compensation expense, which has been recorded in selling, general, and administrative expenses, with a corresponding increase to contributed surplus. When options are exercised, the fair-value amount in contributed surplus is credited to share capital.

	2011	2010
Balance at beginning of period	**$ 3,981**	$ 4,652
Stock options exercised	**(589)**	(1,769)
Stock-based compensation expense	**786**	1,098
	$ 4,178	$ 3,981

Note 19 –Dividends

	2011		
	Declared effective	**Paid to shareholders**	**Total**
Dividend per Common Share			
Dividend $0.10	**December 6, 2010**	**December 21, 2010**	**$ 1,710**
Dividend $0.12	**February 7, 2011**	**February 21, 2011**	**2,062**
Dividend $0.12	**May 9, 2011**	**May 24, 2011**	**2,084**
Dividend $0.12	**August 10, 2011**	**August 25, 2011**	**2,073**
Dividend	**N/A**	**N/A**	**-**
			$ 7,929

	2010		
	Declared effective	Paid to shareholders	Total
Dividend per Common Share			
Dividend $0.14	September 9, 2009	September 24, 2009	$ 2,342
Dividend $0.10	October 28, 2009	November 26, 2009	1,676
Dividend $0.10	February 10, 2010	February 25, 2010	1,694
Dividend $0.10	May 11, 2010	May 26, 2010	1,701
Dividend $0.10	August 11, 2010	August 26, 2010	1,707
			$ 9,120

The Company reviews its dividend distribution policy on a quarterly basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant.

Note 20 – Commitments

(a) Lease Commitments

The Company is committed to future minimum annual operating lease payments for office and branch premises, which expire through 2022.

	Aggregate Lease Payments
2012	$ 20,425
2013	18,900
2014	15,183
2015	10,395
2016	5,042
Thereafter	16,548
	$ 86,493

(b) New Branch Openings and Additional Lease Commitments

Subsequent to the year-end, the Company has committed to leases for five additional Cash Store Financial and Instaloans locations. The additional minimum annual lease payments required for the next five years, including these five leases and thereafter are as follows:

	Additional Lease Payments	Aggregate Lease Payments
2012	$ 162	$ 20,587
2013	202	19,102
2014	202	15,385
2015	202	10,597
2016	202	5,244
Thereafter	1,299	17,847
	$ 2,269	$ 88,762

Note 21 – Contingencies

(a) Legal Proceedings

The Company has been served in prior fiscal periods with Statements of Claim issued in Alberta alleging that the Company is in breach of s. 347 of the Criminal Code (the interest rate provision) and certain provincial consumer protection statutes. One of the claims is in respect of payday loans and the certification motion has been pending since fiscal 2006. The other Alberta claim is in respect of title loans in which the Company has agreed to a motion to certify the class proceeding if the lenders, officers and directors are removed as defendants. Class counsel has agreed to our proposal. The Company believes that it conducts its business in accordance with applicable law and is defending each of the actions vigorously. However, the likelihood of loss if any is not determinable.

Note 21 – Contingencies (continued)

(a) Legal Proceedings (continued)

The Company is also involved in other claims related to the normal course of operations. Management believes that it has adequately provided for these claims.

(b) Branch Operations

When the Company acts as a broker on behalf of consumers seeking short term advances, the funding of the advances is provided directly to the customers by independent third party lenders. The Company has entered into written business arrangements with a number of third party lenders that are prepared to consider lending to customers. Pursuant to these agreements, services related to the collection of documents and information as well as loan collection services are provided to the third party lenders. The agreements also provide that the third party lenders are responsible for losses suffered as a result of uncollectible loans provided the required duties under the terms of the agreements have been properly performed by the subsidiaries. In the event the duties are not properly performed and the lenders make a claim as required under the agreement, the subsidiaries may be liable to the lenders for losses they have incurred. The Company's contingent risk is the balance of the third party lenders loan portfolio which totalled approximately $104,581 as at September 30, 2011 (2010 - $109,082).

To date, no claims have been made by the third party lenders and no payments have been made or accrued by the subsidiaries pursuant to this clause in the agreements. Risk is managed through compliance with the loan limits, procedures and selection criteria established by the lenders.

Note 22 – Related Party Transactions

(a) The Cash Store Australia Holdings Inc.

The Company provides administrative services to The Cash Store Australia Holdings Inc. The Company entered into an interim services agreement with AUC to provide ongoing services such as financial and accounting support, contracts administrative services, and the use of the Company's information technology and telecommunication systems. Included in selling, general, and administrative expenses is a recovery of $363 (2010 - $362) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount.

The Company has a $16 (2010 - $7) receivable from AUC. Amounts due are non-interest bearing, unsecured and have no specified terms of repayment. The receivable was repaid subsequent to year-end.

(b) RTF Financial Holdings Inc.

The Company provides administrative services to RTF Financial Holdings Inc. The Company entered into an interim services agreement with RTF to provide ongoing services such as financial and accounting support and contracts administrative services. Included in selling, general, and administrative expenses is a recovery of $240 (2010 - $120) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount.

(in thousands, except share and per share amounts)

Note 22 – Related Party Transactions

(b) RTF Financial Holdings Inc. (continued)

The Company has a $45 (2010 - $485) receivable from RTF. Amounts due are non-interest bearing, unsecured and have no specified terms of repayment. The receivable was repaid subsequent to year-end.

Note 23 – Financial Instruments and Risk Management

(a) Classification of Financial Instruments

The Company has made the following classifications: cash as held-for-trading, other receivables and consumer loans receivable as loans and receivables, and accounts payable and accrued liabilities and obligations under capital leases as other financial liabilities.

(b) Fair Values

The fair values of financial instruments are determined with respect to the hierarchy that prioritizes the input to fair value measurement. In the absence of an active market, the Company determines fair value by using valuation techniques that refer to observable market data or estimated market prices. Fair values are inherently judgmental, thus the estimated fair values do not necessarily reflect amounts that would be received or paid in case of immediate settlement of these instruments. The use of different estimations, methodologies and assumptions could have a material effect on the estimated fair value amounts. The carrying value of other receivables, consumer loans receivable net, accounts payable and accrued liabilities approximate their fair values due to the relatively short-term nature of these balances. The fair value of obligations under capital leases are determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using a rate which takes into account the Company's spread for credit risk at year-end for similar terms and types of arrangements. Based on estimates, the fair-value of the Company's obligation under capital lease as at September 30, 2011 and 2010 are not significantly different than their carrying value.

The hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs used in a valuation technique are not based on observable market data in determining fair values of these instruments.

Note 23 – Financial Instruments and Risk Management (continued)

(b) Fair Values (continued)

The Company has segregated all financial assets and liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. Cash is the only financial instruments valued using Level 1 inputs (quoted market prices). There were no financial instruments categorized in Level 2 (valuation techniques using observable market inputs) and Level 3 (valuation techniques using non-observable market inputs) as at September 30, 2011.

(c) Risk Management

The Company is exposed to a number of financial risks in the normal course of its business operations, including market risks resulting from fluctuations in interest rates, as well as credit and liquidity risks. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior period.

Market risk is the risk of loss that results from changes in market factors such as foreign currency exchange rates and interest rates. The level of market risk to which the Company is exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of the Company's financial assets and liabilities held, non-trading physical assets, and contract portfolios.

Overall, the Company's Board of Directors has responsibility for the establishment and approval of the Company's risk management policies. To manage the exposure to changes in market risk, management performs a risk assessment on a continual basis to help ensure that all significant risks related to the Company and its operations have been reviewed and assessed to reflect changes in market conditions and the Company's operating activities. The following summarizes the types of market price risks to which the Company is exposed, and the risk management instruments applied to mitigate them. The sensitivities provided below are hypothetical and should not be considered to be predictive of future performance or indicative of earnings on these contracts. The Company does not currently use derivative financial instruments to manage its market risks and does not hold or issue derivative financial instruments for trading or speculative purposes.

(i) Currency Risk

The Company is exposed to currency risk due to operations in the United Kingdom; however, the majority of operations are in Canada and as such this risk is not considered significant to the Company.

(ii) Interest Rate Risk

The Company does not have any variable interest bearing obligations; therefore, the Company's exposure to interest rate fluctuations relative to financial instruments is minimal.

(iii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash, other receivables, consumer loans receivable, and long-term receivable. The maximum amount of credit risk exposure is limited to the carrying amount of the balances disclosed in these financial statements.

Note 23 – Financial Instruments and Risk Management (continued)

(c) Risk Management (continued)

(iii) Credit Risk (continued)

The best representation of the Company's maximum exposure (excluding tax effects) to credit risk, which is a worst case scenario and does not reflect results expected by the Company, is as set out in the following table:

	2011	2010
Cash - Note 4	**$ 19,291**	$ 19,639
Other receivables - Note 5	**12,575**	9,940
Consumer loans receivable, net - Note 6	**4,781**	4,460
Long-term receivable - Note 5	**681**	450
	$ 37,328	$ 34,489

Cash: Credit risk associated with cash is minimized substantially by ensuring that these financial assets are placed with reputable Canadian financial institutions that have been accorded strong investment grade ratings by a primary rating agency.

Other receivables: Other receivables includes amounts owing to the Company from various parties. Included within other receivables are amounts of $11,143 whereby a significant portion is owed by two different parties and as such, these balances represent a concentration of credit risk to the Company. For such parties, the Company trades with entities that are assessed as being credit worthy and the Company maintains an ongoing review of their credit status. The balance of other receivables is owed by a large number of parties that individually owe amounts to the Company that are not significant in value as at September 30, 2011.

Consumer loans receivable: The Company also directly lends to its customers and has no significant concentration of credit risk with any particular individual related to short-term advances.

Credit risk relates to the possibility of default of payment on the Company's consumer loans receivable. The Company performs on-going credit evaluations, and reviews the aging of the receivable, payment history and other factors, and it establishes a provision for loan losses when it is determined that a loan is impaired.

Note 23 – Financial Instruments and Risk Management (continued)

(c) Risk Management (continued)

(iii) Credit Risk (continued)

The following table presents an analysis of the age of consumer loans receivable as of September 30, 2011.

	2011	2010
Consumer loans receivable, net of allowance for consumer loan losses		
Current	**$ 2,176**	$ 3,410
1-30 days past due date	**856**	992
31-60 days past due date	**531**	306
61-90 days past due date	**417**	119
Greater than 90 days past due date	**3,584**	144
Consumer loans receivable	**7,564**	4,971
Allowance for consumer loan losses	**(2,783)**	(511)
	$ 4,781	$ 4,460

The Company makes significant estimates in respect of the allowance for consumer loan losses. Historical information is considered when determining whether past-due accounts should be provided for and the same factors are considered when determining whether to write off amounts charged to the allowance against the consumer loans receivable.

The following table presents a summary of the activity related to the Company's allowance for consumer loan losses.

	2011	2010
Balance, beginning of period	**$ 511**	$ 49
Provisions made during the period	**2,559**	788
Write-offs during the period	**(287)**	(326)
Balance, end of period	**$ 2,783**	$ 511

(iv) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due or will not receive sufficient funds from its third party lenders to advance to the Company's customers. The Company manages all liquidity risk through maintaining a sufficient working capital amount through daily monitoring of controls, cash balances and operating results. The Company's principal sources of cash are funds from operations, which the Company believes will be sufficient to cover its normal operating and capital expenditures.

Note 23 – Financial Instruments and Risk Management (continued)

(c) Risk Management (continued)

(iv) Liquidity Risk (continued)

The maximum exposures to liquidity risk are represented by the carrying amount of accounts payable and accrued liabilities, and obligations under capital leases, which is approximately $24,920. This amount is made up of the following:

	Carrying Amount	Contractual Cash Flows	Less Than 1 Year	1-3 Years
Accounts payable and accrued liabilities	$ 22,989	$ 22,989	$ 22,989	$ -
Obligations under capital leases (including interest)	1,295	1,421	761	660
	$ 24,284	**$ 24,410**	**$ 23,750**	**$ 660**

Note 24 – Management of Capital

The Company's objective when managing capital is to provide a return to its shareholders by fairly pricing its services with the associated level of risk while being able to sufficiently fund future growth initiatives. The Company defines capital that it manages as the aggregate of its shareholders' equity, which is comprised of share capital, contributed surplus and retained earnings.

In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, repurchase shares through a normal course issuer bid, pay dividends or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestures, as well as capital and operating budgets.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it based on economic or regulatory changes. In order to maintain or modify the capital structure, the Company may seek additional sources of capital. The Company has limited reliance on debt facilities and is not subject to any restrictive covenants.

The Company's capital management objectives, policies and procedures were unchanged since the prior year-end.

Note 25 – Subsequent Event

On November 16, 2011, the Company declared a quarterly dividend of $0.12 per common share. The dividend is payable on December 14, 2011, to shareholders of record on November 29, 2011.

Note 26 – Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current period. Specifically, certain amounts previously recorded within Selling, general and administrative expense have been reclassified to Other income for all periods presented.

Note 27 – U.S. GAAP Reconciliation

The Company prepares its consolidated financial statements in accordance with Canadian GAAP, which conforms from a recognition and measurement perspective in all material aspects applicable to the Company with U.S. GAAP for the periods presented. Presentation differences and additional disclosures required under U.S. GAAP are as follows:

(A) Consolidated Statements of Cash Flows

Canadian GAAP permits the disclosure of a subtotal of the amount of funds provided by operating activities before changes in non-cash operating items in the consolidated statements of cash flows. U.S. GAAP does not permit this subtotal to be included in the consolidated statements of cash flows.

(B) Long- Term Investments

U.S. GAAP requires the Company to disclose the aggregate quoted market value of long-term investments, which is not required under Canadian GAAP.

(a) The Cash Store Australia Holdings Inc.

The Company accounts for the investment under the equity method of accounting as it has significant influence over strategic operating, investing and financing activities due to board representation and management involvement in day to day operations. The difference between the carrying amount of the investment and the underlying equity in net assets of the investee is not significant. The aggregate quoted market value of this investment is $2,700.

Note 27 – U.S. GAAP Reconciliation (continued)

(b) RTF Financial Holdings Inc.

The Company accounts for the investment under the equity method of accounting as it has significant influence over strategic operating, investing and financing activities due to board representation and management involvement in day to day operations. The difference between the carrying amount of the investment and the underlying equity in net assets of the investee is not significant. No aggregate quoted market value of the investment exists as RTF is not publicly traded.

(C) Intangible Assets

The estimated aggregate annual amortization expense for the next five years for intangible assets subject to amortization is as follows:

Fiscal year ending September 30	2012	2013	2014	2015	2016
Amortization expense for intangible assets	$ 2,260	$ 2,214	$ 804	$ -	$ -

(D) Income Taxes

Under Canadian GAAP, the tax effects of temporary differences are referred to as future income taxes. Under U.S. GAAP, the tax effects of temporary differences are referred to as deferred income taxes.

The Company has a tax loss carry forward in the amount of $689.

The Company currently does not have any unrecognized tax benefits. The Company's tax positions for 2008 to present in Canada remain subject to examination by tax authorities. The Company's tax position for the current fiscal year in the United Kingdom remains subject to examination by tax authorities.

(E) Accounts Payable and Accrued Liabilities

U.S. GAAP requires the Company to disclose components of accrued liabilities, which is not required under Canadian GAAP. Accrued liabilities included in trade accounts payable and accrued liabilities within Note 12 as at September 30, 2011, were $4,097 (2010 - $2,749).

Note 27 – U.S. GAAP Reconciliation (continued)

(F) Stock Based Compensation

U.S. GAAP requires the Company to disclose nonvested share options, which is not required under Canadian GAAP. A summary of the status of the Company's nonvested share options as of September 30, 2011, and the changes during the fifteen months ended September 30, 2010, is presented below:

	2011		2010	
	Total Options for Shares	**Weighted Average Price**	Total Options for Shares	Weighted Average Price
Nonvested, beginning of period	**697,678**	**$ 9.48**	661,991	$ 4.70
Granted	**155,000**	**12.96**	460,000	12.18
Vested	**(377,675)**	**7.53**	(374,313)	4.85
Forfeited	**(1,667)**	**8.80**	(50,000)	5.71
Nonvested, end of period	**473,336**	**$ 12.17**	697,678	$ 9.48

The total intrinsic value of options exercised during the twelve months ended September 30, 2011, was $1,593 (2010 - $3,610). The total fair value of options that vested during the twelve months ended September 30, 2011, was $1,346 (2010 - $996).

As at September 30, 2011, and September 30, 2010, the aggregate intrinsic value of options outstanding was $1,610 and $7,635, respectively, while the aggregate intrinsic value of the options that are currently exercisable was $1,521 and $3,322, respectively.

As at September 30, 2011, there was $1,125 of total unrecognized compensation costs related to non-vested stock options. The Company expects to recognize this expense over a weighted average period of 1.8 years.

For the twelve months ended September 30, 2011, the total cash received for stock options exercised totaled $939 (2010 - $1,725).

Note 27 – US GAAP Reconciliation (continued)

(G) Financial Instruments

Valuation Techniques:

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments:

	2011		2010	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash	**$ 19,291**	**$ 19,291**	$ 19,639	$ 19,639
Other receivables	**12,575**	**12,575**	9,940	9,940
Consumer loans receivable	**4,781**	**4,781**	4,460	4,460
Long term receivable	**$ 681**	**$ 681**	$ 450	$ 450
Financial Liabilities				
Accounts payable and accrued liabilities	**$ 22,989**	**$ 22,989**	$ 17,027	$ 17,027
Obligations under capital leases	**$ 1,295**	**$ 1,295**	$ 1,952	$ 1,952

(H) Recent United States Accounting Pronouncements

In 2010, FASB amended ASC Topic 310 "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses." The ASC significantly expands existing disclosures about the credit quality of financing receivables and their allowance for credit losses. The ASC affects all entities with financing receivables, excluding short-term trade accounts receivable or receivables measured at fair value or lower of cost and fair value. This section is effective for interim and annual reporting periods ending on or after December 15, 2010. The adoption of the provisions of ASC Topic 310 did not have a material impact on the Company's consolidated financial statements.

In 2010, FASB issued ASU 2010-13, "Effect of Denominating the Exercise Price of a Share-Based Award in the Currency of the Market in Which the Underlying Equity Security Trades a consensus of the FASB Emerging Issues Task Force (Issue No. 09-J)." The Task Force reached a consensus that an employee share-based payment with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trade should be considered an equity classified award assuming all other criteria for equity classification are met. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning, on or after December 15, 2010. The Company is evaluating the impact of the adoption of this ASU on its consolidated financial statements.

In December 2010, FASB issued ASU 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts". The amendments in this ASU modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. This ASU is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2010. The Company is evaluating the impact of the adoption of this ASU on its consolidated financial statements.

Note 27 – US GAAP Reconciliation (continued)

(H) Recent United States Accounting Pronouncements (continued)

In December 2010, FASB issued ASU 2010-29, "Disclosure of Supplementary Pro Forma Information for Business Combinations". The objective of this Update is to address diversity in practice about the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations. The Task Force reached a consensus that if an entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. This ASU is effective for 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, 2010. The Company is evaluating the impact of the adoption of this ASU on its consolidated financial statements.

In May 2011, FASB issued ASU 2011-04 "Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRSs." This ASU was issued concurrently with IFRS 13, Fair Value Measurements, to provide largely identical guidance about fair value measurement and disclosure requirements. The new standards do not extend the use of fair value but, rather, provide guidance about how fair value should be applied where it already is required or permitted under IFRS or U.S. GAAP. For U.S. GAAP, most of the changes are clarifications of existing guidance or wording changes to align with IFRS 13. The Company is required to apply the ASU prospectively for interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. In the period of adoption, a reporting entity will be required to disclose a change, if any, in valuation technique and related inputs that result from applying the ASU and to quantify the total effect, if practicable. The Company is evaluating the impact of the adoption of this ASU on its consolidated financial statements.

In June 2011, FASB issued ASU 2011-05 "Comprehensive Income: Presentation of Comprehensive Income." This ASU increases the prominence of other comprehensive income in financial statements. Under this ASU, an entity will have the option to present the components of net income and comprehensive income in either one or two consecutive financial statements. The ASU eliminates the option in U.S. GAAP to present other comprehensive income in the statement of changes in equity. An entity should apply the ASU retrospectively. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company is evaluating the impact of the adoption of this ASU on its consolidated financial statements.

In September 2011, the FASB amended the guidance on the annual testing of goodwill for impairment. The amended guidance will allow companies to assess qualitative factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. This guidance will be effective for the Company's fiscal year ending September 30, 2012, with early adoption permitted. The Company has determined that this new guidance will not have a material impact on its consolidated financial statements.

No person has been authorized to give any information or to make any representations other than those contained in this offering circular and, if given or made, such information and representations must not be relied upon as having been authorized. This offering circular does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or any offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this offering circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

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C$125,000,000

THE CASH STORE FINANCIAL SERVICES INC.

% Senior Secured Notes due 2017

PRELIMINARY OFFERING CIRCULAR

Imperial Capital
Canaccord Genuity Corp.

Joint Book-Running Managers

CIBC World Markets Inc.

Co-Manager

, 2012

Cash Store
FINANCIAL

This is Exhibit "B" referred to in the affidavit of

.....................ERIN ARMSTRONG.....................

sworn before me at the City of Calgary, in the Province

of Alberta, on the 8th day of May, 2014

Notary Public in and for the Province of Alberta

Mitchell R. Allison
Student-at-Law

THE CASH STORE FINANCIAL SERVICES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the fifteen months ended September 30, 2010, and
For the year ended June 30, 2009

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements and management's discussion and analysis (MD&A) are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements and MD&A have been prepared by management in accordance with Canadian generally accepted accounting principles and include some amounts based on management's best estimates and informed judgments. When alternative accounting methods exist, management has chosen those it considers most appropriate in the circumstances.

The Cash Store Financial Services Inc. maintains a system of internal controls to provide reasonable assurance that transactions are properly authorized, financial records are accurate and reliable and the Company's assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out its responsibility for the financial statements through its Audit Committee. This Committee meets periodically with management and the independent external auditors to review the financial statements and the MD&A and to discuss audit, financial and internal control matters. The Company's independent external auditors have full and free access to the Audit Committee. The Audit Committee is responsible for approving the remuneration and terms of engagement of the Company's independent external auditors. The consolidated financial statements have been subject to an audit by the Company's internal and external auditors, KPMG LLP, in accordance with generally accepted auditing standards on behalf of the shareholders.

The consolidated financial statements and MD&A have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized in note 1 of the notes to the consolidated financial statements.

Signed "Gordon J. Reykdal"
Gordon J. Reykdal
Chairman and
Chief Executive Officer

Signed "Nancy Bland"
Nancy Bland, CA
Chief Financial Officer

November 24, 2010
Edmonton, Alberta, Canada

KPMG LLP
Chartered Accountants
10125 – 102 Street
Edmonton AB T5J 3V8
Canada

Telephone (780) 429-7300
Fax (780) 429-7379
Internet www.kpmg.ca

AUDITORS' REPORT

To the Shareholders of The Cash Store Financial Services Inc.

We have audited the consolidated balance sheets of The Cash Store Financial Services Inc. (the "Company") as at September 30, 2010 and June 30, 2009 and the consolidated statements of operations, retained earnings and cash flows for the fifteen months ended September 30, 2010 and the year ended June 30, 2009. 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 audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2010 and June 30, 2009 and the results of its operations and its cash flows for the fifteen months ended September 30, 2010 and for the year ended June 30, 2009 in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Edmonton, Canada
November 24, 2010

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	Fifteen months ended September 30 2010	Year ended June 30 2009
Brokerage	**$ 171,612**	$ 122,572
Other income	**50,165**	27,933
	221,777	150,505
EXPENSES		
Salaries and benefits	**84,614**	56,102
Selling, general and administrative - Note 7	**33,809**	26,715
Retention payments	**28,167**	17,988
Rent	**18,553**	11,943
Advertising and promotion	**6,109**	3,267
Provision for loan losses - Note 23	**788**	49
Amortization of capital assets	**8,138**	5,827
Amortization of intangible assets	**923**	185
Class action settlements - Note 13	**2,915**	6,910
	184,016	128,986
INCOME BEFORE INCOME TAXES	**37,761**	21,519
PROVISION FOR INCOME TAXES - Note 11		
Current	**11,196**	4,407
Future	**101**	2,465
	11,297	6,872
NET INCOME AND COMPREHENSIVE INCOME	**$ 26,464**	$ 14,647
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - Note 17		
Basic	**16,913,213**	17,957,710
Diluted	**17,522,246**	18,039,976
BASIC EARNINGS PER SHARE		
Net income and comprehensive income	**$ 1.56**	$ 0.82
DILUTED EARNINGS PER SHARE		
Net income and comprehensive income	**$ 1.51**	$ 0.81

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands)

	Fifteen months ended September 30 2010	Year ended June 30 2009
RETAINED EARNINGS, BEGINNING OF PERIOD	**$ 20,978**	$ 21,341
Dividends on common shares - Note 19	**(9,120)**	(5,312)
Shares repurchased - Note 16 (a)	**(2,416)**	(9,698)
Net income and comprehensive income for the period	**26,464**	14,647
RETAINED EARNINGS, END OF PERIOD	**$ 35,906**	$ 20,978

See accompanying notes to consolidated financial statements

CONSOLIDATED BALANCE SHEETS

(in thousands)

		September 30 2010		June 30 2009
ASSETS				
Cash and cash equivalents - Note 4	**$**	**19,639**	$	18,519
Other receivables - Note 5		**9,940**		2,601
Consumer loans receivable - Note 6		**4,460**		263
Prepaid expenses and other		**2,437**		1,497
Income taxes receivable		**-**		150
Current future income taxes - Note 11		**614**		1,622
		37,090		24,652
Long term receivable - Note 5		**450**		-
Deposits and other		**382**		481
Long term investments - Note 7		**-**		180
Future income taxes - Note 11		**2,381**		969
Capital assets - Note 8		**24,986**		14,429
Intangible assets - Note 9		**10,648**		8,531
Goodwill - Note 10		**39,108**		34,554
	$	**115,045**	$	83,796
LIABILITIES				
Accounts payable - Note 12	**$**	**17,027**	$	14,196
Income taxes payable		**2,116**		-
Current portion of deferred revenue - Note 14		**1,277**		133
Current portion of deferred lease inducements		**427**		260
Current portion of obligations under capital leases - Note 15		**961**		396
		21,808		14,985
Deferred revenue - Note 14		**5,916**		13
Deferred lease inducements		**1,039**		486
Obligations under capital leases - Note 15		**991**		1,029
Future income taxes - Note 11		**1,936**		1,431
		31,690		17,944
SHAREHOLDERS' EQUITY				
Share capital - Note 16		**43,468**		40,222
Contributed surplus - Note 18		**3,981**		4,652
Retained earnings		**35,906**		20,978
		83,355		65,852
	$	**115,045**	$	83,796

Commitments - Note 20
Contingencies - Note 21
Subsequent Event - Note 25

Approved by the Board:

Signed "Gordon J. Reykdal"
Director

Signed "J. Albert Mondor"
Director

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Fifteen months ended September 30 2010	Year ended June 30 2009
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net income	**$ 26,464**	$ 14,647
Items not affecting cash:		
Amortization of capital assets	**8,138**	5,827
Amortization of intangible assets	**923**	185
Provision for loan losses	**788**	49
Equity loss on investments - Note 7	**540**	-
Warrants to outside agents - Note 16 (c)	**-**	180
Stock-based compensation - Note 18	**1,098**	977
Future income taxes	**101**	2,465
	38,052	24,330
Change in non-cash operating items:		
Other receivables	**(7,462)**	3,534
Prepaid expenses, deposits and other	**(841)**	(272)
Income taxes receivable	**150**	(150)
Accounts payable and accrued liabilities	**2,798**	5,403
Income taxes payable	**2,116**	(923)
Deferred revenue	**7,047**	(114)
Deferred lease inducements	**720**	(116)
Cash generated by operating activities	**42,580**	31,692
INVESTING ACTIVITIES		
Change in consumer loans receivable	**(4,985)**	(294)
Business acquisitions - Note 3	**(5,276)**	(848)
Purchase of intangible assets	**(2,648)**	(3,161)
Purchase of capital assets	**(17,976)**	(3,113)
Purchase of long-term investments	**(360)**	-
Cash used by investing activities	**(31,245)**	(7,416)
FINANCING ACTIVITIES		
Repayment of obligations under capital leases	**(156)**	(247)
Dividends paid on common shares - Note 19	**(9,120)**	(5,312)
Issuance of common shares	**2,397**	268
Shares repurchased	**(3,336)**	(16,110)
Cash used by financing activities	**(10,215)**	(21,401)
INCREASE IN CASH AND CASH EQUIVALENTS	**1,120**	2,875
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**18,519**	15,644
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 19,639**	$ 18,519
Supplemental cash flow information:		
Interest paid	$ 210	$ 74
Interest received	8	367
Income taxes paid (inclusive of tax refunds)	$ 8,891	$ 5,729

See accompanying notes to consolidated financial statements

Nature of Business

The Cash Store Financial Services Inc. (the "Company") operates under two branch banners: The Cash Store and Instaloans, who act as brokers to facilitate short-term advances and provide other financial services, including, but not limited to, direct lending and facilitating the opening of bank accounts to income-earning consumers. As at September 30, 2010, the Company operated 544 (June 30, 2009 – 424) branches.

Change in Fiscal Year

In 2010, the Company has changed its fiscal year end from June 30 to September 30. The fiscal year end change results in a 15 month reporting period from July 1, 2009 to September 30, 2010.

Note 1 – Significant Accounting Policies

(a) Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and differ in certain respects from accounting principles generally accepted in the United States of America (U.S. GAAP), as described in Note 27. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated.

(b) Use of Estimates

The preparation of these consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates made by management. The recoverable values of future income tax assets and liabilities, capital assets, goodwill and intangible assets, the estimated accrued liabilities related to the class action lawsuits, the allowance for doubtful amounts related to consumer loans, and the amortization periods of capital assets and intangible assets are the more significant items which reflect estimates in these consolidated financial statements.

(c) Retention Payments

The Company, through The Cash Store and Instaloans banners, acts as a broker on behalf of income earning consumers seeking short-term advances. Funding of most short-term advances is provided by independent third party lenders. The advances provided by the third party lenders are repayable by the customer to the third party lenders and represent assets of the lenders; accordingly, they are not included on the Company's balance sheet.

Note 1 – Significant Accounting Policies (continued)

(c) Retention Payments (continued)

To facilitate the short term advance business, the Company has entered into written agreements with third party lenders who are prepared to consider lending to the Company's customers. Pursuant to these agreements, the Company provides services to the lenders related to the collection of documents and information as well as loan collection services. The agreements also provide that the third party lenders are responsible for losses suffered on account of uncollectible loans provided the Company has properly performed its duties under the terms of the agreements. In the event the Company does not properly perform its duties and the lenders make a claim as required under the agreement, the Company may be liable to the lenders for losses they have incurred. A liability is recorded when it is determined that the Company has a liability under the agreement.

The Company's Board of Directors regularly approves a resolution which authorizes management to pay a maximum amount of retention payments per quarter to third party lenders as consideration to those lenders that continue to be willing to fund advances to the Company's customers. While the third party lenders have not been guaranteed a return, the decision has been made to voluntarily make retention payments to the lenders to lessen the impact of loan losses experienced by the third party lenders. Retention payments are recorded in the period in which a commitment is made to a lender pursuant to the resolution approved by the Board of Directors.

(d) Revenue Recognition

Revenue arising from brokering short-term advances for customers is recognized once all services have been rendered, all advance amounts have been received by the customer, and the brokerage fee has been received by the Company.

Revenue arising from direct lending of short-term advances to customers is recognized on a constant yield basis ratably over the term of the related loan.

Revenue from the Company's cheque cashing, money order sales, money transfer, bill payment services and other miscellaneous services is recognized when the transactions are completed at the point-of-sale in the branch and the related fee charged by the Company has been received.

(e) Consumer Loans Receivable

Unsecured short-term and longer-term advances that the Company originates on its own behalf are reflected on the balance sheet in consumer loans receivable. Consumer loans receivable are reported net of a provision.

(f) Provision for Loan Losses

Loans in default consist of short-term consumer loans originated by the Company which are past due. A provision for loan losses is recorded when the Company no longer has reasonable assurance of timely collection of the full amount of principal and interest. The provision for loan losses reduces the carrying amount of consumer loan receivables to their estimated realizable amounts. The estimated realizable amount is determined by discounting expected future cash flows associated with the consumer loan receivables at the original effective interest rate inherent in the loans. The provision is reviewed monthly, and any additional provision as a result of historical loan performance, current and expected collection patterns and current economic trends is included in the provision for the loan losses at that time. If the loans remain past due for an extended period of time, an allowance for the entire amount of the loan is recorded and the loan is ultimately written off.

Note 1 – Significant Accounting Policies (continued)

(g) Capital Assets

Capital assets are recorded at cost. Amortization is recorded using the rates and methods outlined in the table below.

	Rate	Method
Computer hardware	25%	Straight-line
Computer software	20%	Straight-line
Fixtures, furniture, and equipment	20%	Straight-line
Signs	20%	Straight-line
Buildings	4%	Straight-line
Vehicles	20%	Straight-line

Leasehold improvements are amortized based on the straight-line basis over the shorter of the lease term and the estimated useful life of the asset.

(h) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and short term investments with maturity dates of less than 90 days.

(i) Intangible Assets

Intangible assets acquired individually or as part of a group of other assets are initially recognized and measured at cost. The cost of a group of intangible assets acquired in a transaction, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their fair values.

Intangible assets with finite useful lives are amortized over their useful lives. Intangible assets with indefinite useful lives are not amortized and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that such assets might be impaired.

The amortization methods and estimated useful lives of intangible assets, which are reviewed annually, are as follows:

Customer list, contracts and relationships	Straight-line – 3 years
Computer software	Straight-line – 5 years
Non-compete agreements	Term of the agreements
Favourable and unfavourable leases	Term of leases
Brand name	Indefinite life

(j) Goodwill

Goodwill represents the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Company's reporting units that are expected to benefit from the business combination. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Note 1 – Significant Accounting Policies (continued)

(j) Goodwill (continued)

Goodwill is not amortized and is tested for impairment annually on July 1st of each year, or more frequently if events or changes in circumstances indicate it may be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared to its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination described in the preceding paragraph, using the fair value of the reporting unit as if it were the purchase price.

When the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess.

(k) Long-term Investments

The Company applies the equity method of accounting for its investments in The Cash Store Australia Holdings Inc. and RTF Financial Holdings Inc. These investments are recorded at cost plus the Company's share of net income or loss to date.

(l) Deferred Lease Inducements

The Company has received various inducements to lease space for its branches. The inducements are amortized over the remaining terms of the respective leases and recorded as a reduction to rent expense.

(m) Leases

Leases are classified as capital or operating depending upon the terms and conditions of the contracts. Obligations under capital leases are recorded as an asset with a corresponding liability. Asset values recorded under capital leases are amortized on a straight-line basis over the period of expected use. Obligations under capital leases are reduced by lease payments net of imputed interest. Operating lease expenses are recorded in selling, general, and administrative expenses.

(n) Deferred Revenue

The Company has entered into a long-term services contract for which the Company received advance payments. These advance payments are recorded as deferred revenue and recognized as revenue over the life of the contract.

(o) Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, other receivables, consumer loans receivables, accounts payable and accrued liabilities, all of which are short-term in nature and their fair value approximates their carrying value. The fair value of obligations under capital leases carrying amounts are determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using a rate which takes into account the Company's spread for credit risk at year-end for similar terms and types of debt arrangements.

Note 1 – Significant Accounting Policies (continued)

(p) Income Taxes

Income taxes are accounted for under the asset and liability method. Future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment or substantive enactment date. A valuation allowance is recorded against any future tax assets if it is more likely than not that the asset will not be realized.

(q) Stock Based Compensation

The Company has a stock based compensation plan, which is described in Note 16 (b). The Company accounts for all stock based compensation payments that are settled by the issuance of equity in accordance with a fair value-based method of accounting. Stock based compensation awards are recognized in the financial statements over the period in which the related services are rendered, which is usually the vesting period of the option, or as applicable, over the period to the date an employee is eligible to retire, whichever is shorter, with a corresponding increase recorded in contributed surplus. The fair value is calculated using the Black-Scholes option-pricing model. When options are exercised, the proceeds received by the Company, together with the amount in contributed surplus associated with the exercised options, are credited to share capital.

(r) Earnings Per Share

Basic earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during each reporting period. Diluted earnings per share are computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised, and that proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

(s) Accounting for the Impairment of Long-Lived Assets

Long-lived assets and identifiable intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of a group of assets to the sum of future undiscounted cash flows expected to be generated from the use and eventual disposition of the group of assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the group of assets exceeds the fair value of the group of assets. Any assets to be disposed of by sale are reported at the lower of carrying amount or fair value less costs to sell. Such assets are not amortized while they are classified as held-for-sale.

Note 2 – Changes in Accounting Policies and Practices

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064 ("Section 3064") Goodwill and Intangible Assets. Section 3064, which replaces Section 3062, Goodwill and Intangible Assets and Section 3450, Research and Development Costs, establishes standards for the recognition, measurement, and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of International Reporting Standard IAS 38, Intangible Assets. The Company has adopted this standard commencing July 1, 2009, and it has been applied retroactively resulting in $3,161 of net assets being reclassified from capital assets to intangible assets in the comparative June 30, 2009, balance sheet, as well as $40 of amortization being reclassified from amortization of capital assets to amortization of intangible assets for the year-ended June 30, 2009.

Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations" which replaces the existing standard. This section establishes the standards for accounting for business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition related costs will be expensed as incurred, restructuring charges will be expensed in the periods after the acquisition date, and non-controlling interests will be measured at their proportionate interest in the fair value of identifiable net assets or at fair value at date of acquisition. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011, and earlier adoption is permitted. The Company has adopted this standard effective July 1, 2009. The adoption of this standard did not have a significant impact on these consolidated financial statements.

Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements" which replaces the existing standard. This Section carries forward existing Canadian guidance for preparing consolidated financial statements other than for non-controlling interests. The Section is effective for interim and annual financial statements beginning on January 1, 2011, and earlier adoption is permitted. The Company has adopted this standard effective July 1, 2009. The adoption of this standard did not have a significant impact on these consolidated financial statements.

Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1602, "Non-Controlling Interests" which establishes standards for accounting for non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. The Section is effective for interim and annual financial statements beginning on January 1, 2011, and earlier adoption is permitted. The Company has adopted this standard effective July 1, 2009. The adoption of this standard did not have a significant impact on these consolidated financial statements.

Note 2 – Changes in Accounting Policies and Practices (continued)

Financial Instruments – Recognition and Measurement

In June 2009, the CICA amended Handbook Section 3855, "Financial Instruments - Recognition and Measurement," to clarify the application of the effective interest method after a debt instrument has been impaired. The Section has also been amended to clarify when an embedded prepayment option is separated from its host instrument for accounting purposes. The amendments related to the application of the effective interest method apply to interim and annual financial statements relating to fiscal years beginning on or after May 1, 2009. There were no material impacts to the Company's financial position, net earnings or cash flows as a result of adopting these amendments.

The amendments relating to embedded prepayment options apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact of this amendment.

Financial Instruments – Disclosures

In June 2009, the CICA amended Handbook Section 3862, "Financial Instruments – Disclosures", to enhance liquidity risk disclosure requirements and to include additional disclosure requirements about inputs to fair value measurements of financial instruments, including their measurement within a hierarchy that prioritizes the input to fair value measurement. These disclosures are presented in Note 23.

Equity

In August 2009, the CICA amended presentation requirements of Handbook Section 3251, "Equity", as a result of issuing Section 1602, "Non-Controlling Interests". The amendments apply only to entities that have adopted Section 1602. The adoption of the amendments to this standard did not have a significant impact on these consolidated financial statements.

Comprehensive Revaluation of Assets and Liabilities

In August 2009, the CICA amended Handbook Section 1625, "Comprehensive Revaluation of Assets and Liabilities" as a result of issuing Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interest" in January 2009. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted provided that Section 1582 is also adopted. The Company has adopted this standard effective July 1, 2009. The adoption of this standard did not have a significant impact on these consolidated financial statements.

Note 2 – Changes in Accounting Policies and Practices (continued)

Recent Accounting Pronouncements Not Yet Adopted

International Financial Reporting Standards (IFRS)

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that significantly affects financial reporting requirements for Canadian public companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period.

In February 2008, the AcSB confirmed that IFRS will be mandatory in Canada for profit-oriented publicly accountable entities for fiscal periods beginning on or after January 1, 2011, unless, as permitted by Canadian securities regulations, the entity was to adopt U.S. GAAP on or before this date. Should the Company decide to adopt IFRS, its first annual IFRS financial statements would be for the year ending September 30, 2012. Beginning with the three month period ending December 31, 2011, the Company would provide unaudited consolidated financial information in accordance with IFRS including comparative figures for the three month period ending December 31, 2010.

The Company has completed a gap analysis of the accounting and reporting differences under IFRS, Canadian GAAP, and U.S. GAAP, however, management has not yet finalized its determination of the impact of these differences on the consolidated financial statements. This analysis will, in part, determine whether the Company adopts IFRS or U.S. GAAP once Canadian GAAP ceases to exist. The Company is also closely monitoring standard setting activity and regulatory developments in Canada, the United States, and internationally that may affect the timing of its adoption of either IFRS or U.S. GAAP in future periods.

Note 3 – Business Acquisitions

On September 1, 2009, the Company acquired all the business assets of Affordable Payday Loans (APL) representing eight branches in Ontario and two branches in Alberta for total cash consideration of $800. Affordable Payday Loans operated in the short-term advances industry.

On April 26, 2010, the Company acquired all the business assets of 101019134 Saskatchewan Ltd. (EZ Cash), representing 14 branches in Saskatchewan, for total cash consideration of $4,476. EZ Cash operated in the short-term advances industry.

The combined purchase price allocation for the fifteen months ended September 30, 2010, is detailed in the following table below.

Net assets acquired at assigned values		
Capital assets	$	36
Customer contracts, relationships, lists and other		392
Goodwill		4,881
Accrued liabilities		(33)
	$	**5,276**

Included in goodwill acquired are the favorable market positions as well as the benefits of eliminating competition.

Note 3 – Business Acquisitions (continued)

Revenues and earnings since the acquisitions and pro-forma information if the acquisitions were completed as of July 1, 2009, which are as follows:

	September 30 2010		June 30 2009	
	As reported [1]	**Pro forma [2]**	As reported [1]	Pro forma [2]
Operating revenues	**$ 221,777**	**$ 226,540**	$ 150,505	$ 158,735
Net income	**$ 26,464**	**$ 27,578**	$ 14,647	$ 15,924
Net income per Common Share				
- Basic	**$ 1.56**	**$ 1.63**	$ 0.82	$ 0.89
- Diluted	**$ 1.51**	**$ 1.59**	$ 0.81	$ 0.88

[1] Operating revenues and net income for the fifteen months ended September 30, 2010, include $4,627 and $854, respectively, in respect of the acquisitions of APL and EZ Cash.
[2] Pro forma amounts for the fifteen months ended September 30, 2010, reflect APL and EZ Cash as if they were acquired on July 1, 2009. Pro forma amounts for the year ended June 30, 2009, reflect APL, EZ Cash, Continual Cash Ltd. and Consolidated Financial Corporation as if they were acquired on July 1, 2008. Continual Cash Ltd. was acquired July 15, 2008, and Consolidated Financial Corporation was acquired November 14, 2008. Their results of operations have been included in the Company's Consolidated Statements of Operations effective the same dates.

The acquisition costs related to the business acquisitions are not significant. Goodwill related to the business acquisitions are 75% tax deductible.

Note 4 – Cash and Cash Equivalents

The significant components of cash and cash equivalents are as follows:

	September 30 2010	June 30 2009
Cash	**$ 16,671**	$ 13,769
Restricted cash	**2,968**	4,500
Cash equivalents	**-**	250
	$ 19,639	$ 18,519

Cash equivalents includes a short-term guaranteed investment certificate in the amount of $nil (June 30, 2009 – $250).

Restricted cash includes $2,968 in funds to facilitate claims related to the British Columbia class action lawsuit settlement (Note 13 (b)). At June 30, 2009, restricted cash included $1,500 in funds to facilitate claims related to the Ontario class action lawsuit settlement and $3,000 in externally restricted cash related to a standby letter of credit in the same amount. The standby letter of credit was issued pursuant to provisions of an agreement with DirectCash ATM Processing Partnership, our debit and credit card service provider, which was required to satisfy timing differences in cash settlements.

Note 5 – Other Receivables

	September 30 2010	June 30 2009
Mortgages receivable (net of allowance)	**$ -**	$ 292
Due from investee corporations	**492**	1
Due from suppliers	**7,223**	1,643
Other	**2,675**	665
	$ 10,390	$ 2,601

Due from Suppliers

Due from suppliers includes $7,223 (June 30, 2009 – $1,643) of short term receivables from our main suppliers of bank accounts, debit and prepaid mastercard and insurance products that have occurred in the normal course of business.

Other

Other receivables include amounts receivable in the normal course of business. Included in Other is a long-term receivable in the amount of $450 (June 30, 2009 – $nil).

Note 6 – Consumer Loans Receivable

	September 30 2010	June 30 2009
Short-term advances receivable	**$ 3,644**	$ -
Term loans receivable	**1,327**	312
Allowance for doubtful accounts	**(511)**	(49)
	$ 4,460	$ 263

Note 7 – Long-Term Investments

(a) The Cash Store Australia Holdings Inc.

The Company owns 3,000,000 shares, or approximately 18.3% of the outstanding common shares of The Cash Store Australia Holdings Inc. (AUC) at a share price of $0.06 per share. The carrying amount of this investment is $nil (June 30, 2009 - $180). Of the 3,000,000 common shares, 1,350,000 common shares are subject to escrow provisions that prevent the Company from selling these shares until the following dates:

Date	Percentage	Common Shares
March 8, 2011	15%	450,000
September 8, 2011	15%	450,000
March 8, 2012	15%	450,000
	45%	1,350,000

Included in selling, general, and administrative expenses is a loss of $180 (For the year June 30, 2009 - $nil)

(b) RTF Financial Holdings Inc.

The Company owns 6,000,000 shares, or approximately 15.7%, of RTF Financial Holdings Inc. (RTF) at a share price of $0.06 per share, for a total cost of $360. The carrying amount of this investment is $nil (June 30, 2009 - $nil).

Included in selling, general, and administrative expenses is a loss of $360 (For the year ended June 30, 2009 - $nil)

Note 8 – Capital Assets

	September 30 2010		
	Cost	Accumulated Amortization	Net Book Value
Computer hardware	$ 5,538	$ 2,949	$ 2,589
Computer software	242	230	12
Fixtures, furniture, and equipment	11,578	5,475	6,103
Leasehold improvements	27,359	13,509	13,850
Signs	6,014	3,821	2,193
Buildings	132	15	117
Vehicle	75	4	71
Land	51	-	51
	$ 50,989	$ 26,003	$ 24,986

Note 8 – Capital Assets (continued)

	June 30 2009		
	Cost	Accumulated Amortization	Net Book Value
Computer hardware	$ 4,109	$ 1,715	$ 2,394
Computer software	139	21	118
Fixtures, furniture, and equipment	7,021	4,175	2,846
Leasehold improvements	17,039	9,737	7,302
Signs	4,454	2,894	1,560
Buildings	132	8	124
Vehicle	36	2	34
Land	51	-	51
	$ 32,981	$ 18,552	$ 14,429

Amortization expense for the fifteen months ended September 30, 2010 includes a loss on disposition of capital assets of $61 (June 30, 2009 - $191).

Assets under capital lease included below:

	September 30 2010		
	Cost	**Accumulated Amortization**	**Net Book Value**
Computer hardware	**$ 2,050**	**$ 1,064**	**$ 986**
Fixtures, furniture and equipment	**903**	**587**	**316**
Leasehold improvements	**7**	**7**	**-**
Signs	**108**	**108**	**-**
	$ 3,068	**$ 1,766**	**$ 1,302**

	June 30 2009		
	Cost	Accumulated Amortization	Net Book Value
Computer hardware	$ 1,696	$ 280	$ 1,416
Fixtures, furniture and equipment	574	537	37
Leasehold improvements	7	7	-
Signs	108	108	-
	$ 2,385	$ 932	$ 1,453

Amortization of capital assets for the fifteen months ended September 30, 2010, includes $821 (June 30, 2009 - $346) relating to assets under capital leases.

During the fifteen months ended September 30, 2010, additions to capital assets included $683 (June 30, 2009 - $1,628) of assets that were acquired by means of capital lease and $47 (June 30, 2009 - $36) of assets that were acquired by way of vehicle financing.

Note 9 – Intangible Assets

	September 30 2010		
	Cost	Accumulated Amortization	Net Book Value
Customer contracts, relationships, lists and other	$ 766	$ 750	$ 16
Non-compete agreements	599	220	379
Favourable and unfavourable leases	94	92	2
Computer software	5,832	881	4,951
Brand name	5,300	-	5,300
	$ 12,591	$ 1,943	$ 10,648

	June 30 2009		
	Cost	Accumulated Amortization	Net Book Value
Customer contracts, relationships, lists and other	$ 717	$ 706	$ 11
Non-compete agreements	269	210	59
Favourable and unfavourable leases	89	89	-
Computer software	3,600	439	3,161
Brand name	5,300	-	5,300
	$ 9,975	$ 1,444	$ 8,531

During the fifteen months ended September 30, 2010, the Company acquired $330 in non-compete agreements (June 30, 2009 - $60) and $16 in customer lists (June 30, 2009 - $10).

Included in computer software are assets under development with a cost of $3,274 (June 30, 2009 - $2,730). These assets have not been amortized in the fifteen months ended September 30, 2010.

Note 10 – Goodwill

	September 30 2010	June 30 2009
Balance, beginning of period	$ 34,554	$ 33,986
Goodwill acquired	4,881	568
Disposal of goodwill	(327)	-
Balance, end of period	$ 39,108	$ 34,554

Note 11 – Income Taxes

(a) Provision for Income Taxes

The income tax provision differs from the amount that would be computed by applying the federal and provincial statutory income tax rates of 29.1% (June 30, 2009 – 31.3%) to income as a result of the following:

	September 30 2010	June 30 2009
Income before income taxes	$ 37,761	$ 21,519
Computed tax expense at statutory income tax rates	$ 11,011	$ 6,744
Change in enacted tax rates	(1)	1
Stock-based compensation	319	306
Permanent differences and other	(32)	(179)
Total income tax provision	$ 11,297	$ 6,872

(b) Future Income Taxes

The tax effects that give rise to significant portions of the future income tax assets and liabilities are presented below:

	September 30 2010	June 30 2009
Future income tax assets:		
Current:		
Accrued liability for class action settlements and other temporary differences	$ 614	$ 1,622
Non-current:		
Losses availabe to be carried forward	-	67
Capital, intangible assets and goodwill - differences between net book value and undepreciated capital cost	192	563
Deferred lease inducements - differences between book value and tax value	381	227
Future tax benefit of share issue costs (netted against share issue costs)	-	112
Deferred revenue	1,808	-
	$ 2,381	$ 969
Future income tax liabilities:		
Capital, intangible assets and goodwill - differences between net book value and undepreciated capital cost	$ (1,936)	$ (1,431)

In assessing the realizability of future tax assets, management considers whether it is more likely than not that some portion or all of the future tax assets will not be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. Based upon management assessment, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The amount of the future tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

As at September 30, 2010, the Company had no unused non-capital tax loss carry forwards available to reduce taxable income in future years.

Note 12 – Accounts Payable

	September 30 2010	June 30 2009
Trade accounts payable and accrued liabilities	**$ 5,733**	$ 3,587
Class action settlements Note 13 (a), (b), (c), and (d)	**2,153**	6,169
Accrued salaries and benefits	**2,725**	3,458
Amounts due to third party lenders	**5,647**	939
Other	**769**	43
	$ 17,027	$ 14,196

The amounts due to third party lenders reflects funds made available by lenders but not yet advanced to customers, any liability under the lending agreement, including any paid retention payments, as well as loan repayment and interest amounts collected from customers. Amounts due to third party lenders are non-interest bearing, unsecured and have no specified repayment terms.

Note 13 – Class Action Settlements

(a) Ontario and the rest of Canada with the exception of British Columbia and Alberta

On April 13, 2004, a legal proceeding was commenced against The Cash Store Inc. and Instaloans Inc., by Thompson McCutcheon (the "Plaintiff"), a customer. The Plaintiff obtained an order pursuant to the *Class Proceedings Act*, 1992, S.O. 1992 c.6 (the "Class Proceeding Act"), as amended, certifying the action as a class proceeding and appointing him as the representative of the class. The Plaintiff asserted that the defendants were in breach of the *Criminal Code of Canada* and the *Fair Trading Act* as the aggregate of all charges, including interest, broker fees and card fees, was in excess of those allowed by law. The Statement of Claim stated that the members of the Class would seek to recover all amounts charged, collected or received by the defendants at a criminal rate of interest and/or at an excessive rate, as well as damages, costs and interest.

On December 2, 2008, the Ontario Superior Court of Justice certified the class action lawsuit as a class proceeding under the Act, and granted approval of the settlement that had been agreed to between the Company and the representative Plaintiff on behalf of the Class. The settlement does not constitute any admission of liability by Cash Store Financial.

Under the terms of the settlement, the Company is to pay to the class a minimum of $750 and a maximum of $1,500 in cash and a minimum of $750 and a maximum of $1,500 in credit vouchers to those customers of The Cash Store and Instaloans, exclusive of Alberta and British Columbia, who were advanced funds under a loan agreement and who repaid the payday loan plus brokerage fees and interest in full. The credit vouchers may be used to pay existing outstanding brokerage fees and interest or to pay a portion of brokerage fees and interest which may arise in the future through new loans advanced. The credit vouchers are fully transferable and have no expiry date. Based on our estimate of the rate of take-up of the available cash and vouchers, a total provision of $2,010 has been recorded to cover the estimated costs of the settlement, including legal fees and other costs. During the year ended June 30, 2009, the Company paid the legal fees and costs of the class. On August 6, 2009, the claims process was concluded and we issued $750 in vouchers and $750 in cheques to the class members as full and final satisfaction of all claims. As at September 30, 2010, the remaining accrual is $52.

Note 13 – Class Action Settlements (continued)

(b) British Columbia

On March 5, 2004, an action under the Class Proceedings Act was commenced in the Supreme Court of British Columbia by Andrew Bodnar and others proposing that a class action be certified on his own behalf and on behalf of all persons who have borrowed money from the defendants: The Cash Store Inc., Cash Store Financial and All Trans Credit Union Ltd. The action stems from the allegations that all Payday Loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Criminal Code of Canada. On May 25, 2006, the claim in British Columbia was affirmed as a certified class proceeding of Canada by the B.C. Court of Appeal. In fiscal 2007, the plaintiffs in the British Columbia action brought forward an application to have certain of our customers' third-party lenders added to the claim. On March 18, 2008, another action commenced in the Supreme Court of British Columbia by David Wournell and others against Cash Store Financial, Instaloans Inc., and others in respect of the business carried out under the name Instaloans since April 2005, collectively, the "Related Actions".

On May 12, 2009, The Company settled the British Columbia Related Actions in principle. The settlement has been approved by the Court. The settlement does not constitute any admission of liability by Cash Store Financial.

Under the terms of the court approved settlement, the Company is to pay to the eligible class members who were advanced funds under a loan agreement and who repaid the Payday Loan plus brokerage fees and interest in full, or who met certain other eligibility criteria, a maximum estimated amount of $9,400 in cash and $9,400 in credit vouchers. Thus, the estimated maximum exposure with respect to this settlement is approximately $18.8 million including approved legal expenses. The credit vouchers may be used to pay existing outstanding brokerage fees and interest or to pay a portion of brokerage fees and interest which may arise in the future through new loans advanced. The credit vouchers are not transferable and have no expiry date. In addition, the Company is to pay the legal fees and costs of the class. Based on the Company's estimate of the rate of take-up of the available cash and credit vouchers, an expense of $7,715 to date has been recorded to cover the estimated costs of the settlement, including legal fees of the Class and costs to administer the settlement fund. It is possible that additional settlement costs could be required. As at September 30, 2010, the remaining accrual is $2,001.

(c) Alberta

The Company has been served in prior fiscal periods with a Statement of Claim issued in Alberta alleging that we are in breach of s. 347 of the Code (the interest rate provision) and certain provincial consumer protection statutes.

The certification motion has been pending since fiscal 2006 and has not yet been heard. On January 19, 2010, the plaintiffs in the Alberta action brought forward an application to have a related subsidiary, as well as certain of our customers' third-party lenders, directors and officers added to the Claim.

We believe that we conduct our business in accordance with applicable laws and are defending the action vigorously. However, the likelihood of loss, if any, is not determinable at this time.

(d) Manitoba

On April 23, 2010, an action under the Manitoba Class Proceedings Act was commenced in the Manitoba Court of Queen's Bench by Scott Meeking against The Cash Store, Instaloans, and Cash Store Financial proposing that a class action be certified on his own behalf and on behalf of all persons in Manitoba and others outside the province who elect to claim in Manitoba and who obtained a payday loan from The Cash Store or Instaloans. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Code.

Note 13 – Class Action Settlements (continued)

(d) Manitoba (continued)

We believe that we conducted our business in accordance within applicable laws and are defending the action vigorously. Further it will be maintained that most of the proposed class members are bound by the judgment in the settlement of the Ontario class action, as approved by the Ontario Superior Court of Justice and the action may not be maintained in its present form. However, the likelihood of loss, if any, is not determinable. Accordingly, no provision has been made for this action in the accounts.

Note 14 – Deferred Revenue

	September 30 2010	June 30 2009
Current	**$ 1,277**	$ 133
Long-term	**5,916**	13
	$ 7,193	$ 146

On September 1, 2010, the Company entered into an agreement with Ria Financial Services, a division of Euronet Worldwide Inc. (NASDAQ: EEFT), to supply money transfer services across the Company's network of Cash Store and Instaloans branches in Canada.

The Company received a $7,000 signing bonus, which will be recognized into revenue over the next seven years, which is the length of the agreement.

Note 15 – Obligations under Capital Leases

The Company has financed certain office furniture, equipment, and printers by entering into capital leasing and financing arrangements.

	September 30 2010		
	Aggregate Due	**Less Imputed Interest**	**Net**
Various leases - repayable in monthly instalments totalling $59 including imputed interest ranging from nil - 19.8%; due to mature between 2010 - 2014; secured by leased assets with an aggregate carrying amount of $1,302. Included in leases is a one time payment of $368 due in 2011.	**$ 2,167**	**$ 215**	**$ 1,952**
Less current portion	**1,081**	**120**	**961**
	$ 1,086	**$ 95**	**$ 991**

Note 15 – Obligations under Capital Leases (continued)

	June 30 2009		
	Aggregate Due	Less Imputed Interest	Net
Various leases - repayable in monthly instalments totalling $42 including imputed interest ranging from nil - 9.0%; due to mature between 2010 - 2013; secured by leased assets with an aggregate carrying amount of $1,453.	$ 1,640	$ 215	$ 1,425
Less current portion	500	104	396
	$ 1,140	$ 111	$ 1,029

The capital lease repayments are due as follows:

	Aggregate Due	**Less Imputed Interest**	**Net**
2011	$ 1,081	$ 120	$ 961
2012	640	66	574
2013	323	24	299
2014	123	5	118
	$ 2,167	$ 215	$ 1,952

During the fifteen months ended September 30, 2010, the Company incurred interest charges related to capital leases in the amount of $179 (June 30, 2009 - $76). These have been included in selling, general, and administrative expenses.

Note 16 – Share Capital

(a) Issued share capital

	September 30 2010			June 30 2009		
	Number of Shares		Amount	Number of Shares		Amount
Authorized:						
Unlimited common shares with no par value						
Issued:						
Balance, beginning of period	**16,959,492**	**$**	**40,222**	19,540,002	$	46,085
Transfer from contributed surplus for stock options exercised - Note 18	**-**		**1,769**	-		281
Options exercised	**514,034**		**2,397**	137,960		268
Shares repurchased	**(387,799)**		**(920)**	(2,718,470)		(6,412)
Balance, end of period	**17,085,727**	**$**	**43,468**	16,959,492	$	40,222

On June 30, 2009, the Company announced its intention to make a normal course issuer bid to purchase, through the facilities of the Toronto Stock Exchange, certain of its outstanding common shares. The Company has purchased and subsequently cancelled 387,799 common shares (June 30, 2009 – 1,218,470 common shares) at a cost of $3,336 for the fifteen months ended September 30, 2010 (June 30, 2009 - $7,110).

On November 5, 2008, the Company announced its intention to make a substantial issuer bid to purchase and cancel by way of a "Dutch Auction", through the facilities of the Toronto Stock Exchange, up to $9,000 of its outstanding common shares from its shareholders. The Company purchased and subsequently cancelled 1,500,000 common shares at a cost of $9,000 for the year ended June 30, 2009.

(b) Options to Employees and Directors

The Company has an incentive stock option plan for certain employees, officers and directors. Options issued under the plan have vesting terms that vary depending on date granted and other factors. All stock options must be exercised over specified periods not to exceed five years from the date granted.

	September 30 2010			June 30 2009		
	Total Options for Shares		Weighted Average Price	Total Options for Shares		Weighted Average Price
Outstanding, beginning of period	**1,128,356**	**$**	**4.72**	1,089,000	$	4.35
Granted	**460,000**		**12.18**	305,000		5.91
Exercised	**(514,034)**		**4.66**	(137,960)		1.94
Forfeited	**(55,000)**		**5.69**	(127,684)		7.43
Outstanding, end of period	**1,019,322**		**8.07**	1,128,356		4.72
Exercisable, end of period	**321,644**	**$**	**5.00**	466,365	$	4.75

Note 16 – Share Capital (continued)

(b) Options to Employees and Directors (continued)

At September 30, 2010, the range of exercise prices, the weighted average exercise price, and weighted average remaining contractual life are as follows:

Fiscal Year Granted	Number Outstanding	Weighted Average Remaining Term	Weighted Average Exercise Price	Number Exercisable
2006	40,000	5 mos.	$ 5.36	40,000
2007	25,000	10 mos.	5.51	25,000
2008	324,321	26 mos.	3.87	164,979
2009	190,000	42 mos.	6.39	76,665
2010	440,001	52 mos.	8.49	15,000
	1,019,322	39 mos.	$ 5.00	321,644

The fair value of common share options is estimated at the grant date using the Black-Scholes option pricing model based on the following weighted average assumptions:

	September 30 2010	June 30 2009
Risk free interest rate	**1.7%**	2.8%
Expected life (years)	**3**	5
Expected volatility	**52.8%**	59.6%
Expected dividends	**3.4%**	4.5%

The weighted average grant-date fair value of options granted was estimated at $3.46 (June 30, 2009 - $2.42) per option.

The Company is authorized to issue 1,025,614 equity share options under its existing stock option plan.

(c) Warrants to outside agents

	September 30 2010		June 30 2009	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	**150,000**	**$7.80**	nil	$ nil
Issued	**nil**	**nil**	150,000	7.80
Exercised	**nil**	**nil**	nil	nil
Expired	**nil**	**nil**	nil	nil
Balance, end of period	**150,000**	**$7.80**	150,000	$7.80
Exercisable for shares, end of period	**150,000**	**$7.80**	150,000	$7.80

Note 16 – Share Capital (continued)

(c) Warrants to outside agents (continued)

On May 14, 2009, the Company entered into an agreement for the exclusive financing services of a financing agent. In consideration of providing these financial advisory and agency services, non-transferrable warrants up to a total of 150,000 common shares in the Company at a strike price of $7.80 per share with an expiry on May 14, 2011, were issued.

The fair value of the financing agent warrants issued was $180 for the year ended June 30, 2009. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model using the following assumptions:

	September 30 2010	June 30 2009
Risk free interest rate	-	1.3%
Expected life (years)	-	2
Expected volatility	-	57.7%
Expected dividends	-	4.1%

The weighted average grant-date fair value of options granted was estimated in 2009 at $1.80.

Note 17 –Per Share Amounts

Basic net income per common share is calculated by dividing net income attributable to common shares by the total weighted average common shares outstanding during the period. Diluted net income per common share is calculated to give effect to share option awards and warrants.

The following table presents the reconciliations of the denominators of the basic and diluted per share computations. Net income attributable to common shares equaled diluted income attributable to common shares for all periods presented.

	September 30 2010	June 30 2009
Basic total weighted average common shares outstanding	**16,913,213**	17,957,710
Effect of dilutive securities		
Share option awards	**459,033**	62,951
Warrants	**150,000**	19,315
Diluted total weighted average common shares outstanding	**17,522,246**	18,039,976

Note 18 – Contributed Surplus

For stock options granted to certain employees, officers and directors after July 1, 2002, the Company records compensation expense using the fair value method. Compensation costs are recognized over the vesting period as an increase to stock-based compensation expense, which has been recorded in selling, general, and administrative expenses, with a corresponding increase to contributed surplus. When options are exercised, the fair-value amount in contributed surplus is credited to share capital.

	September 30 2010	June 30 2009
Balance at beginning of period	**$ 4,652**	$ 3,776
Stock options exercised	**(1,769)**	(281)
Agency warrants on proposed financing - Note 16 (c)	**-**	180
Stock-based compensation expense	**1,098**	977
	$ 3,981	$ 4,652

Note 19 –Dividends

	September 30 2010			June 30 2009		
	Declared effective	**Paid to shareholders**	**Total**	Declared effective	Paid to shareholders	Total
Dividend per Common Share						
* Dividend $0.14 (2009 - $nil)	**September 9, 2009**	**September 24, 2009**	**$ 2,342**	N/A	N/A	$ -
Dividend $0.10 (2009 - $0.065)	**October 28, 2009**	**November 26, 2009**	**1,676**	November 12, 2008	November 27, 2008	3,110
Dividend $0.10 (2009 - $0.065)	**February 10, 2010**	**February 25, 2010**	**1,694**	February 3, 2009	February 18, 2009	1,101
Dividend $0.10 (2009 - $0.065)	**May 11, 2010**	**May 26, 2010**	**1,701**	May 5, 2010	May 20, 2010	1,101
Dividend $0.10 (2009 - $nil)	**August 11, 2010**	**August 26, 2010**	**1,707**	N/A	N/A	-
			$ 9,120			$ 5,312

* Two dividends per common share were declared. One was a quarterly cash dividend of $0.065 and the second dividend was a special cash dividend of $0.075.

The Company's current dividend policy is to declare and pay quarterly cash dividends at the discretion of the Board of Directors, as circumstances permit, in an aggregate annual amount equal to approximately 30% of the prior year's net income. The Company's dividend policy and practice will be reviewed from time to time in the context of the Company's earnings, financial condition, the need to retain earnings to fund future growth of our business and other relevant factors, and the declaration of a dividend will always be at the discretion of the Board of Directors.

Note 20 – Commitments

(a) Lease Commitments

The Company is committed to future minimum annual operating lease payments for office and branch premises, which expire through 2020.

	Aggregate Lease Payments
2011	$ 17,443
2012	15,908
2013	12,787
2014	9,570
2015	5,037
Thereafter	722
	$ 61,467

(b) New Branch Openings and Additional Lease Commitments

Subsequent to the year-end, the Company has committed to leases for six additional Cash Store and Instaloans locations. The additional minimum annual lease payments required for the next five years, including these six leases and thereafter are as follows:

	Additional Lease Payments	Aggregate Lease Payments
2011	$ 158	$ 17,601
2012	219	16,127
2013	225	13,012
2014	226	9,796
2015	233	5,270
Thereafter	48	770
	$ 1,109	$ 62,576

Note 21 – Contingencies

(a) Legal Proceedings

The Company has been served in prior fiscal periods with Statements of Claim issued in Alberta alleging that the Company is in breach of s. 347 of the Criminal Code (the interest rate provision) and certain provincial consumer protection statutes. One of the claims is in respect of payday loans and the certification motion has been pending since fiscal 2006. The other Alberta claim is in respect of title loans and the certification application has not yet been heard. The Company believes that it conducts its business in accordance with applicable law and is defending each of the actions vigorously. However, the likelihood of loss if any is not determinable. Accordingly, no provision has been made for these actions in the accounts.

Note 21 – Contingencies (continued)

(a) Legal Proceedings (continued)

The Company is also involved in other claims related to the normal course of operations. Management believes that it has adequately provided for these claims.

(b) Branch Operations

The Company acts as a broker on behalf of consumers seeking short term advances. The funding of the advances is provided directly to the customers by independent third party lenders. The Company has entered into written business arrangements with a number of third party lenders that are prepared to consider lending to customers. Pursuant to these agreements, services related to the collection of documents and information as well as loan collection services are provided to the third party lenders. The agreements also provide that the third party lenders are responsible for losses suffered as a result of uncollectible loans provided the required duties under the terms of the agreements have been properly performed by the subsidiaries. In the event the duties are not properly performed and the lenders make a claim as required under the agreement, the subsidiaries may be liable to the lenders for losses they have incurred. The Company's contingent risk is the balance of the third party lenders loan portfolio which totalled approximately $109,082 as at September 30, 2010 (June 30, 2009 - $79,000).

To date, no claims have been made by the third party lenders and no payments have been made or accrued by the subsidiaries pursuant to this clause in the agreements. Risk is managed through compliance with the loan limits, procedures and selection criteria established by the lenders.

Note 22 – Related Party Transactions

(a) The Cash Store Australia Holdings Inc.

The Company provided administrative services to The Cash Store Australia Holdings Inc. The Company entered into an interim services agreement with AUC to provide ongoing services such as financial and accounting support, contracts administrative services, and the use of the Company's information technology and telecommunication systems. Included in selling, general, and administrative expenses is a recovery of $362 (June 30, 2009 - $82) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount.

The Company has a $7 (June 30, 2009 - $1) receivable from AUC. Amounts due are non-interest bearing, unsecured and have no specified terms of repayment. The receivable was repaid subsequent to year-end.

(b) RTF Financial Holdings Inc.

The Company provided administrative services to RTF Financial Holdings Inc. The Company entered into an interim services agreement with RTF to provide ongoing services such as financial and accounting support and contracts administrative services. Included in selling, general, and administrative expenses is a recovery of $120 (June 30, 2009 - $nil) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount.

Note 22 – Related Party Transactions

(b) RTF Financial Holdings Inc. (continued)

The Company has a $485 (June 30, 2009 - $nil) receivable from RTF. Amounts due are non-interest bearing, unsecured and have no specified terms of repayment. The receivable was repaid subsequent to year-end.

Note 23 – Financial Instruments and Risk Management

(a) Classification of Financial Instruments

The Company has made the following classifications: cash and cash equivalents as held-for-trading, other receivables and consumer loans receivable as loans and receivables, and accounts payable and obligations under capital leases as other financial liabilities.

(b) Fair Values

The fair values of financial instruments are determined with respect to the hierarchy that prioritizes the input to fair value measurement described in Note 2. In the absence of an active market, the Company determines fair value by using valuation techniques that refer to observable market data or estimated market prices. Fair values are inherently judgmental, thus the estimated fair values do not necessarily reflect amounts that would be received or paid in case of immediate settlement of these instruments. The use of different estimations, methodologies and assumptions could have a material effect on the estimated fair value amounts. The carrying value of other receivables, consumer loans receivable, accounts payable and accrued liabilities approximate their fair values due to the relatively short-term nature of these balances. The carrying amounts of obligations under capital leases are determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using a rate which takes into account the Company's spread for credit risk at year-end for similar terms and types of arrangements.

The hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs used in a valuation technique are not based on observable market data in determining fair values of these instruments.

The Company has segregated all financial assets and liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. Cash and cash equivalents are the only financial instruments valued using Level 1 inputs (quoted market prices). There were no financial instruments categorized in Level 2 (valuation techniques using observable market inputs) and Level 3 (valuation techniques using non-observable market inputs) as at September 30, 2010.

Note 23 – Financial Instruments and Risk Management (continued)

(c) Risk Management

The Company is exposed to a number of financial risks in the normal course of its business operations, including market risks resulting from fluctuations in interest rates, as well as credit and liquidity risks. The nature of the financial risks and the Company’s strategy for managing these risks has not changed significantly from the prior period.

Market risk is the risk of loss that results from changes in market factors such as foreign currency exchange rates and interest rates. The level of market risk to which the Company is exposed at any point in time varies depending on market conditions, expectations of future price or market rate movements and composition of the Company’s financial assets and liabilities held, non-trading physical assets, and contract portfolios.

Overall, the Company’s Board of Directors has responsibility for the establishment and approval of the Company's risk management policies. To manage the exposure to changes in market risk, management performs a risk assessment on a continual basis to help ensure that all significant risks related to the Company and its operations have been reviewed and assessed to reflect changes in market conditions and the Company's operating activities. The following summarizes the types of market price risks to which the Company is exposed, and the risk management instruments applied to mitigate them. The sensitivities provided below are hypothetical and should not be considered to be predictive of future performance or indicative of earnings on these contracts. The Company does not currently use derivative financial instruments to manage its market risks and does not hold or issue derivative financial instruments for trading or speculative purposes.

(i) Currency Risk

The Company is not significantly exposed to currency risk as the majority of operations are in Canada with no significant transactions being entered into in a foreign denominated currency.

(ii) Interest Rate Risk

The Company does not have any variable interest bearing obligations; therefore, the Company’s exposure to interest rate fluctuations relative to financial instruments is minimal.

(iii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Company’s cash and cash equivalents, other receivables, consumer loans receivable, and long-term receivable. The maximum amount of credit risk exposure is limited to the carrying amount of the balances disclosed in these financial statements.

Note 23 – Financial Instruments and Risk Management (continued)

(c) Risk Management (continued)

(iii) Credit Risk (continued)

The best representation of the Company's maximum exposure (excluding tax effects) to credit risk, which is a worst case scenario and does not reflect results expected by the Company, is as set out in the following table:

	September 30 2010	June 30 2009
Cash and cash equivalents	**$ 19,639**	$ 18,519
Other receivables	**9,940**	2,601
Consumer loans receivable - Note 6	**4,460**	263
Long-term receivable	**450**	-
	$ 34,489	$ 21,383

Cash and cash equivalents: Credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are placed with reputable Canadian financial institutions that have been accorded strong investment grade ratings by a primary rating agency.

Other receivables: Other receivables includes amounts owing to the Company from various parties. Included within other receivables are amounts of $7,223 owed by two different parties and as such, these balances represent a concentration of credit risk to the Company. For such parties, the Company trades with entities that are assessed as being credit worthy and the Company maintains an ongoing review of their credit status. The balance of other receivables is owed by a large number of parties that individually owe amounts to the Company that are not significant in value as at September 30, 2010.

Consumer loans receivable: The Company also directly lends to its customers and has no significant concentration of credit risk with any particular individual related to short-term advances.

Credit risk relates to the possibility of default of payment on the Company's consumer loans receivable. The Company performs on-going credit evaluations, and reviews the aging of the receivable, payment history and other factors, and it establishes a provision for loan losses when it is determined that a loan is impaired.

Note 23 – Financial Instruments and Risk Management (continued)

(c) Risk Management (continued)

(iii) Credit Risk (continued)

The following table presents an analysis of the age of consumer loans receivable as of September 30, 2010.

	September 30 2010	June 30 2009
Consumer loans receivable, net of allowance for doubtful accounts		
Current	**$ 3,410**	$ 211
1-30 days past due date	**992**	22
31-60 days past due date	**306**	10
61-90 days past due date	**119**	11
Greater than 90 days past due date	**144**	58
Consumer loans receivable	**4,971**	312
Allowance for doubtful accounts	**(511)**	(49)
	$ 4,460	$ 263

The Company makes significant estimates in respect of the allowance for doubtful accounts. Historical information is considered when determining whether past-due accounts should be provided for and the same factors are considered when determining whether to write off amounts charged to the allowance against the consumer loans receivable. No consumer loans receivable are written off directly to the provision for loan losses.

The following table presents a summary of the activity related to the Company's allowance for doubtful accounts.

	September 30 2010	June 30 2009
Balance, beginning of period	**$ 49**	$ -
Provisions made during the period	**788**	49
Write-offs during the period	**(326)**	-
Balance, end of period	**$ 511**	$ 49

The gross amount of impaired loans is $511 against which a provision of $511 is recorded against.

(iv) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due or will not receive sufficient funds from its third party lenders to advance to the Company's customers. The Company manages all liquidity risk through maintaining a sufficient working capital amount through daily monitoring of controls, cash balances and operating results. The Company's principal sources of cash are funds from operations, which the Company believes will be sufficient to cover its normal operating and capital expenditures.

Note 23 – Financial Instruments and Risk Management (continued)

(c) Risk Management (continued)

(iv) Liquidity Risk (continued)

The maximum exposures to liquidity risk are represented by the carrying amount of accounts payable and accrued liabilities, and obligations under capital leases, which is approximately $18,979. This amount is made up of the following:

	Carrying Amount	Contractual Cash Flows	Less Than 1 Year	1-3 Years
Accounts payable and accrued liabilities	$ 17,027	$ 17,027	$ 17,027	$ -
Obligations under capital leases (including interest)	1,952	2,167	1,081	1,086
	$ 18,979	**$ 19,194**	**$ 18,108**	**$ 1,086**

Note 24 – Management of Capital

The Company's objective when managing capital is to provide a return to its shareholders by fairly pricing its services with the associated level of risk while being able to sufficiently fund future growth initiatives. The Company defines capital that it manages as the aggregate of its shareholders' equity, which is comprised of share capital, contributed surplus and retained earnings.

In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, repurchase shares through a normal course issuer bid, pay dividends or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestures, as well as capital and operating budgets.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it based on economic or regulatory changes. In order to maintain or modify the capital structure, the Company may seek additional sources of capital. The Company has limited reliance on debt facilities and is not subject to any restrictive covenants.

The Company's capital management objectives, policies and procedures were unchanged since the prior year-end.

Note 25 – Subsequent Event

On November 24, 2010, the Company declared a quarterly dividend of $0.10 per common share. The dividend is payable on December 21, 2010, to shareholders of record on December 6, 2010.

Note 26 – Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current period.

Note 27 – U.S. GAAP Reconciliation

The Company prepares its consolidated financial statements in accordance with Canadian GAAP, which conforms from a recognition and measurement perspective in all material aspects applicable to the Company with U.S. GAAP for the periods presented. Presentation differences and additional disclosures required under U.S. GAAP are as follows:

(A) Consolidated Statements of Cash Flows

Canadian GAAP permits the disclosure of a subtotal of the amount of funds provided by operating activities before changes in non-cash operating items in the consolidated statements of cash flows. U.S. GAAP does not permit this subtotal to be included in the consolidated statements of cash flows.

(B) Long- Term Investments

U.S. GAAP requires the Company to disclose the aggregate quoted market value of long-term investments, which is not required under Canadian GAAP.

(a) The Cash Store Australia Holdings Inc.

The Company accounts for the investment under the equity method of accounting as it has significant influence over strategic operating, investing and financing activities due to board representation and management involvement in day to day operations. The difference between the carrying amount of the investment and the underlying equity in net assets of the investee is not significant. The aggregate quoted market value of this investment is $8,250.

(b) RTF Financial Holdings Inc.

The Company accounts for the investment under the equity method of accounting as it has significant influence over strategic operating, investing and financing activities due to board representation and management involvement in day to day operations. The difference between the carrying amount of the investment and the underlying equity in net assets of the investee is not significant. No aggregate quoted marked value of the investment exists as RTF is not publicly traded.

Note 27 – U.S. GAAP Reconciliation (continued)

(C) Intangible Assets

The estimated aggregate annual amortization expense for the next five years for intangible assets subject to amortization is as follows:

Fiscal year ending September 30	2011	2012	2013	2014	2015
Amortization expense for intangible assets	$ 1,070	$ 1,070	$ 1,070	$ 1,070	$ 1,068

(D) Income Taxes

Under Canadian GAAP, the tax effects of temporary differences are referred to as future income taxes. Under U.S. GAAP, the tax effects of temporary differences are referred to as deferred income taxes.

The Company currently does not have any unrecognized tax benefits. The Company's tax positions for 2006 to present in Canada remain subject to examination by tax authorities.

(E) Accounts Payable and Accrued Liabilities

U.S GAAP requires the Company to disclose components of accrued liabilities, which is not required under Canadian GAAP. Accrued liabilities included in trade accounts payable and accrued liabilities as at September 30, 2010, were $2,678 (June 30, 2009 - $1,290).

(F) Stock Based Compensation

U.S. GAAP requires the Company to disclose nonvested share options, which is not required under Canadian GAAP. A summary of the status of the Company's nonvested share options as of September 30, 2010, and the changes during the fifteen months ended September 30, 2010, is presented below:

	September 30 2010		June 30 2009	
	Total Options for Shares	**Weighted Average Price**	Total Options for Shares	Weighted Average Price
Nonvested, beginning of period	**661,991**	**$ 4.70**	914,001	$ 4.21
Granted	**460,000**	**12.18**	230,000	6.39
Vested	**(374,313)**	**4.85**	(436,344)	4.64
Forfeited	**(50,000)**	**5.71**	(45,666)	4.09
Nonvested, end of period	**697,678**	**$ 9.48**	661,991	$ 4.70

The total intrinsic value of options exercised during the fifteen months ended September 30, 2010, was $3,610 (June 30, 2009 - $567). The total fair value of options that vested during the fifteen months ended September 30, 2010, was $996 (June 30, 2009 - $1,562).

As at September 30, 2010, and June 30, 2009, the aggregate intrinsic value of options outstanding was $7,635 and $4,409, respectively, while the aggregate intrinsic value of the options that are currently exercisable was $3,322 and $1,808, respectively.

As at September 30, 2010, there was $1,447 of total unrecognized compensation costs related to non-vested stock options. The Company expects to recognize this expense over a weighted average period of 2.2 years.

Note 27 – U.S. GAAP Reconciliation (continued)

(G) Financial Instruments

Valuation Techniques:

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments:

	September 30 2010		June 30 2009	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	**$ 19,639**	**$ 19,639**	$ 18,519	$ 18,519
Other receivables	**9,940**	**9,940**	2,601	2,601
Consumer loans receivable	**4,460**	**4,460**	263	263
Long term receivable	**450**	**450**	-	-
Financial Liabilities				
Accounts payable	**17,027**	**17,027**	14,196	14,196
Obligations under capital leases	**$ 1,952**	**$ 1,952**	$ 1,425	$ 1,425

(H) Recent United States Accounting Pronouncements

Effective July 1, 2009, the Company adopted ASC Subtopic 820-20 (formerly FSP FAS 157-2 "Effective Date of FASB Statement No. 157"), which delayed the effective date of ASC 820 for non-financial assets or liabilities that are not required or permitted to be measured at fair value on a recurring basis to fiscal 2010. The adoption of this Subtopic did not have a material impact on the Company's consolidated financial statements.

Effective July 1, 2009, the Company prospectively adopted ASC Subtopic 350-30 (formerly FSP FAS 142-3, "Determination of the Useful Life of Intangible Assets"). The adoption of this Subtopic did not have a material impact on the Company's consolidated financial statements.

Effective July 1, 2009, the Company adopted the provisions of ASC paragraph 825-10-65-1 (formerly FSP FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments"), which increases the frequency of fair value disclosures. Financial instruments measured at fair value as at September 30, 2010, include cash and cash equivalents, which is classified as Level 1 in the fair value hierarchy.

Effective January 1, 2010, the Company adopted ASU No. 2010-06, "Improving Disclosures About Fair Value Measurements". The ASU amends existing disclosure requirements under ASC 820 by adding required disclosures about items transferring into and out of Levels 1 and 2 in the fair value hierarchy; adding separate disclosures about purchase, sales, issuances, and settlements relative to Level 3 measurements; and clarifying, among other things, the existing fair value disclosures about the level of disaggregation.

Effective July 1, 2009, the Company adopted the FASB Accounting Standards Codification (ASC) (formerly issued as SFAS No. 168, "The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162"). The adoption of the ASC changed the Company's references to U.S. GAAP accounting standards but did not have a material impact on the Company's consolidated financial statements.

Note 27 – US GAAP Reconciliation (continued)

(H) Recent United States Accounting Pronouncements (continued)

The Company adopted prospectively the provisions outlined in FASB ASC Topic 805 “Business Combinations” (formerly SFAS No. 141R, “Business Combinations”) for all business combinations with an acquisition date on or after July 1, 2009. The adoption of the provisions of ASC Topic 805 did not have a material impact on the Company’s consolidated financial statements.

Effective July 1, 2009, the Company adopted EITF 08-6 “Equity Method Investment Accounting Considerations (included in ASC Subtopic 323-10).” EITF 08-6 applies to all investments accounted for under the equity method and clarifies the accounting for certain transactions and impairment considerations involving those investments. This section is effective for interim and annual financial statements beginning on or after December 15, 2008. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

The Company adopted prospectively the provisions outlined in FASB ASC 160 “Non-controlling Interest in Consolidated Financial Statements.” ASC 160 aligns the reporting of non-controlling interests in subsidiaries with the requirements of IAS 27. This statement provides similar guidance for accounting for changes in a parent’s ownership interest and deconsolidation of a subsidiary. This standard is effective for interim and annual reporting periods beginning on or after December 15, 2008. The adoption of the provisions of ASC Topic 160 did not have a material impact on the Company’s consolidated financial statements.

Effective July 1, 2009, the Company adopted ASC Topic 820 “Measuring Liabilities at Fair Value”. This update addresses practice difficulties caused by tension between fair-value measurements based on the price that would be paid to transfer a liability to a new obligor and contractual or legal requirements that prevent such transfers from taking place. This standard is effective for interim and annual reporting periods beginning on or after August 27, 2009. The adoption of this standard did not have a material impact on the Company’s consolidated financial statements.

(I) Recent United States Accounting Pronouncements Not Yet Adopted

In 2010, FASB amended ASC Topic 310 “Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses.” The ASC significantly expands existing disclosures about the credit quality of financing receivables and their allowance for credit losses. The ASC affects all entities with financing receivables, excluding short-term trade accounts receivable or receivables measured at fair value or lower of cost of fair value. This section is effective for interim and annual reporting periods ending on or after December 15, 2010. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

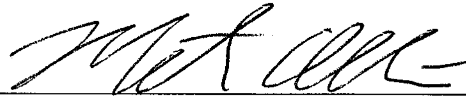
In 2010, FASB amended EITF 09-J” Effect of Denominating the Exercise Price of a Share-Based Award in the Currency of the Market in Which the Underlying Equity Security Trades. The task force reached a consensus that an employee share-based payment with an exercise price denominated in the currency of a market in which a substantial portion of the entity’s equity securities trade should be considered an equity classified award assuming all other criteria for equity classification are met. This section is effective for interim and annual reporting periods ending on or after December 15, 2010. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

This is Exhibit "C" referred to in the affidavit of

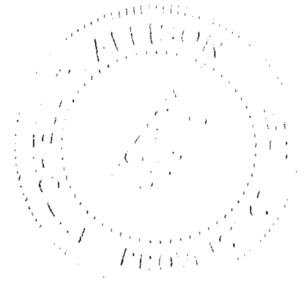
....................ERIN ARMSTRONG....................

sworn before me at the City of Calgary, in the Province

of Alberta, on the 8th day of May, 2014



Notary Public in and for the Province of Alberta



Mitchell R. Allison
Student-at-Law

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended September 30, 2011

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INTRODUCTION

The following management's discussion and analysis ("MD&A") should be read in conjunction with The Cash Store Financial Services Inc.'s ("Cash Store Financial" or the "Company") audited consolidated financial statements for the twelve and fifteen months ended September 30, 2011, and September 30, 2010 which are available at SEDAR (www.sedar.com) and at the United States Securities and Exchange Commission website (www.sec.gov).

All figures are presented in Canadian dollars and are reported in accordance with Canadian generally accepted accounting principles.

This MD&A is dated as of November 16, 2011.

BUSINESS PROFILE AND STRATEGY

This section contains forward-looking statements. See Cautionary Statement Regarding Forward-Looking Information located at the end of this MD&A.

Cash Store Financial is an alternative to traditional banks, providing short-term advances and other financial services, to serve the needs of everyday people in Canada through our two branch banners: Cash Store Financial and Instaloans. Cash Store Financial and Instaloans act as brokers and lenders to facilitate short-term advances and to provide other financial services to income-earning consumers. We also provide a range of financial products that are not supplied by traditional financial institutions. As of September 30, 2011, we owned and operated 586 branches in nine Canadian provinces, two Canadian territories and the United Kingdom (the "UK"). Our workforce is dynamic and we operate within a performance-based culture. We employ approximately 2,300 associates across Canada and the UK. Cash Store Financial is the only broker and lender of short-term advances and provider of other financial services in Canada that is publicly traded on both the Toronto and New York Stock Exchanges. Cash Store Financial trades under the symbol "CSF" on the Toronto Stock Exchange and under the symbol "CSFS" on the New York Stock Exchange.

Our business is based on the recognition that the needs of a segment of the Canadian and UK population are not being properly serviced by traditional financial institutions. Our strategic objective is to establish Cash Store Financial and Instaloans as the provider of choice, in the jurisdictions in which we operate, for short-term advances and other financial services by offering a wide range of products, a high level of customer service and convenient locations and hours of operation.

In addition to meeting our customers' needs by providing small, short-term loans which can be accessed quickly, we also offer financial product insurance, cheque cashing products, bank accounts, money transfers, pre-paid master cards, debit cards, and prepaid phone cards.

A key component of our long-term business strategy has been product diversification. This strategy has and should continue to assist us in offsetting downward pressure on revenue and earnings resulting from provincially regulated rate caps on payday loans. In the third quarter of 2010, through an agency agreement with DC Bank, a federally regulated Canadian Schedule 1 bank, we introduced a basic deposit account product. A new premium bank account product that features unlimited free cheque cashing and free on-line bill payments was introduced in late Q2 2011. Both types of account are insured by the Canada Deposit Insurance Corporation. On a national basis, consumer acceptance of both products has been high.

Cash Store Financial's strategic priorities are:

Accelerate Direct Lending Model

- Reducing our cost of capital.

Introduce Additional New Products and Services

Growing existing product lines and implementation of new product initiatives

- Providing superior service in relation to existing product offerings; and
- Accelerating revenue growth through further new product initiatives.

Continue to Grow Canadian Operations

Driving market penetration

- Maximizing the potential of our expanding branch network;
- Continuing to focus on improving Branch Operating Income ("BOI") margins for all our branches;
- Continuing to educate, motivate and improve the performance of our associates through an integrated communication and training strategy that includes Cash Store Financial College, Cash Store FinancialTV and our annual President's Forum with every branch manager; and
- Providing strong leadership through in-the-field, hands-on involvement of senior management and getting back to the basics throughout the company.

New branch openings

- Further expanding our position in the Canadian alternative financial services industry through organic growth into underserved communities based on new branch profitability or via the acquisition of existing operators.

Pursue International Expansion

- Aggressive expansion of our network in the UK; and
- Establish infrastructure in the UK to facilitate aggressive expansion.

Cash Store Financial has recognized its corporate responsibility to contribute to the communities in which we do business. In 2008, we partnered with the Alberta Diabetes Foundation to raise $7.5 million for research to be undertaken at the Alberta Diabetes Institute, a globally-recognized centre of research excellence. In 2010 the Company was one of 16 companies recognized with a "Roll of Honour" award by the Alberta Association of Fund Raising Executives. The "Roll of Honour" award celebrates extraordinary commitment and contributions to the non-profit sector from corporate citizens and individuals around Alberta. In calendar 2011, Cash Store Financial hosted 33 "freedom" runs across Canada.

Selected Annual Information

Thousands of dollars, except for per share amounts and branch figures	**Twelve Months Ended**	Fifteen Months Ended	Twelve Months Ended
Consolidated results	**September 30 2011**	September 30 2010	June 30 2009
No. of branches Canada	**574**	542	424
United Kingdom	**12**	2	-
	586	544	424
Revenue			
Loan fees	**$ 136,623**	$ 170,659	$ 122,572
Other income	**53,276**	49,859	27,933
	189,899	220,518	150,505
Branch expenses			
Salaries and benefits	**57,576**	62,265	40,634
Retention payments	**26,786**	28,167	17,988
Selling, general and adminstrative	**17,518**	21,673	17,326
Rent	**18,216**	17,868	11,300
Advertising and promotion	**5,440**	5,535	3,971
Provision for loan losses	**2,559**	788	49
Depreciation of property and equipment	**6,803**	7,006	4,679
	134,898	143,302	95,947
Branch operating income	**55,001**	77,216	54,558
Regional expenses	**16,750**	13,359	8,169
Corporate expenses	**18,266**	21,127	16,627
Other amortization	**2,112**	2,055	1,333
Income before income taxes and class action settlements	**17,873**	40,675	28,429
Class action settlements	**3,206**	2,915	6,910
EBITDA *	**24,514**	48,100	28,583
Net income and comprehensive income	**$ 9,042**	$ 26,464	$ 14,647
Weighted average number of shares outstanding			
- basic	**17,259**	16,913	17,958
- diluted	**17,663**	17,522	18,040
Basic earnings per share			
Net income and comprehensive income	**$ 0.52**	$ 1.56	$ 0.82
Diluted earnings per share			
Net income and comprehensive income	**$ 0.51**	$ 1.51	$ 0.81
Consolidated Balance Sheet Information			
Working capital	**$ 17,122**	$ 14,980	$ 9,667
Total assets	**121,839**	115,045	83,796
Total long-term liabilities	**9,082**	9,882	2,959
Total liabilities	**34,493**	31,690	17,944
Cash dividends declared per share	**0.46**	0.54	0.20
Shareholders' equity	**$ 87,346**	$ 83,355	$ 65,852

*EBITDA – earnings from operations before interest, income taxes, stock-based compensation, depreciation of property and equipment and amortization of intangible assets.

OVERALL FINANCIAL PERFORMANCE

2011 Highlights and Outlook

This section contains forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Information" located at the end of the MD&A.

Thousands of dollars, except for per share amounts	Three Months Ended		Twelve Months Ended	Twelve Months Ended	Fifteen Months Ended
Consolidated results	**September 30 2011**	September 30 2010	**September 30 2011**	September 30 2010	September 30 2010
Revenue	**$ 47,181**	$ 49,279	**$ 189,899**	$ 178,982	$ 220,518
Branch operating income	**13,913**	16,640	**55,001**	61,592	77,216
Net income					
Before class action expenses net of normalized tax	**2,035**	7,682	**11,277**	22,867	28,507
Net income and comprehensive income	**2,035**	7,682	**9,042**	20,824	26,464
Earnings before interest, taxes, depreciation, amortization, class action expenses and effective interest component of retention payments	**11,319**	16,476	**49,005**	59,155	73,971
Earnings before interest, taxes, depreciation and amortization	**6,207**	11,132	**24,514**	37,375	48,100
Diluted earnings per share					
Before class action expenses net of normalized tax	**$ 0.12**	$ 0.42	**$ 0.64**	$ 1.31	$ 1.63
Net income and comprehensive income	**$ 0.12**	$ 0.42	**$ 0.51**	$ 1.18	$ 1.51

Net income and comprehensive income for the twelve months ended September 30, 2011, was $9.0 million (after removing class action settlement costs and related taxes was $11.3 million), compared to $20.8 million (after removing class action settlement costs and related taxes was $22.9 million) for the twelve months ended September 30, 2010.

Net income and comprehensive income was $26.5 million (after removing class action settlement costs and related taxes was $28.5 million) for the fifteen months ended September 30, 2010.

Diluted earnings per share were $0.51 for the twelve months ended September 30, 2011 ($0.64 after removing class action settlement costs and related taxes), compared to $1.18 ($1.31 after removing class action settlement costs and related taxes) for the twelve months ended September 30, 2010. Loan volumes and loan fees were lower than anticipated leading to lower than expected earnings during the year in addition to an increase in expenditures relating to regulations and increased infrastructure costs associated with collections, future expansion in the UK and new product additions.

Diluted earnings per share were $1.51 ($1.63 after removing class action settlement costs and related taxes) for the fifteen months ended September 30, 2010.

Significant factors impacting the twelve months results as compared to the trailing twelve month results of 2010 and fifteen month results of 2010 include:

- Revenue increased by 6.1% comparing the twelve months ended September 30, 2011 and 2010. For the year ended September 30, 2011 compared to the fifteen months ended September 30, 2010 overall revenue decreased by 13.9%;
- Loan fees decreased slightly by 0.1% comparing the twelve months ended September 30, 2011 and 2010. The slight decrease is as a result of decreases in same branch loan volumes, same branch revenues as it relates to loan fees, rate compression in Manitoba, and Nova Scotia offset by 44 new branches. Loan fees were down 19.9% to $136.6 million for the year compared to $170.7 million for the fifteen months ended September 30, 2010 given decreases in same branch loan volumes, same branch revenues as it relates to loan fees, rate compression in Manitoba, Nova Scotia and Ontario and three fewer months of reported results given change in year-end. The effect of rate

compression reduced our rates by 4.1%, 0.8% and 3.4% in Manitoba, Nova Scotia and Ontario respectively;

- Other revenue increased by 26.2%or $11.1 million when comparing the twelve months ended September 30, 2011 and 2010 reflecting continued success on our product diversification strategy. As a percentage of total revenue, other revenue increased to 28.1% from 23.6% or a 19.0% increase when comparing the twelve month periods. When comparing the year ended September 30, 2011 to the fifteen months ended September 30, 2010 we grew other revenues by 6.9% to$53.3 million. For the year ended September 30, 2011 other revenues was 28.1% of total revenue compared to 22.6% for the fifteen months ended September 30, 2010 or a 24.1% increase;
- Loan volumes increased by 6.3% from $772.6 million comparing the twelve months ended September 30, 2011 and 2010, as a result of branch openings. Loan volumes for the year ended September 30, 2011 were down 12.5% to $821.4 million as compared to the fifteen month period ended September 30, 2010 as a result of reduced volumes, rate compression in Manitoba, Nova Scotia and Ontario and three fewer months of reported results due to the change in year-end;
- Earnings decreased by $4.3 million for the year as a result of a drags on earnings from new branch openings;
- Retention payments increased by $3.7 million or 16.1% comparing the twelve months ended September 30, 2011 and 2010 as a result of the effects of rate compression in the regulated provinces. Retention payments decreased by $1.4 million for the year ended September 30, 2011 when compared to the fifteen months ended September 30, 2010. The decrease is due to three fewer months of reported results given the change in year-end;
- Provision for loan losses for on-balance sheet lending increased $1.8 million for the year ended September 30, 2011 compared to the fifteen months ended September 30, 2010 as a result of a full year's lending compared to one quarter in the twelve months last year. Comparing the twelve months ended September 30, 2011 and 2010 the provision for loan losses increased by $1.8 million;
- Branch selling, general and administration ("SG&A") increased by 1.5% when comparing the twelve months ended September 30, 2011 and 2010. During the year and for comparative quarters certain fees that were previously recorded as an increase to SG&A have been reclassified to other income. Branch SG&A costs decreased $4.2 million for the twelve months ended September 30, 2011 compared to the fifteen months ended September 30, 2010 given cost containment measures at the branch level and three fewer months of reported results given the change in year-end;
- Corporate expenses increased by 7.6% when comparing the twelve months ended September 30, 2011 and 2010 as a result of increased professional and legal fees, UK expansion costs, and increased corporate salary costs. Corporate expenses decreased by $2.9 million for the year ended September 30, 2011 when compared to the fifteen months ended September 30, 2010 due to three fewer months of reported results given the change in year-end offset by increased professional and legal fees, UK expansion, and increased corporate salary costs;

- Regional expenses increased by 50.2% when comparing the twelve months ended September 30, 2011 and 2010 given enhancements to collection infrastructure, a reorganization at the regional and division vice president level and infrastructure additions in both Canada and the UK. Regional expenses increased by $3.4 million for the twelve months versus the fifteen months given enhancements to collection infrastructure, a reorganization at the regional and division vice president level, infrastructure additions in both Canada and the UK offset by three fewer months of reported results given the change in year-end;
- Revenues decreased in Manitoba and Nova Scotia by$2.3 million and $578,000 respectively for the twelve months as a result of rate compression; and
- Working capital increased by $2.1 million for the year ended September 30, 2011 compared to last year.

Our EBITDA was $24.5 million for the year ended September 30, 2011, compared to $37.4 million for the twelve months ended September 30, 2010. This decrease is due to rate compression, reduced loan volumes, increased regional and corporate infrastructure costs compared to the same period last year partially offset by increases in other revenues. EBITDA, adjusted to remove class action settlements and the effective interest component of retention payments, was $49.0 million for the year, compared to $59.2 million in the twelve month period ended September 30, 2010.

EBITDA for the fifteen months ended September 30, 2010 was $48.1 million. This decrease in the current year compared to the fifteen month period ended September 30, 2010 is due to the same reasons noted above for the twelve months and three fewer months of reported results given the change in the year-end periods. EBITDA, adjusted to remove class action settlements and the effective interest component of retention payments, was $74.0 million for the fifteen month period ended September 30, 2010.

The implementation of provincial industry rate regulations commenced in August 2009 and continued through until March 2010. Rate regulations have been implemented in British Columbia, Alberta, Ontario, Manitoba and Nova Scotia, representing markets in which 86% of our branches are located. Although we have experienced a decrease in our margins as a result of provincial rate caps, we continue to view regulation as positive for the industry and critical to our long-term growth and success.

Product and revenue diversification initiatives continue to generate positive results. Revenue from other services (including fees from bank accounts, financial product insurance, pre-paid master cards, debit cards, money transfers, cheque cashing and prepaid phone cards) increased to$53.3 million in the year, up $11.1 million from $42.2 million in the twelve months ended September 30, 2010. We have made significant improvements in products and services which complement our existing product lines. We will continue to progress towards our objectives of diversifying our revenue stream with products which enhance and augment our core products, and increasing the value generated from our existing suite of products. When comparing to the fifteen month ended September 30, 2010 our revenue from other services went up $3.4 million.

There has been a significant realignment of the regional and senior management structure of our operations group. We expect that these changes will lead to strong growth in future periods. Further expansion of our infrastructure will take place in order to facilitate our aggressive growth plans in the UK.

SELECTED FINANCIAL INFORMATION

Thousands of dollars, except for per share amounts and branch figures	**Three Months Ended**		**Twelve Months Ended**	Twelve Months Ended	Fifteen Months Ended
Consolidated results	**September 30 2011**	September 30 2010	**September 30 2011**	September 30 2010	September 30 2010
No. of branches Canada	**574**	542	**574**	542	542
United Kingdom	**12**	2	**12**	2	2
	586	544	**586**	544	544
Loan volumes					
Loan fees included	**$ 201,720**	$ 216,027	**$ 821,401**	$ 772,617	$ 938,483
Revenue					
Loan fees	**$ 33,552**	$ 36,195	**$ 136,623**	$ 136,782	$ 170,659
Other income	**13,629**	13,084	**53,276**	42,200	49,859
	47,181	49,279	**189,899**	178,982	220,518
Branch expenses					
Salaries and benefits	**14,490**	13,698	**57,576**	51,293	62,265
Retention payments	**6,245**	6,934	**26,786**	23,067	28,167
Selling, general and administrative	**4,156**	4,545	**17,518**	17,262	21,673
Rent	**4,656**	4,219	**18,216**	14,786	17,868
Advertising and promotion	**1,398**	1,223	**5,440**	4,475	5,535
Provision for loan losses	**580**	454	**2,559**	756	788
Depreciation of property and equipment	**1,743**	1,566	**6,803**	5,751	7,006
	33,268	32,639	**134,898**	117,390	143,302
Branch operating income	**13,913**	16,640	**55,001**	61,591	77,216
Regional expenses	**4,523**	2,358	**16,749**	11,149	13,359
Corporate expenses	**5,177**	5,026	**18,266**	16,972	21,127
Other depreciation and amortization	**570**	13	**2,112**	1,484	2,054
Income before income taxes and class action settlements	**3,643**	9,243	**17,874**	31,987	40,676
Class action settlements	**-**	-	**3,206**	2,915	2,915
EBITDA *	**6,207**	11,132	**24,514**	37,375	48,100
Net income and comprehensive income	**$ 2,035**	$ 7,682	**$ 9,042**	$ 20,824	$ 26,465
Weighted average number of shares outstanding - basic	**17,407**	17,071	**17,259**	16,938	16,913
diluted	**17,643**	17,533	**17,663**	17,547	17,522
Basic earnings per share					
Income before class action settlement costs net of taxes	**$ 0.12**	$ 0.44	**$ 0.64**	$ 1.35	$ 1.69
Net income and comprehensive income	**$ 0.12**	$ 0.44	**$ 0.52**	$ 1.22	$ 1.56
Diluted earnings per share					
Income before class action settlement costs net of taxes	**$ 0.12**	$ 0.42	**$ 0.64**	$ 1.31	$ 1.63
Net income and comprehensive income	**$ 0.12**	$ 0.42	**$ 0.51**	$ 1.18	$ 1.51
Consolidated Balance Sheet Information					
Working capital	**$ 17,122**	$ 14,980	**$ 17,122**	$ 14,980	$ 14,980
Total assets	**121,839**	115,045	**121,839**	115,045	115,045
Total long-term liabilities	**9,082**	9,882	**9,082**	9,882	9,882
Total liabilities	**34,493**	31,690	**34,493**	31,690	31,690
Shareholders' equity	**$ 87,346**	$ 83,355	**$ 87,346**	$ 83,355	$ 83,355

*EBITDA – earnings from operations before interest, income taxes, stock-based compensation, depreciation of property and equipment and amortization of intangible assets.

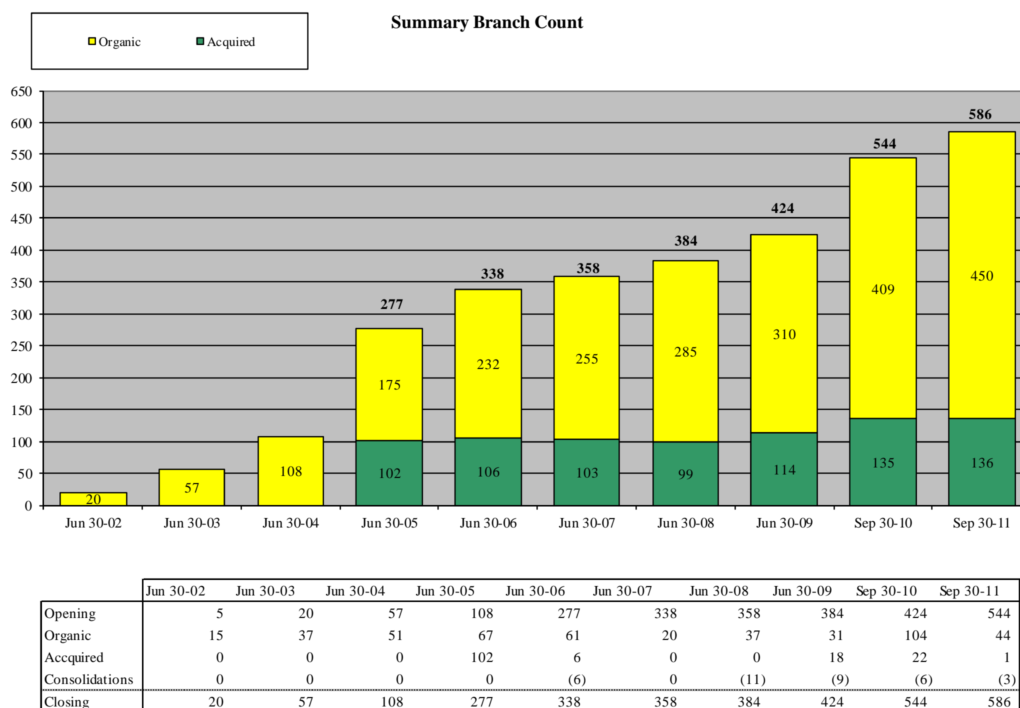
FINANCIAL ANALYSIS

This analysis provides an overview of our financial results for the twelve months ended September 30, 2011, compared to the fifteen months ended September 30, 2010.Certain comparative figures have been reclassified to conform to the presentation adopted for the current period. Specifically, certain amounts that were previously recorded within SG&A expense have been reclassified to other income for all periods presented.

Branch Count

This section contains forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Information" located at the end of the MD&A.

At September 30, 2011 we had a total of 586 branches in operation, an increase of 42 branches, compared to 544 branches at the end of the last year. During the year, 44 new branches were opened, one branch was acquired and three branches were consolidated. Branch performance continues to be monitored and branch consolidations will occur when efficiencies can be achieved.



	Jun 30-02	Jun 30-03	Jun 30-04	Jun 30-05	Jun 30-06	Jun 30-07	Jun 30-08	Jun 30-09	Sep 30-10	Sep 30-11
Opening	5	20	57	108	277	338	358	384	424	544
Organic	15	37	51	67	61	20	37	31	104	44
Accquired	0	0	0	102	6	0	0	18	22	1
Consolidations	0	0	0	0	(6)	0	(11)	(9)	(6)	(3)
Closing	20	57	108	277	338	358	384	424	544	586

We increased our net number of branches by 42 over the year as compared to 93 over the twelve month period ended September 30, 2010 or 120 branches over the fifteen months ended September 30, 2010. For the year ended September 30, 2011 we consolidated three branches compared to six branches for the fifteen month period last year. We reached our goal of having 12 branches in the UK by the end of this year.

Material factors that determine the number of branch openings include availability of suitable locations with suitable lease terms, branch performance within similar areas and favorable market rates. In the coming year, we will be aggressively growing our branch network in the UK. We anticipate adding minimal branches next year in Canada.

Revenue

For the year ended September 30, 2011, revenues increased by $10.9 million to $189.9 million or 6.1% as compared to the twelve months ended 2010 which is mainly due to record other revenue. Loan volumes were $821.4 million in the year, up 6.3% from $772.6 million for the twelve months last year. Loan fees for the year were down slightly by 0.1% to $136.6 million compared to $136.8 million for the twelve month period last year. The slight decrease is as a result of

decreases in same branch loan volumes, same branch revenues as it relates to loan fees, rate compression in Manitoba, Nova Scotia and Ontario offset by 44 new branches.

As compared to the fifteen months ended September 30, 2011, revenues were down 13.9% compared to $220.5 million. Loan volumes were $821.4 million in the year, down 12.5% from $938.5 million for the fifteen months last year. Loan fees for the year were down 19.9% to $136.6 million compared to $170.7 million for the fifteen month period last year. The loan fees were down in the year as a result of decreased loan volumes, rate compression and three fewer months of reported results given the change in year-end.

The implementation of cost of borrowing rate caps commenced in August 2009 and continued through until April 2011. The following cost of borrowing rate caps are currently in place: Nova Scotia - $25 per hundred dollars loaned; British Columbia - $23 per hundred dollars loaned; Ontario - $21 per hundred dollars loaned; Manitoba - $17 per hundred dollars loaned; Alberta - $23 per hundred dollars loaned. We had an average loan fee of $25.30 per hundred dollars loaned prior to regulations. For the twelve and fifteen months year ended September 30, 2010, our average loan fee earned per hundred dollars loaned was $20.30. For the year ended September 30, 2011, our average loan fees earned per hundred dollars was $19.70. This equates to a 3% reduction in loan fees earned.

The table below illustrates branch aging categories by year opened (twelve versus twelve months).

(Thousands of dollars, except branch figures)		Revenues			Average Revenue per Branch per Quarter	
Year Opened	**Number of Branches**	**September 30 2011**	**September 30 2010**	**% Change**	**September 30 2011**	**September 30 2010**
2001*	94	$ 35,402	$ 38,617	-8%	$ 94	$ 103
2002	13	6,367	7,274	-12%	122	140
2003	35	15,351	16,374	-6%	110	117
2004	52	20,762	21,941	-5%	100	105
2005	66	24,777	25,989	-5%	94	98
2006	50	17,945	19,020	-6%	90	95
2007**	37	12,083	9,943	22%	82	67
2008	34	10,367	11,081	-6%	76	81
2009	48	12,340	11,567	7%	64	60
2010	112	26,900	15,093	78%	60	34
2011	45	5,732	-	100%	32	-
	586	188,026	176,899	6%	$ 80	$ 75
Consolidation of branches		128	880			
Other		1,745	1,203			
Continuing operations		$ 189,899	$ 178,982			

* Instaloans branches were acquired by Cash Store Financial on April 22, 2005; they have been operating since 2001.

** EZ Cash branches were acquired by Cash Store Financial on April 26, 2010; they have been assumed on average to be operating since 2007.

Set forth below is a breakdown of our revenue that can be attributed to payday loans, segregated by loans internally originated and loans generated by third-party lenders. Types of revenue that can be attributed to the generation of payday loans include brokerage and loan fees, interest income and default fees. For the year ended September 30, 2011, the following table summarizes the allocation of types of revenue segregated between internally originated loans and third-party funded loans:

(thousands of dollars)	Third Party Funded Loan	Internally Originated Loan	Total
Loan fees	126,681	9,943	136,623
Interest	-	523	523
Default fees	3,429	150	3,579

Loan volumes related to internally originated loans increased to $41.4 million in the year from $7.9 million in the twelve month period last year.

For the fifteen month period ended September 30, 2010, the following table summarizes the allocation of types of revenue segregated between internally originated loans and third-party funded loans:

(thousands of dollars)	Third Party Funded Loan	Internally Originated Loan	Total
Loan fees	169,363	1,297	170,659
Interest	-	23	23
Default fees	2,011	121	2,131

The following table depicts the split between loan fees, agency fees, and other revenues:

(thousands of dollars)	Three Months Ended September 30 2011	Three Months Ended September 30 2010	Twelve Months Ended September 30 2011	Twelve Months Ended September 30 2010
Loan fees	$ 33,552	$ 36,195	$ 136,623	$ 136,782
Agency fees	12,308	9,916	46,809	31,472
Other	1,321	3,168	6,467	10,728
Total Revenue	$ 47,181	$ 49,279	$ 189,899	$ 178,982

When comparing the twelve months ended September 30, 2011 and 2010 overall loan fees decreased slightly by 0.1% given the decreases in same branch revenues as it relates to loan fees offset by the increased number of branches in operation during fiscal 2011. For the twelve months ended September 30, 2011, loan fees were $136.6 million compared to $170.7 million for the fifteen months ended September 30 2010. The decline was due to three fewer months of reported results given change in year-end, decreases in same branch revenues as it relates to loan fees and decreases in same branch loan volumes.

Certain comparative figures have been reclassified to conform to the presentation adopted for the current period. Specifically, certain amounts previously recorded within SG&A expense have been reclassified to other income for all periods presented.

Revenue from other services (including fees from bank accounts, financial product insurance, pre-paid master cards, debit cards, money transfers, cheque cashing and prepaid phone cards) for the year was $53.3 million, up 26.2% from $42.2 million for the same period last year. Agency fee income has increased significantly as a result of the introduction of new products and other product enhancements namely bank accounts. These new products and enhancements are part of our long-term strategy to diversify revenue streams by providing our customers with a broader suite of financial services and products. Other revenue increased 6.9% or 28.1% of total revenue,

up from $49.9 million or 22.6% of revenue as compared to the fifteen month period ended September 30, 2010.

The most significant components of “other” revenue were agency fees at $46.8 million in the year, which represented 87.9% of other revenue for the year or a 17.8% increase in the year. Compared to the twelve month period last year, agency fees were $42.2 million or 74.6% of other revenue. Agency fees include fees earned from the provision of debit and prepaid credit cards and all other agency fees we earn from financial product insurance, money transfers and prepaid phone cards. The largest contributor to the increase was the introduction of bank accounts being offered to our customers. For the year, 99% of customers who secured a loan also purchased one or more of the following optional financial services: bank accounts, financial product insurance, pre-paid master cards, and/or debit cards, which is similar to the twelve and fifteen months ended September 30, 2010.

For the fifteen month period last year, agency fees were $36.7 million or 73.6% of other revenue. As a percentage of other revenue, these agency fees increased 19.3% in the year.

In the year ended September 30, 2011, the average loan size was $492 compared to $469 per loan for the twelve and fifteen month period last year.

Due to the seasonal nature of our business, we anticipate revenues will decrease next quarter as compared to the current quarter.

Same Branch Revenues

Same branch revenues for the 445 locations open since October 1, 2009 decreased by 5.1% as compared to the same twelve month period last year, with same branch revenues averaging $356,250 in the year compared to $375,400 in the same period last year. Same branch revenues decreased as a result of rate compression in Alberta, Manitoba and Nova Scotia and a drop in same branch loan volumes. The corresponding decreases in same branch revenues for Alberta, Manitoba and Nova Scotia in total were $2.0 million, $2.8 million and $535,000 respectively in the year.

Also, same branch revenue, as it relates to the brokering of loans, was down 10.9% for the year as a result of loan fee rate compression in Alberta, Manitoba and Nova Scotia coupled with decreased loan volumes. The corresponding decreases in total same branch revenue, as it relates to the brokering of loans in Alberta, Manitoba and Nova Scotia were $3.2 million, $3.4 million and $710,000 respectively for the year ended September 30, 2011.

Branch Operating Income

BOI in the year was $55.0 million (29.0% of revenue), compared to $61.6 million (34.4% of revenue) for the twelve months ended September 30, 2010. BOI was $77.2 million (35.0% of revenue) for the fifteen month period last year.

BOI was down as a percentage of revenue as a result of decreased same branch revenues, increases in expenses due to the opening of 44 new branches adding to the drag on earnings, and provision for loan losses. The decreased margins and increased expenses have been partially offset by positive trending in revenues from other services.

BOI, by maturity level is outlined below (twelve months versus twelve months):

(Thousands of dollars, except branch figures)		BOI (Loss)		BOI % of Revenues	
Year Opened	**Number of Branches**	**September 30 2011**	**September 30 2010**	**September 30 2011**	**September 30 2010**
2001*	94	$ 14,915	$ 17,138	42.1%	44.4%
2002	13	2,905	3,332	45.6%	45.8%
2003	35	7,393	7,521	48.2%	45.9%
2004	52	9,111	9,179	43.9%	41.8%
2005	66	9,993	10,016	40.3%	38.5%
2006	50	6,804	7,253	37.9%	38.1%
2007**	37	4,693	3,738	38.8%	37.6%
2008	34	4,070	4,226	39.3%	38.1%
2009	48	1,381	1,090	11.2%	9.4%
2010	112	(3,270)	(2,121)	-12.2%	-14.1%
2011	45	(2,585)	2	-45.1%	-
	586	55,410	61,374		
Branches not yet open		(33)	(70)		
Consolidation of branches		(104)	(122)		
Other		(272)	409		
Branch Operating Income		$ 55,001	$ 61,591		

* Instaloans branches were acquired by Cash Store Financial on April 22, 2005; they have been operating since 2001.

** EZ Cash branches were acquired by Cash Store Financial on April 26, 2010; they have been assumed on average to be operating since 2007.

Expenses (excluding retention payments, depreciation, amortization and class action settlements)

Expenses increased by $19.6 million or 16.8% given the addition of 44 new branches, increased professional fees, increased collection infrastructure costs, increased provision for loan losses for on-balance sheet lending, an increase in regional and corporate infrastructure costs and costs associated with expanding into the UK when comparing the twelve months ended September 30, 2011 and 2010. Expenses in the year have decreased to $136.3 million, compared to $142.6 million for the fifteen month period last year. The decrease is primarily due to three fewer months of reported results given change in the year-end periods which offset the addition of 44 new branches, increased professional fees, collection fees, increased provision for loan losses for on-balance sheet lending, an increase in regional and corporate infrastructure costs and costs associated with expanding into the UK.

Retention Payments

Third-party lender retention payments for the year totalled $26.8 million (3.3% of loans brokered), compared to $23.1 million (3.0% of loans brokered) for the twelve months ended September 30, 2010. Retention payments as a percentage of loan fees have increased to 19.6% in the year ended September 30, 2011, compared to 16.9% in the twelve month period last year. The increases as a percentage of loan fees and loans brokered are primarily as a result of rate compression. In the fifteen months ended September 30, 2010, retention payments were $28.2 million (3.0% of loans brokered). As a percentage of loan fees, retention payments have increased to 16.5% in the fifteen month period last year.

Depreciation and Amortization

Depreciation of property and equipment and amortization of intangible assets for the year totalled $8.9 million, compared to $7.2 million in the twelve month period ended September 30, 2010 and $9.1 million in the fifteen month period last year. Amortization increased for the year as compared to the twelve month period last year as a result of 44 new branches and a large scale refresh program for our mature branches.

Income Taxes

Our effective tax rate was 38.3% in the year, compared to 28.4% for the twelve month period last year and 29.9% for the fifteen month period last year. The effective tax rate is higher than the statutory tax rate of 28.0% due to adjustments for prior year immaterial errors.

LIQUIDITY AND CAPITAL RESOURCES

Our cash decreased by $348,000 to $19.3 million at September 30, 2011 compared to $19.6 million as of September 30, 2010. Our cash, excluding restricted cash, decreased by $3.6 million to $13.0 million at September 30, 2011 compared to $16.7 million as of September 30, 2010.Significant items impacting cash in the year ended September 30, 2011 included:

- Cash generated from operating activities, before non-cash operating items, of $20.4 million;
- A $2.9 million increase in amounts due from suppliers, $2.4 million increase in prepaids, $2.0 million decrease in income taxes payable offset by a $2.8 million increase in amounts due third party lenders;
- A $3.3 million increase in cash restricted for class action settlements. Subsequent to year-end all funds segregated for the BC class action were transferred to a third party administrator;
- Property and equipment and intangible asset expenditures of $10.0 million;
- Cash required for on balance sheet lending of $2.9 million;
- Dividend payments of $7.9 million; and
- Issuance of common shares for proceeds from exercised options and warrants of $2.1 million.

At September 30, 2011, our working capital position totalled $17.1 million compared to $15.0 million as at September 30, 2010. We expect our cash to decrease in the future due to growth in our UK consumer loans receivable.

Consumer Loans Receivable

During the year, we increased our overall consumer loans receivable balance to $4.8 million from $4.5 million in the prior year. We internally originated all our loans in the UK. Given our strategy of growth in the UK we expect amounts due from consumers will increase substantially in the coming year.

The benefit to us of originating loans is to reduce our cost of capital, thereby increasing our profitability. The most significant risk related to originating loans is that we assume the risk of default.

The aging of customer loans receivable is as follows:

	2011	2010
Consumer loans receivable, net of allowance for consumer loan losses		
Current	**$ 2,176**	$ 3,410
1-30 days past due date	**856**	992
31-60 days past due date	**531**	306
61-90 days past due date	**417**	119
Greater than 90 days past due date	**3,584**	144
Consumer loans receivable	**7,564**	4,971
Allowance for consumer loan losses	**(2,783)**	(511)
	$ 4,781	$ 4,460

Due to certain banking process and collection restrictions we were unable to effectively process collections on accounts in the UK. These issues were resolved on August 25, 2011.

On average, for internally originated loans 60.2% of our customers or $24.9 million of payday cash advances were paid in full on or before their due date for the year ended September 30, 2011 as compared to 49.1% of our customers or $3.9 million for the fifteen months ended September 30, 2010.

Normal Course Issuer Bid

On June 30, 2009, we announced our intention to make a normal course issuer bid ("Bid") to purchase, through the facilities of the Toronto Stock Exchange, certain of our outstanding common shares. We repurchased no common shares (fifteen months ended September 30, 2010 - 387,799 common shares) during the year ended September 30, 2011 (at a cost of $3.3 million for the fifteen months ended September 30, 2010). Common shares purchased pursuant to the Bid were cancelled.

Contractual Obligations

Our contractual obligations over the next five years and thereafter are summarized in the table below. For additional information, see Notes 15 and 20 (a) of our audited consolidated financial statements for the year ended September 30, 2011:

Payments due by Period (amounts in thousands of $CAN)					
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Capital (Finance) Lease Obligations	$1,443	$750	$693	$ -	$ -
Operating Lease Obligations	85,662	19,981	44,090	5,042	16,548
Total:	$87,905	$20,731	$44,783	$5,042	$16,548

SUMMARY OF QUARTERLY RESULTS

The financial results for each of the last eight quarters are summarized in the following table.

In general, more recent results have been negatively impacted by rate compression in the regulated provinces partially offset by growth in other revenue. There was an increase in overall revenues over prior periods due to our strategy of diversifying our other revenue. Branch expenses and overall expenses have also steadily increased due to an increased number of branches in operation and costs associated with growth in the UK, adding infrastructure at the regional and corporate levels, increased professional and legal fees related to regulatory matters, class actions, and other lawsuits, and continued costs associated with the class action settlements.

From a seasonality perspective, we believe that our revenues are generally stronger in the third and fourth quarters followed by the first and second quarter. In addition, quarterly results of operations are impacted by the number and timing of new branch openings.

(thousands of dollars, except for per share amounts and branch figures)	2011				2010				Twelve Months Ended September 30	
	Q4	Q3	Q2	Q1	Q5	Q4	Q3	Q2	**2011**	2010
Consolidated Results										
No. of branches Canada	**574**	574	573	566	542	523	489	469	**574**	542
United Kingdom	**12**	8	6	4	2	2	-	-	**12**	2
	586	582	579	570	544	525	489	469	**586**	544
Loan volumes										
Loan fees included	**$ 201,720**	$ 204,616	$ 198,775	$ 216,290	$216,027	$205,659	$178,826	$172,105	**$ 821,401**	$ 772,617
Regulated definition (excluding loan fee upon regulation)	**168,641**	172,602	167,327	182,031	184,110	174,902	157,653	164,819	**690,601**	681,484
Loan fees excluded in regulated provinces	**$ 168,641**	$ 172,602	$ 167,327	$ 182,031	$181,071	$172,043	$149,357	$141,851	**$ 690,601**	$ 644,322
Revenue										
Loan fees	**$ 33,552**	$ 33,944	$ 32,813	$ 36,314	$ 36,195	$ 35,161	$ 31,308	$ 34,118	**$ 136,623**	$ 136,782
Other income	**13,629**	14,983	13,246	11,418	13,084	11,699	9,351	8,066	**53,276**	42,200
	47,181	48,927	46,059	47,732	49,279	46,860	40,659	42,184	**189,899**	178,982
Branch expenses										
Salaries and benefits	**14,490**	14,591	14,113	14,382	13,698	13,695	12,206	11,694	**57,576**	51,293
Retention payments	**6,245**	6,774	6,578	7,189	6,934	5,833	5,300	5,000	**26,786**	23,067
Selling, general and administrative	**4,156**	4,486	4,681	4,195	4,545	4,361	4,242	4,114	**17,518**	17,262
Rent	**4,656**	4,589	4,566	4,405	4,219	3,780	3,480	3,307	**18,216**	14,786
Advertising and promotion	**1,398**	1,313	1,303	1,426	1,223	1,170	1,023	1,059	**5,440**	4,475
Provision for loan losses	**580**	662	654	663	454	200	86	16	**2,559**	756
Depreciation of property and equipment	**1,743**	1,713	1,687	1,660	1,566	1,477	1,374	1,334	**6,803**	5,751
	33,268	34,128	33,582	33,920	32,639	30,516	27,711	26,524	**134,898**	117,390
Branch operating income	**13,913**	14,799	12,477	13,811	16,640	16,344	12,948	15,660	**55,001**	61,592
Regional expenses	**4,523**	4,169	3,863	4,194	2,358	3,173	2,864	2,754	**16,748**	11,149
Corporate expenses	**5,177**	4,795	4,255	4,039	5,026	4,513	3,703	3,730	**18,266**	16,972
Other depreciation and amortization	**570**	455	547	540	13	405	279	787	**2,112**	1,484
Net income before income taxes and class action settlements	**3,643**	5,380	3,812	5,038	9,243	8,253	6,102	8,389	**17,874**	31,987
Class action settlements	**-**	3,206	-	-	-	100	2,715	100	**3,206**	2,915
EBITDA*	**6,207**	4,547	6,260	7,500	11,132	10,325	5,275	10,643	**24,514**	37,375
Net income and comprehensive income	**$ 2,035**	$ 1,155	$ 2,500	$ 3,352	$ 7,682	$ 5,476	$ 2,199	$ 5,467	**$ 9,042**	$ 20,824
Basic earnings per share										
Before class action expenses net of normalized tax	**$ 0.12**	$ 0.19	$ 0.15	$ 0.20	$ 0.44	$ 0.33	$ 0.23	$ 0.34	**$ 0.66**	$ 1.35
Net income and comprehensive income	**$ 0.12**	$ 0.07	$ 0.15	$ 0.20	$ 0.44	$ 0.32	0.13	$ 0.33	**$ 0.52**	$ 1.22
Diluted earnings per share										
Before class action expenses net of normalized tax	**$ 0.12**	$ 0.19	$ 0.14	$ 0.19	$ 0.42	$ 0.31	$ 0.23	$ 0.32	**$ 0.64**	$ 1.31
Net income and comprehensive income	**$ 0.12**	$ 0.07	$ 0.14	$ 0.19	$ 0.42	$ 0.31	$ 0.13	$ 0.32	**$ 0.51**	$ 1.18

*EBITDA – earnings from operations before interest, income taxes, stock-based compensation, depreciation of property and equipment and amortization of intangible assets.

Certain comparative figures have been reclassified to conform to the presentation adopted for the current period. Specifically, certain amounts previously recorded within SG&A expense have been reclassified to other income for all periods presented.

Fourth Quarter

The fourth quarter of 2011 (July 1, 2011 to September 30, 2011) is used as the comparison to the fifth quarter of 2010 (July 1, 2010 to September 30, 2010) as they are comprised of the same calendar months.

Significant factors impacting the fourth quarter include:

- Reductions in overall revenue of 4.3% for the three months ended September 30, 2011, compared to the same period last year due to a decrease in same branch revenues as it relates to loans fees. Revenue decreased in Manitoba by $883,000 in the quarter;

- Loan fees were down 7.3% for the three months ended September 30, 2011, at $33.6 million compared to $36.2 million in the same period last year given decreases in same branch loan volumes, same branch revenues as it relates to loan fees and some rate compression in Nova Scotia. The effect of rate compression reduced our rates by 21.6% in Nova Scotia;
- Growth in other income of 4.2% to $13.6 million for the three months period ended September 30, 2011 when compared to the same period last year. As a percentage of total revenue, other income increased to 28.9% from 26.6% or an 8.8% increase for the quarter. Agency fee income was up $24.1% or $2.4 million in the quarter offset by decreases in other revenue of $1.8 million;
- Loan volumes for the three months ended September 30, 2011 were down 6.6% to $201.7 million;
- Earnings decreased by $476,000 in the quarter as a result of a drag on earnings from branches opened less than one year;
- Retention payments decreased by $689,000 for the three months ended September 30, 2011 compared to the same period last year;
- Provision for loan losses for on-balance sheet lending increased by $126,000 for the quarter ended September 30, 2011 compared to the same period last year;
- Branch SG&A costs decreased $389,000 as a result of cost containment measures for the fourth quarter compared to the same period last year;
- Regional expenses increased by $2.2 million related to increased collection related costs, a reorganization at the regional and division vice president level, enhancement of collection infrastructure and infrastructure additions in the UK;
- Corporate expenses increased by $151,000 in the quarter due to the UK expansion and increased corporate salary costs as a result of infrastructure additions in marketing, training and new product development, increased director costs and increased legal fees; and
- Working capital increased by $687,000 in the quarter compared to last year.

Our EBITDA was $6.2 million for the quarter, compared to $11.1 million for the same period last year. This decrease in the current quarter is due to rate compression, reduce loan volumes, and increased regional and corporate infrastructure costs compared to the same period last year partially offset by increases in other revenues.

Net income for the quarter decreased to $2.0 million, compared to $7.7 million for the fifth quarter of 2010. Diluted earnings per share for the quarter were $0.12 per share ($0.12 basic), compared to $0.42 per share ($0.44 basic) for the fifth quarter of 2010.

BOI for the quarter, by maturity level, is outlined below:

(Thousands of dollars, except branch figures)		BOI (Loss)		BOI % of Revenues	
Year Opened	**Number of Branches**	**September 30 2011**	**September 30 2010**	**September 30 2011**	**September 30 2010**
2001*	94	$ 3,502	$ 4,798	40.9%	48.5%
2002	13	756	997	47.9%	52.4%
2003	35	1,834	2,120	49.9%	50.2%
2004	52	2,125	2,429	42.5%	43.2%
2005	66	2,447	2,855	40.9%	42.0%
2006	50	1,583	1,864	37.0%	38.4%
2007**	37	1,219	1,222	41.1%	38.1%
2008	34	1,039	1,308	41.1%	45.1%
2009	48	437	290	14.1%	9.2%
2010	112	(552)	(1,162)	-8.0%	-19.2%
2011	45	(796)	-	-35.4%	-
	586	13,594	16,721		
Branches not yet open		(13)	(64)		
Consolidation of branches		(3)	(48)		
Other		335	31		
Branch Operating Income		$ 13,913	$ 16,640		

* Instaloans branches were acquired by Cash Store Financial on April 22, 2005; they have been operating since 2001.

** EZ Cash branches were acquired by Cash Store Financial on April 26, 2010; they have been assumed on average to be operating since 2007.

BOI has decreased 16.4% to $13.9 million in the quarter compared to $16.6 million in the fifth quarter of 2010. The decrease was caused by rate compression, decreased loan volumes and same branch revenues and increased drag on earnings from new branches.

Revenue for the quarter decreased to $47.2 million, compared to $49.3 million for the fifth quarter of 2010 due to rate compression and decreases in same branch revenues.

(Thousands of dollars, except branch figures)		Revenues			Average Revenue per Branch per Quarter	
Year Opened	**Number of Branches**	**September 30 2011**	**September 30 2010**	**% Change**	**September 30 2011**	**September 30 2010**
2001*	94	$ 8,572	$ 9,896	-13%	91	$ 105
2002	13	1,577	1,901	-17%	121	$ 146
2003	35	3,676	4,221	-13%	105	$ 121
2004	52	5,000	5,617	-11%	96	$ 108
2005	66	5,981	6,793	-12%	91	$ 103
2006	50	4,279	4,854	-12%	86	$ 97
2007**	37	2,966	3,206	-7%	80	$ 87
2008	34	2,531	2,901	-13%	74	$ 85
2009	48	3,091	3,166	-2%	64	$ 66
2010	112	6,888	6,064	14%	62	$ 54
2011	45	2,249	-	100%	50	-
	586	46,810	48,619	-4%	$ 80	$ 83
Consolidation of branches		-	174			
Other		371	486			
Continuing operations		$ 47,181	$ 49,279			

* Instaloans branches were acquired by Cash Store Financial on April 22, 2005; they have been operating since 2001.

** EZ Cash branches were acquired by Cash Store Financial on April 26, 2010; they have been assumed on average to be operating since 2007.

Loan fees for the three months ended September 30, 2011 decreased to $33.6 million from $36.2 million in the same period last year, as a result of a decrease in same branch loan volumes and rate compression of 21.6% in Nova Scotia.

Same branch revenues for the 522 locations open since the beginning of July 2010 for the three month period, decreased by 9.7% compared to the same period last year, with same branch revenue averaging $83,800 this period compared to $92,700 in the same period last year. Same branch revenues decreased as a result of rate compression and decreased loan volumes partially offset by improvements in other revenue. Same branch revenues, as it relates to the brokering of loans were down 13.2% in the quarter.

Loans brokered for the quarter, were $201.7 million and averaged $501 per loan, compared to $216.0 million and an average of $474 per loan for the three months ended September 30, 2010.

Expenses for the quarter totalled $35.0 million, compared to $31.5 million in the fifth quarter of 2010. These increased costs are due to increases in the number of branches, infrastructure additions at the regional, corporate levels and in the UK along with increased costs associated with provincial regulations and legal matters. Retention payments totalled $6.2 million in the quarter, compared to $6.9 million in the fifth quarter of fiscal 2010. The depreciation of property and equipment and amortization of intangible assets was $2.3 million.

Our effective tax rate was 44.0% for the quarter, compared to 16.9% for the fifth quarter of fiscal 2010. The effective tax rate is higher than the statutory tax rate of 28.0% due to adjustments for prior year immaterial errors.

RELATED PARTY TRANSACTIONS

We own 18.3% of the outstanding common shares of The Cash Store Australia Holdings Inc. ("AUC"). Included in other receivables as of September 30, 2011, was a $16,000 (September 30, 2010 - $7,000) receivable from AUC. We entered into an interim service agreement with AUC to provide ongoing services such as financial, accounting and HR support and contracts administrative services, and the use of our IT and telecommunication systems. Included in SG&A expenses is a recovery of $363,000 (September 30, 2010 - $362,000) related to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount. Amounts due are non-interest bearing, unsecured and have no specified terms of repayment. Certain employees, directors, and officers have an ownership in AUC.

We own 15.7% of the outstanding common shares of RTF Financial Holdings Inc. (RTF). We entered into an interim service agreement with RTF to provide ongoing services such as financial and accounting support and contracts administrative services. Included in SG&A expenses is a recovery of $240,000 (September 30, 2010 - $120,000) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount. We have a $45,000 (September 30, 2010 - $485,000) receivable from RTF. Amounts due are non-interest bearing, unsecured and have no specified terms of repayment. Certain employees, directors, and officers have an ownership in RTF.

RISK FACTORS AFFECTING PERFORMANCE

Our financial and operational performance is potentially affected by a number of factors including, but not limited to, changing consumer protection regulations, industry and company specific class action lawsuits, access to third-party lenders and other issues described in our most recent Annual Information Form ("AIF"). A more detailed discussion of our risk factors is presented in our most recent AIF filed with the securities regulatory authorities on SEDAR

(www.sedar.com). Our Risk Management department works continually to assess and mitigate the impact of potential risks to our stakeholders.

Consumer Protection Regulations

"Consumer protection measures" relates broadly to two categories of regulation: 1) measures that restrict rates or fees that may be charged both in respect of a loan and regarding other services or fees that may be charged in relation to a payday loan or related services; and 2) general business practices issues which would include, for example, prohibitions on rollovers, concurrent loans, maximum allowable loans based on a percentage of a customer's net income and certain collection practices. These measures vary considerably from one jurisdiction to the next. Rates are generally structured as a maximum allowable charge per $100 loaned. Interest may be charged up to a regulated maximum amount when a loan is in default. This maximum varies by jurisdiction but in no jurisdiction does it exceed 59% per annum. Some jurisdictions restrict the amount that may be charged when a customer's cheque or pre-authorized debit is dishonored.

The following rate caps are currently in effect: Nova Scotia - $25 per hundred dollars loaned; British Columbia - $23 per hundred dollars loaned; Ontario - $21 per hundred dollars loaned; Manitoba - $17 per hundred dollars loaned; and Alberta - $23 per hundred dollars loaned. Newfoundland has announced that it does not intend to implement industry specific consumer protection legislation. In October 2011 Saskatchewan received a federal designation that will facilitate implementation of new consumer protection measures, including a rate cap of $23 per hundred dollars loaned. We anticipate that these measures will be implemented in Saskatchewan early in calendar year 2012. The provinces of New Brunswick and Prince Edward Island have passed legislation to facilitate the implementation of rate caps and other industry specific consumer protection measures; however, at this stage it remains difficult to specify expected rates for these provinces or when these provinces will actually implement rate caps or other consumer protection measures. All Canadian jurisdictions that have implemented industry specific consumer protection measures appear to be committed to facilitating a competitive industry. Below is a summary of rate caps per province:

	Rate per $100	Date enacted or anticipated
Nova Scotia	25	April 1, 2011
British Columbia	23	November 18, 2009
Ontario	21	December 15, 2009
Alberta	23	March 1, 2010
Manitoba	17	October 18, 2010
Saskatchewan	23	Early calender 2012

Restrictions on the size and duration of a payday loan are uniformly applied in British Columbia, Alberta, Manitoba, Ontario and Nova Scotia. Specifically, a payday loan is defined by statute or regulation as a loan of $1,500 or less for a period of 62 days or less. Saskatchewan restricts loan sizes to a maximum of $1,000. Saskatchewan is expected to adopt the previously described definition of a payday loan, if new regulations are implemented in 2012 as anticipated. Similar restrictions do not exist in the Yukon, the Northwest Territories, New Brunswick, Prince Edward Island and Newfoundland.

In the first quarter of fiscal 2011, the Nova Scotia Utility and Review Board conducted administrative hearings to review the rate cap of $31 per hundred dollars loaned that was in force in that province at that time. As of April 1, 2011 the new rate cap in Nova Scotia is $25 per hundred dollars loaned.

On November 9, 2010, Consumer Protection BC issued a compliance order requiring Cash Store Financial to: (i) reimburse all borrowers with loan agreements negotiated with Cash Store Financial and its subsidiaries between November 1, 2009, and November 9, 2010, the amount charged, required or accepted in relation to the issuance of a cash card; (ii) provide the option to any borrower negotiating a loan agreement with Cash Store Financial and its subsidiaries, of receiving a cheque, cash or some other financial instrument which provides the loan proceeds to the borrower at the time the loan agreement is negotiated; and, (iii) make a payment of $4,006 in respect of costs.

The Company has formally disputed certain findings upon which this compliance order was based, and on December 9, 2010 filed a Request for Redetermination. The basis of our submission is that Cash Store Financial does not issue and has never issued cash cards to its customers. Rather, customers are issued cash cards by an arms-length third party. This arms-length third party is a federally regulated Canadian Schedule I bank. Cash Store Financial is not a party to any agreements in respect of cash cards. All contracts in respect of cash cards are directly between individuals and the arms-length third party. Through agreements with an arms-length third party, Cash Store Financial's customers are given the option, following the completion of a loan agreement offered or arranged by Cash Store Financial, of receiving a cash card and related services from an arms-length third party. All fees associated with the issuance of these cash cards accrue directly to an arms-length third party. Customers also have the option of receiving their loan proceeds by way of a cheque.

We anticipate no material impact from the determination. Consumer Protection BC has advised us they will reconsider their original determination.

On May 10, 2011, Service Alberta issued an Interim Order (the "Order") directing Cash Store Financial to cease certain practices. Pursuant to minor adjustments to our sales processes and compliance systems and ongoing discussions with officials in the Office of the Director of Fair Trade, we consider this matter to be resolved. The Government of Alberta had stated in the Order that it had been based on allegations that unfair lending activities were being practiced by Cash Store Financial. Of particular concern to Cash Store Financial were reported allegations that the Company required customers to purchase ancillary services, such as a pre-paid cash card, as a condition for receiving a loan. This is not and never has been Company policy, but it was the major issue identified in the Order. Company policy is to provide customers with the ability to immediately receive proceeds of their loan by way of cheque, immediately upon request.

In 2005, Cash Store Financial implemented a voluntary prohibition on rollovers which is the extension of an existing loan for a fee. More specifically, we disallowed the provision of a new loan to payout an existing loan. We do not provide any rollovers in any jurisdictions in Canada. Customers must repay a loan in full before a new loan may be secured. In some jurisdictions customers may borrow against more than one source of income. In some instances a customer may be indebted to a third-party lender for more than one loan at a time. In these cases, each of these loans and the repayment requirements for each loan are structured and secured against a specific source of income.

Legal Proceedings

British Columbia

On March 5, 2004, an action under the Class Proceedings Act was commenced in the Supreme Court of British Columbia by Andrew Bodnar and others proposing that a class action be certified on his own behalf and on behalf of all persons who have borrowed money from the defendants: The Cash Store Inc. (Canada), Cash Store Financial and All Trans Credit Union Ltd. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the *Criminal Code of Canada*. On May 25, 2006, the claim in British Columbia was affirmed as a certified class proceeding of Canada by the B.C. Court of Appeal. In fiscal 2007, the plaintiffs in the British Columbia action brought forward an application to have certain of our customers' third-party lenders added to the claim. On March 18, 2008, another action commenced in the Supreme Court of British Columbia by David Wournell and others against Cash Store Financial, Instaloans Inc. and others in respect of the business carried out under the name Instaloans since April 2005. Collectively, these actions are referred to as the "British Columbia Related Actions".

On May 12, 2009, we settled the British Columbia Related Actions in principle. The settlement has been approved by the Court. The settlement does not constitute any admission of liability by us. The settlement is a compromise of disputed claims.

Under the terms of the court approved settlement, the Company is to pay to the eligible class members who were advanced funds under a loan agreement and who repaid the payday loan plus brokerage fees and interest in full, or who met certain other eligibility criteria, a maximum estimated amount of $9.4 million in cash and $9.4 million in credit vouchers. Thus, the estimated maximum exposure with respect to this settlement is approximately $18.8 million including approved legal expenses. The credit vouchers may be used to pay existing outstanding brokerage fees and interest or to pay a portion of brokerage fees and interest which may arise in the future through new loans advanced. The credit vouchers are not transferable and have no expiry date. In addition, the Company is to pay the legal fees and costs of the class. Based on the Company's estimate of the rate of take-up of the available cash and credit vouchers, an expense of $10.9 million to date has been recorded to cover the estimated costs of the settlement, including legal fees of the Class and costs to administer the settlement fund. It is possible that additional settlement costs could be required. In the current year, the Company increased the provision by $3.2 million due to new information being received (2010 – $2.9 million). As at September 30, 2011, the remaining accrual is $4.0 million. Subsequent to year-end the administration of the settlement fund was transferred to a third-party based on a court approved order. The total amount transferred was $6.3 million.

Alberta

We have been served in prior fiscal periods with a Statement of Claim issued in Alberta alleging that we are in breach of s. 347 of the *Criminal Code of Canada* (the interest rate provision) and certain provincial consumer protection statutes.

The certification motion has been pending since fiscal 2006 and has not yet been heard. On January 19, 2010, the plaintiffs in the Alberta action brought forward an application to have a related subsidiary, certain of our customers' third-party lenders, directors and officers added to the Claim.

We have agreed to a motion to certify the class action proceeding if the lender, officers and directors are removed as defendants. Class counsel has agreed to our proposal.

We believe that we conduct our business in accordance with applicable laws and are defending the action vigorously. However, the likelihood of loss, if any, is not determinable at this time.

Manitoba

On April 23, 2010, an action under the Manitoba Class Proceedings Act was commenced in the Manitoba Court of Queen's Bench by Scott Meeking against The Cash Store (Canada), Instaloans, and Cash Store Financial proposing that a class action be certified on his own behalf and on behalf of all persons in Manitoba and others outside the province who elect to claim in Manitoba and who obtained a payday loan from the Cash Store Financial or Instaloans. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the *Criminal Code of Canada*.

We believe that we conducted our business in accordance with applicable laws and are defending the action vigorously. Further it will be maintained that most of the proposed class members are bound by the judgment in the settlement of the Ontario class action in 2008, as approved by the Ontario Superior Court of Justice and that accordingly the action should be dismissed. However, the likelihood of loss, if any, is not determinable at this time.

Other

We are also involved in other claims related to the normal course of operations. Management believes that it has adequately provided for these claims.

Third Party Lenders/Retention Payments

Most funding of short-term advances is currently provided by independent third party lenders. As a result, our business is highly dependent on third party lenders who are willing to make significant funds available for lending to our customers. There are no assurances that the existing or new third party lenders will continue to make funds available. Any reduction or withdrawal of funds could have a significant material adverse impact on our results of operations and financial condition.

To facilitate the short-term advance business, we have entered into written agreements with a number of third party lenders who are prepared to consider lending to our customers. Pursuant to these agreements, we provide services to the lenders related to the collection of documents and information as well as loan collection services. Material terms of our agreements with third-party lenders include ensuring that any proposed loan was applied for through an authorized outlet, ensuring each potential customer meets the loan selection criteria as set forth by the third-party lender prior to approval and release of funding, satisfying the documentation requirements in a full and timely manner, providing loan management services throughout the term of the loan, and providing default realization services on behalf of the third party lender for all loans funded which are not paid in full by the due date, all while ensuring information system integrity is maintained. Losses suffered on account of uncollectible loans are not contractually the Company's responsibility as long as it has performed and fulfilled its duties under the terms of the third party lender agreements.In the event we do not properly perform our duties and the lenders make a claim as required under the agreement, we may be liable to the lenders for losses they have incurred. A liability is recorded when it is determined that we have a liability under the agreement.

Our board of directors regularly approves a resolution which authorizes us to pay a maximum amount of retention payments per quarter to third-party lenders as consideration to those lenders who continue to be willing to fund advances to our customers. While the third-party lenders have

not been guaranteed a return, the decision has been made to voluntarily make retention payments to the lenders to deflect the impact of the loan losses they experienced. Retention payments are recorded in the period in which a commitment is made to a lender pursuant to the resolution approved by the board of directors.

During the year we have three lenders that have helped us generate ten percent or more of our consolidated revenues: 367463 Alberta Ltd., Trimor Annuity Focus Limited Partnerships and Assistive Financial Corp. The loss of any of these three third-party lenders would have a material adverse effect on us if alternative lenders could not be located or other financing was not available to permit direct lending.

CRITICAL ACCOUNTING ESTIMATES

Our accounting policies are integral to understanding and interpreting the financial results reported in this MD&A. The significant accounting policies used in preparing our consolidated financial statements are summarized in Note 1 to those statements which are available on SEDAR at www.sedar.com. Certain policies included in Note 1 are considered to be particularly important to the presentation of our financial position and results of operations, because they require Management to make difficult, complex or subjective judgments and estimates, often as a result of matters that are inherently uncertain, which may result in materially different results under different assumptions and conditions. The following is a discussion of those critical accounting estimates. These estimates are adjusted in the normal course to reflect changing underlying circumstances. The impact and any associated risks related to these critical accounting estimates on our business may also be discussed elsewhere in this MD&A.

Revenue Recognition

Revenue arising from brokering short-term advances for customers is recognized once all services have been rendered, all advance amounts have been received by the customer, and the brokerage fee has been received by the Company.

Revenue arising from direct lending of short-term advances to customers is recognized on a constant yield basis ratably over the term of the related loan.

Revenue from the Company's cheque cashing, money order sales, money transfer, bill payment services and other miscellaneous services is recognized when the transactions are completed at the point-of-sale in the branch and the related fee charged by the Company has been received. Revenue from the Company's banking and non-sufficient funds fees are recognized when collected.

Revenue from each of these sources is recorded in other income in the statement of operations.

Retention Payments

When the Company acts as a broker on behalf of income earning consumers seeking short-term advances, the funding of short-term advances is provided by independent third party lenders. The advances provided by the third party lenders are repayable by the customer to the third party lenders and represent assets of the lenders; accordingly, they are not included on the Company's balance sheet.

To facilitate the short term advance business, the Company has entered into written agreements with third party lenders who are prepared to consider lending to the Company's customers. Pursuant to these agreements, the Company provides services to the lenders related to the

collection of documents and information as well as loan collection services. Under the terms of the Company's agreements with third party lenders, responsibility for losses suffered on account of uncollectible loans rests with the third party lender, unless the Company has not properly performed its duties as set forth under the terms of the agreement. The significant duties under the terms of the agreements generally include ensuring that any proposed loan was applied for through an authorized outlet, ensuring each potential customer meets the loan selection criteria as set forth by the third party lender prior to approval and release of funding, satisfying the documentation requirements in a full and timely manner, providing loan management services throughout the term of the loan, and providing collection services on behalf of the third party lender for all loans funded which are not paid in full by the due date, all of which while ensuring information system integrity is maintained. In the event the Company does not properly perform its duties and the lenders make a claim as required under the agreement, the Company may be liable to the lenders for losses they have incurred. A liability is recorded when it is determined that the Company has a liability under the agreement.

The Company's Board of Directors regularly approves a resolution which authorizes management to pay a maximum amount of retention payments per quarter to third party lenders as consideration to those lenders that continue to be willing to fund advances to the Company's customers. While the third party lenders have not been guaranteed a return, the decision has been made to voluntarily make retention payments to the lenders to lessen the impact of loan losses experienced by the third party lenders. Retention payments are recorded in the period in which a commitment is made to a lender pursuant to the resolution approved by the Board of Directors.

Provisions for Loan Losses

Loans in default consist of direct lending short-term consumer loans originated by the Company which are past due. The Company defines a past due or delinquent account whereby payment has not been received in full from the customer on or before the maturity date of the loan. A provision for loan losses is recorded when the Company no longer has reasonable assurance of timely collection of the full amount of principal and interest (included in loan fee). In determining whether the Company will be unable to collect all principal and interest payments due, the Company assesses relevant internal and external factors that affect loan collectability, including the amount of outstanding loans owed to the Company, historical percentages of loans written off, current collection patterns and other current economic trends. The provision for loan losses reduces the carrying amount of consumer loan receivables to their estimated realizable amounts. The provision is primarily based upon models that analyze specific portfolio statistics, and also reflect, to a lesser extent, management judgment regarding overall accuracy. The analytical model takes into account several factors, including the number of transactions customers complete and charge-off and recovery rate. The provision is reviewed monthly, and any additional provision as a result of historical loan performance, current and expected collection patterns and current economic trends is included in the provision for the loan losses at that time. If the loans remain past due for an extended period of time, an allowance for the entire amount of the loan is recorded and the loan is ultimately written off. The Company's policy for charging off uncollectible consumer loans is to write the loan off when a loan remains in default status for an extended period of time without any extended payment arrangements made, typically 210 days. Loans to customers who file for bankruptcy are written off upon receipt of the bankruptcy notice.

Stock Based Compensation

We have a stock based compensation plan, which is described in Note 16 (b) of our audited consolidated financial statements. We account for all stock based compensation payments that are settled by the issuance of equity in accordance with a fair value-based method of accounting. Stock based compensation awards are recognized in the financial statements over the period in which the related services are rendered, which is usually the vesting period of the option, or as applicable, over the period to the date an employee is eligible to retire, whichever is shorter, with a corresponding increase recorded in contributed surplus. The fair value is calculated using the Black-Scholes option-pricing model. When options are exercised, the proceeds received by us, together with the amount in contributed surplus associated with the exercised options, are credited to share capital.

Consumer Loans Receivable

Unsecured short-term and longer-term advances that the Company originates on its own behalf are reflected on the balance sheet in consumer loans receivable. Consumer loans receivable are reported net of a provision. In regulated jurisdictions, interest is charged on consumer loans commencing upon default; however, it is not recorded as income until payment is received in full or partially from the consumer. In unregulated jurisdictions, interest is charged on consumer loans over the period of the loan and is recorded in income as it is earned.

Income Tax Estimates and Future Income Taxes

Income taxes are accounted for under the asset and liability method. Future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment or substantive enactment date. A valuation allowance is recorded against any future tax assets if it is more likely than not that the asset will not be realized.

Long-term investments

We apply the equity method of accounting for its investment in The Cash Store Australia Holdings Inc. and RTF Financial Holdings Inc. These investments are recorded at cost plus our share of net income or loss to date.

Amortization Policies and Useful Lives

We depreciate the cost of property and equipment and intangible assets over the estimated useful service lives of the items. These estimates of useful lives involve considerable judgment. In determining these estimates, we take into account industry trends and company-specific factors, including changing technologies and expectations for the in-service period of these assets. On an annual basis, were assess our existing estimates of useful lives to ensure they match the anticipated life of the asset from a revenue-producing perspective. If the in-service period change happens more quickly than we have anticipated, we may have to shorten the estimated life of certain property and equipment or intangible assets, which could result in higher depreciation expenses in future periods or an impairment charge to write down the value of property and equipment or intangible assets.

Intangible Assets

Intangible assets acquired individually or as part of a group of other assets are initially recognized and measured at cost. The cost of a group of intangible assets acquired in a transaction, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their fair values.

Both internal and external costs incurred to purchase and develop computer software are capitalized after the preliminary project stage is completed and management authorizes the computer software project.

Intangible assets with finite useful lives are amortized over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized and are tested for impairment annually on July 1st of each year, or more frequently if events or changes in circumstances indicate that such assets might be impaired.

The amortization methods and estimated useful lives of intangible assets, which are reviewed annually, are as follows:

Customer list, contracts and relationships	Straight-line – 3 years
Computer software	Straight-line – 5 years
Non-compete agreements	Term of the agreements
Brand name	Indefinite life

Goodwill

Goodwill represents the residual amount that results when the fair value of an acquired business exceeds the sum of the amounts allocated to the identifiable assets acquired, and liabilities assumed, based on their fair values. Goodwill is allocated as of the date of the business combination to the Company's reporting units that are expected to benefit from the business combination. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not amortized and is tested for impairment annually on July 1st of each year, or more frequently if events or changes in circumstances indicate it may be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared to its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case the implied fair value of the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the value of goodwill is determined in a business combination described in the preceding paragraph, using the fair value of the reporting unit.

When the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess.

Accounting for the Impairment of Long-Lived Assets

Long-lived assets and identifiable intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of a group of assets may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of an asset to the sum of future undiscounted cash flows expected to be generated from the use and eventual disposition of the group of assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the group of assets exceeds the fair value of the group of assets. Any assets to be disposed by sale are reported at the lower of carrying amount or fair value less costs to sell. Such assets are not amortized while they are classified as held-for-sale.

Leases

Leases are classified as capital or operating depending upon the terms and conditions of the contracts. Obligations under capital leases are recorded as an asset with a corresponding liability. Asset values recorded under capital leases are depreciated on a straight-line basis over the estimated useful life. Obligations under capital leases are reduced by lease payments net of imputed interest. Computer and phone operating lease expenses are recorded in selling, general, and administrative expenses. Branch leases are recorded in rent.

Contingencies

We are subject to various claims and contingencies related to lawsuits, taxes and commitments under contractual and other commercial obligations. We recognize liabilities for contingencies and commitments when a loss is probable and capable of being reasonably estimated. Significant changes in assumptions as to the likelihood and estimates of the amount of a loss could result in recognition of an additional liability.

CHANGES IN ACCOUNTING POLICIES AND PRACTICES

RECENT ACCOUNTING PRONOUCEMENTS NOT YET ADOPTED

International Financial Reporting Standards

The Accounting Standards Board of the Canadian Institute of Chartered Accountants previously announced its decision to require all publicly accountable enterprises to report under IFRS for years beginning on or after January 1, 2011. However, National Instrument 52-107 allows Securities and Exchange Commission (“SEC”) registrants, such as the Company, to file financial statements with Canadian securities regulators that are prepared in accordance with U.S. GAAP. The Company has decided to adopt U.S. GAAP instead of IFRS as its primary basis of financial reporting commencing in fiscal 2012.

The decision to adopt U.S. GAAP was made to enhance communication with shareholders and improve the comparability of financial information reported with its U.S. based competitors and peer group.

CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose is recorded, processed, summarized and reported within the time periods specified under Canadian and US securities laws. They include controls and procedures designed to ensure that information is accumulated and communicated to

management, including the President and Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures.

As of September 30, 2011, an evaluation was carried out under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d - 15(e) under the US Securities Exchange Act of 1934, as amended, and in National Instrument 52-109 under the Canadian Securities Administrators Rules and Policies. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the Evaluation Date such disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and of the preparation of financial statements for external purposes in accordance with US GAAP. Management, including the Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting (ICFR), as such term is defined in Rule 13(a)-15(e) under the US Securities Exchange Act of 1934 and in National Instrument 52-109 under the Canadian Securities Administrators Rules and Policies. A material weakness in ICFR exists if the deficiency is such that there is reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, projections or any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of September 30, 2011, we assessed the effectiveness of our ICFR. In making this assessment, we used the criteria set forth in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of September 30, 2011, our internal control over financial reporting is effective. Our independent auditor, KPMG LLP, has issued an audit report that we, as at September 30, 2011, maintained, in all material respects, effective internal control over financial reporting based on the criteria established in Internal Control-Integrated Framework issued by the COSO.

Changes in Internal Control Over Financial Reporting

During the period ended September 30, 2011, no change occurred in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

OUTSTANDING SHARE DATA

As at November 16, 2011, we had 17,420,880 common shares outstanding. There were also options to purchase 977,502 common shares, which if exercised, would provide us with proceeds of approximately $9.2 million.

DIVIDENDS

On November 16, 2011, we declared a quarterly dividend of $0.12 per common share. The dividend is payable on December 14, 2011, to shareholders of record on November 29, 2011.

The Company reviews its dividend distribution policy on a quarterly basis, evaluating its financial position, profitability, cash flow and other factors the Board of Directors considers relevant. Prior to August 31, 2007, we had not declared or paid a dividend on the common shares. We declared our first dividend on August 31, 2007, in the amount of $.025 cents per common share. In total, dividends of $3.6 million were paid to holders of common shares in fiscal 2008, $5.3 million in fiscal 2009, $9.1 million in the fifteen months of fiscal 2010 and $7.9 million in fiscal 2011. The following table sets forth the quarterly dividends paid by the Company in the last quarter ended:

	2011	2010	2009	2008
Dividend per share	$ 0.120	$ 0.100	$0.065	$0.025
Percentage increase	20%	54%	160%	

OTHER

Cash Store Financial is a Canadian corporation that is not affiliated with Cottonwood Financial Ltd. or the outlets Cottonwood Financial Ltd. operates in the United States under the name "Cash Store." Cash Store Financial does not do business under the name "Cash Store" in the United States and does not own or provide any consumer lending services in the United States.

Cautionary Statement Regarding Forward-looking Information

This MD&A contains “forward-looking information” within the meaning of applicable Canadian and United States securities legislation. Forward-looking information includes, but is not limited to, information with respect to our objectives, strategies, operations and financial results, competition as well initiatives to grow revenue or reduce retention payments. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company, to be materially different from those expressed or implied by such forward-looking information, including, but not limited to, changes in economic and political conditions, legislative or regulatory developments, technological developments, third-party arrangements, competition, litigation, risks associated with but not limited to, market conditions, the availability of alternative transactions, shareholder, legal, regulatory and court approvals and third party consents, and other factors described in the our latest AIF filed on SEDAR at www.sedar.comunder the heading “Risk Factors”. Although we have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. We do not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Non-GAAP Measures

This MD&A refers to certain financial measures that are not determined in accordance with GAAP in Canada. These measures do not have standardized meanings and may not be comparable to similar measures presented by other companies. Although a measure such as '*Earnings Before Interest, Income Taxes, Stock-based Compensation, Depreciation of Property and Equipment and Amortization of Intangible Assets'*(EBITDA) does not have a standardized meaning prescribed by GAAP, this measure is used herein or can be determined by reference to our financial statements. "*Same branch revenues*" is a non-GAAP measure tracked and reported by us and is generally used to compare the average revenue for a particular group of branches in a current period to that same particular group of branches in a prior period. This non-GAAP measure is a way to gauge the performance of a particular group of branches and is directly related to, and helps explain, changes in total revenue. Average revenue is defined as revenue for the period divided by the number of branches. "*BOI*" is a non-GAAP measure tracked and reported by us and is generally used to compare the performance at branch level and includes expenses which primarily relate to the operations of the branch network. *"Operating income*" (OI) is a non-GAAP measure tracked and reported by us and is generally used to compare the income before income taxes and other non-recurring items which primarily relates to the overall operations of the branch, regional and corporate network. "Regional expenses" is a non-GAAP measure which is used to gauge expenditures at the regional and divisional level and includes compensation of associates including centralized regional departments, Regional Managers, Divisional Vice Presidents and President, as well as other expenses related to the functions of these groups. "Corporate expenses" is a non-GAAP measure which is used to gauge expenditures at the corporate level and includes compensation of associates and related expenses at the corporate office level. These measures are discussed because management believes that they facilitate the understanding of our results as it relates to our operational and financial position.

The following table provides a reconciliation of net income in accordance with GAAP to EBITDA for the past eight quarters.

EBITDA Reconciliation

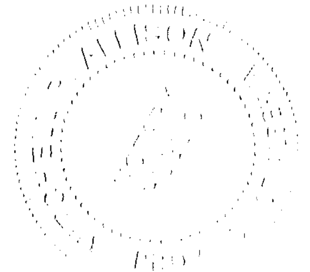
(thousands of dollars)	**2011**				2010			
	Q4	**Q3**	Q2	Q1	Q5	Q4	Q3	Q2
Consolidated Results								
Net income and comprehensive income	**$ 2,035**	$ 1,155	$ 2,500	$ 3,352	$ 7,682	$ 5,476	$ 2,199	$ 5,467
Interest	**33**	34	36	43	51	44	29	29
Income tax	**1,608**	1,019	1,311	1,687	1,561	2,676	1,190	2,822
Stock-based compensation	**218**	171	180	217	260	247	205	204
Depreciation of property and equipment and amortization of intangible assets	**2,313**	2,168	2,233	2,201	1,578	1,882	1,652	2,121
EBITDA	**$ 6,207**	$ 4,547	$ 6,260	$ 7,500	$ 11,132	$ 10,325	$ 5,275	$ 10,643
Adjustments:								
Class action settlements	**$ -**	$ 3,206	$ -	$ -	$ -	$ 100	$ 2,715	$ 100
Effective interest component of retention payments	**5,112**	5,107	5,561	5,505	5,344	4,895	4,400	4,226
Adjusted EBITDA	**$ 11,319**	$ 12,860	$ 11,821	$ 13,005	$ 16,476	$ 15,320	$ 12,390	$ 14,969

This is Exhibit "D" referred to in the affidavit of

....................ERIN ARMSTRONG....................

sworn before me at the City of Calgary, in the Province

of Alberta, on the 8th day of May, 2014



Notary Public in and for the Province of Alberta

Mitchell R. Allison
Student-at-Law

Management's Discussion and Analysis

For the three months and year ended September 30, 2012

Cash Store FINANCIAL

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Cash Store FINANCIAL

December 28, 2012

The following discussion of the financial condition and results of operations of The Cash Store Financial Services Inc. ("Cash Store Financial" or the "Company") should be read in conjunction with the Company's consolidated financial statements and related notes for the year ended September 30, 2012.

All dollar amounts are in Canadian dollars and have been prepared according to US generally accepted accounting principles (U.S. GAAP).

The Company's board of directors (the "Board of Directors"), on the recommendation of the Company's audit committee ("Audit Committee"), approved the content of this MD&A on December 28, 2012.

Other Information

Additional information about Cash Store Financial, including our annual information form, information circular, and annual and quarterly reports, is available on SEDAR at www.sedar.com and EDGAR at http://www.sec.gov/edgar.shtml.

Note

Cash Store Financial is a Canadian corporation and is not affiliated with Cottonwood Financial Ltd. or its outlets named "Cash Store" in the United States. Cash Store Financial does not have operations or does business in the United States.

Forward-Looking Information

In order to help our investors understand our current results and future prospects, this MD&A includes "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and United States federal securities legislation. Management refers to these types of statements collectively, as "forward-looking information." Forward-looking information includes, but is not limited to, information with respect to our objectives, strategies, operations and financial results, competition as well initiatives to grow revenue or reduce retention payments.

Forward-looking information can generally be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases. They may also be identified by statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved".

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied. These risks and uncertainties may include (but are not limited to):

- changes in economic and political conditions
- legislative or regulatory developments
- technological developments
- third party arrangements
- competition
- litigation
- market conditions
- the availability of alternative transactions
- shareholder, legal, regulatory and court approvals and third party consents and
- other factors described under the heading "Risk Related to the Business"

Management has attempted to identify the important factors that could cause actual results to differ materially from those contained in forward-looking information, but other factors unknown to us at the time of writing could cause results to vary.

There can be no assurance that forward-looking information will prove to be accurate. Actual results could differ materially.

Management cautions readers not to place undue reliance on forward-looking information. Unless required by law, the Company does not undertake to update any forward-looking information.

Non-GAAP Performance Measures

Throughout this MD&A, terms that are not specifically defined under U.S. GAAP are referenced and used. These non-U.S. GAAP measures may not be comparable to similar measures presented by other companies. These non-U.S. GAAP measures are presented because the Company believes that they provide investors with additional insight into the Company's financial results.

The non-U.S. GAAP measures mentioned in this MD&A, along with the way in which Management calculates them, are defined below.

Branch Operating Income:

Branch Operating Income ("BOI") is a measure of branch profitability and is calculated as revenue less expenses directly attributable to the Company's branches. Branch expenses include salaries and benefits, retention payments, SG&A, rent, advertising and promotion, provision for loan losses and depreciation of branch property and equipment.

Same Branch Revenues:

Same branch revenues are used to explain changes in total revenue by comparing the average revenue for a particular group of branches in a current period to that same particular group of branches in a prior period. Average revenue is defined as revenue for the period divided by the number of branches.

Regional Expenses:

Regional expenses are a measure of expenditures at the regional and divisional level. Regional expenses include compensation of associates in centralized regional departments, regional managers, divisional vice presidents and presidents, as well as SG&A related to the functions of these groups.

Corporate Expenses:

Corporate expenses are a measure of expenditures at the corporate level. Corporate expenses include compensation of associates, management and executives in the corporate office as well as other costs such as SG&A, interest on senior secured notes and foreign exchange gains and losses.

EBITDA and Adjusted EBITDA:

EBITDA and Adjusted EBITDA are used as a measure of cash income. EBITDA is calculated as net income (loss) and comprehensive income (loss) before interest expense, income tax expense, stock-based compensation expense, depreciation of property and equipment and amortization of intangible assets. Based on EBITDA, the effects of other non-recurring and/or non-cash expenses are removed to calculate Adjusted EBITDA. Please refer to page 28 for a reconciliation of EBITDA and Adjusted EBITDA to Net Income.

Working Capital

Working capital is calculated as current assets less current liabilities.

Cash Store FINANCIAL

The Business

NOTE: This section contains forward-looking information. By nature, forward-looking information requires that certain assumptions be made and is subject to inherent risks and uncertainties. Please see Forward-Looking Information (page 2) and Risks Related to the Business (page 33) for additional information on the factors that could cause results to vary.

Cash Store Financial is Canada's leading provider of alternative financial products and services, serving everyday people for whom traditional banking may be inconvenient or unavailable.

The Company's main product is payday loans, used by customers from time to time to bridge the gap between current expenses and their next pay cheque or other form of income. The Company also offers a line of credit (up to $2,000) to enable customers to manage their own cash flow and build a positive credit profile. The Company earns fees and interest income on these loans, just as a bank does on longer-term loans.

In regulated Canadian provinces and in the United Kingdom (the "UK") the Company funds payday loans directly, while in non-regulated Canadian provinces, the Company acts as a broker on behalf of payday loan customers.

Cash Store Financial also offers supplementary financial products to customers to extend the bank-like feel of the Company's branches. These products include bank accounts, prepaid MasterCard and private label credit and debit cards, money transfers, payment insurance and prepaid phone cards. The Company has agency arrangements with a variety of companies to provide these products.

Cash Store Financial owns and operates Canada's largest network of retail branches in the payday loan industry, with 511 branches in 241 communities nationwide. Cash Store Financial also owns and operates 25 branches in the UK.

Cash Store Financial's 2,000 associates across Canada and the UK share a commitment to making Cash Store Financial the best choice for alternative financial services.

The Company was founded in 2001 in Edmonton, Alberta under the name of Rentcash Inc. and is listed on both the Toronto Stock Exchange ("TSX"): CSF and New York Stock Exchange ("NYSE"): CSFS.

Industry: Regulatory Change

The payday loan market is in transition from an unregulated market to varying states of regulation in Canada and the UK. Regulations across Canada are relatively new, with the first provincial regulations coming into effect in late 2009. The key components of payday loans regulation are caps on the loan size, length and fees that can be charged. In certain Canadian provinces (the "Regulated Provinces"), payday loans can be up to $1,500 and 62 days in duration. The following table shows the date regulations came into effect in each Regulated Province and their rate cap:

Province	Branches	Rate Cap (per $100)	Effective Date
British Columbia	96	$23	November 18, 2009
Ontario	178	$21	December 15, 2009
Alberta	121	$23	March 1, 2010
Manitoba	24	$17	October 18, 2010
Nova Scotia	25	$25	April 1, 2011
Saskatchewan	34	$23	January 1, 2012

The Company believes that proper industry regulation should have positive impacts for investors by leveling the competitive playing field and defining a set of rules that will limit the effects of litigation against companies in the industry who pride themselves on ethical conduct and respectful treatment of customers. However, as the regulatory system is somewhat new and varies across Canada, it may take some time to reach a state of stability.

The Company has been a strong proponent of consumer protection. Cash Store Financial voluntarily eliminated rollovers (extensions of existing loans for a fee and/or provision of new loans to pay out previous loans) in 2005 and subsequently urged governments to follow suit. Although rollovers are only prohibited in five provinces, Cash Store Financial does not engage in this practice in any Canadian province.

Cash Store Financial is the only publicly traded company in Canada to have participated fully in provincial hearings and consultations related to consumer protection.

During FY2012 and up to the date of this MD&A, the Company was subject to class action proceedings initiated in the Canadian provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario, alleging non-compliance with rate caps in those provinces. The Company believes that it complied with applicable provincial regulations and intends to defend these new actions vigorously. The likelihood and amount of potential loss, if any, is not determinable at this time. See “Risks Related to the Business”.

The Company believes it is important to continue its work with compliance bodies in each Regulated Province in order to remain current with the regulatory environment.

Target Market

The Company’s target market is income earning consumers, who seek the quality service of a bank with the convenience of an alternative financial services provider. The majority of customers are 36-54 years of age.

The Company’s goal is to be the alternative financial service provider of choice in Canada. The Company believes that customers choose to do business with Cash Store Financial for a number of reasons:

- the range of products offered;
- the comfortable, friendly, open concept branch environment that is more bank-like than other consumer lending stores ;
- the specialized support and committed customer service provided by well-trained associates; and
- the convenience of the Company’s branch locations and hours.

Cash Store FINANCIAL

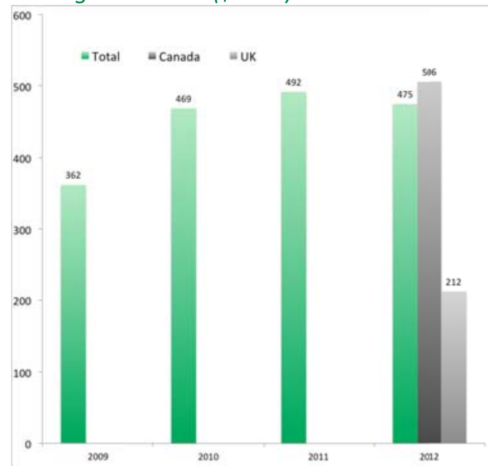
Products & Services

Cash Store Financial offers a variety of financial products and services to customers, many of whom have limited access to other sources of credit. Through a suite of integrated financial products, the Company seeks to increase customer frequency and loyalty.

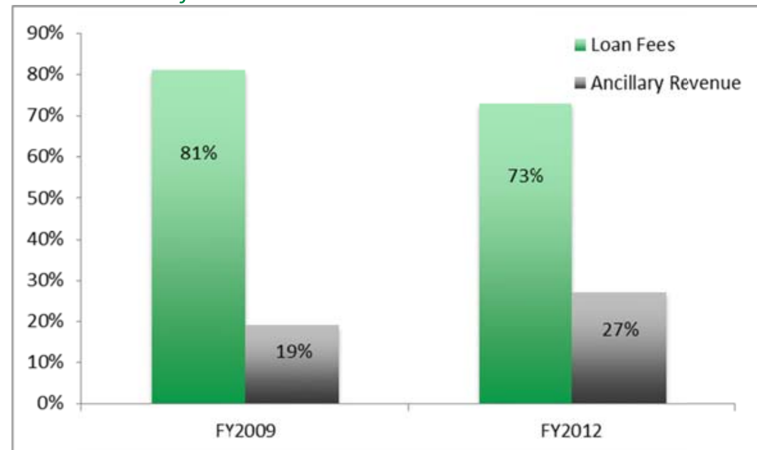
Consumer Loans & Line of Credit Fees and interest are earned on the following consumer loan products:	
Payday	○ Bridge loans to help customers span temporary cash shortfalls or meet emergency or unexpected expenses ○ Short-term, non-collateralized loans ○ Range from $100 to $1,500
Signature	○ Short-term loan against a government source of income (Child Tax, Disability, Pension, Employment Insurance)
Line of Credit	○ Up to $2,000 unsecured ○ Helps customers to rebuild their credit ○ Customers borrow as needed and repay at any time ○ Minimum payments are due at regular intervals ○ Introduced early in FY2012
Injury Claims	○ Immediate cash for personal injury claims awaiting payout ○ Provided by Rhino Legal Finance Inc.

Diversified Financial Products These products are generally provided by a third party:	
Bank Accounts: Standard & Premium	○ Provided by DC Bank ○ Gives customers access to a variety of services ○ CDIC insured
Cheque Cashing	○ Fast turn around ○ Funds transferred electronically; branches do not hold cash
Prepaid Credit Card	○ Supplied by DC Bank and MasterCard ○ Provides the convenience of a credit card without interest or monthly payments ○ Can be used online
Prepaid Debit Card	○ Supplied by DC Bank ○ Preloaded with funds for daily transactional needs and access to cash at automated teller machines (ATMs)
Money Transfer	○ Provided by RIA Financial Services ○ Provides an easy and reliable way to pay bills or to send and receive funds worldwide
Payment Insurance	○ Provided by Trans Global Insurance ○ Covers outstanding loan balances in the event of unexpected events such as: involuntary unemployment, accidental injury, critical illness, death, dismemberment

Average Loan Size ($000s)



Revenue Diversification - FY2009 vs. FY2012



The success of the Company's diversification strategy is demonstrated by the shift in revenue distribution, from consumer loans making up 81% of total revenue in FY2009 to 73% in FY2012.

Operations

From 2009 – 2011, the Company aggressively grew its branch network in Canada while at the same time introducing new products. This was a deliberate move to capture market share and position Cash Store Financial as the leader at the same time as new provincial regulations governing payday loans were taking shape.

In FY2012, the Company assessed its branch network and consolidated 63 branches located in saturated markets. The Company transferred customers from affected branches to other branches in close proximity.

The Company emerged from this realignment in a much stronger position. Expenses have been reduced on a go forward basis, and the Company does not expect to lose customers or revenue because of the consolidations. The Company expects BOI and overall branch operating metrics to improve.

The Company's branch environment is unique in the market. Because Cash Store Financial branches do not disburse cash, the Company is able to offer a comfortable, upscale, open concept floor plan where customers can sit down with a customer service advisor to discuss their needs, much like they would in a traditional bank.

This differentiated environment complements the Company's expanded product offering, which is designed for long term customer retention.

Cash Store Financial, is committed to customer care. Treating customers fairly and respectfully and acting with integrity and honesty are the guiding principle of the Company's business, so the Company aspires to the highest standards of customer service excellence and ethical behavior. The Company:

- discloses all costs, including default and interest charges, upfront;
- protects customers' privacy;
- allows customers to rescind their loan within 24 hours;
- advance loans only up to a maximum under Company policy; and
- employs collection practices that are fair and in full compliance with provincial regulations.

If a customer is dissatisfied with any aspect of their dealings, the Company has a formal complaints procedure.

Cash Store FINANCIAL

Branch Maturity

The Company believes that the distribution of branches provides important insight to investors on future growth potential. Approximately 25% of the branches in the Company's network are under three years old (immature to early maturity) and the Company sees significant near-term potential to increase revenue and BOI based solely on the existing branch network.

Canadian Operations

With 511 branches across nine provinces and two territories, Cash Store Financial is the dominant brand in all key markets and the largest alternative financial services provider in Canada. In conjunction with the rollout of regulations in provinces across the country, Cash Store Financial's strategy has been to grow aggressively to build market share and create a barrier to entry to competitors.

As the established leader in the Canadian market for the past several years, Cash Store Financial shifted its focus to optimizing operations. Throughout FY2012 (primarily in the third and fourth quarters), the Company consolidated 63 branches at a total cost of $1.5 million. This realignment is already bearing results. Revenue per branch improved in the fourth quarter and revenues, customer count and loan volume have all increased.

The strategy for Canadian operations is to continue to improve operating efficiency, focus on maturing newer branches and expand opportunistically into underserved markets.

UK Operations

The Company opened its first branch in the UK in 2010 and had 12 branches by the end of FY2011. In FY2012, the number of branches in the UK more than doubled to 25. The UK is a logical market for international expansion because it has a similar economic and cultural environment to Canada. With a denser population than North America, the Company believes the UK network has the opportunity to earn higher revenue and BOI and mature more quickly than comparable Canadian branches.

Giving Back

As a successful company, Cash Store Financial takes giving back to the communities where it does business seriously. To provide the biggest impact that has nation-wide appeal, the Company is partnered with the Canadian Diabetes Foundation. Part of the Company's fundraising activities is to host Freedom runs across Canada. In FY2012, Cash Store Financial hosted 15 Freedom runs and sponsored 5 runs for diabetes. To date these efforts have helped contribute over $1 million to this cause.

Cash Store FINANCIAL

Strategy

NOTE: This section contains forward-looking information. By its nature, forward-looking information requires that certain assumptions be made and is subject to inherent risks and uncertainties. Please see Forward-Looking Information (page 2) and Risks Related to the Business (page 33) for additional information on the factors that could cause results to vary.

A Look Back

The Company's goals in FY2012 were: (i) to remain Canada's leading provider of alternative financial products and services; and (ii) to grow the Company's presence in the UK.

To achieve this objective, the Company focused on four strategic priorities in FY2012:

Strategic Priority	Progress
1. Accelerate the direct lending model to replace brokering loans on behalf of customers. This will reduce the cost of capital and increase our interest income and cash flow.	o In January 2012, the Company completed a private placement of senior secured notes for proceeds of $125.2 million, which enabled the Company to acquire a portfolio of loans held by third-party lenders and begin direct lending in the Regulated Provinces.
2. Introduce additional products & services and continue to diversify revenues beyond payday loans and grow these products to make up a larger percentage of the Company's total revenue**.**	o Since 2010, the Company has introduced a number of products to diversify the revenue mix. o In early FY2012, the Company introduced a Line of Credit product. o In FY2012, the Company invested in the development of several new products to be introduced in 2013 and beyond. This includes our Term Life Insurance, which is currently in user acceptance testing in a limited number of branches. o The Company's integrated product portfolio is complemented by a differentiated branch experience and commitment to customer service excellence. o By providing an expanded and integrated suite of financial products to meet all customer needs, the Company seeks to establish long-term relationships to build recurring revenue streams.
3. Grow Canadian Operations: a. Drive market penetration o Maximize branch potential o Improve BOI o Educate branch associates b. New branch openings o Expand through organic growth in underserved communities	o The Company's primary focus in FY2012 was to improve branch operating efficiency and focus on maturing newer branches. Branches opened since October 1, 2009 make up 25% of Cash Store Financial's network. o The Company consolidated operations, moved clients to nearby branches and was able to retain a majority of clients and revenue. o BOI improved in the fourth quarter. o The Company continued to develop and build capability in operations management group through training and targeted programs such as: o Coaches program, where new associates received mentorship and guidance from Day 1 to the end of their probation period,

	o Cash Store Financial TV, and o Cash Store Financial College online training program.
4. Pursue International Expansion: Establish the infrastructure to facilitate aggressive expansion in the UK	o The Company established the corporate infrastructure (including centralized collections, training and human resources) to support a larger footprint. o Barret Reykdal assumed the role of President and Chief Operating Officer, UK – Barret was instrumental in the Company's rapid expansion in the Canadian market and brings his previous industry in Canada to the UK market. o The Company more than doubled its UK branch network to 25 branches (FY2011 – 12).

The Road Ahead

In FY2012 the Company has made significant progress in key areas that lay the foundation for transforming the business for the future, including the transition to direct lending, new product introductions and laying the framework for planned expansion in the UK.

The Company's long-term goal is to become the premier financial service provider to consumers in its target markets by complementing the products and services of traditional banks and providing a step up for those consumers who do not have access to traditional bank products.

The Company will continue to move upstream by building on its differentiated branch environment, introducing new products and services that will maintain customer relationships for longer time periods and shifting the focus from short-term payday loans to longer term, insurance-backed line of credit products.

Specific strategies for 2013 and beyond include:

Platform & Distribution Growth

- Continue to optimize branch operations
- Continue methodical expansion into underserved markets
- Mature branch network through training and incentive programs
- Develop online lending platform and internet presence

Product Growth

- Continue to focus on non-loan products
- Continue to move upstream and bridge the gap between payday loans and the products of traditional banks
- Help customers achieve greater financial freedom through graduated products that will help them rebuild their credit

Improved Margin Management

- Continue to focus on cost savings and branch operating metrics
- Improve collections

Risk Management

- Continue to proactively manage risk to protect Cash Store Financial from changes in funding markets, interest rate, currency fluctuations and regulatory environment
- Diversify and lower capital costs

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Key Resources & Competencies

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Experienced Leadership

In FY2012, the Company realigned its senior leadership team. The Company increased both depth and industry experience with the additions of Kevin Paetz (President and Chief Operating Officer, Canadian Operations) and Craig Warnock (Chief Financial Officer).

Kevin has over 20 years of broad leadership experience in retail consumer finance, most recently with Dollar Financial Group where he served in a variety of leadership positions: Vice President Acquisitions, Vice President of Operations, United Kingdom, and Vice President, Field Operations Canada. Kevin has a clear mandate to optimize operations to improve sales and profitability.

Craig brings over 25 years of senior financial management and financial institution experience. Craig previously served as CFO and Executive Vice President and Treasurer with ATB Financial.

Barret Reykdal, who was instrumental to the Company's rapid growth in the Canadian market, was redeployed as President and Chief Operating Officer, UK Operations where he will apply his experience to expand the Company's presence in this high potential market.

Collectively, the leadership team has extensive experience in the retail finance industry. This places the Company in a solid position to execute the Company's strategy.

A Motivated Operations Team

Branch employees are the primary customer touch point, so the Company invests in training and development initiatives to ensure that they are knowledgeable about the product offering and share the Company's commitment to providing an exceptional customer experience. Branch associate training and communication programs include:

- Coaches Program: a mentoring program that matches an experienced branch manager to new associates and provides for regular assessment and feedback through the new associates first 90 days.
- Cash Store Financial College: an online training program focused on regulatory compliance and product knowledge.
- Cash Store Financial TV: a daily news network for communicating with branch employees.

As a growth company, Cash Store Financial offers employees an exceptional opportunity for advancement.

Operating Efficiency

The Company began the rollout of a custom developed information management system to its branch network in FY2012. This information management system is designed to:

- Enable better information collection and subsequent analysis
- Enable a more agile response to business changes through improved operating visibility
- Support the internal decision making process
- Enhance the Company’s ability to provide target solutions to customers
- Improve collections
- Improve operating efficiency

The information management system began a staged rollout in late FY2012 and will continue through FY2013.

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Performance

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FY2012 Highlights

Transition to Direct Lending

The Company transitioned from brokering loans on behalf of customers to a direct lending model for the majority of the Canadian operations. The Company achieved this by issuing $132.5 million in senior secured notes to acquire a portfolio of consumer loans in the Regulated Provinces from third-party lenders for total consideration of $116.3 million. At the date of acquisition, the gross contractual principal and income of the acquired loan portfolio was $319.9 million.

Management's strategic rationale for the acquisition is comprised of several factors, including:

- To take advantage of a regulated environment in certain provinces allowing the Company to access debt;
- To reduce the cost of capital and increase profit margins in providing payday advances in regulated provinces;
- To ensure the continued availability of flexible third-party sources of funds for business in unregulated jurisdictions;
- To move towards a self-funding model comparable to the Company's publicly traded peers;
- To provide exposure to the capital markets through debt which may attract additional equity and investors resulting in a wider institutional investor base;
- To provide a long-term capital solution with the potential for future capital raises to support the ongoing growth of the business; and
- To protect the portfolio of loans against a competitor acquisition.

As part of the transaction, in addition to the consumer loans receivable the Company also assigned fair values to the intangible assets, comprised of non-compete agreements from the third-party lenders, benefits of continuing to have favourable relationships and access to the capital of those third-party lenders and acquired proprietary knowledge of the third-party lenders.

Management also allocated a portion of the consideration paid as a premium paid to acquire the loan portfolio. In accordance with U.S. GAAP, the Company determined that the premium settled pre-existing relationships between the Company and third-party lenders. Accordingly, the premium to acquire the loan portfolio was measured at its fair value and recorded as an expense in the consolidated statement of operations as part of the acquisition transaction.

The contractual broker arrangements between the Company and the third-party lenders did not obligate the Company to pay retention payments, compensate for loan losses without cause or provide a guaranteed rate of return on the pool of funds advanced. However, the compensation paid to the third party lenders as part of the transaction recognized the loss of future retention payments and the ability to earn future returns on capital under the existing broker contracts.

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The determination of fair value of each component of the transaction was subject to management judgment and estimates of future cash flows, collection rates, forecasts and assumptions. The total consideration was allocated as set forth below:

Consumer loan portfolio	$ 50,014
Non-compete agreement	15,524
Favourable supplier relationships	14,220
Proprietary knowledge	2,280
Premium paid to acquire the loan portfolio	36,820
Deferred tax liability	(2,524)
Total purchase price	**$ 116,334**

Between February 1 and September 30, 2012 the Company generated over $475 million in loan volume as a result of the acquisition of the consumer loan portfolio.

Operational Highlights

The Company assessed branch performance across Canada and the initiative for consolidating branches yielded increases to revenue, loan volume, BOI and EBITDA in the fourth quarter. The Company believes it is on the right path for improved operating efficiency throughout 2013.

The Company continued to expand operations in the UK with 13 new branch openings during the year. In conjunction with this expansion, the Company invested in corporate infrastructure to support continued growth in the UK.

Overall Performance

FY2012 consolidated revenue of $187.4 million was relatively flat compared to $189.9 million in FY2011. Revenue from Canadian operations decreased by $10.2 million as a result of a difference between revenue recognition policies under a direct lending model and a broker model which resulted in direct lending requiring that the Company defer loan fees over the loan term and a reduction in loan volume. In the fourth quarter, the Company focused on increasing the payday loan customer base and loan volume. The reduction in revenue in Canada was offset by an increase in revenue in the UK because of continued new branch openings and the maturation of existing branches.

EBITDA for FY2012 was negative $30.8 million, down from $24.5 million in FY2011. In FY2012, the Company recorded $44.8 million of charges, comprised of a $36.8 million premium paid to acquire the loan portfolio, $5.0 million related to asset impairments and branch consolidations and a $3.0 million increase to the loan loss provision in the UK combined with an increase in corporate costs.

Diluted EPS was a $2.47 loss compared to a $0.51 gain in the prior year.

Cash balances remained steady at $19.1 million as at September 30, 2012 compared to $19.3 million on the same date in 2011. Cash provided by operating activities was $12.3 million, down from $14.0 million in FY2011 as the Company continued to increase its consumer loan portfolio since it was acquired earlier in the year.

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Selected Annual Information

($000s, except for per share amounts, number of loans and branch count)	15 Months Ended 30-Sept-2010[1]	12 Months Ended 30-Sept-2011	**12 Months Ended 30-Sept-2012**	2012 vs. 2011 % change
Consolidated results				
Canadian branch count	542	574	**511**	(11%)
UK branch count	2	12	**25**	108%
Total branches	544	586	**536**	(9%)
Loan volume	$938,483	$821,404	**$797,711**	(3%)
Number of Loans (000's)	1,805	1,404	**1,371**	
Revenue				
Loan fees	$170,659	$136,623	**$137,994**	1%
Other income	49,859	53,276	**49,418**	(7%)
	220,518	189,899	**187,412**	(1%)
Branch expenses				
Salaries and benefits	62,265	57,576	**55,082**	(4%)
Retention payments	28,167	26,786	**9,968**	(63%)
Selling, general and administrative	21,673	17,518	**17,770**	1%
Rent	17,868	18,216	**18,701**	3%
Advertising and promotion	5,535	5,440	**4,828**	(11%)
Provision for loan losses	788	2,559	**31,003**	1112%
Depreciation of property and equipment	7,006	6,803	**6,843**	1%
Branch operating income	77,216	55,001	**43,217**	(21%)
Regional expenses	13,359	16,750	**17,279**	3%
Corporate expenses	21,127	18,266	**22,753**	25%
Interest expense	-	-	**11,623**	
Branch closure costs	-	-	**1,574**	
Impairment of property and equipment	-	-	**3,425**	
Other depreciation and amortization	2,055	2,112	**5,973**	183%
Premium paid to acquire the loan portfolio	-	-	**36,820**	
Income before income taxes and class action settlements	40,675	17,873	**(56,230)**	(415%)
Class action settlements	2,915	3,206	**-**	(100%)
Net income (loss) and comprehensive income (loss)	$26,464	$9,042	**$(43,089)**	(589%)
EBITDA	48,100	24,514	**(30,835)**	(226%)
Adjusted EBITDA	73,973	48,873	**30,015**	(39%)
Weighted average number of shares outstanding				
basic	16,913	17,259	**17,432**	1%
diluted	17,522	17,663	**17,432**	(1%)
Basic earnings (loss) per share	$1.56	$0.52	**$(2.47)**	(572%)
Diluted earnings (loss) per share	$1.51	$0.51	**$(2.47)**	(583%)
Consolidated balance sheet information				
Working capital	$14,980	$16,023	**$62,068**	287%
Total assets	115,045	121,807	**200,747**	65%
Total long-term liabilities	$9,882	$8,991	**$137,375**	1428%

Note:[1]The Company changed its year end from June 30 to September resulting in a 15-month fiscal year ended September 30, 2010

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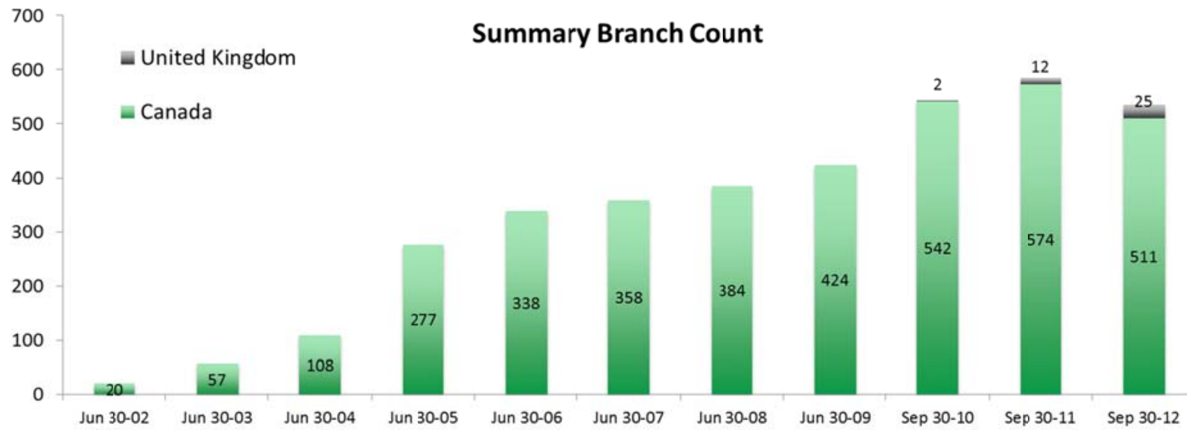
Results of Operations

Branches



During FY2012, the Company consolidated 63 underperforming branches in Canada and transferred customers from affected branches to nearby branches. The Company expects to see lower branch costs going forward, and does not anticipate a decrease in overall loan volume as a result of these consolidations. The Company does not anticipate any significant additions to its branch count in Canada for FY2013.

In the UK, the Company opened 13 new branches for a total of 25 branches.

Revenue

Loan Volume

Total loan volume was $797.7 million for FY2012, down 2.9% from $821.4 million in FY2011. Loan volume in Canada decreased by $50.2 million primarily in the second and third fiscal quarters. In the fourth quarter the Company refocused on payday loans, which resulted in increasing customer base and loan volume growth in line with historic levels. The decrease in loan volume in Canada was partially offset by loan volume growth of $26.5 million in the UK as a result of continued expansion.

The Company measures loan volume based on the cash and fees that customers receive.

Loan Fees

Despite a decrease in total loan volume, loan fees for FY2012 increased by $1.4 million (1.0%) compared to FY2011. Loan fees include either:

- payday loan fees on direct loans, or
- fees charged for brokering loans on behalf of customers

	Third Party Loans		Direct Loans		Total
For the year ending September 30, 2012:					
Loan fees	$	49,997	$	87,997	**$ 137,994**
Interest		-		3,962	**3,962**
Default Fees	$	10	$	1,724	**1,734**
For the year ending September 30, 2011:					
Loan fees	$	126,681	$	9,943	**$ 136,623**
Interest		-		523	**523**
Default Fees		3,429		150	**3,579**

Loan fees in the Regulated Provinces are capped at various rates. This cap includes principal and interest. In FY2011 and early FY2012, when the Company brokered loans in Regulated Provinces, the Company gave the interest portion of the loan fee to the third-party lenders. In February 2012 when the Company started direct lending, the Company began recognizing the entire loan fee as revenue, resulting in increased loan fee revenue for FY2012. As the Company did not operate under the direct lending model for the full year, direct loans will continue to increase as a percentage of total loan fees. Loan fees as a percentage of loan volume increased to 17.3% in FY2012 from 16.6% in FY2011.

Average branch revenue for the 13 new UK branches opened in FY2012 was $292,000. This is strong revenue for first year branches, which is attributable, in part, to the fact that all the new branches were opened in the first quarter and thus had nearly a full year of operation. The trend in the Company's UK branches has also been for branches to mature more quickly than their Canadian counterparts.

Other Income

Other income includes default and interest charges on overdue loans, cheque cashing, and agency fees earned from ancillary products (such as bank accounts, debit cards and prepaid credit cards, insurance, money transfers and prepaid phone cards).

FY2012 consolidated other income decreased by $3.9 million or 7.2% compared to FY2011. The total change is represented by a $4.5 million decrease in Canada offset by increases as a result of growth in the UK. The decrease in Canadian other income is primarily a result of $4.0 million in collections of default and interest charges on overdue loans related to the acquired loan portfolio being recognized as a reduction to consumer loans receivable (net) rather than in other income. In addition, the decrease related to fewer customers choosing to purchase optional insurance and prepaid cards. The Company continues to refine and optimize how it presents the value of ancillary services to our customers. This decrease was partially offset by increases in late interest and default fees of $1.6 million as a result of the commencement of direct lending activities.

Branch Operating Income

BOI of $43.2 million for FY2012 was down from $55.0 million compared to FY2011, primarily as a result of an increase in the net provision for loan losses and retention payments of $11.6 million. The Company realized $2.4 million in savings in branch expenses in FY2012, most of which arose in the fourth quarter. The Company attributes these savings to lower incentive plan costs, increased cost controls and to the branch consolidations that occurred during FY2012. The Company expects continued cost savings for FY2013. Fourth quarter BOI was 37% of revenue compared to 29% for the fiscal year.

Expenses

Loan Losses Related to Direct Lending

The Company's provision for loan losses recorded on the consolidated statement of operations includes all estimated uncollectible contractual principal and loan fees. The provision for loan losses is reduced by any recoveries realized after loans are charged off. Collections of late interest and fees on loans that have not been charged off are recorded in other income on the consolidated statement of operations. Further, all amounts collected in relation to acquired loans, whether or not the loans have been charged-off, are recorded as a reduction to the acquired loans portion of consumer loans receivable, net.

When evaluating the Company's overall loan loss rate, management considers the provision for loan losses, recoveries recorded in other income and recoveries recorded against the acquired portion of consumer loans receivable, net. The table below presents a calculation of loan losses considering the items described above:

	12 Months Ended 30-Sept-2011	12 Months Ended 30-Sept-2012
Provision for loan losses	$ 2,559	$ 31,004
Interest and default fee recoveries recognized as other income	(673)	(5,686)
Interest and default fee recoveries on acquired loans recognized as a reduction to acquired consumer loans receivable, net	-	(2,644)
Normalized provision for loan losses	**1,886**	**22,674**
Loan volume for direct loans	55,141	516,083
Normalized loan loss rate as a percentage of loan volume	*3.4%*	*3.9%*

The increase in FY2012 was as a result of higher direct loan volumes and a $3.0 million addition to the UK loss provision.

Comparison of the Costs of Brokering to Direct Lending

Before transitioning to direct lending, the Company paid voluntary retention payments to third-party lenders. These payments partially compensated third-party lenders for loan losses as well as interest on capital that was advanced to the Company. Third-party lenders also received an interest component of loan fees. Upon transition to the direct lending model in the second quarter of FY2012 the Company recorded interest expense on senior secured notes and a provision for loan losses on direct lending activities. Although the Company is not contractually required to make retention payments, the Company expects that it will continue to record retention payments for brokered loans in non-regulated provinces. In addition, the Company previously gave a portion of loan fees to third-party lenders as an interest component (see discussion on consumer loans receivable, net page 23).

The following table provides a FY2012 vs. FY2011 comparison of total interest and loan loss related costs:

	12 Months Ended 30-Sept-2011	12 Months Ended 30-Sept-2012
Interest portion of loan fees paid to third party lenders	$ 15,864	$ 5,299
Normalized provision for loan losses calculated above	1,886	22,674
Retention payments	26,786	9,968
Interest expense	-	11,623
Total	**44,536**	**49,564**
Loan volume	821,404	797,711
Total as a percentage of loan volume	*5.4%*	*6.2%*

The increase in FY2012 was as a result of a $3.0 million increase to the UK loss provision as well as an increase in other loss provisions.

Depreciation of Property and Equipment and Amortization of Intangible Assets

Depreciation of property and equipment was reduced to $7.7 million compared to $7.9 million in FY2011. This reduction was a result of a lower cost base due to the $3.4 million impairment recorded during the year.

Amortization of intangible assets increased to $5.1 million from $1.0 million in FY2011 because the Company acquired proprietary knowledge, non-compete agreements and favorable supplier relationships when loans were acquired from third-party lenders in Q2.

Impairment of Property and Equipment and Branch Closure Costs

Costs of $5.0 million were recognized for write offs of property and equipment, lease buy-outs, employee severance and other costs related to the consolidation of 63 of the Company's branches

Net Income (Loss)

For FY2012 the Company recorded a net loss of $43.1 million, down from net income of $9.0 million in FY2011.

Included in the net loss were $44.8 million of charges, comprised mainly of a $36.8 million premium to acquire the loan portfolio, a $3.0 million addition to the UK loan loss provision, $1.6 million in branch closure costs and $3.4 million of impairment to property and equipment.

These charges combined with higher corporate and regional expenses caused EBITDA to decrease to negative $30.8 million from $24.5 million in FY2011. Adjusted EBITDA decreased from $48.9 million to $30.0 million.

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Summary of Quarterly Results

($000s, except for per share amounts and branch figures)		2011				2012			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Consolidated Results									
No. of branches	Canada	566	573	574	574	**573**	**569**	**529**	**511**
	United Kingdom	4	6	8	12	**23**	**25**	**25**	**25**
		570	579	582	586	**596**	**594**	**554**	**536**
Loan volume		$216,290	$198,775	$204,616	$201,720	**$199,611**	**$191,030**	**$199,861**	**$207,210**
Revenue									
Loan fees		$36,314	$32,813	$33,944	$33,552	**$32,892**	**$30,545**	**$36,204**	**$38,353**
Other income		11,419	13,247	14,985	13,625	**12,956**	**11,544**	**12,454**	**12,464**
		47,733	46,060	48,929	47,177	**45,848**	**42,089**	**48,658**	**50,817**
Branch expenses									
Salaries and benefits		14,382	14,113	14,591	14,490	14,397	14,824	13,672	12,189
Retention payments		7,189	6,578	6,775	6,244	6,557	2,271	554	586
Selling, general and administrative		4,194	4,680	4,481	4,156	4,408	4,816	4,416	4,130
Rent		4,405	4,567	4,589	4,656	4,720	4,849	4,659	4,473
Advertising and promotion		1,426	1,303	1,313	1,398	1,542	975	1,153	1,158
Provision for loan losses		663	654	662	580	668	10,798	10,104	9,433
Depreciation of property and equip.		1,660	1,687	1,710	1,744	1,776	1,785	1,675	1,607
Branch operating income		13,814	12,478	14,808	13,909	**11,780**	**1,771**	**12,425**	**17,241**
Regional expenses		4,193	3,863	4,169	4,523	**4,734**	**4,589**	**4,251**	**3,705**
Corporate expenses		4,043	4,256	4,804	5,171	**5,027**	**6,625**	**5,394**	**5,707**
Interest expense		-	-	-	-	**-**	**2,892**	**4,355**	**4,376**
Branch closure costs		-	-	-	-	**-**	**-**	**908**	**666**
Impairment of property and equipment		-	-	-	-	**-**	**3,017**	**-**	**408**
Premium paid to acquire the loan portfolio		-	-	-	-	**-**	**36,820**	**-**	**-**
Other depreciation and amortization		540	548	456	570	**583**	**1,503**	**1,770**	**2,117**
Net income (loss) before income taxes and class action settlements		5,038	3,811	5,379	3,645	**1,436**	**(53,675)**	**(4,253)**	**262**
Class action settlements		-	-	3,206	-	**-**	**-**	**-**	**-**
Net income (loss) and comprehensive income (loss)		$3,352	$2,500	$1,155	$2,035	**$989**	**$(41,030)**	**$(3,440)**	**$392**
EBITDA		7,500	6,260	4,545	6,207	**4,091**	**(47,274)**	**3,764**	**8,584**
Adjusted EBITDA		13,022	11,835	12,853	11,161	**9,435**	**2,428**	**6,960**	**11,192**
Basic earnings (loss) per share		$0.20	$0.15	$0.07	$0.12	**$0.06**	**$(2.35)**	**$(0.20)**	**$0.02**
Diluted earnings (loss) per share		$0.19	$0.14	$0.07	$0.12	**$0.06**	**$(2.35)**	**$(0.20)**	**$0.02**

Loan volume, revenue, and BOI have increased steadily in the last half of FY2012. Results for FY2011 and early FY2012 were negatively impacted by rate compression in the regulated provinces partially offset by growth in other revenue. In Q2-2012 the Company transitioned to the direct lending model and began a comprehensive evaluation of its branch network, resulting in charges for impairment and branch closure costs in the last half of FY2012. The transition to the direct lending model also impacted the Company's revenue recognition policies.

Although the Company's business is not significantly affected by seasonality, the Company typically experiences its strongest revenues in the third and fourth quarters (which correspond with tax season and the summer months) followed by the first quarter (Christmas/holiday season). The second quarter is typically the weakest. In addition to seasonal demand, quarterly results are impacted by the number and timing of new branch openings.

Fourth Quarter

Revenue

Loan volume and revenue increased by 8.0% and 4.7% respectively compared to the same quarter last year and 3.7% and 4.4% compared to Q3-2012.

Compared to Q4-2011, approximately half of the increase in revenue can be attributed to expanded UK operations. The remainder of the increase is a result of an overall increase in loan volume and recording the interest portion of loan fee revenue in the Regulated Provinces. That interest went to third-party lenders in FY2011.

Compared to Q3-2012, increasing maturity of the UK branches combined with a focus on regaining customers and growing payday loans in Canada contributed to the increases in both revenue and loan volume.

Branch Operating Income

Q4-2012 BOI of $17.2 million increased by $5.2 million (24.0%) from the same quarter in the prior year as a result of both an increase in revenue and a decrease in branch expenses. Branch expenses, excluding the provision for loan losses and retention payments, decreased by $2.9 million. Branch expenses decreased by $2.0 million compared to Q4-2011 due to lower salaries and benefits and lower operating expenses as a result of reduced branch count combined with an increased focus on cost control.

BOI increased $4.8 million from Q3-2012 due to both an increase in loan fee revenue and a decrease in branch expenses.

BOI margin was 33.9% in Q4-2012 compared to 29.4% in Q4-2011 and 25.5% in Q3-2012 indicating improved operating efficiency.

Loan Losses Related to Direct Lending

The following table presents normalized loan losses for compared to Q3-2012.

	3 Months Ended 30-Sept-2011	3 Months Ended 30-Jun-2012	3 Months Ended 30-Sept-2012
Provision for loan losses	$ 580	$ 10,104	$ 9,433
Interest and default fee recoveries recognized as other income	(196)	(1,552)	(2,295)
Interest and default fee recoveries on acquired loans recognized as a reduction to acquired consumer loans receivable, net	-	(867)	(397)
Normalized provision for loan losses	**384**	**7,685**	**6,741**
Loan volume for direct loans	13,008	188,151	195,026
Normalized loan loss rate as a percentage of loan volume	*3.0%*	*4.1%*	*3.5%*

The normalized provision for loan losses decreased to 3.5% of loans originated in Q4-2012 from 4.1% in Q3-2012 as a result of improved collections in the UK and increased recoveries of interest and default fees. When compared to the same quarter in the prior year, the normalized provision for loan losses increased as a result of an increase in the loss provision for the UK.

Net Income

Net income for the quarter was $392,000, a decrease of $1.6 million (80.8%) compared to the same quarter last year and an increase $3.8 million (111.4%) compared to Q3-2012. Net income in the quarter was negatively impacted by $1.1 million of non-recurring branch closure costs and impairment of property and equipment.

Net income in Q4-2012 compared to Q3-2012 increased as a result of increased loan volumes and revenue and improved operating efficiency following the consolidation of 63 branches in the third and fourth quarters.

Liquidity and Capital Resources

For FY2012 the Company relied on cash generated from operating activities to fund consumer lending operations, finance working capital and capital expenditures and execute its planned growth strategy.

Funds advanced from third-party lenders are restricted and can only be used for consumer lending. In FY2012 the Company used funds advanced from third-party lenders to broker loans to customers in unregulated provinces. The Company also transfers loans to third-party lenders to manage excess float and day-to-day working capital requirements. During FY2012 as part of the normal course of operations the Company transferred $17.6 million of net consumer loans receivable to third-party lenders in exchange for cash.

To fund working capital and growth in consumer loans receivable in the future, the Company will obtain credit facilities as permitted under the terms of the indenture governing senior secured notes, should they become available to the Company. In the absence of such credit facilities, the Company will continue to rely on cash generated from operating activities and transferring consumer loans receivable to third-party lenders to fund future working capital and growth requirements.

Cash Flow

Cash balances remained steady, $19.1 million as at September 30, 2012, compared to $19.3 million at the end of FY2011.

During FY2012 the Company raised $117.1 million, net of issuance costs, by issuing senior secured notes. These funds were used to acquire the portfolio of consumer loans from third-party lenders in the Regulated Provinces and for general corporate purposes.

Cash provided by operating activities was $12.3 million, down from $14.0 million in FY2011. Increases to non-cash expenses including depreciation and amortization, loan loss provision, and impairment of property and equipment were offset by an increase in consumer loans receivable and a decrease in accounts payable and accrued liabilities in FY2012. Consumer loans receivable increased by $8.6 million as the Company continued to grow its consumer loan portfolio. Accounts payable and accrued liabilities decreased by $430,000 because of a reduced amount of cash advanced from third-party lenders as the Company transitioned to direct lending.

Senior Secured Notes

On January 31, 2012, the Company completed a private placement offering in Canada and the US for $132.5 million of 11.5% senior secured notes (the “Notes”). The Notes mature on January 31, 2017 and bear interest semi-annually on January 31 and July 31 each year. The notes were issued at a price of 94.608% resulting in an effective interest rate of 13.4%.

The indenture governing the Notes contains certain covenants that limit the Company’s ability to:

- incur or guarantee additional indebtedness;
- make capital expenditures;
- make certain investments and acquisitions;

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- amend the Company's dividend policy or pay dividends or make distributions on capital stock or make certain other restricted payments;
- sell assets, including capital stock of the Company's restricted subsidiaries;
- enter into transactions with affiliates;
- create or incur liens;
- agree to payment restrictions affecting restricted subsidiaries;
- amend underwriting standards;
- form subsidiaries or fund foreign subsidiaries; and
- consolidate, merge, sell or otherwise dispose of assets, except those in the ordinary course of operations.

The ability to declare and pay dividends is subject to compliance with a restricted payment covenant stipulated in the Indenture governing the Notes. The Company remains in compliance with all of the covenants under this Indenture.

In the event of specified change of control events, holders of Notes will have the right to require the Company to purchase all or a portion of the Notes at a purchase price in cash equal to 101% of the principal amount purchased, plus accrued interest to the date of purchase. In addition, upon certain asset sales, we may be required to use the net proceeds of such sales to offer to repurchase a portion of the Notes at a price in cash equal to 100% of the principal amount purchased, plus accrued and unpaid interest to the date of purchase.

Under the terms of the Notes, the Company may redeem up to 35% of the Notes with the net proceeds of certain equity offerings at a redemption price equal to 111.5% of the principal amount redeemed, plus accrued and unpaid interest to the redemption date any time before July 31, 2014. The Notes are redeemable in whole or in part, at any time on or after July 31, 2014 at the redemption prices (expressed as percentages of principal amounts) in the table below, plus accrued and unpaid interest:

For the period	Percentage
On or after July 31, 2014	103.084%
On or after January 31, 2015	102.091%
On or after July 31, 2015	101.127%
On or after January 31, 2016	101.194%
On or after July 31, 2016	100.000%

The indenture governing the Notes contains a first lien carve out that allows us to obtain credit facilities of up to $32.5 million.

Proceeds from the issuance of the Notes were $125.2 million. The Company used $116.3 million of the proceeds to acquire a portfolio of loans from third party lenders. $8.2 million of the proceeds were used to pay fees and expenses related to the issuance and remainder was used for general corporate purposes.

Consumer Loans Receivable, Net

During FY2012, the Company increased its overall consumer loans receivable balance to $32.4 million from $4.8 million at September 30, 2011. Since the acquisition of $50.0 million in consumer loans receivable on January 31, 2012 the Company grew its consumer loans receivable balance a further $8.8 million by September 30, 2012. This increase was offset by $17.6 million of net consumer loans receivable transferred to third-party lenders in exchange for cash. For FY2012, the Company funded all its consumer loans in the UK internally.

The Company closely monitors the performance and collections on the acquired loan portfolio. The Company assigned a fair value of $50.0 million to the acquired loans with contractual principal and income of $319.9 million. Through cash collections, net of accretion, the carrying value of the acquired loans decreased to $6.6 million by September 30, 2012 on a remaining contractual principal and income of $275.3 million. The carrying amount of the acquired loan portfolio is heavily dependent on internal estimates of the ultimate collectability of the portfolio and

the Company's ability to continue to maintain its targeted level of cash collections on those loans. Changes to the Company's estimates could materially impact the Company's consolidated financial statements.

The Company also continues to closely monitor the provision for loan losses on direct loans based on historic loss rates, current collection patterns, and economic trends. During FY2012 the Company recorded an addition to the provision for loan losses for its UK operations of $3.0 million. The Company changed its lending criteria and improved collections in FY2012 and loan loss rates are now approaching levels that are comparable to the Company's Canadian operations as a result. The provision for loan losses relies on estimates of future collections. Changes to the Company's estimates could materially impact the Company's consolidated financial statements.

In FY2012, 60.8% of the Company's payday loans were repaid in full on or before the due date. When loans become overdue, where regulations permit, additional interest and/or default fees may apply. Late interest and default fees are recorded once collected. Post-default annual interest rates range from 30% to 59%.

Third-Party Lenders and Retention Payments

The Company has entered into written business arrangements with a number of third-party lenders who are prepared to consider lending to the Company's customers or to purchase loans originated by the Company in the Regulated Provinces. Pursuant to these agreements, services related to the collection of documents and information as well as loan collection services are provided to the third-party lenders. The agreements also provide that the third-party lenders are responsible for losses suffered because of uncollectible loans provided the Company has fulfilled the duties required under the terms of the agreements. If the Company does not properly perform its duties and the lenders make a claim under the agreement, the Company may be liable to the lenders for losses they have incurred. A liability is recorded when it is determined that the Company has a liability under the agreement.

The Board of Directors regularly approves a resolution authorizing the Company to pay up to a certain amount of retention payments per quarter to third-party lenders as consideration to those lenders who continue to be willing to fund advances to the Company's customers. The Company does not guarantee a return to third-party lenders, however it does make voluntary retention payments to offset the impact of the loan losses third-party lenders experience. Retention payments are recorded in the period in which a commitment is made to a lender pursuant to the resolution approved by the Board of Directors.

Short-term advances in non-regulated Canadian provinces, representing approximately 7% of the Company's total short term advances, are provided directly to customers by independent third-party lenders.

The Company's contingent risk is the balance of the third-party lenders loan portfolio and loans transferred to the third-party lenders, which totalled $27,792 as at September 30, 2012 (FY2011 - $104,112). To date, no claims have been made by third-party lenders and the Company has not made payments or accrued amounts pursuant to the agreements. Risk is managed through compliance with the loan limits, procedures and selection criteria established by the lenders.

Contractual Obligations

	Payments due by Period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Senior Secured Notes	$ 198,529	$ 15,238	$ 45,713	$ 137,579	$ nil
Capital Lease Obligations	7,281	1,565	2,335	681	2,700
Operating Leases	72,769	19,261	32,920	7,923	12,665
Total contractual obligations	278,579	36,064	80,968	146,183	15,365

Dividends

The Board of Directors reviews the Company's dividend distribution policy on a quarterly basis. This review includes evaluating the financial position, profitability, cash flow and other factors that the Board of Directors

considers relevant. The ability to declare and pay dividends is subject to compliance with a restricted payment covenant stipulated in the indenture governing the Notes.

The following table shows dividend history for the Company for the last 3 fiscal years:

Date declared	Date paid	Dividend per Common Share	Total amount paid ($000's)
September 9, 2009	September 24, 2009	$ 0.14	$ 2,342
October 28, 2009	November 26, 2009	0.10	1,676
February 10, 2010	February 25, 2010	0.10	1,694
May 11, 2010	May 26, 2010	0.10	1,701
August 11, 2010	August 26, 2010	0.10	1,707
December 6, 2010	December 21, 2010	0.10	1,710
February 7, 2011	February 21, 2011	0.12	2,062
May 9, 2011	May 24, 2011	0.12	2,084
August 10, 2011	August 25, 2011	0.12	2,073
November 16, 2011	December 14, 2011	0.12	2,091
February 8, 2012	March 7, 2012	0.12	2,091
May 10, 2012	June 7, 2012	0.06	1,039
August 10, 2012	September 7, 2012	0.06	1,049

Outstanding Share Data

As at December 28, 2012, the Company had 17,571,813 common shares outstanding. There were also 1,131,402 options to purchase common shares outstanding, which if exercised, would provide the Company with proceeds of approximately $10.5 million. Each option is exchangeable for one common share of the Company.

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements except as described above under third-party lenders and retention payments that have or are reasonably likely to have a significant effect on the results of operations or financial condition of the Company.

Normal Course Issuer Bid

On January 9, 2012, the Company filed a notice of intention to make a normal course issuer bid for its common shares with the TSX. Under the bid, the Company may purchase up to 1,092,504 common shares, representing approximately 10% of the public float. As of the date of this MD&A, no common shares of the Company had been purchased pursuant to the normal course issuer bid.

Through past normal course issuer bids and a substantial issuer bid the Company has paid out to holders of common shares $6.0 million in FY2008, $16.1 million in FY2009 and $3.3 million in FY2010.

The Company's ability to purchase shares under the normal course issuer bid is limited to the Indenture governing the Notes.

Other Financial Information

Litigation and Claims

The Company is currently subject to class proceedings in the Canadian Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario. A detailed description of litigation and claims, including the basis and status of all class proceedings, is contained in ”Risks Related to the Business”. The likelihood of loss, if any, in relation to all class proceedings that have not been settled is not determinable at this time.

Critical Accounting Estimates

The discussion and analysis of the Company’s financial condition and results of operations are based on the Company’s consolidated financial statements, which have been prepared in accordance with U.S. GAAP. In applying U.S. GAAP, the Company makes estimates and assumptions that affect the carrying amounts of assets and liabilities, disclosure of contingent liabilities and the reported amount of income for the period. Actual results could differ from estimates previously reported. The Company has discussed the development, selection and application of key accounting policies, and the critical accounting estimates and assumptions they involve, with the Audit Committee and the Board of Directors.

The Company’s most critical accounting estimates relate to the valuation of the Company’s consumer loan portfolio and the provision for loan losses.

Valuation of Consumer Loan Portfolio

Unsecured payday and longer-term advances where loans are made directly to customers (including acquired loans) are reflected on the balance sheet in consumer loans receivable. Consumer loans receivables are reported net of a provision for loan losses and any deferred fees or costs.

Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the effective interest method.

Consumer loans receivable that bear interest are placed on nonaccrual status once the loan becomes past due. Interest on past due loans receivable is recorded once collected.

The loans acquired from third-party lenders on January 31, 2012 are accounted for separately from new loans that are directly originated. They were initially recorded at fair value, which represents the amount the Company expects to collect on the loans. Determining the fair value of consumer loans receivables relies heavily on estimates and significant judgments regarding future collections. Any changes to the estimates may result in a material impact to financial results.

When the Company loans directly to customers, it may on occasion subsequently transfer those loans to third-party lenders in exchange for cash. Loans are transferred at fair value and no gain or loss is recorded. Determining fair value requires that the Company estimate what its future collections on the loan are likely to be.

Provision for Loan Losses

Default loans arise when the loans that are lent directly to consumers are past due. The Company defines “past due” as a loan where payment in full has not been received by the due date.

The Company records a loan loss provision when it cannot be reasonably certain that it will be able to collect the full amount of principal and interest in a timely manner.

In making this assessment, the Company reviews:

- the total amount of outstanding loans owed,
- historic loan write-off percentages,
- current collection patters, and
- other current economic trends.

When the Company makes a provision, it reduces the value of the loan to what the Company believes it will be able to collect. The Company reviews and adjusts its loan loss provision monthly. When a loan is in default for an extended period and no arrangements to pay back the loan have been made, the Company writes-off the entire loan amount. The Company also writes-off loans immediately on receipt of a bankruptcy notice.

Changes in Accounting Policies and Adoption of U.S. GAAP

As a Canadian company, Cash Store Financial historically prepared its consolidated financial statements according to generally accepted accounting principles in Canada ("CGAAP") and provided reconciliation to U.S. GAAP under Item 18 of Form 20-F. As disclosed in Note 27 of the audited consolidated financial statements for the year ended September 30, 2011, there were no recognition and measurement differences between CGAAP and U.S. GAAP.

The Accounting Standards Board of the Canadian Institute of Chartered Accountants previously announced its decision to require all publicly accountable enterprises to report under International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. However, National Instrument 52-107 allows Securities and Exchange Commission ("SEC") registrants, such as Cash Store Financial, to file financial statements with Canadian securities regulators that are prepared in accordance with U.S. GAAP. As such, the Company has adopted U.S. GAAP instead of IFRS as its primary basis of financial reporting commencing in the current fiscal year. The decision to adopt U.S. GAAP was made to enhance communication with shareholders and improve the comparability of financial information reported by competitors and the Company's peer group. The accompanying audited consolidated financial statements have been prepared by management in accordance with U.S. GAAP. All comparative financial information contained in this MD&A has been revised to reflect the Company's results as if they had been historically reported in accordance with U.S. GAAP.

Please refer to Note 2 to the consolidated financial statements for information pertaining to accounting pronouncements that will be effective in future years.

Related Party Transactions

The Cash Store Australia Holdings Inc. ("AUC")

The Company owns 18.3% of the outstanding common shares of AUC, which currently operates 67 payday loan branches in Australia under the name "The Cash Store Pty." AUC is publicly listed on the TSX Venture exchange under the symbol "AUC". As at September 30, 2012 the carrying value of the Company's investment in AUC was $nil (September 30, 2011 - $nil)

During the year, the Company provided administrative services to AUC. The Company had a services agreement with AUC to provide ongoing services such as financial and accounting support, administrative services, and the use of the Company's information technology and telecommunication systems. The agreement expired on June 30, 2012 and has not been renewed.

Included in selling, general, and administrative expenses is a recovery of $284,000 (2011 - $363,000) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount. The Company has a $3,000 (2011 - $16,000) receivable from AUC. Amounts due are non-interest bearing, unsecured and have no specified terms of repayment. The receivable was repaid subsequent to year-end.

RTF Financial Holdings Inc. ("RTF")

The Company owns 15.7% of the outstanding common shares of RTF Financial Holdings Inc., a private company in the business of short-term lending by utilizing highly automated mobile technology (SMS text message lending).

RTF Financial Holdings Inc. currently operates in Finland, Sweden, Denmark, the Netherlands and the UK with plans to expand to other European countries. As at September 30, 2012 the carrying value of the Company's investment in RTF was $nil (September 30, 2011 - $nil).

The Company provides administrative services to RTF. The Company had a services agreement with RTF to provide ongoing services such as financial and accounting support and contracts administrative services. The agreement expired on June 30, 2012 and has not been renewed.

Included in selling, general, and administrative expenses is a recovery of $140,000 (2011 - $240,000) relating to these services. These transactions were subject to normal trade terms and were measured at the actual exchange amount.

The Company has a $nil (2011 - $45,000) receivable from RTF. Amounts due are non-interest bearing, unsecured and have no specified terms of repayment.

Third-party lenders

i. A privately held entity that acts as a third-party lender is controlled by an individual who is within the immediate family of Cameron Schiffner, the Senior Vice President of Operations of the Company. In addition, a separate individual, who is a member of management of AUC and a member of management of the third-party lender ("Individual "A"), is also within the immediate family of Cameron Schiffner. Included in retention payments are $4.2 million (2011 - $11.7 million) of amounts paid or payable this third-party lender. During the year, the Company transferred consumer loans receivable, net of the provision for loan losses, of $3.9 million to this third-party lender for consideration of $3.9 million. As part of the acquisition of the consumer loans portfolio on January 31, 2012, $45.5 million of the total purchase consideration was paid to this third-party lender and the acquisition agreement was signed on behalf of the third-party lender by Individual A. As at September 30, 2012, included in accrued liabilities is $659,000 (September 30, 2011 - $2.3 million) due to the third-party lender.

ii. An immediate family member of Michael M. Shaw, a Director of the Company, advanced funds to a privately held syndicate that acted as a third-party lender prior to the acquisition of the consumer loans portfolio on January 31, 2012. Bruce Hull, who is a Director of AUC, also advanced funds to this third-party lender. Included in retention payments are $1.4 million (2011 - $4.8 million) paid to this third-party lender. As part of the acquisition of the consumer loans portfolio on January 31, 2012, $23.9 million of the total purchase consideration was paid to this third-party lender of which $12,885 was settled by the issuance of the Notes. As at September 30, 2012, included in accrued liabilities is $nil (September 30, 2011 - $1.3 million) due to this third-party lender.

iii. A privately held entity that began acting as third-party lender after January 31, 2012 is controlled by Bruce Hull. Included in retention payments are $36,000 (2011 - $nil) paid or payable to this third third-party lender. As at September 30, 2012, included in accrued liabilities is $166,000 (September 30, 2011 - $nil) due to this third-party lender.

Financial Instruments

Please refer to Note 23 to the consolidated financial statements for details on measurement, carrying value, and fair value of financial instruments. For FY2012 the Company did not hold any derivative financial instruments or engage in hedging activities.

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EBITDA and Adjusted EBITDA Reconciliation

($000s)	2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	**Q4**
Consolidated Results								
Net income (loss) and comprehensive income (loss)	$3,352	$2,500	$1,155	$2,035	$989	$(41,030)	$(3,440)	**$392**
Interest expense and other interest	44	36	34	33	103	2,920	4,383	**4,439**
Income tax	1,686	1,311	1,019	1,608	447	(12,645)	(813)	**(129)**
Stock-based compensation	217	180	171	218	193	193	189	**158**
Depreciation of property and equipment and amortization of intangible assets	2,201	2,233	2,168	2,313	2,359	3,288	3,445	**3,724**
EBITDA	$7,500	$6,260	$4,547	$6,207	$4,091	$(47,274)	$3,764	**$8,584**
Adjustments:								
Class action settlements	$-	$-	$3,206	$-	$-	$-	$-	**$-**
Loan loss provision one-time addition	-	-	-	-	-	3,091	-	**-**
Unrealized foreign exchange (gains)/losses	17	14	(5)	(158)	(47)	306	(7)	**(70)**
Branch closure costs	-	-	-	-	-	-	908	**666**
Impairment of property and equipment	-	-	-	-	-	3,017	-	**408**
Revenue impact related to transitioning to a direct lending model	-	-	-	-	-	3,210	316	**-**
Premium paid to acquire the loan portfolio	-	-	-	-	-	36,820	-	**-**
Income impact for separately accounting for the acquired loan portfolio	-	-	-	-	-	1,373	1,425	**1,132**
Effective interest component of retention payments	5,505	5,561	5,107	5,112	5,391	1,885	554	**472**
Adjusted EBITDA	$13,022	$11,835	$12,855	$11,161	$9,435	$2,428	$6,960	**$11,192**

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that the information the Company is required to disclose is recorded, processed, summarized and reported within the time periods specified under Canadian and US securities laws. They include controls and procedures designed to ensure that information is accumulated and communicated to management, including the President and Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. As of September 30, 2012, an evaluation was carried out under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of disclosure controls and procedures as defined in Rule 13a- 15(e) and Rule 15d - 15(e) under the US Securities Exchange Act of 1934, as amended, and in National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings* under the Canadian Securities Administrators Rules and Policies. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that disclosure controls and procedures were not effective due to the material weakness in the Company's internal control over financial reporting ("**ICFR**") described below.

Management's Report on Internal Control over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and of the preparation of financial statements for external purposes in accordance with U.S. GAAP. Management, including the Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate ICFR as such term is defined in Rule 13(a)-15(e) under the US Securities Exchange Act of 1934 and in National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings* under the Canadian Securities Administrators Rules and Policies. A material weakness in ICFR exists if the deficiency is such that there is reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, projections or any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of September 30, 2012, management of the Company assessed the effectiveness of the Company's ICFR. In making this assessment, management of the Company used the criteria set forth in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). Based on this assessment, management has concluded that, as of September 30, 2012, the Company's ICFR contained a material weakness with respect to the determination of the provision for consumer loan losses.

Changes in Internal Control over Financial Reporting

During the year ending September 30, 2012 the Company determined that the following material weaknesses existed in ICFR:

1) Management did not maintain effective processes and controls specific to accounting for the January 31, 2012 acquisition of the portfolio of consumer loans. Management did not effectively research, develop, communicate and implement an accounting policy with respect to this non-recurring transaction. In addition, management did not implement sufficient preventative and detective controls governing the determination of the key valuation assumptions associated with the assets acquired and allocation of the purchase price.

2) Management did not maintain effective processes and controls specific to the determination of the provision for loan losses. Senior finance personnel did not effectively communicate with operations to obtain a sufficient understanding in making the determination of the provision for loan losses. This material weakness resulted in material errors in the unaudited interim financial statements. Further, there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected on a timely basis.

The accounts that could reasonably be affected by these material weaknesses are provision for loan losses, premium paid to acquire the loans, intangible assets and consumer loans receivable, net.

In response to the material weakness specific to the January 31, 2012 acquisition of the loan portfolio and related intangible assets identified above, as part of the preparation of the 2012 annual financial statements management established a project team, led by a senior member of the finance team, to coordinate with accounting and valuations specialists in the final measurement of this transaction. Because this is a non-recurring transaction, the Company considers this material weakness to be remediated as of September 30, 2012.

In response to the material weakness specific to the provision for loan losses identified above, as part of the preparation of the 2012 annual financial statements the Company formally adopted an accounting policy and established a credit committee, comprised of senior financial and operational executives, to meet on a regular basis to monitor loan loss rates and approve provisioning levels. Management also hired additional senior finance personnel in the fourth fiscal quarter of 2012 to assist in the monitoring of the provision for loan losses.

There have been significant improvements made to ICFR in relation to the provision for loan losses. However, management needs sufficient time to assess the effectiveness of the change and to implement further improvements before they can conclude that a material weakness does not exist.

Auditor Attestation Report on Internal Control over Financial Reporting

The Company's independent auditor, KPMG LLP, has not issued an audit report as at September 30, 2012, on the effectiveness of ICFR due to an exemption for Emerging Growth Companies provided by The US Jumpstart our Business Startups Act, which was signed into law on April 5, 2012.

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Outlook

NOTE: This section contains forward-looking information. By its nature, forward-looking information requires that certain assumptions be made and is subject to inherent risks and uncertainties. Please see Forward-Looking Information (page 2) and Risks Related to the Business (page 33) for additional information on the factors that could cause results to vary.

Management views FY2012 as a significant turning point for the Company. Cash Store Financial executed on several strategic initiatives, including the transition to direct lending and consolidating the Company's Canadian branches to improve operating efficiency. The Company has also continued to expand the product portfolio to grow customer reach and strengthen relationships. In Manitoba, the Company exited payday loans entirely subsequent to year end and introduced a new, risk-tiered series of lines of credit that will help customers rebuild their credit rating. In expanding the portfolio, the Company has focused on products and platforms that will lead to longer-term relationships with customers and increase customer loyalty. The Company plans to introduce new products that will extend distribution channels in the near future.

To prepare for future growth in the UK, the Company has established the corporate infrastructure to support an increased footprint in the region.

Overall, the Company's Canadian branch network is relatively young, with 64% of branches falling in the 1-5 year range and management believes there is upside potential to both revenue and operating income as these young branches mature and establish larger customer bases.

Using fourth quarter results as an early indicator of the success of these initiatives, the Company believes that Cash Store Financial is well positioned to execute its growth strategy and continue to build shareholder value.

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Risks Related to the Business

There are many risks and uncertainties that may affect the Company's ability to capitalize on market opportunities and/or financial results. Many of these risks are beyond the Company's control. The following risks may affect the Company's operations. The Company continually monitors and evaluates these risk factors and takes action to mitigate them.

Regulatory Environment

The Company's business is subject to federal, provincial and foreign laws and regulations in Canada and the UK. These regulations may change at any time and may impose significant limitations on the way the Company conducts or expands its business. These regulations govern lending and collection practices, allowable interest rates and rate caps, among other things.

As the Company introduces new products and services, it may become subject to additional laws and regulations. Future legislation or regulations may restrict the Company's ability to operate the way it does today or its ability to expand operations and may have a negative effect on the Company's business, results of operations and financial condition. Governments at the national and local levels may seek to impose new licensing requirements or interpret or enforce existing requirements in new ways. The Company is currently, and may in the future be, subject to litigation and regulatory proceedings which could generate adverse publicity or cause the Company to incur substantial expenditures or modify the way the Company conducts its business. Changes in laws or regulations, or a failure to comply with applicable laws and regulations, may have a material adverse effect on the business, prospects, results of operations, and financial condition of the Company.

In May 2007, the Canadian federal government enacted a bill clarifying that the providers of certain payday loans were not governed by the criminal interest rate provisions of the Criminal Code of Canada (the "Criminal Code"), granting lenders (other than most federally-regulated financial institutions) an exemption from the criminal interest rate provisions of the Criminal Code if their loans fell within certain dollar amount and time frame maximums. In order for payday loan companies to rely on the exemption, the provincial governments are required to enact legislation, subject to approval by the federal government that includes a licensing regime for payday lenders, measures to protect consumers and maximum allowable limits on the total cost of borrowing.

Industry rate regulations and other specific measures to protect consumers have been implemented in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia. 90% of the Company's Canadian branches are in these provinces. The Company believes that it complies with applicable regulations related to payday loan products in each of the above listed provinces. In those provinces without industry specific measures, the Company offers its loan products in compliance with the federal criminal interest rate provisions of the Criminal Code and with the general consumer protection regulations governing products.

On March 23, 2012, the Company was issued a compliance order (the "Order") and administrative penalty from Consumer Protection BC. The Order directs the Company to refund to all borrowers with loan agreements negotiated with the Company or its subsidiaries between November 1, 2009 and the date of the order, the amount of any issuance fee charged, required or accepted for or in relation to the issuance of a cash card. The Order also directed the Company to pay an administrative penalty of $25 in addition to costs. The Company has agreed to abide by the Order. On November 30, 2012, Consumer protection BC issued a supplementary compliance order directing that unclaimed refund amounts to a maximum of $1.1 million be deposited into a consumer protection fund. The company is appealing the supplementary compliance order. The estimated exposure with respect to this order is between $248 and $1.0 million including penalties, legal costs and additional costs. The Company has accrued $248 related to the Order as at September 30, 2012.

In the UK, consumer lending is governed by the Consumer Credit Act of 1974, which was amended by the Consumer Credit Act of 2006, and related rules and regulations. The Company's subsidiaries in the UK must maintain licenses from the Office of Fair Trading, which is responsible for regulating consumer credit, competition and consumer protection.

On January 26, 2012, the UK government tabled The Financial Services Bill (the "Bill") in Parliament, with the stated purpose of restructuring oversight of financial regulation, including enabling the transfer of responsibility for regulating consumer credit from the Office of Fair Trading to the Financial Conduct Authority. On December 5, 2012, the House of Lords passed an amendment granting authority to the Financial Conduct Authority to set maximum allowable charges for prescribed types of credit and to determine what types of charges connected to the prescribed types of credit are to be included within the maximum allowable charges. The Financial Services Bill has not yet completed its passage through Parliament. It is not known exactly when or if this Bill will be proclaimed into law, and if so, how the Financial Conduct Authority will implement the above described amendment. The pace and manner in which the restructuring of regulatory agencies anticipated by the Bill might occur and the potential impact on the payday lending sector is not yet known.

Legal Proceedings

The Company is currently subject to several legal proceedings, which it is vigorously defending. In addition, the Company is likely to be subject to additional legal proceedings in the future. The resolution of any current or future legal proceeding could cause Cash Store Financial to have to refund fees and/or interest collected, refund the principal amount of advances, pay damages or other monetary penalties and/or modify or terminate operations in particular local and federal provinces. The Company may also be subject to adverse publicity. Defense of any legal proceedings, even if successful, requires substantial time and attention of senior officers and other management personnel that would otherwise be spent on other aspects of the business and requires the expenditure of significant amounts for legal fees and other related costs. Settlement of lawsuits may also result in significant payments and modifications to operations. Any of these events could have a material adverse effect on business, prospects, results of operations and financial condition of the Company.

British Columbia

March 5, 2004 Claim

On March 5, 2004, an action under the Class Proceedings Act was commenced in the Supreme Court of British Columbia by Andrew Bodnar and others proposing that a class action be certified on his own behalf and on behalf of all persons who have borrowed money from the defendants: Cash Store Financial and All Trans Credit Union Ltd. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Criminal Code. On May 25, 2006, the claim in British Columbia was affirmed as a certified class proceeding of Canada by the B.C. Court of Appeal. In fiscal 2007, the plaintiffs in the British Columbia action brought forward an application to have certain of Cash Store Financial's third-party lenders added to the claim. On March 18, 2008, another action commenced in the Supreme Court of British Columbia by David Wournell and others against Cash Store Financial, Instaloans Inc., and others in respect of the business carried out under the name Instaloans since April 2005. Collectively, the above actions are referred to as the "British Columbia Related Actions".

On May 12, 2009, the Company settled the British Columbia Related Actions in principle. The settlement has been approved by the Supreme Court of British Columbia. The settlement does not constitute any admission of liability by Cash Store Financial.

Under the terms of the court approved settlement, the Company is to pay to the eligible class members who were advanced funds under a loan agreement and who repaid the payday loan plus brokerage fees and interest in full, or who met certain other eligibility criteria, a maximum estimated amount of $9,400 in cash and $9,400 in credit vouchers. Thus, the maximum exposure with respect to this settlement is approximately $18.8 million including

approved legal expenses. The credit vouchers may be used to pay existing outstanding brokerage fees and interest or to pay a portion of brokerage fees and interest which may arise in the future through new loans advanced. The credit vouchers are not transferable and have no expiry date. In addition, the Company was to pay the legal fees and costs of the class. Based on the Company's estimate of the rate of take-up of the available cash and credit vouchers, an expense of $10,921 (in the year ended September 30, 2011) to date has been recorded to cover the estimated costs of the settlement, including legal fees of the class and costs to administer the settlement fund. It is possible that additional settlement costs could be required in the future. As at September 30, 2012, there is an accrual of $4,085 (September 30, 2011 - $4,039) related to settlement costs.

September 11, 2012 Claim

On September 11, 2012, an action under the British Columbia Class Proceedings Act was commenced in the Supreme Court of British Columbia by Roberta Stewart against Cash Store Financial and Instaloans Inc. claiming on behalf of the plaintiff and class members that the Company charged, required or accepted an amount that is in excess of 23% of the principal which is contrary to s. 17(1) of the Payday Loans Regulation and s. 112.02(2) of the Business Practices Consumer Protection Act ("BPCPA") and charged, required or accepted an amount in relation to each cash card issued to a class member which is contrary to s. 112.04(1)(f) of the BPCPA; made the provision of each payday loan contingent on class members purchasing a cash card and services related thereto, contrary to s. 19(1) of the Payday Loans Regulation and s. 112.08(1)(m) of the BPCPA; and discounted the amount in the payday loan agreement to be the loan amount borrowed, by deducting and withholding from the loan advance an amount representing a portion of the total costs of credit, contrary to s.112.08(1)(e) of the BPCPA.

The class members, in an order pursuant to s. 112.10(2) and s. 172(3)(a) of the BPCPA are seeking that the Company refund all monies paid in excess of the loan principal of each payday loan, including the cash card fee amounts, the loan fees, and any other fees or changes collected by the Company in relation to the payday loan, damages and interest pursuant to the Court Order Interest Act at the rate of 30% compounded annually, as set out in the payday loan agreements or such other rate as the Supreme Court of British Columbia considers appropriate.

The Company believes that it has conducted its business in accordance with applicable laws and is defending the action vigorously. The likelihood of loss, if any, is not determinable at this time.

Alberta

January 19, 2010 Claim

The Company has been served in prior fiscal periods with a Statement of Claim issued in Alberta alleging that it is in breach of s. 347 of the Code (the interest rate provision) and certain provincial consumer protection statutes.

On January 19, 2010, the plaintiffs in the Alberta action brought forward an application to have a related subsidiary, as well as certain third-party lenders, directors and officers added to the claim.

The Company has agreed to a motion to certify the class proceeding if the third-party lenders, officers and directors are removed as defendants. Class counsel has agreed to the Company's proposal. Consequently, the certification motion was granted in November of 2011.

As at September 30, 2012, a total of $100 (September 30, 2011 - $100) has been accrued related to this matter. However, the likelihood of loss, if any, is not determinable at this time.

September 18, 2012 Claim

On September 18, 2012, an action under the Alberta Class Proceedings Act was commenced in the Alberta Court of Queen's Bench by Kostas Efthimiou against Cash Store Financial and Instaloans Inc. on behalf of all persons who, on or after March 1, 2010, borrowed a loan from the Company that met the definition of a "payday loan" proposing that the Company has violated s. 11 and 12 of the Payday Loan Regulations in that all amounts charged to and collected from the plaintiff and class members by the Company in relation to the payday loans advanced in

excess of the loan principal are unlawful charges under the Payday Loan Regulation and therefore seek restitution of damages for unlawful charges paid by the plaintiff and class members, repayment of unlawful charges paid by the plaintiff and class members, damages, interest on all amounts found to be owing and any such associated legal costs.

The Company believes that it has conducted business in accordance with applicable laws and will defend the action vigorously. The likelihood of loss, if any, is not determinable at this time.

Saskatchewan

On October 9, 2012, an action under the Saskatchewan Class Actions Act was commenced in the Saskatchewan Court of Queen's Bench by John Ironbow against Cash Store Financial and Instaloans Inc. on behalf of all persons who, on or after January 1, 2012, borrowed a loan from the Company that met the definition of a "payday loan" proposing that the Company has violated s. 11 and 12 of the Payday Loan Regulations in that all amounts charged to and collected from the plaintiff and class members by the Company in relation to the payday loans advanced in excess of the loan principal are unlawful charges under the Payday Loan Regulation and therefore seek restitution of damages for unlawful charges paid by the plaintiff and class members, repayment of unlawful charges paid by the plaintiff and class members, damages, interest on all amounts found to be owing and any such associated legal costs.

The Company believes that it has conducted business in accordance with applicable laws and will defend the action vigorously. The likelihood of loss, if any, is not determinable at this time.

Manitoba

April 23, 2010 Claim

On April 23, 2010, an action under the Manitoba Class Proceedings Act was commenced in the Manitoba Court of Queen's Bench by Scott Meeking against Cash Store Financial and Instaloans Inc. proposing that a class action be certified on his own behalf and on behalf of all persons in Manitoba and others outside the province who obtained a payday loan from The Cash Store Financial or Instaloans Inc. The action stems from the allegations that all payday loan fees collected by the defendants constitute interest and therefore violate s. 347 of the Code.

On February 22, 2012, the Manitoba Court determined that large portions of the plaintiff's claim could not proceed as they have already been resolved in a judgment and settlement approved by the Ontario Superior Court of Justice in 2008. To the extent that limited portions of the Ontario judgment were not enforced in Manitoba, the Company has appealed the Manitoba decision. The Manitoba Court has not yet determined whether any remaining portions of the plaintiff's claim should be certified as a class proceeding.

To the extent any subject matter of the claim was not resolved by the February 22, 2012 judgment, the Company believes that it has conducted business in accordance with applicable laws and is defending the action vigorously. The likelihood of loss, if any, is not determinable at this time.

November 1, 2012 Claim

On November 1, 2012, an action was commenced in Manitoba under The Class Proceedings Act by Sheri Rehill against The Cash Store Financial Services Inc., The Cash Store Inc., Instaloans Inc. and other defendants, on behalf of all persons who, on or after October 18, 2010, borrowed a loan from the Company in Manitoba where that loan met the definition of a "payday loan" as defined by the Payday Loans Act, S.S. 2007, c. P-4.3. The action alleges that the Company charged amounts in excess of the maximum allowable limit on the total cost of credit permitted by the Consumer Protection Act, R.S.M. 1987, c. C-200, as am., and the Payday Loan Regulation, Man. Reg. 99/2007, as am. The plaintiff pleads for restitution and repayment of all amounts paid by borrowers as a cost of credit for their payday loans, damages for an alleged conspiracy, and interest on all amounts alleged to be owing.

The Company believes that it has conducted business in accordance with applicable laws and will defend the action vigorously. The likelihood of loss, if any, is not determinable at this time.

Ontario

On August 1, 2012, an action under the Ontario Class Proceedings Act was commenced in the Ontario Supreme Court of Justice by Timothy Yeoman against Cash Store Financial and Instaloans Inc. claiming on behalf of the plaintiff and class members who entered into payday loan transactions with the Company in Ontario between September 1, 2011 and the date of judgment, that the Company operated an unlawful business model as the Company did not provide borrowers with the option to take their payday loan in an immediate liquid form and thereby misrepresenting the total cost of borrowing as the cost of additional services and devices should have been included.

The class members plead entitlement to damages and costs of investigation and prosecution pursuant to s. 36 of the Competition Act inclusive of the fees, interest and other amounts that the Company charged to the class members.

The Company believes that it has conducted business in accordance with applicable laws and will defend the action vigorously. The likelihood of loss, if any, is not determinable at this time.

Special Investigation

The Company's Audit Committee was made aware of written communications that contained questions about the acquisition of the consumer loan portfolio from third-party lenders in late January 2012 and included allegations regarding the existence of undisclosed related party transactions in connection with the acquisition. In response to this allegation and following some preliminary fact-finding performed by Company's internal auditor, legal counsel to a Special Committee of the Board has retained an independent accounting firm to conduct a special investigation. As of the release date of these financial statements, the scope of the investigation has been determined by the independent accounting firm and the Special Committee. However, the investigation has not yet commenced and the findings, if any, are not yet known. The investigation may have an impact on the accounting for the loan acquisition transaction and/or on the accounting for, and disclosure of, any related party transactions; however, the Company does not believe that the outcome of the special investigation will impact the current accounting and disclosure in these financial statements.

Reliance on Third-Party Lenders

The Company's business depends on the willingness of third-party lenders to make significant funds available for lending to the company's customers and to purchase loans that the Company has made. There are no assurances that existing or new third-party lenders will continue to make funds available. Any reduction or withdrawal of funds could have a material adverse impact on the Company's results of operations and financial condition.

The Company has entered into written business arrangements with a number of third-party lenders who are prepared to consider lending to the Company's customers or to purchase loans the Company has made. Pursuant to these agreements, services related to the collection of documents and information as well as loan collection services are provided to the third-party lenders. The agreements also provide that the third-party lenders are responsible for losses suffered because of uncollectible loans provided the Company has fulfilled its duties as required under the terms of the agreements. If the Company does not properly perform these duties and the lenders make a claim under the agreement, the Company may be liable to the lenders for losses they have incurred. A liability is recorded when it is determined that the Company has a liability under the agreement.

Liquidity & Capital Resources

The Company requires continued access to capital. The Company currently does not have a credit agreement with a bank but is actively pursuing such an agreement. A significant reduction in cash flows from operations or access to funding to support the Company's payday loan products could materially and adversely affect the Company's ability to achieve the Company's planned growth and operating results.

As of September 30, 2012, the Company had approximately $126 million in senior secured notes debt. If cash flows and capital resources are insufficient to fund the debt service obligations and to satisfy working capital and other liquidity needs, the Company may be forced to reduce or delay capital expenditures, seek additional capital or seek to restructure or refinance indebtedness. These alternative measures may not be successful or may not permit the Company to meet its scheduled debt service obligations. In the absence of such operating results and resources, the Company could face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet its debt service and other obligations. If the Company is unable to make the required payments on its debt obligations, the Company would be in default under the terms of its indebtedness which could result in an acceleration of the repayment obligations. Any such default, or any attempt to alter the business plans and operations to satisfy the obligations under the Company's indebtedness, could materially adversely affect the Company's business, prospects, results of operations and financial condition.

Competition

The payday loans industry is highly fragmented and very competitive. Competition may increase as the industry consolidates. In addition to other unsecured consumer lending and cheque cashing stores and online lenders, the Company competes with banks and other financial services entities and retail businesses that offer consumer loans, cash cheques, sell money orders, provide money transfer services or offer other products and services offered by the Company. Some competitors have larger and more established customer bases in other provinces and substantially greater financial and other resources than the Company has. As a result, the Company could lose market share and revenues could decline, thereby affecting the Company's ability to generate sufficient cash flow to service indebtedness and fund operations.

Foreign Currency

UK operations have been funded to date by loans from the Canadian company. These loans are currently not hedged, thus they are vulnerable to currency exchange rate fluctuations between the British Pound and the Canadian Dollar. Upon consolidation, as exchange rates vary, net sales and other operating results may differ materially from expectations, and the Company may record significant gains or losses on the remeasurement of intercompany balances. A 315 basis point increase/decrease in the exchange rate would increase/decrease net loss by approximately $0.5 million.

Growth Management

The Company's expansion strategy, which in part contemplates the addition of new branches, and developing new products and distribution channels for the Company's products in Canada and the UK is subject to significant risks. Continued growth in this manner is dependent upon a number of factors, including:

- the ability to hire, train and retain an adequate number of experienced management employees,
- the availability of adequate financing for expansion activities,
- the ability to obtain any government permits and licenses that may be required,
- the ability to identify and overcome cultural and linguistic differences which may impact market practices within a given geographic region, and
- other factors, some of which are beyond the Company's control.

There can be no assurance that the Company will be able to successfully grow its business or that the current business, results of operations and financial condition will not suffer if the Company is unable to do so. Expansion

beyond the geographic areas where the Company's branches are presently located will increase demands on management and divert their attention. In addition, expansion into new products and services will present new challenges to the business and will require additional management time.

Ability to Attract and Retain Qualified Employees

The Company's future success depends to a significant degree on the members of its executive management team and their ability to execute on the growth strategies and provide expertise in developing international operations. The loss of the services of one or more members of the executive management team could harm the Company's business and future development. Continued growth also depends on the Company's ability to attract and retain additional skilled management personnel. If the Company is unable to attract and retain the requisite personnel as needed in the future, operating results and growth could suffer.

Changes to UK Business, Regulatory or Political climate

The Company's growth plans include significant expansion in the UK. Changes in the business, regulatory or political environment, shareholder proposals, or significant fluctuations in currency exchange rates could affect the Company's ability to expand or continue operations there, which could have a material adverse impact on the Company's prospects, results of operations and cash flows.

Negative Public Perception

The media often portrays payday loan companies as predatory or abusive, which could negatively affect the Company's business. Consumer advocacy groups, certain media reports, and some regulators and elected officials in the provinces in which the Company conducts business have from time to time advocated governmental action to prohibit or severely restrict certain types of payday lending. These efforts have often focused on lenders that charge consumers imputed interest rates and fees that are higher than those charged by credit card issuers to more creditworthy consumers and otherwise characterize the Company's products and services as being predatory or abusive toward consumers. If consumers accept this negative characterization, demand for the Company's loans could significantly decrease. In addition, media coverage and public statements that assert some form of corporate wrongdoing can lower morale, make it more difficult to attract and retain qualified employees, management and directors, divert management attention and increase expenses. These trends could adversely affect the business, prospects, results of operations and financial condition of the Company.

Valuation of Consumer Loans

The Company maintains an allowance for loan losses for anticipated losses on consumer loans and loans in default. To estimate the appropriate level of loan loss reserves, the Company considers known and relevant internal and external factors that affect loan collectability, including the amount of outstanding loans owed, historical loan loss trends, current collection patterns and current economic trends. These reserves are estimates, and if actual loan losses are materially greater than loan loss reserves, the Company's results of operations and financial condition could be adversely affected.

Share Price Volatility

The price of common shares has been subject to significant fluctuations and may continue to fluctuate or decline. Over the course of the twelve months ended September 30, 2012, the market price of the Company's common shares has been as high as $9.77, and as low as $4.57.

The market price of the Company's common shares has been, and is likely to continue to be, subject to significant fluctuations due to a variety of factors, including quarterly variations in operating results, operating results which vary from the expectations of securities analysts and investors, changes in financial estimates, changes in market valuations of competitors, announcements by the Company or its competitors of a material nature, additions or departures of key personnel, changes in applicable laws and regulations governing consumer protection and lending practices, the effects of litigation, future sales of common shares, and general stock market price and

volume fluctuations. In addition, general political and economic conditions such as a recession, or interest rate or currency rate fluctuations may adversely affect the market price of the common shares of many companies, including that of the Company. A significant decline in the Company's share price could result in substantial losses for individual shareholders and could lead to costly and disruptive securities litigation.

Unauthorized Disclosure of Confidential Data

In the normal course of business, the Company is required to manage, use, and store large amounts of personally identifiable information, consisting primarily of confidential personal and financial data regarding customers. The Company also depends on its IT networks and systems, and those of third parties, to process, store, and transmit this information. As a result, the Company is subject to numerous laws and regulations designed to protect this information, such as Canadian federal and provincial laws governing the protection of financial or other individually identifiable information. Security breaches involving files and infrastructure could lead to unauthorized disclosure of confidential information, as well as shutdowns or disruptions of the Company's systems.

If any person, including the Company's employees or those of third-party vendors, negligently disregards or intentionally breaches the Company's established controls with respect to such data or otherwise mismanages or misappropriates that data, the Company could be subject to costly litigation, monetary damages, fines, and/or criminal prosecution. Unauthorized disclosure of sensitive or confidential customer data by any person, whether through systems failure, unauthorized access to IT systems, fraud, misappropriation, or negligence, could result in negative publicity, damage to the Company's reputation, and a loss of customers. Any unauthorized disclosure of personally identifiable information could subject the Company to liability under data privacy laws and adversely affect the business prospects, results of operations, and financial condition of the Company.