

**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

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**MOTION RECORD OF THE APPLICANTS**  
(Motion Returnable June 16, 2014)

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June 12, 2014

**OSLER, HOSKIN & HARCOURT LLP**  
P.O. Box 50, 1 First Canadian Place  
Toronto, ON M5X 1B8

**Marc Wasserman** (LSUC#44066M)  
Tel: 416.862.4908  
Email: [mwasserman@osler.com](mailto:mwasserman@osler.com)

**Jeremy Dacks** (LSUC#41851R)  
Tel: 416.862.4923  
Email: [jdacks@osler.com](mailto:jdacks@osler.com)

Counsel for the Chief Restructuring Officer

TO: SERVICE LIST

## SERVICE LIST

<i>Party/Counsel</i>	<i>Telephone</i>	<i>Facsimile</i>	<i>Party Represented</i>
<b>Rothschild</b> 1251 Avenue of the Americas, 33 <sup>rd</sup> Floor New York, NY 10020  Neil Augustine Email: nycprojectoilers@rothschild.com  Bernard Douton Email: nycprojectoilers@rothschild.com	212.403.3500  212.403.5411  212.403.5254	212.403.3501	Financial Advisors to the CRO
<b>Cassels Brock &amp; Blackwell LLP</b> 2100 Scotia Plaza 40 King Street West Toronto ON M5H 3C2  Wendy Berman Email: wberman@casselsbrock.com  Ryan C. Jacobs Email: rjacobs@casselsbrock.com  Lara Jackson Email: ljackson@casselsbrock.com	416.869.5300  416.860.2926  416.860.6465  416.860.2907	416.640.3107  416.640.3189  416.640.3108	Counsel to the Applicants
<b>FTI Consulting Canada Inc.</b> TD Waterhouse Tower 79 Wellington Street West Suite 2010, P.O. Box 104 Toronto ON M4K 1G8  Greg Watson Email: greg.watson@fticonsulting.com  Jeff Rosenberg Email: jeffrey.rosenberg@fticonsulting.com	416.649.8077	416.649.8101	Monitor
<b>McCarthy Tétrault</b> Suite 5300, TD Bank Tower Box 48, 66 Wellington Street West Toronto ON M5K 1E6  James Gage Email: jgage@mccarthy.ca  Heather Meredith Email: hmeredith@mccarthy.ca	416.362.1812  416.601.7539  416.601.8342	416.868.0673	Counsel for the Monitor

<i>Party/Counsel</i>	<i>Telephone</i>	<i>Facsimile</i>	<i>Party Represented</i>
<p><b>Goodmans LLP</b>                      Bay Adelaide Centre                      333 Bay Street, Suite 3400                      Toronto ON M5H 2S7</p> <p>Robert J. Chadwick                      Email: rchadwick@goodmans.ca</p> <p>Brendan O'Neill                      Email: boneill@goodmans.ca</p>	<p>416. 979.2211</p> <p>416.597.4285</p> <p>416.849.6017</p>	<p>416.                      979.1234</p>	<p>Counsel for <i>Ad Hoc</i>                      Noteholders</p>
<p><b>Norton Rose Fulbright Canada LLP</b>                      Suite 3800, Royal Bank Plaza, South Tower                      200 Bay Street, P.O. Box 84                      Toronto, ON M5J 2Z4</p> <p>Orestes Pasparakis                      Email: orestes.pasparakis@nortonrosefulbright.com</p> <p>Alan Merskey                      Email: Alan.Merskey@nortonrosefulbright.com</p> <p>Virginie Gauthier                      Email: virginie.gauthier@nortonrosefulbright.com</p> <p>Alex Schmitt                      Email: alexander.schmitt@nortonrosefulbright.com</p>	<p>416.216.4000</p> <p>416.216.4815</p> <p>416.216.4805</p> <p>416.216.4853</p> <p>416.216.2419</p>	<p>416.216.3930</p>	<p>Counsel for                      Coliseum Capital                      Management</p>
<p><b>Bennett Jones LLP</b>                      4500 Bankers Hall East                      855 2nd Street SW                      Calgary, AB T2P 4K7</p> <p>Grant Stapon                      Email: stapong@bennettjones.com</p> <p>Kenneth Lenz                      Email: lenzk@bennettjones.com</p> <p>Robert W. Staley                      Email: staleyr@bennettjones.com</p> <p>Raj S. Sahni                      sahnir@bennettjones.com</p> <p>Jonathan G. Bell                      bellj@bennettjones.com</p>	<p>403.298.3100</p> <p>403.298.3204</p> <p>403.298.3317</p> <p>416.777.4857</p> <p>416.777.4804</p> <p>416.777.6511</p>	<p>403.265.7219</p> <p>416.863.1716</p>	<p>Counsel for                      McCann Family                      Holding                      Corporation</p>

<i>Party/Counsel</i>	<i>Telephone</i>	<i>Facsimile</i>	<i>Party Represented</i>
<p><b>McMillan LLP</b>                      Brookfield Place                      181 Bay Street, Suite 4400                      Toronto, ON M5J 2T3</p> <p>Adam C. Maerov                      Email: adam.maerov@mcmillan.ca</p> <p>Brett Harrison                      Email: brett.harrison@mcmillan.ca</p>	<p>403.531.4700</p> <p>403.215.2752</p> <p>416.865.7932</p>	<p>416.865.7048</p>	<p>Counsel for Trimor Annuity Focus LP #5</p>
<p><b>Computershare Trust Company of Canada and Computershare Trust Company, NA</b>                      100 University Avenue                      11th Floor, North Tower                      Toronto, ON M5J 2Y1</p> <p>Patricia Wakelin, Corporate Trust Officer                      Email: patricia.wakelin@computershare.com</p> <p>Shelley Bloomberg, Manager, Corporate Trust                      Email: Shelley.Bloomberg@computershare.com</p> <p>Mohanie Shivprasad, Associate Trust Officer                      Email: mohanie.shivprasad@computershare.com</p> <p>Tina Vitale, Manager                      Email: tina.vitale@computershare.com</p> <p>John Wahl, Corporate Trust Officer                      Email: john.wahl@computershare.com</p>	<p>416.263.9317</p> <p>416.263.9322</p> <p>303.262.0707</p>	<p>416.981.9777</p> <p>514.981.7677</p>	<p>Collateral Trustee under the Collateral Trust and Intercreditor Agreement</p>
<p><b>Dickinson Wright LLP</b>                      199 Bay Street, Suite 2200, P.O. Box 447                      Commerce Court Postal Station                      Toronto, ON M5L 1G4</p> <p>Michael A. Weinczok                      Email: mweinczok@dickinsonwright.com</p> <p>David P. Preger                      Email: Dpreger@dickinsonwright.com</p>	<p>416.777.4026</p> <p>416.646.4606</p>	<p>416.865.1398</p>	<p>Lawyers for Computershare and agents for Perkins Coie LLP, US counsel to Computershare</p>
<p><b>Perkins Coie LLP</b>                      30 Rockefeller Plaza                      22nd Floor                      New York, New York</p>			<p>Counsel to Computershare Trust Company</p>

<i>Party/Counsel</i>	<i>Telephone</i>	<i>Facsimile</i>	<i>Party Represented</i>
<p>10112-0085</p> <p>Tina Moss Email: tmoss@perkinscoie.com</p> <p>Ronald Sarubbi Email: rsarubbi@perkinscoie.com</p>	<p>212.262.6910</p> <p>212.262.6914</p>	<p>212.977.1648</p> <p>212.977.1644</p>	
<p><b>Borden Ladner Gervais</b> Centennial Place, East Tower 1900, 520 – 3rd Ave SW Calgary, AB, T2P 0R3</p> <p>Josef G.A. Kruger Email: jkruger@blg.com</p> <p>Patrick T. McCarthy Email: PMcCarthy@blg.com</p>	<p>403.232.9500</p> <p>403.232.9563</p> <p>403.232.9441</p>	<p>403.266.1395</p>	<p>Counsel to the Trustee in Bankruptcy for Assistive Financial Corp.</p>
<p><b>Harrison Pensa LLP</b> 450 Talbot St. London, ON N6A 5J6</p> <p>Jonathan Foreman Email: jforeman@harrisonpensa.com</p> <p>Genevieve Meisenheimer gmeisenheimer@harrisonpensa.com</p>	<p>519.679.9660</p> <p>519.661.6775</p> <p>519.850.5558</p>	<p>519.667.3362</p>	<p>Counsel to the Plaintiff and the proposed class members in a proposed Ontario class action against Cash Store</p>
<p><b>Koskie Minsky LLP</b> 20 Queen Street West, Suite 900 Toronto, Ontario M5H 3R3</p> <p>Andrew J. Hatnay Email: ahatnay@kmlaw.ca</p> <p>James Harnum Email: jharnum@kmlaw.ca</p> <p>Adrian Scotchmer Email: ascotchmer@kmlaw.ca</p>	<p>416.977.8353</p> <p>416.595.2083</p> <p>416.542.6285</p> <p>416.542.6292</p>	<p>416.977.3316</p> <p>416.204.2872</p> <p>416.204.2819</p> <p>416.204.4926</p>	<p>Agent to Plaintiff's Counsel in the class action (Harrison Pensa LLP)</p>
<p><b>Duncan Craig LLP</b> 2800 Scotia Place, 10060 Jasper Ave Edmonton, AB T5J 3V9</p> <p>Darren Bieganek, Q.C. Email: dbieganek@dcllp.com</p>	<p>780.428.6036</p> <p>780.441.4386</p>	<p>780.428.9683</p> <p>780.969.6381</p>	<p>Counsel for Cameron Schiffner, former Senior Vice-President, Operations, The Cash Store</p>

<i>Party/Counsel</i>	<i>Telephone</i>	<i>Facsimile</i>	<i>Party Represented</i>
			Financial Services Inc.
<p><b>Siskinds LLP</b>            100 Lombard Street            Suite 302            Toronto, ON M5C 1M3</p> <p>Charles M. Wright            Email: charles.wright@siskinds.com</p> <p>Serge Kalloghlian            Email: serge.kalloghlian@siskinds.com</p> <p>Alex Dimson            Email: alex.dimson@siskinds.com</p>	<p>416.362.8334</p> <p>416.362.8334            Ext. 226</p>	<p>416.362.2610</p> <p>416.362.2610</p>	<p>Counsel to Ad Hoc Committee of Purchasers of the Applicant's Securities, including the Representative Plaintiff in the Ontario Class</p>
<p><b>Lax O'Sullivan Scott Lisus LLP</b>            Suite 2750, 145 King Street West            Toronto, ON M5H 1J8</p> <p>Eric R. Hoaken            Email: ehoaken@counsel-toronto.com</p> <p><b>JJS Barristers</b>            Suite 800, The Lancaster Building            304 - 8 Avenue SW            Calgary, AB T2P 1C2</p> <p>Robert Hawkes, Q.C.            Email: hawkesr@jssbarristers.ca</p>	<p>416.598.1744</p> <p>416.645.5075</p> <p>403.571.1544</p>	<p>416.598.3730</p> <p>403.571.1528</p>	<p>Counsel for DirectCash Bank, DirectCash ATM Processing Partnership, DirectCash ATM Management Partnership, DirectCash Payments Inc., DirectCash Management Inc. and DirectCash Canada Limited Partnership ("DirectCash") who are codefendants with The Cash Store Financial Services Inc. and The Cash Store Inc. (the "Cash Store") in class action (Court File No. 7908/12CP)</p>

<i>Party/Counsel</i>	<i>Telephone</i>	<i>Facsimile</i>	<i>Party Represented</i>
<b>Dentons Canada LLP</b> 850 - 2nd Street SW 15th Floor, Bankers Court Calgary, AB T2P 0R8  David Mann Email: david.mann@dentons.com	403.268.7000   403.268.7097	403.268.3100	Counsel to Direct Cash in all matters pertaining to this restructuring other than the class action (Court File No. 7908/12CP)
<b>Omini Ventures Ltd.</b>  Bruce Cormie Email: muskytoe@hotmail.com			Third Party Lender
<b>L-Gen Management Inc.</b>  Vernon Nelson Email: vmnelson7@hotmail.com			Third Party Lender
<b>1396309 Alberta Ltd.</b>  Bruce Hull Email: bruce.hull@hotmail.com			Third Party Lender
<b>Hewlett-Packard Financial Services Canada Company</b> 5150 Spectrum Way Mississauga, ON L4W 5G1			
<b>CIT Financial Ltd.</b> 5035 South Service Road Burlington, ON L7R 4C8  Isobel Fraser Email: Isobel.Fraser@cit.com	905.633.2097		
<b>National Leasing Group Inc.</b> 1525 Buffalo Place Winnipeg, MB R3T 1L9			
<b>De Lage Landen Financial Services Canada Inc.</b> 3450 Superior Court, Unit 1 Oakville, ON L6L 0C4			
<b>GE VFS CANADA LIMITED PARTNERSHIP</b> 2300 Meadowdale Blvd. Suite 200 Mississauga, ON L5N 5P9			

<i>Party/Counsel</i>	<i>Telephone</i>	<i>Facsimile</i>	<i>Party Represented</i>
<b>Roynat Inc.</b> Suite 1500, 4710 Kingsway St. Burnaby, BC V5H 4M2			
<b>Pattison Sign Group</b> A Division of Jim Pattison Industries Ltd. 555 Ellesmere Rd. Toronto, ON M1R 4E8			
<b>Mercedes-Benz Financial Services Canada Corporation</b> 2680 Matheson Blvd. E., Ste. 500 Mississauga, ON L4W 0A5			
<b>National Neon Displays Limited</b> #12, 1115-48th Avenue SE Calgary, AB T2G 2A7			
<b>Maxium Financial Services Inc.</b> 30 Vogell Road, Unit 1 Richmond Hill, ON L4B 3K6  Dianne Holman Email: dianneh@maxium.net	905.780.6159 ext 249		
<b>Honda Canada Financial Ltd.</b> 180 Honda Blvd Markham, ON L6C 0H9			
<b>Hordo Bennett Mounteer LLP</b> 1400-128 West Pender Vancouver, BC V6B 1R8  Paul R. Bennett Email: pb@hbmlaw.com  Mark W. Mounteer Email: mm@hbmlaw.com	604.639.3680  604.639.3668  604.639.3667	604.639.3681	Counsel for the Plaintiffs in 8 class proceedings commenced against Cash Store.
<b>Burnet, Duckworth &amp; Palmer LLP</b> 2400, 525-8 <sup>th</sup> Avenue SW Calgary, AB T2P 1G1  Craig O. Alcock Email: craigalcock@bdplaw.com	403.260.0100  403.260.0120	403.260.0332	Counsel for Virtutone Networks Inc.



<i>Party/Counsel</i>	<i>Telephone</i>	<i>Facsimile</i>	<i>Party Represented</i>
<b>BlueTree Advisors II Inc.</b>  Bill Aziz Email: baziz@bluetreadvisors.com	905.849.4332	905.849.4248	Chief Restructuring Officer of the Applicants
<b>Lenczner Slaght</b> 130 Adelaide St W., Suite 2600 Toronto, ON Canada M5H 3P5  Peter Griffin Email: pgriffin@litigate.com  Matthew B. Lerner Email: mlerner@litigate.com	416.865.9500  416.865.2921  416.862.2940	416.865.9010   416.865.2840	Counsel to Gordon Reykdal, Edward C. McClelland and 424187 Alberta Ltd.

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**TAB 1**

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

**NOTICE OF MOTION**

**THE APPLICANTS**, The Cash Store Financial Services Inc. and its affiliated companies The Cash Store Inc., TCS - Cash Store Inc., Instaloans Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., and 1693926 Alberta Ltd. doing business as "The Title Store" (collectively "Cash Store" or the "Applicants") , will make a motion to the Court, on June 16, 2014, at 8:30 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, 8<sup>th</sup> floor, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An Order:

- (a) Abridging the time for service of this notice of motion and dispensing with service on any person other than those served;
- (b) Extending the stay of proceedings against the Applicants until August 15, 2014;
- (c) Approving the proposed sale process substantially in the form attached as Exhibit “E” to the Affidavit of William E. Aziz, sworn June 12, 2014;
- (d) Approving the Fourth, Fifth, Sixth and Seventh Reports of the Monitor and the activities contained therein; and
- (e) Such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

1. Cash Store is facing immediate and multiple challenges to its continued operations, including regulatory issues that affect its core business strategy, multiple class actions requiring defence across Canada and in the U.S., and the resulting deterioration of its liquidity position;
2. The Amended and Restated Initial Order of Justice Morawetz dated April 15, 2014 (the “Initial Order”) declared that the Applicants are companies to which the CCAA applies and provided an initial stay of proceedings against the Applicants until May 14, 2014. The stay of proceedings was subsequently extended by this Honourable Court until June 17, 2014;
3. The Initial Order also approved and authorized a Debtor-in-Possession (“DIP”) loan facility in the amount of \$8.5 million;

4. On May 17, 2014, this Honourable Court approved an amended and restated debtor-in-possession term sheet (the “Amended DIP Facility”);
5. The Applicants have drawn down the full \$6.0 million of the first tranche of additional funding available under the Amended DIP Facility;
6. The Applicants intend to exercise the Extension Option (as defined in the Amended DIP Facility), which will provide an additional \$2 million of funding if it is accepted by the DIP lenders willing to fund such extension;
7. Should the Extension Option be funded, it is forecasted that the Applicants will have sufficient liquidity to continue operations during the proposed extension of the Stay Period (as defined in the Initial Order, as amended);
8. The Applicants have been proceeding with good faith and due diligence to complete a restructuring under the CCAA;
9. Without the extension of the Stay Period, Cash Store will be unable to continue going concern operations and attempt to complete a restructuring, and in particular a going concern sale transaction, as part of these proceedings to the benefit of its stakeholders;
10. It is necessary and in the best interests of the Applicants and their stakeholders that the Stay Period be extended and the Applicants afforded the “breathing space” provided by the CCAA as they attempt to restructure their affairs;
11. The Initial Order authorized the Applicants’ financial advisor, Rothschild Inc. (“Rothschild”), in consultation with the Monitor, to continue the mergers and acquisitions process as described in the Affidavit of Steven Carlstrom, sworn April 14, 2014;

12. The Applicants received a number of non-binding letters of intent on June 3, 2014, and several interested parties were contacted and invited to proceed to the next phase of the sale process;

13. The proposed sale process attached as Exhibit “E” to the Affidavit of William E. Aziz, sworn June 13, 2014, will allow Cash Store, in conjunction with Rothschild and the Monitor, to continue to pursue a going concern sale transaction for the benefit of Cash Store’s stakeholders;

14. An order approving a sale process by June 17, 2014 is a requirement under the Amended DIP Facility and will provide further certainty and stability to the CCAA proceedings.

15. The provisions of the CCAA, including sections 11 and 11.02 thereof, and the inherent and equitable jurisdiction of this Honourable Court;

16. Rules 2.03, 3.02, 14.05(2) and 16 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended and section 106 of the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and

17. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

1. Affidavit of William E. Aziz dated June 12, 2014 and attached exhibits;
2. The Fourth, Fifth, Sixth, and Seventh Reports of the Monitor; and

3. Such further and other materials as counsel may advise and this Honourable Court may permit.

June 12, 2014

**OSLER, HOSKIN & HARCOURT LLP**  
P.O. Box 50, 1 First Canadian Place  
Toronto, ON M5X 1B8

**Marc Wasserman** (LSUC#44066M)  
Tel: 416.862.4908  
Email: [mwasserman@osler.com](mailto:mwasserman@osler.com)

**Jeremy Dacks** (LSUC#41851R)  
Tel: 416.862.4923  
Email: [jdacks@osler.com](mailto:jdacks@osler.com)

Counsel to the Chief Restructuring Officer  
of the Applicants

**TO: SERVICE LIST**



**IN THE MATTER OF the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended**

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

**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., Instalcons Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., 1693926 Alberta Ltd. doing business as "The Title Store"**

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**NOTICE OF MOTION**

**OSLER, HOSKIN & HARCOURT LLP**  
1 First Canadian Place  
P.O. Box 50  
Toronto, ON M5X 1B8

**Marc Wasserman** LSUC#44066M  
Tel: (416) 862-4908

**Jeremy Dacks** LSUC# 41851R  
Tel: (416) 862-4923  
Fax: (416) 862-6666

Counsel for the Chief Restructuring Officer of the  
Applicants

**TAB 2**

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

**AFFIDAVIT OF WILLIAM E. AZIZ**

**(Sworn June 12, 2014)**

I, William E. Aziz, of the Town of Oakville, in the Province of Ontario, MAKE  
OATH AND SAY:

***Introduction***

1. This Affidavit is made in support of a motion by The Cash Store Financial Services, Inc. ("Cash Store Financial") and its affiliated companies The Cash Store Inc., TCS - Cash Store Inc., Instaloans Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., and 1693926 Alberta Ltd. doing business as "The Title Store" (collectively "Cash Store" or the "Applicants") for an Order (i) extending the stay of proceedings against the Applicants until August 15, 2014; and (ii) approving the proposed sale process substantially in the form attached as Exhibit "E" to

this affidavit (the “Sale Process”).

2. I am the President of BlueTree Advisors Inc. (“BlueTree”), which has been retained by Cash Store Financial to provide my services as Chief Restructuring Officer (“CRO”) to Cash Store. I was retained pursuant to an Engagement Letter dated April 14, 2014.

3. BlueTree was appointed as CRO of the Applicants pursuant to paragraph 23 of the Amended and Restated Initial Order of Justice Morawetz dated April 15, 2014 (the “Initial Order”).

4. As Cash Store’s CRO, and in accordance with the Initial Order, I have the authority to direct the operations and management of Cash Store and its restructuring, and Cash Store’s officers (including its executive management team) report to me. As such, I have personal knowledge of the matters deposed to herein, except where otherwise stated. I have spoken with certain of the directors, officers, advisors and/or employees of Cash Store, as necessary, and where I have relied on information from such discussions, I believe such information to be true.

### ***DIP Facility***

5. As detailed in my affidavit sworn on April 28, 2014 (the “First Aziz Affidavit”), upon my appointment as CRO, I consulted with FTI Consulting Canada, Inc. (the “Monitor”) and Rothschild Inc. (“Rothschild”) to become fully apprised of the state of Cash Store’s affairs and to plan the immediate steps necessary to stabilize Cash Store’s liquidity position while it pursues a going concern sale transaction. I promptly engaged with Rothschild and the Monitor to develop a process to solicit bids for a new Debtor-in-Possession (“DIP”) loan facility. A copy of the First Aziz Affidavit without Exhibits is attached as Exhibit “A”.

6. As detailed in my affidavits sworn on May 9, 2014 (the “Second Aziz Affidavit”) and May 15, 2014 (the “Third Aziz Affidavit”), Cash Store negotiated an amended and restated debtor-in-possession term sheet (the “Amended DIP Facility”) with Coliseum Capital Partners, LP, Coliseum Capital Partners II, LP and Blackwell Partners, LLC (collectively, “Coliseum”), Alta Fundamental Advisers, LLC, (collectively with Coliseum, the “Initial DIP Lenders”) and certain members of the *ad hoc* committee of holders of Applicants’ 11 ½% senior secured notes (the “Ad Hoc Committee”) (collectively, the “DIP Lenders). A copy of the Second Aziz Affidavit without Exhibits is attached as Exhibit “B”. A copy of the Third Aziz Affidavit without Exhibits is attached as Exhibit “C”.

7. On May 17, 2014, this Honourable Court approved the Amended DIP Facility.

8. Cash Store has drawn down the full \$6 million of the first tranche of additional funding available under the Amended DIP Facility. Cash Store intends to exercise the Extension Option (as defined in the Amended DIP Facility), which will provide an additional \$2 million of funding if it is accepted by the DIP Lenders willing to fund such extension.

9. If the Extension Option is funded, the Amended DIP Facility will provide liquidity in an amount that should be sufficient to allow Cash Store to operate as a going concern during the proposed extended Stay Period (defined below). Cash Store may require further DIP financing in order to complete the sale process in an effort to maximize enterprise value for stakeholders. Based on current cash flow projections, Cash Store does not require further DIP financing until August 15, 2014 if the Extension Option is exercised and funded next week. I understand that updated cash flow projections will be attached to the Monitor’s Seventh Report to be filed prior to the hearing of this motion.

## ***Meetings with Regulators***

10. Cash Store's business is heavily regulated, and I have made it a priority to meet with all of the provincial regulators of payday loans to discuss Cash Store's business path going forward. It is my goal as CRO to create an open and transparent dialogue with all of the provincial regulators as part of this process. As mentioned in the Second Aziz Affidavit, I previously met with the Manitoba regulator. Since the Second Aziz Affidavit was sworn, I have also:

- (a) Met with representatives of the Ontario regulator from the Attorney General's office on May 12, 2014 in Toronto, Ontario;
- (b) Met with the Nova Scotia regulator on May 20, 2014 in Halifax, Nova Scotia;
- (c) Met with the Alberta regulator on May 26, 2014 in Edmonton, Alberta;
- (d) Met with the Saskatchewan regulator on June 3, 2014 in Regina, Saskatchewan;  
and
- (e) Instructed the Chief Compliance and Regulatory Affairs Officer (the "CCRO") to arrange a meeting with the British Columbia regulator on June 20, 2014 to discuss Cash Store's business in British Columbia.

11. The CCRO and, in most cases, the Monitor have attended all of the above-noted meetings with the regulators. The CCRO has also continued to have independent discussions with the regulators.

12. All of these discussions have ensured that channels of communication remain

open between the various regulators and Cash Store. This is done in order to preserve, to the greatest extent possible, the prospects for continued licensing in these jurisdictions. I intend to continue to meet and communicate with the provincial regulators as the sale process for Cash Store's business progresses.

### ***Termination of Senior Management***

13. Since my appointment as CRO, I have spent time at Cash Store's head office in Edmonton, Alberta. As part of those visits, I have met with members of Cash Store's senior management and other key personnel to better understand Cash Store's business and the roles played by senior management in the company's operations. I also had numerous phone and written interactions with Cash Store's senior management since the date of the Initial Order. As a result of these meetings and discussions, and based on my discussions with key stakeholders and provincial regulators, I formed the view that it was in the best interests of Cash Store and its stakeholders that management changes be implemented at this point in the restructuring.

14. On May 22, 2014, I attended at Cash Store's Edmonton office and terminated the employment of the senior management personnel listed below as part of the rationalization of Cash Store's business going forward and with a view to regularizing matters with the various payday loan regulators. As a result, the following individuals are no longer with Cash Store:

- (a) Gordon Reykdal – former Chief Executive Officer
- (b) Kevin Paetz - former Chief Operating Officer and President
- (c) Halldor Kristjansson – former Senior Executive Vice President, Banking and Credit
- (d) Barret Reykdal - former Senior Vice President, Retail Financial Services

(e) Michael Thompson - former Senior Vice President, Corporate Affairs

15. The services of Bill Johnson and Dean Ozanne (consultants who provided strategic and operating advice to the former CEO under consulting agreements) were also terminated. A copy of the press release dated May 22, 2014 announcing the executive leadership changes is attached as Exhibit "D".

16. Going forward, I will continue to work with the remaining members of the Cash Store management team to implement a revised leadership structure.

### ***Stay Extension***

17. The Applicants were granted protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pursuant to the Initial Order. The Initial Order granted, *inter alia*, a stay of proceedings until May 14, 2014, or such later date as this Honourable Court may order (the "Stay Period").

18. On May 13, 2014, the Stay Period was extended until May 16, 2014 and was subsequently extended until May 19, 2014. On May 17, 2014, this Honourable Court extended the Stay Period until and including June 17, 2014, or such later date as this Honourable Court may order.

19. The Applicants have been proceeding in good faith and with due diligence to effect a restructuring under the CCAA, and in particular a going concern sale transaction. In addition to the steps outlined in the First, Second and Third Aziz Affidavits, I have, among other things:

(a) Participated in negotiations of the Amended DIP Facility with Cash Store's



financial advisors;

- (b) Worked with Cash Store management and employees to implement the cessation of Cash Store's brokered loan business;
- (c) Participated in numerous discussions with the DIP Lenders, the Ad Hoc Committee and their respective advisors concerning the status of the CCAA proceedings, funding issues, the Sale Process and next steps;
- (d) Negotiated an interim resolution of an important supplier issue with DirectCash Payments Inc., a third party service provider to Cash Store with respect to prepaid debit and credit cards and other critical services;
- (e) Met with various provincial regulators (discussed in greater detail above);
- (f) Implemented executive leadership changes (discussed in greater detail above);
- (g) Worked with Rothschild to develop a sale process for the business;
- (h) Attended additional management meetings in Edmonton;
- (i) Participated in comprehensive discussions regarding Cash Store's business and its cash flows with members of senior management and its financial advisors; and
- (j) Worked closely with the Monitor with respect to all aspects of Cash Store's restructuring under the CCAA.

20. It is my belief that it is appropriate to extend the Stay Period to August 15, 2014 and that the Applicants have acted and continue to act in good faith and with due diligence in these CCAA proceedings. Should the Extension Option be accepted by the DIP Lenders willing

to fund such extension, it is forecast that the Applicants will have sufficient liquidity to continue operations during the proposed extended Stay Period.

21. Extending the Stay Period will allow the Applicants to continue to work toward the sale of their business in accordance with the milestones set out in the Amended DIP Facility. An extension of the Stay Period will also allow the Applicants to continue to deal with other matters inherent in the proposed restructuring, all in consultation with the Monitor, with the objective of obtaining the best possible result for the benefit of all stakeholders. It is my understanding that the extension of the Stay Period to August 15, 2014 is supported by the DIP Lenders, the Ad Hoc Committee and the Monitor.

### ***Proposed Sale Process***

22. As outlined in the Affidavit of Steven Carlstrom, sworn April 14, 2014, Rothschild initiated a mergers and acquisitions process prior to the CCAA filing to seek a sale of or significant investment in Cash Store. Rothschild contacted numerous parties, including financial buyers and strategic buyers based in both Canada and the United States. Strategic buyers who have been contacted include companies in the consumer finance and alternative financial services sectors and financial buyers were selected based on their past experience in the financial services sector, previous investments in turnaround situations and ability and willingness to deploy capital quickly. In total, Rothschild contacted 145 parties, comprised of 103 financial buyers and 42 strategic buyers.

23. Of the 145 parties contacted, 76 were provided with public teasers and 55 requested Non-disclosure agreements (“NDAs”). As of June 4, 2014, 32 parties executed

NDA's and received access to the virtual dataroom to conduct due diligence on Cash Store. Rothschild also provided all parties who executed NDA's with Cash Store's business plan.

24. In the Initial Order, this Honourable Court authorized Rothschild to "continue the mergers and acquisitions process as described in the Carlstrom Affidavit, in consultation with the Monitor".

25. As such, on April 29, 2014, Rothschild sent a letter to interested parties requesting non-binding letters of intent for the sale of Cash Store be submitted by May 23, 2014. A copy of this letter was attached as Exhibit "B" to the Second Aziz Affidavit. Pursuant to paragraph 11(d) of the Initial Order, the Monitor initially consented to the extension of the date to receive non-binding letters of intent from May 15, 2014 to May 23, 2014. The Monitor subsequently consented to a further extension of the date to receive non-binding letters of intent to June 3, 2014. This second extension was necessitated, in part, by changes to Cash Store's business plan required by the cessation of the brokered loan business.

26. In light of the change in the timeline, the DIP Lenders agreed to amend the requirement of the Amended DIP Facility that Cash Store obtain an order approving a sale process in a form and substance satisfactory to the DIP Lenders on or before 52 days after the Initial Order (i.e. by June 6, 2014). This covenant was amended as follows with the result that a sale process order must be obtained by June 17, 2014 (with all other terms of the Amended DIP Facility remaining in full force and effect, unamended):

Affirmative Covenant(s) be and hereby is amended to extend the date for obtaining from the Court an Order approving the Sale Process, in form and substance satisfactory to the DIP Lenders, from a date that is on or before 52 days following the issuance of the Initial Order to a date that is on or before 63 days following the issuance of the Initial Order.

27. On June 3, 2014, Cash Store received a number of non-binding letters of intent, which I reviewed in consultation with Rothschild and the Monitor. These offers were provided to the DIP Lenders in accordance with the Amended DIP Facility. Several of the interested parties were contacted and invited to proceed to the next phase of the Sale Process, which involves granting access to further due diligence materials and the opportunity to meet with the CRO, Cash Store senior management and Rothschild, as well as with such other parties as I or Rothschild may arrange.

29. The proposed Sale Process is set out in Schedule A to the draft order attached to the Motion Record and is also attached as Exhibit "E".

30. The proposed Sale Process was developed in consultation with Rothschild, the Monitor, the DIP Lenders and the Ad Hoc Committee and their advisors. In addition to being a requirement under the Amended DIP Facility, I believe that an Order approving a sale process will provide further certainty and stability to the CCAA proceedings. As initial expressions of interest have already been received, the Sale Process is a truncated process that is intended to create as much value as possible for Cash Store' stakeholders by efficiently taking the proposals from an initial offer stage to a completed transaction.

31. In order for a bid to be considered a Qualified Bid (as defined in the Sale Process), it must be submitted by July 11, 2014 (the "Bid Deadline") and it must comply with certain requirements as outlined in the Sale Process. The Bid Deadline may be extended by the CRO and the Monitor, in consultation with Rothschild and Houlihan Lokey Capital, Inc. ("**Houlihan**"), as financial advisor to the DIP Lenders and the Ad Hoc Committee. To be a Qualified Bid, a bid must (i) include proof of the bidder's financial ability to perform the transaction; (ii) be in the form of a binding offer capable of acceptance, irrevocable until one

business day after closing of the Successful Bid (as defined in the Sale Process) and must be accompanied by (1) a duly authorized and executed purchase agreement based on the form of purchase agreement to be provided to bidders as part of the Sale Process (the "Form of APA"), including all exhibits and schedules thereto and any ancillary agreements required by the bidder and including a mark-up to the Form of APA; and (2) a deposit in an amount equal to 10% of the purchase price contemplated therein.

32. For a bid to be considered a Qualified Bid, it must, among other things:
- (a) include a statement that the bidder's offer is irrevocable until the business day after the closing of the Successful Bid;
  - (b) include written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction;
  - (c) include a detailed listing and description of the property to be included in the sale;
  - (d) include details of the proposed number of employees of the Applicants who will become employees of the bidder and provisions setting out the terms and conditions of employment for continuing employees;
  - (e) include details of any liabilities to be assumed by the Qualified Bidder;
  - (f) not be conditional upon, among other things: (i) the outcome of unperformed due diligence by the Qualified Bidder; or (ii) obtaining financing;
  - (g) fully disclose the identity of each person or entity that will be sponsoring or participating in the bid, and the complete terms of such participation;

- (h) outline any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;
- (i) identify the contracts and leases the bidder wishes to assume and reject, and specifically if an assignment of a contract is a condition to closing; and
- (j) provide a timeline to closing with critical milestones.

33. Rothschild and the CRO, in consultation with Houlihan and with the consent of the Monitor, may waive compliance with any of the requirements to be a Qualified Bid and deem such non-compliant bids to be Qualified Bids and may also aggregate separate bids to create one “Qualified Bid” from one or more “Qualified Bidders”.

34. If one or more Qualified Bids are received, Rothschild and the CRO, with the consent of the Monitor and in consultation with Houlihan, may choose to: (i) accept one Qualified Bid (the “Successful Bid”) and finalize and complete an agreement with the selected bidder; or (ii) continue negotiations with a selected number of Qualified Bidders (as defined in the Sale Process, collectively the “Selected Bidders”) with a view to finalizing an agreement with one of the Selected Bidders.

35. Evaluation criteria for the Successful Bid may include, but are not limited to, such items as:

- (a) the purchase price and net value (including all assumed liabilities and other obligations to be performed by the bidder);

- (b) the firm, irrevocable commitment for financing the transaction or other evidence of ability to consummate the proposed transaction;
- (c) the counterparties to the transaction;
- (d) the terms of the transaction documents;
- (e) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals required to close the transaction);
- (f) planned treatment of stakeholders;
- (g) the assets included or excluded from the bid;
- (h) the proposed treatment of the employees, including any employees currently on temporary layoff;
- (i) any transition services required from the Applicants post-closing and any related restructuring costs; and
- (j) the likelihood and timing of the consummation of the transaction.

36. Rothschild and the CRO are not obligated to accept the highest or any other offer. Selection of the Successful Bid shall be in their discretion, after consultation with Houlihan and subject to the consent of the Monitor.

37. The proposed Sale Process provides that the CRO will apply to the Court for an order approving the Successful Bid and authorizing Cash Store to enter into agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid. The Successful Bid may proceed (i) by way of a

sale, in which case the CRO would seek an order approving the sale (a “Sale Approval Order”), or (ii) by way of a plan of compromise or arrangement (a “Plan”), in which case Cash Store would seek an order authorizing the CRO to file the Plan and to call a meeting of creditors to vote on the Plan (a “Plan Filing and Meeting Order”).

38. The Amended DIP Facility includes a requirement that any Sale Approval Order be in form and substance acceptable to the DIP Lenders. The Amended DIP Facility also requires that Cash Store obtain any Sale Approval Order or Plan Filing and Meeting Order no later than 60 days following the order approving the Sale Process. Should an Order approving the Sale Process be made on June 16, 2014, Cash Store will need to obtain the Sale Approval Order or Plan Filing and Meeting Order by August 15, 2014.

39. The Amended DIP Facility requires that in the event the Successful Bid proceeds by way of a sale, the closing of the sale transaction must take place no later than 60 days following the Sale Approval Order (i.e. no later than October 14, 2014).

40. If the Successful Bid proceeds by way of a Plan, the Amended DIP Facility requires that Cash Store obtain an order sanctioning the Plan (a “Sanction Order”) by no later than 30 days following the date of the Plan Filing and Meeting Order (i.e. no later than September 14, 2014). Furthermore, the Plan transaction must be implemented no later than 30 days following the date of the Sanction Order (i.e. no later than October 14, 2014).

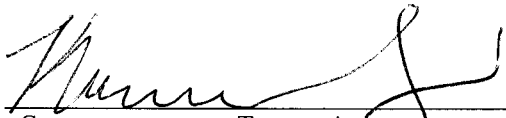
41. It is proposed that there will be no amendments to the Sale Process without the consent of the CRO, the Monitor and Houlihan, or, in the absence of such consent, the approval of the Court.



**Other Matters**

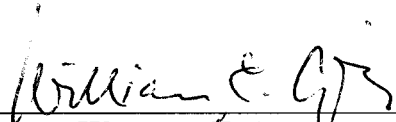
42. On May 30, 2014, a Cease Trade Order was issued by the Alberta Securities Commission due to Cash Store failing to file interim unaudited financial statements, interim management’s discussion and analysis, and certification of interim filings for the period ended March 31, 2014, (collectively, the “Continuous Disclosure Documents”) pursuant to section 146 of the *Securities Act* (Alberta). Per the terms of the Cease Trade Order, all trading in Cash Store Financial’s securities has ceased. A copy of the press release announcing the Cease Trade Order is attached as Exhibit “F”.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario this 12<sup>th</sup> day of June, 2014.



COMMISSIONER FOR TAKING AFFIDAVITS

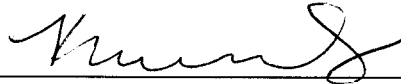
Karin Sachar



WILLIAM E. AZIZ

TAB A

**THIS IS EXHIBIT "A" TO THE AFFIDAVIT  
OF WILLIAM E. AZIZ SWORN BEFORE ME  
ON THIS 12<sup>th</sup> DAY OF JUNE, 2014.**

A handwritten signature in black ink, appearing to be 'K. M. J.', written over a horizontal line.

A commissioner for taking Affidavits

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

**AFFIDAVIT OF WILLIAM E. AZIZ**

(Sworn April ~~27~~<sup>28</sup>, 2014)

I, William E. Aziz, of the Town of Oakville, in the Province of Ontario, MAKE  
OATH AND SAY:

***Introduction***

1. This Affidavit is made to inform the Court of certain of my activities since my appointment as Chief Restructuring Officer ("CRO") of The Cash Store Financial Services, Inc. ("Cash Store Financial") and its affiliated companies The Cash Store Inc., TCS - Cash Store Inc., Instaloans Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., and 1693926 Alberta Ltd. doing business as "The Title Store" (collectively "Cash Store" or the "Applicants"). It is also made in support of the proposed adjournment of the comeback hearing from April 28, 2014 to May 5, 2014.

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2. I am the President of Blue Tree Advisors Inc. (“Blue Tree”), which has been retained by Cash Store Financial to provide my services as CRO to Cash Store. I was retained pursuant to an Engagement Letter dated April 14, 2014.

3. Blue Tree was appointed as CRO of the Applicants pursuant to paragraph 23 of the Amended and Restated Initial Order of Justice Morawetz dated April 15, 2014 (the “Initial Order”).

4. Subsequent to the date of the Initial Order, the special committee of the board of directors of Cash Store Financial (the “Special Committee”) disbanded, and the members of the Special Committee resigned from the board of directors. A copy of the press release announcing the resignation of the members of the Special Committee and my appointment as CRO is attached as Exhibit “A”.

5. As Cash Store’s CRO, and in accordance with the Initial Order, I have the authority to direct the operations and management of Cash Store and its restructuring, and Cash Store’s officers (including its executive management team) report to me. As such, I have personal knowledge of the matters deposed to herein, except where otherwise stated. I have spoken with certain of the directors, officers, advisors and/or employees of Cash Store, as necessary, and where I have relied on information from such discussions, I believe such information to be true.

### ***Efforts to Negotiate Consensual DIP Financing***

6. Upon my appointment as CRO, I consulted with FTI Consulting Canada, Inc. (the “Monitor”) and Rothschild Inc. (“Rothschild”), Cash Store’s financial advisor, to become

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apprised of the current state of Cash Store's affairs and to begin planning the immediate steps necessary to stabilize Cash Store's liquidity position as part of these proceedings. I promptly engaged with Rothschild and the Monitor to develop a process to solicit further interim financing proposals and seek court approval for a new Debtor-in-Possession loan (the "New DIP Facility"). These actions were necessary as (i) the Initial Order established the date for the comeback hearing as April 28, 2014; (ii) Cash Store's cash flow projections demonstrated an additional cash need during the week ending May 2, 2014; and (iii) the DIP facility approved in the Initial Order (the "Initial DIP Facility") matured on the date of the comeback hearing.

7. Since my appointment as CRO, I have worked with the Monitor and engaged with counsel to both of the Initial DIP Facility lenders and to the *Ad Hoc* Committee of Noteholders (the "Noteholders") with a view to reaching a consensual and cooperative agreement with respect to additional and/or replacement DIP financing from the two stakeholder groups that had originally offered to provide DIP financing to the Applicants.

8. On April 22, 2014, the Monitor and I met with counsel for the Noteholders, and on April 23, 2014, the Monitor and I met with counsel for Coliseum Capital Management ("Coliseum" or the "Initial DIP Facility Lender") to discuss a potential resolution of Cash Store's financing needs whereby the parties would work together rather than at odds. I have had further conversations with both parties subsequent to these initial meetings.

9. On April 23, 2014, Rothschild sent emails to the Noteholders and Coliseum reminding them that, while the parties were seeking a consensual resolution, in the event that a consensual resolution was not achieved, Cash Store would need to receive the "best and final" proposals from interested parties by no later than noon on Thursday, April 24, 2014. Attached to

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both emails was a copy of the Cash Store's cash flow projections. A copy of the April 23, 2014 emails to the Noteholders and Coliseum are attached as Exhibits "B" and "C".

10. On April 24, 2014, on my direction, my counsel sent a letter to the Service List explaining that the parties were in discussions regarding Cash Store's financing needs and that Cash Store anticipated seeking approval for a DIP financing proposal at the comeback hearing on Monday, April 28, 2014. The letter specified that Cash Store anticipated that it would be seeking a priming charge in respect of the New DIP Facility with priority equal to the current DIP Priority Charge (as defined in the Initial Order). A copy of the April 24, 2014 letter is attached as Exhibit "D".

11. Later in the day on April 24, 2014, an agreement in principle was reached with the Noteholders and Coliseum to provide jointly funded and governed debtor-in-possession financing to the Applicants.

12. The Noteholders, Coliseum, and Cash Store have determined that it would be best to seek approval of the consensual New DIP Facility on May 5, 2014 rather than on April 28, 2014 in order to provide the parties with sufficient time to document the agreement in principle. This determination was supported by the fact that the Applicants could manage their cash to allow for a week's delay in approving the New DIP Facility. The Initial DIP Facility Lender also agreed to extend the maturity date of the Initial DIP Facility to May 5, 2014.

13. The Monitor subsequently sent a letter on April 25, 2014 to the Service List stating that the motion for approval of the New DIP Facility would be heard on May 5, 2014 and that any other relief sought in relation to the Initial Order comeback hearing should be sought on May 5, 2014 as well. A copy of the Monitor's letter of April 25, 2014 is attached as Exhibit "E".

### ***Third Party Lender Issues***

14. Since my appointment as CRO, I have also taken steps to inform myself with respect to the business of Cash Store and its relationship with its Third Party Lenders (“TPLs”).

15. On April 15, 2014, I participated in discussions with counsel for Trimor Annuity Focus LP #5 (“Trimor”), one of the TPLs, which included negotiations regarding the TPL protections provided in the Initial Order.

16. On April 16, 2014 I met with Cash Store’s Chief Compliance and Regulatory Officer to begin familiarizing myself with the regulatory issues facing Cash Store.

17. Further, I attended the cross-examination of Steve Carlstrom by counsel for 0678786 B.C. Ltd. (formerly the McCann Family Holding Corporation) (“067”) held on April 22, 2014.

18. On April 24 and 25, 2014, I attended meetings with Cash Store’s senior management and Chief Executive Officer in Edmonton

19. In the afternoon on Friday, April 25, 2014, I received a copy a factum delivered by 067 and a draft report of PricewaterhouseCoopers Inc. entitled “Review of Funds owing to Trimor and 0678786” delivered by counsel for Trimor which was provided to be used as evidence at a hearing. I am advised by counsel that the factum provided for the first time the nature of the relief sought by 067. The relief being sought is wide-ranging and the factum contains serious allegations against Cash Store. Counsel for 067 also informed the Service List that 067 intended to seek the relief set out in its factum at the Monday comeback hearing and that it did not consent to an adjournment to May 5, 2014.



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20. I am of the view that there was not sufficient time for me in my capacity as a Court Officer to properly consider the matters set out in the factum and to provide a proper response before the comeback hearing scheduled for the morning of April 28, 2014. I agree with the Monitor's view that any relief sought in relation to the Initial Order comeback hearing should be dealt with on May 5, 2014 (or such other date that the Court deems appropriate after that date), given the need to provide sufficient notice to the Court, and in order to allow Cash Store and its stakeholders the opportunity to consider and properly respond to matters. I instructed my counsel to send an email in response to the late served materials, outlining my position on these matters. A copy of the email sent to the Service List is attached as Exhibit "F".

21. It is my intention to sit down with the TPLs as soon as possible, and I am aware that the Monitor is attempting to arrange a meeting with certain TPLs, other stakeholders, and me for early this week to discuss issues relating to the TPLs. If we are unable to resolve the TPL issues, it is my intention to seek a reasonable court ordered timetable to resolve the issues in a timely manner.

### ***Other Matters***

22. On April 24, 2014, Cash Store Financial announced that its common shares will be delisted from the Toronto Stock Exchange ("TSX") effective May 23, 2014 for failure by Cash Store Financial to meet the continued listing requirements of the TSX and, specifically, as a result of the company seeking and obtaining the Initial Order granting creditor protection under the *Companies' Creditors Arrangement Act*. A copy of the press release announcing the delisting is attached as Exhibit "G".

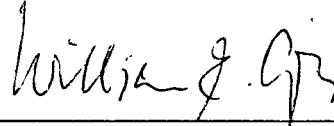
SWORN BEFORE ME at the City of Toronto, in the Province of Ontario this

28<sup>th</sup> day of April, 2014.



COMMISSIONER FOR TAKING AFFIDAVITS

*Kevin Secker*



WILLIAM E. AZIZ

IN THE MATTER OF the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended

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

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., Instalogs Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., 1693926 Alberta Ltd. doing business as "The Title Store"

*Ontario*  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF WILLIAM E. AZIZ

Osler, Hoskin & Harcourt LLP  
1 First Canadian Place  
P.O. Box 50  
Toronto, ON M5X 1B8

Marc Wasserman LSUC#44066M  
Tel: (416) 862-4908

Jeremy Dacks LSUC# 41851R  
Tel: (416) 862-4923  
Fax: (416) 862-6666

**TAB B**

**THIS IS EXHIBIT "B" TO THE AFFIDAVIT  
OF WILLIAM E. AZIZ SWORN BEFORE ME  
ON THIS 12<sup>th</sup> DAY OF JUNE, 2014.**



---

A commissioner for taking Affidavits

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

**SECOND AFFIDAVIT OF WILLIAM E. AZIZ**

(Sworn May 9, 2014)

I, William E. Aziz, of the Town of Oakville, in the Province of Ontario, MAKE  
OATH AND SAY:

***Introduction***

1. This Affidavit is made in support of a motion by The Cash Store Financial Services, Inc. ("Cash Store Financial") and its affiliated companies The Cash Store Inc., TCS - Cash Store Inc., Instalozans Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., and 1693926 Alberta Ltd. doing business as "The Title Store" (collectively "Cash Store" or the "Applicants") for an Order (i) extending the stay of proceedings until June 17, 2014; (ii) authorizing the Applicants to implement a Key Employee Retention Plan (the "KERP") for certain critical staff

and granting a related charge; (iii) approving the cessation of Cash Store's brokered loan business in all jurisdictions in which it is currently carried on, and authorizing the CRO, in consultation with the Monitor, to take all steps to conduct an orderly cessation of such business; (iv) authorizing Cash Store to take all reasonable steps to effect the repayment of outstanding brokered loan receivables; and (v) directing that all amounts received with respect to outstanding brokered loans be held in a segregated account until further Order of this Court, after a determination of the rights of interested parties to such amounts.

2. I am the President of BlueTree Advisors Inc. ("BlueTree"), which has been retained by Cash Store Financial to provide my services as Chief Restructuring Officer ("CRO") to Cash Store. I was retained pursuant to an Engagement Letter dated April 14, 2014.

3. BlueTree was appointed as CRO of the Applicants pursuant to paragraph 23 of the Amended and Restated Initial Order of Justice Morawetz dated April 15, 2014 (the "Initial Order").

4. As Cash Store's CRO, and in accordance with the Initial Order, I have the authority to direct the operations and management of Cash Store and its restructuring, and Cash Store's officers (including its executive management team) report to me. As such, I have personal knowledge of the matters deposed to herein, except where otherwise stated. I have spoken with certain of the directors, officers, advisors and/or employees of Cash Store, as necessary, and where I have relied on information from such discussions, I believe such information to be true.

### ***DIP Facility***

5. As detailed in my affidavit sworn on April 28, 2014 (the "First Aziz Affidavit"),

upon my appointment as CRO, I consulted with FTI Consulting Canada, Inc. (the “Monitor”) and Rothschild Inc. (“Rothschild”) to become fully apprised of the current state of Cash Store’s affairs and to plan the immediate steps necessary to stabilize Cash Store’s liquidity position while it pursues a going concern sale transaction. I promptly engaged with Rothschild and the Monitor to develop a process to solicit bids for a new Debtor-in-Possession loan facility. A copy of the First Aziz Affidavit without Exhibits is attached as Exhibit “A”.

6. On April 24, 2014, an agreement in principle was reached with Coliseum Capital Partners, LP, Coliseum Capital Partners II, LP and Blackwell Partners, LLC (collectively, “Coliseum”), Alta Fundamental Advisers, LLC, (collectively with Coliseum, the “Initial DIP Lenders”) and the *Ad Hoc* Committee of Noteholders (the “Ad Hoc Committee”) to provide jointly funded and governed debtor-in-possession financing (the “Amended DIP Facility”) to the Applicants. Each of these parties had previously provided DIP financing proposals and are two of the Applicants’ most significant stakeholders.

7. On April 25, 2014, Cash Store received a tax refund of approximately \$2.6 million. On May 2, 2014, Cash Store received a further tax refund of approximately \$5.9 million. Pursuant to the mandatory prepayment provisions of the initial Debtor-in-Possession loan facility (the “Initial DIP Facility”) entered into with the Initial DIP Lenders, the \$5.9 million tax refund has been paid to the Initial DIP Lenders as a partial repayment of the Initial DIP Facility. The \$2.6 million tax refund is currently being held in a segregated Cash Store account, subject to only my signature to withdraw funds. This amount will be transferred to the Initial DIP Lenders on May 9, 2014.

8. The Initial DIP Facility provided for borrowings of \$8.5 million. The cash flow projections attached to the affidavit of Steven Carlstrom, sworn April 14, 2014 (the “Carlstrom



Affidavit”), forecasted that Cash Store would need more liquidity than was available under the Initial DIP Facility by May 2, 2014. After the agreement in principle between the Initial DIP Lenders and the Ad Hoc Committee was reached on April 24, 2014 and, in light of the receipt of tax refunds and cash previously being held back by DC Bank, the Applicants, in consultation with the Monitor, determined that they could manage their cash to allow the parties to document the Amended DIP Facility and seek court-approval of same on May 13, 2014. The term sheet for the Amended DIP Facility continued to be negotiated and documented.

9. In the afternoon of May 8, 2014, the President and CEO of DirectCash Payments Inc. (“DCPI”) sent a proposed debtor-in-possession (the “New DIP Facility”) term sheet to me and the Monitor. As stated in the Carlstrom Affidavit, DCPI is a third party service provider to Cash Store with respect to prepaid debit and credit cards. I understand that DCPI is related to DC Bank, which offers bank accounts to Cash Store’s customers and receives and processes the repayment of loans from certain of Cash Store’s customers. In consultation with my legal and financial advisors and the Monitor, I am evaluating the New DIP Facility.

10. The Amended DIP Facility and the New DIP Facility both provide liquidity in an amount that should be sufficient to allow Cash Store to operate during the proposed extended Stay Period. Cash Store will require further DIP financing in order to run a sale process in an effort to maximize enterprise value for stakeholders. Based on current cash flow projections, Cash Store does not require additional DIP financing until at least May 16, 2014. Absent an injection of cash, Cash Store will be forced to shut down its operations, with a significant loss of employment and disruption to those who rely on its services. Cash Store intends to seek approval of additional DIP financing in the near term.

## ***Key Employee Retention Plan***

11. In an effort to preserve enterprise value and ensure the continued participation of certain of Cash Store's key employees in the business and the restructuring, Cash Store is developing a KERP in consultation with the Monitor. The purpose of the KERP is to provide the participants thereunder (the "KERP Participants") with payments as incentives to continue their employment with Cash Store during the CCAA proceeding.

12. The terms and details of the KERP are still being finalized; however, the intention is that Cash Store's key employees in Finance, Human Resources, Marketing, and other aspects of Cash Store's business which require unique skill sets will be KERP Participants. All of the KERP Participants which are being considered either possess specialized expertise with respect to Cash Store's business operations or are critical for a successful restructuring of Cash Store's business, including initiatives taken to date.

13. In light of the insolvency filing made by Cash Store, it is likely that the anticipated KERP Participants will consider other employment options if the proposed KERP is not granted and secured by the KERP Charge (discussed below). Doing so will undoubtedly distract from the restructuring process that is underway. It would be extremely difficult at this stage of the restructuring process to find adequate replacements for these employees.

14. KERP payments for all KERP Participants would be payable upon the completion of a Plan of Arrangement, 30 days after the sale of Cash Store's business, or in respect of an assignment in bankruptcy or the appointment of a receiver by Cash Store. The

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maximum amount of the KERP would not exceed \$400,000. Cash Store is seeking a charge over Cash Store's Property (the "KERP Charge") to secure the amounts that will be payable under the KERP. Such charge would have priority over all other security interests, charges and liens other than the Administration Charge, up to a maximum of \$1.25 million of the Director's Charge, the DIP Priority Charge and the TPL Charge (as defined in the Initial Order).

15. It is my belief that the KERP will provide appropriate incentives for the KERP Participants to remain in their current positions and will also ensure that they are properly compensated for their assistance in the restructuring process.

### ***Stay Extension***

16. The Applicants were granted protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pursuant to the Initial Order. The Initial Order granted, *inter alia*, a stay of proceedings (the "Stay Period") until May 14, 2014, or such later date as this Honourable Court may order.

17. The Applicants have been proceeding in good faith and with due diligence to effect a restructuring under the CCAA, and in particular a going concern sale transaction. In addition to the steps outlined in the First Aziz Affidavit, I have:

- (a) Participated in further negotiations with the Ad Hoc Committee and the Initial DIP Lenders regarding the Amended DIP Facility, including meeting with representatives of these groups to provide an overview of my initial review of the business;
  - (b) Attended additional management meetings in Edmonton;
-

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- (c) Participated in comprehensive discussions regarding Cash Store's business and its cash flows with members of senior management and its financial advisors;
- (d) Worked with Rothschild to develop a sales process for the business;
- (e) Met with the Manitoba regulator to discuss Cash Store's business in Manitoba;
- (f) Instructed the Chief Compliance and Regulatory Officer to contact regulators in Ontario, Nova Scotia, British Columbia, Saskatchewan and Alberta to arrange meetings as soon as possible to discuss the business of the Cash Store in each jurisdiction;
- (g) Participated in in-depth discussions regarding the legal and economic viability of Cash Store's brokered loan business in unregulated jurisdictions with the Chief Compliance and Regulatory Officer, the Monitor, its counsel and my counsel; and
- (h) Consulted with the Monitor to plan the future path of Cash Store's business.

18. On April 29, 2014, Rothschild sent a letter to interested parties requesting non-binding offers for the sale of Cash Store by May 23, 2014. Pursuant to paragraph 11(d) of the Initial Order, the Monitor consented to the extension of the date to receive initial offers from May 15, 2014 to May 23, 2014. The initial sales process letter is attached as Exhibit "B".

19. It is my belief that it is appropriate to extend the stay period to June 17, 2014 and that the Applicants have acted and continue to act in good faith and with due diligence in these CCAA Proceedings. Should one of the potential DIP Facilities be agreed to by the Applicants and ultimately approved by the Court, it is forecast that the Applicants will have sufficient liquidity to continue operations during the proposed stay extension period. To the extent that

one of the DIP Facilities has not been finalized prior to the return date of this motion, the Applicants anticipate seeking a shorter extension of the Stay Period at that time.

20. Extending the Stay Period will allow the Applicants to continue to work toward the sale of the business. An extension of the Stay Period will also allow the Applicants to continue to deal with other matters inherent in the proposed restructuring, all in consultation with the Monitor, with the objective of obtaining the best possible result for a restructuring for the benefit of all stakeholders. It is my understanding that the extension of the Stay Period to June 17, 2014 is supported by the Ad Hoc Committee, the Initial DIP Lenders, and the Monitor.

### ***The Cessation of Cash Store's Brokered Loan Business***

#### **(a) Cash Store's Direct and Brokered Lending Business**

21. As is explained in greater detail in the Carlstrom Affidavit, Cash Store currently operates under two major business models: the direct lending business and the brokered lending business.

22. Cash Store acts as a direct payday lender (as opposed to a broker) in Alberta, British Columbia, Nova Scotia, and Saskatchewan (the "Direct Lending Provinces"). These provinces have payday loan legislation which allows for licensed payday lenders to make loans to customers without being subject to criminal interest rate legislation.

23. In New Brunswick, Newfoundland, Northwest Territories, Prince Edward Island and the Yukon Territory (the "Unregulated Provinces"), where payday loan legislation has not yet been enacted, Cash Store acts as a broker or intermediary on behalf of its customers, with third party lenders ("TPLs") acting as lenders. If a customer's eligibility for a loan is established,

the customer completes the TPL loan documentation and Cash Store makes the advance. Cash Store earns fees on brokered loan transactions.

24. Cash Store previously operated under the brokered loan model in Ontario and currently operates under the brokered loan model in Manitoba. Both of these provinces have enacted payday loan legislation. TPLs provided funds to Cash Store to support the brokered line of credit products offered in these provinces, which are then arranged by Cash Store in exchange for fees. Cash Store has previously taken the position that the brokered line of credit product offered in these provinces was not subject to provincial payday loan regulations.

25. As set out in the Carlstrom Affidavit, on February 12, 2014, the Ontario Superior Court of Justice concluded that Cash Store's basic line of credit product is subject to the *Payday Loans Act (Ontario)* and ordered that Cash Store be prohibited from acting as a loan broker in respect of such products without a broker's licence. Cash Store subsequently appealed this decision. After consultation with Cash Store's Chief Regulatory and Compliance Officer and Cash Store's litigation counsel, I instructed counsel to abandon the appeal of the decision.

26. As of February 12, 2014, the brokered line of credit product was discontinued in Ontario and no lending activity is currently occurring in Ontario due to issues regarding compliance with regulatory requirements (as discussed in detail in the Carlstrom Affidavit). I am advised by the Chief Compliance and Regulatory Officer and believe that the Ontario regulator has taken the position that Cash Store may not actively take steps to request, require or suggest that customers pay amounts owing under the brokered line of credit products until the maturity date of the line of credit. I am advised by the Chief Compliance and Regulatory Officer and believe that the Ontario regulator's statements would apply equally to a TPL or third party collection agency seeking to collect amounts owing under the brokered line of credit

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products. As such, Cash Store's locations in Ontario remain open to receive brokered loan receivables but its ability to collect on Ontario brokered loans has been curtailed.

27. Additionally, new legislation in Manitoba will take effect in late 2014 or early 2015 that will prevent Cash Store from operating its current form of brokered loan business in Manitoba.

28. The chart below sets out the approximate percentage of Cash Store's (i) total revenue in Canada in FY 2013 and (ii) current number of branches in Canada, for Ontario, Manitoba, the Unregulated Provinces, and the Direct Lending Provinces.

<b>Province</b>	<b>Total Revenue as % of Total</b>	<b>Number of Braches as % of Total</b>
Ontario	33%	35%
Manitoba	6%	5%
Unregulated Provinces	7%	6%
Direct Lending Provinces	54%	54%

**(b) Decision to Discontinue Brokered Loan Business**

29. I have determined, in consultation with the Monitor, that it is necessary and appropriate to implement an orderly cessation of the brokered loan business and cease brokering new loans. I consulted extensively with the Chief Regulatory and Compliance Officer, my legal and financial advisors, Cash Store's senior management, and the Monitor in coming to this conclusion.

30. The reasons for discontinuing the brokered loan business include the following:
- (a) Cash Store has stopped offering the brokered loan line of credit in Ontario and Cash Store cannot be compliant with the anticipated Manitoba legislation by year end based on its current operating model in brokered loans. The remaining brokered loan business in Unregulated Provinces will be small (approximately \$110,000 in profit per month before corporate overhead). It remains Cash Store's intention to take steps to attempt to obtain a payday lending license in Ontario and to transition the Manitoba operations from a brokered loan model to a payday lending model. We are discussing this with regulators.
  - (b) Certain of Cash Store's secured creditors have indicated that they do not support Cash Store continuing to make voluntary retention payments to the TPLs.
  - (c) I am advised by my counsel and believe that there is a material risk that the brokered loan model is not legally defensible under the criminal interest rate provisions of the Criminal Code.
  - (d) Continuation of the brokered loan business requires funding. The provider of the substantial majority of the funds being deployed in the provinces where this business is still being conducted, Trimor, is seeking the return of funds invested by it and appears to be unwilling to support the brokered loan business.
  - (e) Cash Store is expending, and will likely need to keep expending, a great deal of management and advisor time and incurring significant costs in dealing with its ability to use the TPL investment to make brokered loans. This time and cost is disproportionate to the future value of the brokered loan business.



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31. On May 6, 2014, communications were made to the Ad Hoc Committee and the Initial DIP Lenders and their counsel that I, in consultation with the Monitor, had determined that Cash Store should immediately cease to make new brokered loans in all jurisdictions. The Ad Hoc Committee and the Initial DIP Lenders through their counsel subsequently advised that they do not oppose this decision.

32. On May 8, 2014, the Monitor and I discussed the cessation of the brokered loan business with Cash Store's CEO. I instructed the CEO to prepare plans for the immediate cessation of the brokered lending business of Cash Store in all jurisdictions where it is currently carried on by Cash Store.

33. Under my direction, and in consultation with the Monitor, Cash Store will begin to implement an orderly cessation of the brokered loan business and cease offering new brokered loans.

**(c) Funds Received from Brokered Loans will be Segregated**

34. As a result of discussions that I or my advisors have had with the Ad Hoc Committee, the Initial DIP Lenders, Trimor, McCann (defined below) and others or their advisors, I understand that many parties may assert legal entitlements, including proprietary entitlements, to the outstanding brokered loans and any amounts received with respect to these brokered loans. I have read Trimor's Notice of Motion dated May 5, 2014 and understand that Trimor wishes to transfer the administration of its loan portfolio to another service provider. I have also read the notice of motion of 0678786 B.C. Ltd. (formerly the McCann Family Holding Corporation) ("McCann"), dated May 7, 2014, which also seeks this relief. However,

pursuant to section 6.4(b) of Trimor and McCann's Broker Agreements (Exhibits "G" and "H" to the Carlstrom Affidavit), Cash Store is only required to effect such a transfer upon the end of the Term of the Broker Agreement.

35. Furthermore, I am advised by Rothschild and believe that the Cash Store customer list is a valuable asset of Cash Store and that allowing a TPL to transfer the administration of its loan portfolio would erode the value of Cash Store's saleable assets. As CRO, it is my belief that allowing a TPL to transfer the administration of its loan portfolio to another service provider could materially impair the potential value of a going concern transaction to Cash Store and could cause material prejudice to Cash Store and its stakeholders.

36. Given the above considerations, it is intended that Cash Store will continue to receive payments from customers of the principal and interest as outstanding brokered loans come due in Manitoba and the Unregulated Provinces. In Ontario, Cash Store's operations will continue and the company will continue to receive any payments made by customers of the principal on outstanding brokered loans. However, Cash Store will not make any active efforts to collect brokered loans in Ontario until after they mature in order to comply with the Ontario Regulator's position on this issue. In Manitoba and the Unregulated Provinces, it is proposed that Cash Store will take reasonable steps to collect all brokered loans as they come due and past due brokered loans.

37. It is proposed that Cash Store will deposit all funds received from brokered loan receivables in a segregated Cash Store bank account. Cash Store will not use these funds for any purpose, but will maintain them in this separate account until various stakeholders' legal entitlement to these funds is determined upon further Order of the Court. This process would be undertaken under the continued supervision of myself and the Monitor.

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38. As Cash Store is not a registered collections agency, it was previously Cash Store's practice to purchase brokered loans (in a non-cash transaction) that were past due from TPLs in order to be able to collect outstanding amounts in Ontario and Manitoba. It is proposed that Cash Store be authorized, under my supervision and the supervision of the Monitor, to take all reasonable steps to effect the receipt of outstanding brokered loan receivables in a manner that preserves, to the extent possible, the value of the receivables and the goodwill of the business. In addition, allowing Trimor or McCann to appoint an agent to collect its receivables would pre-determine the ultimate dispute between the company's stakeholders as to who is entitled to receive the receivables generated from the brokered loans. It is my view as CRO that Cash Store must be allowed to continue to receive the brokered loans and to then segregate them pending the ultimate determination of rights by the Court. As Cash Store is in the process of implementing an orderly cessation of its brokered loan business, none of the TPL Funds will be used to broker new loans or for any other purpose.

(d) **Cost of Collection**

39. Cash Store continues to incur costs to run branches in Ontario for the sole purpose of receiving amounts in respect of outstanding brokered loans. It will also incur similar costs in Manitoba (during the anticipated transition period to a payday lending business) and in the Unregulated Provinces without the benefit of obtaining revenue from additional brokered loans.

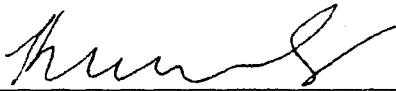
40. I am advised by Cash Store's financial advisor and I believe that the below chart sets out the total branch expenses for the brokered loan provinces (Ontario, Manitoba, and the Unregulated Provinces) for the months of March and April 2014.

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	March 2014	April 2014
Salaries & Benefits	\$ 1,794,492	\$ 1,165,779
Selling, General & Administrative	\$ 784,914	\$ 784,914
Rent	\$ 634,123	\$ 634,123
Depreciation of Assets	\$ 252,437	\$ 252,437
<b>Total Branch Expenses</b>	<b>\$ 3,465,965</b>	<b>\$ 2,837,252</b>

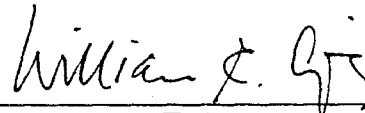
41. The decrease in branch expenses from March to April is due to the temporary layoff of approximately 250 Ontario employees. The above branch expenses do not include any indirect costs such as salary or overhead costs for regional managers. They also do not include regional selling, general, and administrative ("SG&A") costs as well as any corporate overhead costs.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario this 9<sup>th</sup> day of May, 2014.



COMMISSIONER FOR TAKING AFFIDAVITS


*Karen Sachar*



WILLIAM E. AZIZ

**TAB C**

**THIS IS EXHIBIT "C" TO THE AFFIDAVIT  
OF WILLIAM E. AZIZ SWORN BEFORE ME  
ON THIS <sup>12<sup>th</sup></sup> DAY OF JUNE, 2014.**



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A commissioner for taking Affidavits

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

**AFFIDAVIT OF WILLIAM E. AZIZ**

(Sworn May 15, 2014)

I, William E. Aziz, of the Town of Oakville, in the Province of Ontario, MAKE  
OATH AND SAY:

***Introduction***

1. This Affidavit is made in support of a motion by The Cash Store Financial Services, Inc. ("Cash Store Financial") and its affiliated companies The Cash Store Inc., TCS - Cash Store Inc., Instaloans Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., and 1693926 Alberta Ltd. doing business as "The Title Store" (collectively "Cash Store" or the "Applicants") for an Order (i) approving an amended and restated debtor-in-possession term sheet entered into with Coliseum Capital Partners, LP, Coliseum Capital Partners II, LP and Blackwell Partners,

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LLC (collectively, “Coliseum”), Alta Fundamental Advisers, LLC, (collectively with Coliseum, the “Initial DIP Lenders”) and certain members of the *ad hoc* committee of holders of Applicants’ 11 ½% senior secured notes (the “Ad Hoc Committee”) (such facility, the “Amended DIP Facility”); and (ii) extending the stay of proceedings until June 17, 2014.

2. I am the President of BlueTree Advisors Inc. (“BlueTree”), which has been retained by Cash Store Financial to provide my services as Chief Restructuring Officer (“CRO”) to Cash Store. I was retained pursuant to an Engagement Letter dated April 14, 2014.

3. BlueTree was appointed as CRO of the Applicants pursuant to paragraph 23 of the Amended and Restated Initial Order of Justice Morawetz dated April 15, 2014 (the “Initial Order”).

4. As Cash Store’s CRO, and in accordance with the Initial Order, I have the authority to direct the operations and management of Cash Store and its restructuring, and Cash Store’s officers (including its executive management team) report to me. As such, I have personal knowledge of the matters deposed to herein, except where otherwise stated. I have spoken with certain of the directors, officers, advisors and/or employees of Cash Store, as necessary, and where I have relied on information from such discussions, I believe such information to be true.

### ***Cash Store Requires a Further DIP Facility***

5. As detailed in my affidavits sworn on April 28, 2014 (the “First Aziz Affidavit”) and on May 9, 2014 (the “Second Aziz Affidavit”), upon my appointment as CRO, I consulted with FTI Consulting Canada, Inc. (the “Monitor”) and Rothschild Inc. (“Rothschild”) to become fully apprised of the current state of Cash Store’s affairs and to plan the immediate steps



necessary to stabilize Cash Store's liquidity position as part of these proceedings. I promptly engaged with Rothschild and the Monitor to develop a process to solicit bids for a new debtor-in-possession ("DIP") loan facility. A copy of the First Aziz Affidavit without Exhibits is attached as Exhibit "A". A copy of the Second Aziz Affidavit without Exhibits is attached as Exhibit "B".

(a) **Overview of the DIP Facility Negotiations**

6. On April 24, 2014, an agreement in principle was reached with the Ad Hoc Committee and the Initial DIP Lenders to provide jointly funded and governed DIP financing to the Applicants. Each of these parties had previously provided DIP financing proposals and are two of the Applicants' most significant stakeholder groups. The Amended DIP Facility agreement has since been negotiated and documented and will be substantially in the form of the amended and restated term sheet attached as Exhibit "C" (the "Amended and Restated Term Sheet").

7. On April 25, 2014, Cash Store received a tax refund of approximately \$2.6 million. On May 2, 2014, Cash Store received a further tax refund of approximately \$5.9 million. Pursuant to the mandatory repayment provisions of the initial DIP loan facility (the "Initial DIP Facility") entered into with the Initial DIP Lenders, both the \$5.9 million and the \$2.6 million tax refunds have been paid to the Initial DIP Lenders to satisfy fees, interest and principal of the Initial DIP Facility.

8. With respect to the cash needs of the Applicants, the Initial DIP Facility provided for borrowings of \$8.5 million. The cash flow projections attached to the affidavit of Steven Carlstrom, sworn April 14, 2014 (the "Carlstrom Affidavit"), forecast that Cash Store would need more liquidity than was available under the Initial DIP Facility by May 2, 2014. After the

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agreement in principle between the Initial DIP Lenders and the Ad Hoc Committee was reached on April 24, 2014 and, in light of the receipt of tax refunds and the receipt of cash from pre-authorized debits previously being held back by DC Bank, the Applicants, in consultation with the Monitor, determined that they could manage their cash to allow additional time for the parties to document the Amended DIP Facility and seek court-approval of same on May 13, 2014. The term sheet for the Amended DIP Facility continued to be negotiated and documented.

9. In the afternoon of May 8, 2014, the President and CEO of DirectCash Payments Inc. ("DCPI") sent a proposed DIP loan term sheet (the "DCPI DIP Facility") to the Monitor and me. As stated in the Carlstrom Affidavit, DCPI is a third party service provider to Cash Store with respect to prepaid debit and credit cards.

10. On May 8, 2014, I informed the Initial DIP Lenders and the Ad Hoc Committee that Cash Store had received a competing financing proposal and that I was evaluating it in consultation with my legal and financial advisors and the Monitor.

11. Over the following days, my legal and financial advisors and I, in consultation with the Monitor, engaged in negotiations with both DCPI, the Initial DIP Lenders and the Ad Hoc Committee regarding their respective financing proposals.

12. As negotiations on these proposals were not complete prior to the court hearing in this matter held on May 13, 2014, the Applicants sought and were granted an extension of the stay of proceedings until May 16, 2014, and the Court set 2:15 p.m. on May 16, 2014 for a hearing to consider the Applicants' request for additional DIP financing and a further extension of the stay of proceedings.

13. On the morning of May 14, 2014, the Applicants' financial advisor sent email

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correspondence to the CEO of DCPI and the financial advisors to the Ad Hoc Committee and the Initial DIP Lenders requesting final and best offers by the close of business on May 14, 2014. The emails outlined certain principles that the Monitor and I would use when assessing offers (in addition to the factors to be considered by the Court that are set out in the CCAA).

14. On May 14, 2014, the Monitor and I met with the CEO of DCPI to discuss the DCPI DIP Facility. In addition, on May 14, 2014, I spoke to a representative of Coliseum and counsel to the Initial DIP Lenders and the Ad Hoc Committee. A copy of the emails sent on May 14, 2014 are attached as Exhibits “D” and “E”.

15. In the early morning of May 15, 2014, the Initial DIP Lenders and the Ad Hoc Committee provided a further amended term sheet that formed the basis of the Amended DIP Facility. Also in the early morning of May 15, 2014, DCPI advised that it was rescinding its offer to provide the DCPI DIP Facility.

**(b) Summary of the Amended DIP Facility**

16. The Amended DIP Facility provides \$6.0 million of additional funding to Cash Store (which, together with the \$8.5 million already advanced, and subsequently repaid, under the Initial DIP Facility, aggregate \$14.5 million of DIP financing made available to the Applicants). It also provides for an additional \$2 million if the Extension Option (as defined in the Amended and Restated Term Sheet) is exercised by Cash Store and accepted by the Amended DIP Facility lenders willing to fund such extension for total potential funding of \$16.5 million. The Amended DIP Facility facilitates Cash Store’s maintenance of a \$3.0 million cash balance, in accordance with the Additional TPL Protection Order of Justice Morawetz dated April 30, 2014 (the “TPL Protection Order”). The Amended DIP Facility is guaranteed by the same entities that guaranteed the Initial DIP Facility.

17. Cash Store has agreed to pay the Amended DIP Facility lenders:
- (a) For the first \$8.5 million borrowed (which was prepaid prior to the date of the Amended DIP Facility), interest of 12.5% per year, payable monthly in arrears all of which is to be capitalised (not paid in cash) and added to the outstanding principal balance of the loan to become due and payable on the date of the first advance under the Amended DIP Facility;
  - (b) For amounts loaned in excess of \$8.5 million (including any capitalised interest), interest of 17.5% per year payable monthly in arrears all of which is to be capitalised (not paid in cash) and added to the outstanding principal balance of the loan to become due and payable on the maturity date;
  - (c) Default interest of 2% per year (compounded monthly and payable on demand) in addition to the applicable rate of interest if the DIP Obligations (as defined in the Amended and Restated Term Sheet) are not repaid when due;
  - (d) DIP financing fee of 5% of \$6.0 million (or of \$8.0 million if the Extension Option is exercised and funded) (this is in addition to the initial DIP financing fee of 3.5% of the initial \$8.5 million advanced that has already been fully paid under the Initial DIP Facility);
  - (e) Exit amount payable to the lenders under the Amended DIP Facility who are also Noteholders (as defined the Carlstrom Affidavit) equal to 15% of an amount (not to exceed \$40.0 million) that consists of the difference between (i) any money available for distribution to stakeholders and (ii) the sum of \$20.5 million and any amounts paid in respect of the first lien Credit Agreement (as defined in the

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Carlstrom Affidavit), minus any tax refunds paid to the Initial DIP Lenders since April 11, 2014. There shall be no exit amount payable if the Senior Secured Notes are paid in full in cash; and

- (f) \$350,000 to Moelis & Company for services rendered as the financial advisors to the Initial DIP Lenders in connection with the Initial DIP Facility, payable from the first DIP advance under the Amended DIP Facility.

18. It is a condition precedent to the availability of the Amended DIP Facility that the order sought to approve the Amended DIP Facility be in form and substance satisfactory to the Amended DIP Facility lenders, including in respect of a confirmation that the DIP Priority Charge (as defined in the Initial Order) secures the advances under the Amended DIP Facility. The Amended DIP Facility is also provided on the condition that there be no Events of Default or Material Adverse Changes (as defined in the Amended and Restated Term Sheet). The maturity date of the Amended DIP Facility is the earlier of (i) 180 days from the granting of the Initial Order, (ii) the date an Approved Transaction is consummated, (iii) the date a demand for payment is made following an Event of Default, or (iv) the date on which the stay of proceedings pursuant to the Initial Order expires without being extended or on which the CCAA proceedings are terminated.

19. The Amended DIP Facility is proposed to be secured by and have the same priority as the DIP Priority Charge granted pursuant to the Initial Order, which will secure all post-filing advances. Pursuant to the TPL Protection Order, the Property (as defined in the Initial Order) does not include any new TPL Brokered Loans (as defined in the Initial Order) and proceeds therefrom.

20. The DIP Priority Charge is to have priority over all other security interests,

charges and liens other than:

- (a) the Administration Charge (as defined in the Initial Order);
- (b) the Director's Charge (up to a maximum of \$1.25 million) (as defined in the Initial Order);
- (c) pre-filing purchase money security interests; and
- (d) amounts that are subject to a super priority claim under the *Bankruptcy and Insolvency Act (Canada)*.

21. The DIP Priority Charge will not secure any obligation that existed before the Initial Order was made and continues to be *pari passu* with the TPL Charge provided for in the Initial Order. The Amended DIP Facility also provide that the DIP Priority Charge will rank *pari passu* with the KERP Charge. Pursuant to the TPL Protection Order, the DIP Priority Charge will not apply to the Post-Filing McCann Receipts or the Post-Filing Trimor Receipts (as defined in the TPL Protection Order) without a further Order of the Court.

22. The Amended DIP Facility permits the payment of a certain amount for critical vendor payments, which have been incorporated into the current cash flows. The Amended DIP Facility requires that all tax refunds be held in trust for the Amended DIP Facility lenders and repaid as mandatory prepayments of the Amended DIP Facility.

**(c) Need for further DIP Financing**

23. Cash Store requires further DIP financing in order to run a sale process in an effort to maximize enterprise value for stakeholders. I am advised by Rothschild and I believe that the Amended DIP Facility will provide sufficient liquidity to continue (subject to Court

approval) a sales process that will allow for a determination of available alternatives to the Applicants, including whether funding will continue to be available to allow the process to continue to the completion of a sale transaction.

24. The Amended DIP Facility is critical, as it is projected (if the Extension Option is exercised and funded) to provide Cash Store with the minimum necessary liquidity to operate as a going concern during the projected stay extension period and to continue a sale process to seek a value maximizing going concern outcome. Absent an immediate injection of cash, Cash Store will be unable to meet immediate payroll and other expenses and will be forced to shut down its operations, with a significant loss of employment and disruption to those who rely on its services.

### ***Stay Extension***

25. The Initial Order granted, *inter alia*, a stay of proceedings until May 14, 2014 (the “Stay Period”), or such later date as this Honourable Court may order.

26. The Stay Period was extended to May 16, 2014 pursuant to the Order of Regional Senior Justice Morawetz dated May 13, 2014.

27. For the reasons set out the Second Aziz Affidavit and herein, the Applicants continue to act in good faith and with due diligence in these CCAA Proceedings. The Applicants propose an extension of the Stay Period until June 17, 2014.

28. Should the Amended DIP Facility be approved by the Court, it is projected (if the Extension Option is exercised and funded) to provide the Applicants with sufficient liquidity to operate during the proposed extended Stay Period. Extending the Stay Period will allow the

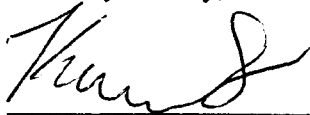
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Applicants to continue to work towards the sale of the business. An extension of the Stay Period will also allow the Applicants to continue to deal with other matters inherent in the proposed restructuring, all in consultation with the Monitor, with the objective of obtaining the best possible result for a restructuring for the benefit of all stakeholders. It is my understanding that the extension of the Stay Period to June 17, 2014 is supported by the Ad Hoc Committee, the Initial DIP Lenders, and the Monitor.

### **Other Matters**

29. On May 12, 2014, I received a letter from the Director, Consumer Protection Office (the "Manitoba Regulator") wherein the Manitoba Regulator expressed its opinion that Cash Store's brokered line of credit product offered in Manitoba is in breach of the maximum interest rate allowed under *The Criminal Code*. The letter of the Manitoba Regulator dated May 12, 2014 was provided to counsel in attendance at the May 13, 2014 court hearing and is attached as Exhibit "F".

SWORN BEFORE ME at the City of  
Toronto, in the Province of Ontario this  
15<sup>th</sup> day of May, 2014.



COMMISSIONER FOR TAKING AFFIDAVITS

*Karim Seckar*



WILLIAM E. AZIZ



**IN THE MATTER OF the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended**

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

**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., Instalcons Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., 1693926 Alberta Ltd. doing business as "The Title Store"**

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**THIRD AFFIDAVIT OF WILLIAM E. AZIZ**

Osler, Hoskin & Harcourt LLP  
1 First Canadian Place  
P.O. Box 50  
Toronto, ON M5X 1B8

Marc Wasserman LSUC#44066M  
Tel: (416) 862-4908

Jeremy Dacks LSUC# 41851R  
Tel: (416) 862-4923  
Fax: (416) 862-6666

Counsel for the Chief Restructuring Officer of the Applicants

**TAB D**

**THIS IS EXHIBIT "D" TO THE AFFIDAVIT  
OF WILLIAM E. AZIZ SWORN BEFORE ME  
ON THIS 12<sup>th</sup> DAY OF JUNE, 2014.**



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A commissioner for taking Affidavits



## **NEWS RELEASE**

May 22, 2014

### **Cash Store Financial Announces Executive Leadership Changes**

**EDMONTON, May 22, 2014**, The Cash Store Financial Services Inc. (“Cash Store Financial” or the “Company”) (TSX: CSF) announced today that it has made a number of executive leadership changes as part of its reorganization efforts pursuant to the proceedings under the *Companies’ Creditors Arrangement Act* (“CCAA”). Effective immediately, the following individuals are no longer with the Company:

- Gordon Reykdal – Chief Executive Officer
- Kevin Paetz – Chief Operating Officer and President
- Halldor Kristjansson – Senior Executive Vice President, Banking and Credit
- Barret Reykdal – Senior Vice President, Retail Financial Services
- Michael Thompson – Senior Vice President, Corporate Affairs

In addition, the Company has terminated its services agreements with Bill Johnson and Dean Ozanne.

Over the course of the next week, the Chief Restructuring Officer, William Aziz, will be working with members of the Cash Store Financial management team to implement a revised leadership structure.

Further details regarding the Company’s CCAA proceedings are available on the Monitor’s website at <http://cfcanada.fticonsulting.com/cashstorefinancial/>.

#### **About Cash Store Financial**

Cash Store Financial operates 506 branches across Canada under the banners “Cash Store Financial” and “Instaloans”. Cash Store Financial also operates 27 branches in the United Kingdom.

Cash Store Financial and Instaloans primarily act as lenders to facilitate short-term advances and provide other financial services to income-earning consumers who may not be able to obtain them from traditional banks. Cash Store Financial also provides private-label debit cards.

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.

**For further information, please contact:**


William Aziz, Chief Restructuring Officer, at [baziz@bluetreeadvisors.com](mailto:baziz@bluetreeadvisors.com)

**Forward Looking Statements:**

*This news release contains certain forward-looking statements about the objectives, strategies, financial conditions, results of operations and businesses of Cash Store Financial. Statements that are not historical facts are forward-looking and are subject to important risks, uncertainties and assumptions. These statements are based on our current expectations about our business, and upon various estimates and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events if known or unknown risks, trends or uncertainties affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that the circumstances described in any forward-looking statement will materialize. Significant and reasonably foreseeable factors that could cause our results to differ materially from our current expectations, include, but are not limited to, any decision of the Ontario Superior Court of Justice in the CCAA proceedings that is adverse to Cash Store Financial, the inability of Cash Store Financial to fulfill the conditions to funding under any DIP financing agreement to be entered into by Cash Store Financial, and other factors that could affect Cash Store Financial's ability to continue its operations during the CCAA proceeding, including the factors that are discussed in the section entitled "Risk Factors" contained in our Annual Information Form for the year ended September 30, 2013 dated December 11, 2013 filed by The Cash Store Financial with the Canadian securities commissions (available on SEDAR at [www.sedar.com](http://www.sedar.com)), as updated in our most recent Management's Discussion and Analysis for the three months ended December 31, 2013. Unless required by law, we disclaim any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.*

# TAB E

**THIS IS EXHIBIT "E" TO THE AFFIDAVIT  
OF WILLIAM E. AZIZ SWORN BEFORE ME  
ON THIS 12<sup>th</sup> DAY OF JUNE, 2014.**



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A commissioner for taking Affidavits

## SCHEDULE “A”

### THE SALE PROCESS

#### Defined Terms

1. All capitalized terms used but not otherwise defined herein have the meaning given to them in the Amended and Restated Initial Order of the Ontario Superior Court of Justice (the “**Court**”) dated April 15, 2014 (the “**Initial Order**”) in respect of the Applicants’ proceedings commenced under the Companies’ Creditors Arrangement Act (the “**CCAA**”).

#### Sale Process

2. The Sale Process set forth herein describes, among other things, (i) the Applicants’ Property available for sale, (ii) the manner in which prospective bidders may gain access to or continue to have access to due diligence materials, (iii) the manner in which bidders and bids become Qualified Bidders (as defined below) and Qualified Bids (as defined below), respectively, (iv) the receipt and negotiations of bids received, (v) the ultimate selection of a Successful Bidder (as defined below) and (vi) the Court’s approval thereof.
3. The CRO and Rothschild, with the assistance and support of the Monitor (who will also monitor the process), and in consultation with Houlihan Lokey Capital, Inc. (“**Houlihan**”), will conduct the Sale Process whereby prospective purchasers will have the opportunity to submit a bid for the Applicants’ Property.
4. Prospective bidders that have executed a non-disclosure agreement will be provided with an opportunity to review financial and other information in the Applicants’ online data room and will also be provided with an opportunity to meet with the CRO, senior management of the Applicants and Rothschild, and with such other parties as the CRO or Rothschild may arrange.
5. The sale of the Applicants’ Property will be made on an “as is, where is” basis without surviving representations or warranties of any kind, nature, or description by the Applicants, the CRO, Rothschild or the Monitor, except to the extent set forth in the definitive sale agreement with a Successful Bidder.

#### Bidding Procedures

6. The bidding procedures are as follows (the “**Bidding Procedures**”):
  - (a) all bids for purchase of all or any portion of the Property or another transaction in respect of the Applicants or the Property must be submitted in writing to Rothschild and the Monitor and received by them before 5:00 pm (Toronto time) on July 11, 2014 (the “**Bid Deadline**”), which Bid Deadline may be extended by the CRO, in consultation with Rothschild and Houlihan, and with the consent of the Monitor;

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- (b) each potential bidder must submit, before the Bid Deadline, a bid including the identification of the bidder, evidence of corporate authority and proof of its financial ability to perform to the satisfaction of the CRO and the Monitor (in consultation with Rothschild and Houlihan);
- (c) a bid should, among other things,
  - (i) be submitted by a bidder who has been invited to participate in the process by Rothschild or the CRO prior to the date hereof or who is invited to participate in the process by Rothschild or the CRO, in consultation with the Monitor and Houlihan, after the date hereof, and
  - (ii) be in the form of a binding offer capable of acceptance by the CRO on behalf of the Applicants, irrevocable until one business day after closing of the Successful Bid (as defined below), and must be accompanied by:
    - (1) In the case of a purchase, (A) a duly authorized and executed purchase agreement based on the form of purchase agreement to be provided to bidders as part of the Sale Process (the “**Form of APA**”), (B) all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto, (C) a mark-up of the Form of APA showing amendments and modifications made thereto, and (D) a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Monitor) or such other form of deposit as is acceptable to the Monitor, payable to the order of the Monitor, in trust (the “**Deposit**”), in an amount equal to 10% of the purchase price contemplated therein, or
    - (2) in the case of any bid for the acquisition of the Applicant’s business that is not a purchase of the Applicant’s Property, (A) such duly authorized and executed documents as the CRO and the Monitor, in consultation with Rothschild and Houlihan, may accept, including all exhibits and schedules thereto, and (B) a Deposit acceptable to the CRO and the Monitor, in consultation with Rothschild and Houlihan

(each bid submitted in accordance with these Bidding Procedures a “**Qualified Bid**” and each such bidder a “**Qualified Bidder**”).

### Qualified Bids

7. A bid will be considered a Qualified Bid only if (i) it is submitted by a Qualified Bidder on or before the Bid Deadline, and (ii) the bid complies with, among other things, the following requirements:
  - (a) it includes a letter stating that the bidder’s offer is irrevocable until the business day after the closing of the Successful Bid;

- (b) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow Rothschild, the CRO and the Monitor, in consultation with Houlihan, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by its bid;
- (c) it includes a reasonably detailed listing and description of the Property to be included in the sale;
- (d) it includes details of the proposed number of employees of the Applicants who will become employees of the bidder and provisions setting out the terms and conditions of employment for continuing employees;
- (e) it includes details of any liabilities to be assumed by the Qualified Bidder;
- (f) it is not conditional upon, among other things:
  - (i) the outcome of unperformed due diligence by the Qualified Bidder; or
  - (ii) obtaining financing;
- (g) it fully discloses the identity of each person or entity that will be sponsoring or participating in the bid, and the complete terms of such participation;
- (h) it includes evidence, in form and substance satisfactory to Rothschild and the CRO, in consultation with the Monitor and Houlihan, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (i) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;
- (j) it identifies with particularity the contracts and leases the bidder wishes to acquire, contains full details of the bidder's proposal for the treatment of related cure costs (and provides adequate assurance of future performance thereunder); and it identifies with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing;
- (k) it provides a timeline to closing with critical milestones;
- (l) it contains other information reasonably requested by Rothschild, the CRO or the Monitor; and
- (m) it includes the following: an acknowledgement and representation that the bidder:
  - (a) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and
  - (b) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever,

whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement.

8. Rothschild and the CRO, with the consent of the Monitor and in consultation with Houlihan, may (i) waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids or (ii) aggregate separate bids to create one “Qualified Bid” from one or more “Qualified Bidders”.

### **Post-Bidding Procedures**

9. If one or more Qualified Bids are received in accordance with the Bidding Procedures, Rothschild and the CRO, with the consent of the Monitor and in consultation with Houlihan, may choose to:
- (a) accept one Qualified Bid (the “**Successful Bid**” and the Qualified Bidder making the Successful Bid being the “**Successful Bidder**”) and take such steps as are necessary to finalize and complete an agreement for the Successful Bid with the selected bidder; or
  - (b) continue negotiations with a selected number of Qualified Bidders (collectively, “**Selected Bidders**”) with a view to finalizing an agreement with one of the Selected Bidders such that such Selected Bidder becomes the Successful Bidder.
10. Evaluation criteria for the Successful Bid may include, but are not limited to such items as:
- (a) the purchase price and net value (including all assumed liabilities and other obligations to be performed by the bidder);
  - (b) the firm, irrevocable commitment for financing the transaction or other evidence of ability to consummate the proposed transaction;
  - (c) the claims likely to be created by such bid in relation to other bids;
  - (d) the counterparties to the transaction;
  - (e) the terms of the transaction documents;
  - (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals and other conditions required to close the transaction);
  - (g) planned treatment of stakeholders;
  - (h) the assets included or excluded from the bid;
  - (i) the proposed treatment of the employees, including any employees currently on temporary layoff;

- (j) any transition services required from the Applicants post-closing and any related restructuring costs; and
  - (k) the likelihood and timing of the consummation of the transaction.
11. Rothschild and the CRO shall be under no obligation to accept the highest or any other offer, and the selection of the Selected Bids and the Successful Bid shall be in the discretion of Rothschild and the CRO, in consultation with Houlihan and subject to the consent of the Monitor. Rothschild and the CRO shall have no obligation to select a Successful Bid and reserves the right, in consultation with Houlihan and subject to the consent of the Monitor, to reject any or all Qualified Bids.

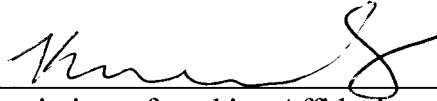
### Other Terms

12. All Deposits will be retained by the Monitor and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved by the Court will be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder will be returned to such bidders within 10 business days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, subject to the following paragraph, all Deposits (plus applicable interest) will be returned to the bidders within 10 business days of the date upon which the Sale Process is terminated.
13. If a Successful Bidder breaches its obligations under the terms of the Sale Process, its Deposit shall be forfeited as liquidated damages and not as a penalty.
14. The CRO will apply to the Court (the “**Approval Motion**”) for an order approving the Successful Bid and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid or for an order approving such alternative process as the CRO, in consultation with Rothschild and Houlihan, and with the consent of the Monitor, deem appropriate in the circumstances.
15. The Approval Motion will be held on a date to be scheduled by the Court upon application by the CRO. The Approval Motion may be adjourned or rescheduled by the CRO or the Monitor without further notice by an announcement of the adjourned date at the Approval Motion or by notice to the Service List maintained by the Monitor.
16. All Qualified Bids (other than the Successful Bid) will be deemed rejected one business day after the closing of the Successful Bid by the Court.
17. For the avoidance of doubt, (i) the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid and (ii) in the event that a Successful Bid is not obtained, nothing in this Sale Process or in any Order prejudices the rights of secured creditors of the Applicants to credit bid for any assets of the Applicants subject to any such secured creditors’ security interests.

18. There will be no amendments to this Sale Process without the consent of the CRO, the Monitor and Houlihan, or in the absence of such consent, the approval of the Court.
19. This Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants, the CRO and any bidder, other than as specifically set forth in a definitive agreement that any such bidder may enter into with the Applicants. At any time during the Sale Process, the Monitor may, upon reasonable prior notice to the CRO, the DIP Lenders and the Ad Hoc Committee, apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

**TAB F**

**THIS IS EXHIBIT "F" TO THE AFFIDAVIT  
OF WILLIAM E. AZIZ SWORN BEFORE ME  
ON THIS 12<sup>th</sup> DAY OF JUNE, 2014.**



---

A commissioner for taking Affidavits



## NEWS RELEASE

May 31, 2014

### **Cash Store Financial Announces Cease Trade Order Issued by Alberta Securities Commission**

**EDMONTON, May 31, 2014** - The Cash Store Financial Services Inc. ("Cash Store Financial" or the "Company") announced today that a Cease Trade Order (the "Cease Trade Order") was issued on May 30, 2014 by the Alberta Securities Commission due to the Company failing to file interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings for the period ended March 31, 2014, (collectively, the "Continuous Disclosure Documents") pursuant to section 146 of the *Securities Act* (Alberta). Per the terms of the Cease Trade Order, all trading in the Company's securities has ceased.

As the Company announced on May 16, 2014, its inability to file these materials is attributable to the circumstances of the Company's ongoing court-supervised restructuring process under the *Companies' Creditors Arrangement Act* ("CCAA"). Cash Store Financial intends to file the Continuous Disclosure Documents as soon as is commercially reasonable, or as requested by the Court, and is committed to completing the restructuring process as quickly and efficiently as is possible.

The Company remains open for business with its branches operating. Further details regarding the Company's CCAA proceedings are available on the Monitor's website at <http://cfcanada.fticonsulting.com/cashstorefinancial/>.

#### **About Cash Store Financial**

Cash Store Financial operates 506 branches across Canada under the banners "Cash Store Financial" and "Instaloans". Cash Store Financial also operates 27 branches in the United Kingdom.

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.

**For further information:**

William Aziz  
Chief Restructuring Officer  
baziz@bluetreadvisors.com

Media:

Joel Shaffer  
Longview Communications  
416-649-8006

**Forward Looking Statements:**

This news release contains certain forward-looking statements about the objectives, strategies, financial conditions, results of operations and businesses of Cash Store Financial. Statements that are not historical facts are forward-looking and are subject to important risks, uncertainties and assumptions. These statements are based on our current expectations about our business, and upon various estimates and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events if known or unknown risks, trends or uncertainties affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that the circumstances described in any forward-looking statement will materialize. Significant and reasonably foreseeable factors that could cause our results to differ materially from our current expectations, include, but are not limited to, any decision of the Ontario Superior Court of Justice in the CCAA proceedings that is adverse to Cash Store Financial, the inability of Cash Store Financial to fulfill the conditions to funding under any DIP financing agreement to be entered into by Cash Store Financial, and other factors that could affect Cash Store Financial's ability to continue its operations during the CCAA proceeding, including the factors that are discussed in the section entitled "Risk Factors" contained in our Annual Information Form for the year ended September 30, 2013 dated December 11, 2013 filed by The Cash Store Financial with the Canadian securities commissions (available on SEDAR at [www.sedar.com](http://www.sedar.com)), as updated in our most recent Management's Discussion and Analysis for the three months ended December 31, 2013. Unless required by law, we disclaim any intention or obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

**IN THE MATTER OF the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended**

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

**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., Instalogs Inc., 7252331 Canada Inc., 5515433 Manitoba Inc., 1693926 Alberta Ltd. doing business as "The Title Store"**

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**AFFIDAVIT OF WILLIAM E. AZIZ**

Osler, Hoskin & Harcourt LLP  
1 First Canadian Place  
P.O. Box 50  
Toronto, ON M5X 1B8

Marc Wasserman LSUC#44066M  
Tel: (416) 862-4908

Jeremy Dacks LSUC# 41851R  
Tel: (416) 862-4923  
Fax: (416) 862-6666

Counsel for the Chief Restructuring Officer

**TAB 3**

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE REGIONAL	)	MONDAY, THE 16 <sup>TH</sup>
	)	
SENIOR JUSTICE MORAWETZ	)	DAY OF JUNE, 2014

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

**ORDER**

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of William E. Aziz sworn June 12, 2014 and the Exhibits thereto (the "**Fourth Aziz Affidavit**") and the Sixth Report and the Seventh Report of FTI Consulting Canada Inc. in its capacity as Monitor (the "**Monitor**"), and on hearing the submissions of counsel for the Chief Restructuring Officer (the "**CRO**"), the DIP Lenders, the Monitor, the Ad Hoc Committee, and such other counsel present, no other person appearing although duly served as appears from the affidavit of service of Karin Sachar sworn June 12, 2014,

Draft

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS that the Fourth Report of the Monitor dated May 15, 2014 the Fifth Report of the Monitor dated June 2, 2014, the Sixth Report of the Monitor dated June 6, 2014 and the Seventh Report of the Monitor dated June ●, 2014 be and are hereby approved and the actions of the Monitor described therein be and are hereby approved.
3. THIS COURT ORDERS that the Stay Period provided in the Amended and Restated Initial Order dated April 15, 2014 (the “**Initial Order**”) in these proceedings be and is hereby extended until and including August 15, 2014, or such later date as this Court may order.
4. THIS COURT ORDERS that the sale process described in the Fourth Aziz Affidavit and attached hereto as Schedule “A” (the “**Sale Process**”) and all marketing activities undertaken by the CRO and Rothschild Inc. prior to the date hereof described in the Fourth Aziz Affidavit and reports of the Monitor are hereby approved.
5. **THIS COURT ORDERS** that, in connection with the Sale Process and pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the CRO and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or bidders and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sale transactions (each, a “**Transaction**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the CRO or the Monitor; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of any Property (as defined in the Initial Order) shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicants or the CRO, and shall return all other personal information to the CRO or the Monitor, or ensure that all other personal information is destroyed.



TAB A

## SCHEDULE “A”

### THE SALE PROCESS

#### Defined Terms

1. All capitalized terms used but not otherwise defined herein have the meaning given to them in the Amended and Restated Initial Order of the Ontario Superior Court of Justice (the “**Court**”) dated April 15, 2014 (the “**Initial Order**”) in respect of the Applicants’ proceedings commenced under the Companies’ Creditors Arrangement Act (the “**CCAA**”).

#### Sale Process

2. The Sale Process set forth herein describes, among other things, (i) the Applicants’ Property available for sale, (ii) the manner in which prospective bidders may gain access to or continue to have access to due diligence materials, (iii) the manner in which bidders and bids become Qualified Bidders (as defined below) and Qualified Bids (as defined below), respectively, (iv) the receipt and negotiations of bids received, (v) the ultimate selection of a Successful Bidder (as defined below) and (vi) the Court’s approval thereof.
3. The CRO and Rothschild, with the assistance and support of the Monitor (who will also monitor the process), and in consultation with Houlihan Lokey Capital, Inc. (“**Houlihan**”), will conduct the Sale Process whereby prospective purchasers will have the opportunity to submit a bid for the Applicants’ Property.
4. Prospective bidders that have executed a non-disclosure agreement will be provided with an opportunity to review financial and other information in the Applicants’ online data room and will also be provided with an opportunity to meet with the CRO, senior management of the Applicants and Rothschild, and with such other parties as the CRO or Rothschild may arrange.
5. The sale of the Applicants’ Property will be made on an “as is, where is” basis without surviving representations or warranties of any kind, nature, or description by the Applicants, the CRO, Rothschild or the Monitor, except to the extent set forth in the definitive sale agreement with a Successful Bidder.

#### Bidding Procedures

6. The bidding procedures are as follows (the “**Bidding Procedures**”):
  - (a) all bids for purchase of all or any portion of the Property or another transaction in respect of the Applicants or the Property must be submitted in writing to Rothschild and the Monitor and received by them before 5:00 pm (Toronto time) on July 11, 2014 (the “**Bid Deadline**”), which Bid Deadline may be extended by the CRO, in consultation with Rothschild and Houlihan, and with the consent of the Monitor;

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- (b) each potential bidder must submit, before the Bid Deadline, a bid including the identification of the bidder, evidence of corporate authority and proof of its financial ability to perform to the satisfaction of the CRO and the Monitor (in consultation with Rothschild and Houlihan);
- (c) a bid should, among other things,
  - (i) be submitted by a bidder who has been invited to participate in the process by Rothschild or the CRO prior to the date hereof or who is invited to participate in the process by Rothschild or the CRO, in consultation with the Monitor and Houlihan, after the date hereof, and
  - (ii) be in the form of a binding offer capable of acceptance by the CRO on behalf of the Applicants, irrevocable until one business day after closing of the Successful Bid (as defined below), and must be accompanied by:
    - (1) In the case of a purchase, (A) a duly authorized and executed purchase agreement based on the form of purchase agreement to be provided to bidders as part of the Sale Process (the “**Form of APA**”), (B) all exhibits and schedules thereto, and such ancillary agreements as may be required by the bidder with all exhibits and schedules thereto, (C) a mark-up of the Form of APA showing amendments and modifications made thereto, and (D) a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Monitor) or such other form of deposit as is acceptable to the Monitor, payable to the order of the Monitor, in trust (the “**Deposit**”), in an amount equal to 10% of the purchase price contemplated therein, or
    - (2) in the case of any bid for the acquisition of the Applicant’s business that is not a purchase of the Applicant’s Property, (A) such duly authorized and executed documents as the CRO and the Monitor, in consultation with Rothschild and Houlihan, may accept, including all exhibits and schedules thereto, and (B) a Deposit acceptable to the CRO and the Monitor, in consultation with Rothschild and Houlihan

(each bid submitted in accordance with these Bidding Procedures a “**Qualified Bid**” and each such bidder a “**Qualified Bidder**”).

### Qualified Bids

7. A bid will be considered a Qualified Bid only if (i) it is submitted by a Qualified Bidder on or before the Bid Deadline, and (ii) the bid complies with, among other things, the following requirements:
  - (a) it includes a letter stating that the bidder’s offer is irrevocable until the business day after the closing of the Successful Bid;

- (b) it includes written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow Rothschild, the CRO and the Monitor, in consultation with Houlihan, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by its bid;
- (c) it includes a reasonably detailed listing and description of the Property to be included in the sale;
- (d) it includes details of the proposed number of employees of the Applicants who will become employees of the bidder and provisions setting out the terms and conditions of employment for continuing employees;
- (e) it includes details of any liabilities to be assumed by the Qualified Bidder;
- (f) it is not conditional upon, among other things:
  - (i) the outcome of unperformed due diligence by the Qualified Bidder; or
  - (ii) obtaining financing;
- (g) it fully discloses the identity of each person or entity that will be sponsoring or participating in the bid, and the complete terms of such participation;
- (h) it includes evidence, in form and substance satisfactory to Rothschild and the CRO, in consultation with the Monitor and Houlihan, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (i) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;
- (j) it identifies with particularity the contracts and leases the bidder wishes to acquire, contains full details of the bidder's proposal for the treatment of related cure costs (and provides adequate assurance of future performance thereunder); and it identifies with particularity any executory contract or unexpired lease the assumption and assignment of which is a condition to closing;
- (k) it provides a timeline to closing with critical milestones;
- (l) it contains other information reasonably requested by Rothschild, the CRO or the Monitor; and
- (m) it includes the following: an acknowledgement and representation that the bidder:
  - (a) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and
  - (b) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever,

whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase and sale agreement.

8. Rothschild and the CRO, with the consent of the Monitor and in consultation with Houlihan, may (i) waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Bids or (ii) aggregate separate bids to create one “Qualified Bid” from one or more “Qualified Bidders”.

### **Post-Bidding Procedures**

9. If one or more Qualified Bids are received in accordance with the Bidding Procedures, Rothschild and the CRO, with the consent of the Monitor and in consultation with Houlihan, may choose to:
  - (a) accept one Qualified Bid (the “**Successful Bid**” and the Qualified Bidder making the Successful Bid being the “**Successful Bidder**”) and take such steps as are necessary to finalize and complete an agreement for the Successful Bid with the selected bidder; or
  - (b) continue negotiations with a selected number of Qualified Bidders (collectively, “**Selected Bidders**”) with a view to finalizing an agreement with one of the Selected Bidders such that such Selected Bidder becomes the Successful Bidder.
10. Evaluation criteria for the Successful Bid may include, but are not limited to such items as:
  - (a) the purchase price and net value (including all assumed liabilities and other obligations to be performed by the bidder);
  - (b) the firm, irrevocable commitment for financing the transaction or other evidence of ability to consummate the proposed transaction;
  - (c) the claims likely to be created by such bid in relation to other bids;
  - (d) the counterparties to the transaction;
  - (e) the terms of the transaction documents;
  - (f) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals and other conditions required to close the transaction);
  - (g) planned treatment of stakeholders;
  - (h) the assets included or excluded from the bid;
  - (i) the proposed treatment of the employees, including any employees currently on temporary layoff;

- (j) any transition services required from the Applicants post-closing and any related restructuring costs; and
  - (k) the likelihood and timing of the consummation of the transaction.
11. Rothschild and the CRO shall be under no obligation to accept the highest or any other offer, and the selection of the Selected Bids and the Successful Bid shall be in the discretion of Rothschild and the CRO, in consultation with Houlihan and subject to the consent of the Monitor. Rothschild and the CRO shall have no obligation to select a Successful Bid and reserves the right, in consultation with Houlihan and subject to the consent of the Monitor, to reject any or all Qualified Bids.

### Other Terms

12. All Deposits will be retained by the Monitor and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved by the Court will be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder will be returned to such bidders within 10 business days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, subject to the following paragraph, all Deposits (plus applicable interest) will be returned to the bidders within 10 business days of the date upon which the Sale Process is terminated.
13. If a Successful Bidder breaches its obligations under the terms of the Sale Process, its Deposit shall be forfeited as liquidated damages and not as a penalty.
14. The CRO will apply to the Court (the “**Approval Motion**”) for an order approving the Successful Bid and authorizing the Applicants to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid or for an order approving such alternative process as the CRO, in consultation with Rothschild and Houlihan, and with the consent of the Monitor, deem appropriate in the circumstances.
15. The Approval Motion will be held on a date to be scheduled by the Court upon application by the CRO. The Approval Motion may be adjourned or rescheduled by the CRO or the Monitor without further notice by an announcement of the adjourned date at the Approval Motion or by notice to the Service List maintained by the Monitor.
16. All Qualified Bids (other than the Successful Bid) will be deemed rejected one business day after the closing of the Successful Bid by the Court.
17. For the avoidance of doubt, (i) the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid and (ii) in the event that a Successful Bid is not obtained, nothing in this Sale Process or in any Order prejudices the rights of secured creditors of the Applicants to credit bid for any assets of the Applicants subject to any such secured creditors’ security interests.

18. There will be no amendments to this Sale Process without the consent of the CRO, the Monitor and Houlihan, or in the absence of such consent, the approval of the Court.
19. This Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Applicants, the CRO and any bidder, other than as specifically set forth in a definitive agreement that any such bidder may enter into with the Applicants. At any time during the Sale Process, the Monitor may, upon reasonable prior notice to the CRO, the DIP Lenders and the Ad Hoc Committee, apply to the Court for advice and directions with respect to the discharge of its power and duties hereunder.

**IN THE MATTER OF the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended**

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

**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"**

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**

**OSLER, HOSKIN & HARCOURT LLP**  
1 First Canadian Place  
P.O. Box 50  
Toronto, ON M5X 1B8

**Marc Wasserman** LSUC#444066M  
Tel: (416) 862-4908

**Jeremy Dacks** LSUC# 41851R  
Tel: (416) 862-4923  
Fax: (416) 862-6666

Counsel for the Chief Restructuring Officer of the Applicants

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IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

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**MOTION RECORD OF THE APPLICANTS**  
(Motion Returnable June 16, 2014)

OSLER, HOSKIN & HARCOURT LLP  
P.O. Box 50, 1 First Canadian Place  
Toronto, ON M5X 1B8

Marc Wasserman LSUC#44066M  
Tel: (416) 862-4908

Jeremy Dacks LSUC# 41851R  
Tel: (416) 862-4923  
Fax: (416) 862-6666

Counsel for the Chief Restructuring Officer