EZCORP INC
Form S-4
September 26, 2008

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File No. 333-______

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM S-4
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933
EZCORP, INC.
(Exact name of registrant as specified in its charter)

Delaware	**5900**	**74-2540145**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1901 CAPITAL PARKWAY
AUSTIN, TEXAS 78746
(512) 314-3400
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Connie Kondik, Esq.	**Copies to:**
General Counsel	**Lee Polson, Esq.**
EZCORP, Inc.	**Strasburger & Price, LLP**
1901 Capital Parkway	**600 Congress Avenue, Suite 1600**
Austin, Texas 78746	**Austin, Texas 78701**
Telephone: (512) 314-3400	**Telephone: (512) 499-3600**
Facsimile: (512) 314-3463	**Facsimile: (512) 536-5719**

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated finer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered (1)	Amount to be registered (2)	Proposed maximum offering price per unit	Proposed maximum aggregate offering price (3)	Amount of registration fee
Class A Non-Voting Common Stock	4,984,778	N/A	$81,127,261	$3,188.30

(1) This Registration Statement relates to Class A Non-voting Common Stock of EZCORP, Inc. (EZCORP), par value $0.01 per share issuable to holders of common stock of Value Financial Services, Inc., a Florida corporation (VFS), par value $0.01 per share, pursuant to the proposed merger of Value Merger Sub, Inc., a Florida corporation and a wholly-owned subsidiary of EZCORP, with and into VFS.

(2) Based on the maximum number of shares that may be issued pursuant to the merger, calculated as the product of the number of

shares of VFS common stock (assuming the exercise or conversion of all outstanding participating stock or other capital stock of VFS, options, warrants, conversion rights, commitments or other rights to acquire VFS common stock, whether vested or unvested) as of the close of business on September 19, 2008, multiplied by an exchange ratio of 0.75 of a share of EZCORP s Class A Non-voting Common Stock for each share of VFS common stock, rounded up to the nearest whole share for any fractional shares.

(3) Estimated solely for purposes of calculation of the registration fee in accordance with Rules 457(c) and (f) of the Securities Act of 1933, as amended. Pursuant to Rule 457(f)(3),

the cash consideration to be paid by EZCORP to the holders of VFS common stock pursuant to the merger has been deducted from the value of the VFS common stock to be received by EZCORP in the exchange for the aggregate merger consideration.

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

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

SUBJECT TO COMPLETION, DATED SEPTEMBER 26, 2008

VALUE FINANCIAL SERVICES, INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Date: **__________, 2008**
Time: **5:00 p.m.**
Place: **The Memphis Hilton**
939 Ridge Lake Boulevard
Memphis, TN 38120

Dear Shareholders:

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

1. To approve: (i) the articles of amendment to the amended and restated articles of incorporation of VFS to amend the effective time of a mandatory conversion of series A-1 participating stock, series A-2 participating stock and series B participating stock to occur upon approval of such mandatory conversion with no requirement of prior written notice, subject to approval and completion of the merger; and (ii) the conversion of all participating stock into common stock, subject to approval and completion of the merger (upon completion of the merger, all accrued and unpaid dividends due to the holders of the series A-2 participating stock will be paid in full).

2. To approve the merger agreement by and between VFS, EZCORP, Inc., a Delaware corporation (EZCORP) and Value Merger Sub, Inc., a Florida corporation (Merger Sub) pursuant to which Merger Sub will merge with and into VFS. In the merger, VFS s shareholders will receive 0.75 shares of EZCORP s Class A Non-voting Common Stock (the EZCORP Shares) for each share of VFS s common stock. EZCORP will also pay a limited amount of additional consideration to VFS shareholders who sell their EZCORP Shares in the open stock market within 125 days after closing of the merger at prices either above or below $14.67 per share. Further, EZCORP will pay cash of $11.00 per share for up to 20% of the outstanding VFS common stock, on an as converted basis, to VFS shareholders who elect to receive cash instead of EZCORP Shares.

3. To transact any other business that may properly come before the special meeting.

Appraisal Rights

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

Record Date

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

By Order of the Board of Directors,

/s/ John D. Thedford
John D. Thedford

Chairman of the Board, Chief Executive Officer and President

__________ __, 2008

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

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

Q: WHAT AM I BEING ASKED TO VOTE ON?

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

1. To approve: (i) the amendment; and (ii) the conversion, both of which are subject to approval of the merger and the merger agreement and completion of the merger (upon completion of the merger, all accrued and unpaid dividends due to the holders of the series A-2 participating stock will be paid in full);

2. To approve the merger agreement and the merger; and

3. To transact any other business that may properly come before the special meeting.

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

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

Q: WHO IS SOLICITING MY PROXY?

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

Q: WHAT WILL I RECEIVE AS CONSIDERATION FOR MY SHARES?

A: In the merger, EZCORP, Inc. (EZCORP) will exchange 0.75 shares of its Class A Non-voting Common Stock (the EZCORP Shares) for each issued and outstanding share of VFS common stock, assuming for all purposes the exercise or conversion into common stock of all then outstanding capital stock other than common stock and exercise of all options, warrants or other conversion rights or rights to acquire VFS s common stock (the VFS Common Stock). EZCORP has also agreed to pay cash of $11.00 per share for up to 20% of the VFS Common Stock to VFS shareholders who elect, at their option, to receive cash instead of the EZCORP Shares in exchange for some or all of their VFS Common Stock. The cash consideration is limited to 20% or less of the VFS Common Stock and will be pro rated if more VFS shareholders than the maximum decide to elect to receive the cash consideration. *See The Merger Agreement Merger Consideration, page 84.*

In addition, EZCORP will pay additional consideration to recipients of EZCORP Shares who sell their EZCORP Shares in open stock market transactions within 125 days after closing of the merger at prices different from $14.67 per share, which was the price of EZCORP Class A Non-voting Common Stock on the NASDAQ Global Select Market when the merger consideration was determined. After a five day waiting period to facilitate distribution of the EZCORP Shares, EZCORP will pay recipients of EZCORP Shares who sell their shares on the open market for less than $14.67 per share the difference between $14.67 per share and the gross sale price, up to a maximum of $4.01 per EZCORP Share. EZCORP will pay recipients of EZCORP Shares who sell their shares on the open market for more than $14.67 per share during this time period a premium of $1.33 per share for the first 30 days, $1.00 per share for the second 30 days, $0.67 per share for the third 30 days and $0.33 per share for the fourth 30 days. *See Value of the Merger Consideration the Deficiency Guaranty and the Premium Reserve, page 83.*

Q: HOW DID VFS DETERMINE THAT THE ABOVE CONSIDERATION IS THE FAIR VALUE OF MY SHARES?

A: The considerations taken into account by the VFS board of directors in determining whether the merger consideration is the fair value of your shares. *See Reasons for the Merger, page 58*. **You should review this section**.

Q: WHAT IF I DON T AGREE WITH VFS S DETERMINATION OF THE FAIR VALUE OF MY SHARES?

A: Under Florida law, you are entitled to assert your appraisal rights with respect to your shares and demand payment of your estimate of the fair value of your shares, as determined immediately prior to completion of the merger. A court of competent jurisdiction would then make a determination of the fair value of your shares, and VFS would pay you that amount, in cash. **In order to perfect your appraisal rights, you must not vote any of your shares in favor of the merger or the merger agreement, and you must fully comply with the provisions in Sections 607.1301-607.1333 of the Florida Statutes, which are summarized in *The Merger Agreement Appraisal Rights, page 74,* and the full text of which is set forth in Exhibit D attached to this proxy statement/prospectus.**

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

A: Subject to the discussion under *Material United States Federal Income Tax Consequences of the Merger*, in connection with the filing of the registration statement of which this document forms a part, the parties intend that the merger (1) qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Internal Revenue Code or the Code) and (2) EZCORP, Value Merger Sub, Inc. (Merger Sub) and VFS will each be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code. Assuming the merger so qualifies, for United States federal income tax purposes, United States holders of VFS common stock will recognize a gain (but will not recognize any loss), and the gain recognized will be equal to the lesser of (i) any cash received and (ii) the excess of (x) the sum of the cash received and the fair market value of the EZCORP Shares received over (y) your tax basis in the shares of VFS common stock exchanged. *See The Merger Material United States Federal Income Tax Consequences of the Merger, page 77.*

Q: WHAT IF THE AMENDMENT OR CONVERSION IS APPROVED AND THE MERGER IS NOT?
A: Neither the amendment nor the conversion will become effective unless the merger agreement and the merger are approved and the merger is completed.
Q: WHAT IS THE EFFECT OF THE AMENDMENT?
A: Currently, if holders of any series of VFS participating stock vote to convert their shares into common stock, the conversion will not become effective until ten days notice has been delivered to each affected holder. The amendment removes the ten day notice requirement, such that the conversion will occur upon approval of the conversion as described herein.
Q: WILL I BE PAID ANY OF THE UNPAID DIVIDENDS OWED TO ME?
A: It depends on the class of stock you hold as of the record date. The only shareholders entitled to dividends are the holders of VFS series A-2 participating stock. Such holders will be paid all of their accrued and unpaid dividends upon completion of the merger. As of June 30, 2008, the accrued, unpaid dividends on the series A-2 participating stock totaled approximately $2.5 million. We estimate the accrued dividends on the series A-2 participating stock will equal approximately $3.9 million upon completion of the merger and is approximately $3.4 million as of the date of this proxy statement/prospectus.
Q: HOW DOES THE VFS BOARD OF DIRECTORS RECOMMEND THAT I VOTE?
A: The VFS board of directors recommends that you should vote FOR each of the proposals.
Q: WHAT VOTE OF VFS SHAREHOLDERS IS REQUIRED TO APPROVE THE PROPOSALS?
A: The conversion and the amendment require the approval of a majority of shares of each class of VFS participating stock, voting separately as a class. The merger agreement and merger requires the approval of a majority of the shares of series A-1 and B participating stock voting together as a class and a majority of the shares of series A-2 participating stock voting separately as a class.
Q: HAVE ANY VFS SHAREHOLDERS ALREADY COMMITTED TO VOTE FOR THE PROPOSALS?
A: Yes, three members of the VFS board of directors have agreed to vote their shares in favor of the merger. *See The Voting Agreement, page 77.*
Q: WHO IS ENTITLED TO VOTE AT THE SPECIAL MEETING?
A: Only shareholders of record as of the close of business on September 16, 2008, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. If you hold shares of VFS series A-1 participating stock or VFS series B participating stock, you will have one vote at the special meeting for each share you owned at the close of business on

the record date with respect to the merger. If you hold shares of VFS series A-2 participating stock, you will have 4.43 votes at the special meeting for each share you owned at the close of business on the record date with respect to the merger. With respect to the amendment and the conversion, each share of each class of VFS participating stock is entitled to one vote within their respective class.

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

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

Q: HOW ARE VOTES COUNTED?

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

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

Q: MAY I VOTE IN PERSON?

A: Yes. You may attend the special meeting and vote your shares in person. We urge you to sign, date and return the enclosed proxy card or to vote as soon as possible, even if you plan to attend the special meeting, as it is important that your shares be represented and voted at the special meeting. If you attend the special meeting, you may vote in person as you wish, even though you have previously returned your proxy card. *See Q: May I change my vote after I have mailed my signed proxy card?, below*.

Q: WHEN SHOULD I SEND IN MY PROXY CARD?

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

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

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

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notice of revocation should be delivered to VFS corporate secretary at or before the taking of the vote at the special meeting.

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

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

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

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

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

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

Q: WHO CAN HELP ANSWER MY OTHER QUESTIONS?

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

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PROXY STATEMENT/PROSPECTUS SUMMARY

The following is a summary of the information contained elsewhere in this proxy statement/prospectus. This summary may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the other documents to which it refers. In particular, you should read the Exhibits attached to this proxy statement/prospectus, including the merger agreement which is attached as Exhibit A and is incorporated by reference into this proxy statement/prospectus. In addition, EZCORP incorporates by reference into this proxy statement/prospectus important business and financial information about EZCORP. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled Where You Can Find More Information, page 108.

The Companies

EZCORP, Inc.
1901 Capital Parkway
Austin, TX 78746
(512) 314-3400
http://www.ezcorp.com

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

Value Financial Services, Inc.
1063 Maitland Center Commons Blvd.
Suite 200
Maitland, FL 32751
www.valuepawnandjewelry.com

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

Value Merger Sub, Inc.
1901 Capital Parkway
Austin, TX 78746
(512) 314-3400

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

Structure of the Merger (See Page 82)

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

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

Merger Consideration (See Page 84)

VFS shareholders will be entitled to receive, upon the effectiveness of the merger and at such shareholder s election, either (1) 0.75 shares of EZCORP Class A Non-voting Common Stock, rounded up to the nearest whole EZCORP Share, or (2) $11.00 cash for each share of VFS common stock owned by such shareholder at the effective time of the merger. The cash consideration is limited to 20% or less of the VFS common stock and will be prorated if more VFS shareholders than the maximum decide to elect to receive the cash consideration.

Value of Merger Consideration the Deficiency Guaranty and the Premium Reserve (See Page 83)

Deficiency Guaranty

EZCORP has agreed to provide VFS shareholders some price protections if they sell their EZCORP shares received in the merger within 125 days after the closing of the merger. Pursuant to such guaranty which is limited in the aggregate to $20 million, EZCORP will pay a selling shareholder the difference between $14.67 per share and the gross price per share the selling shareholder actually receives, if less than $14.67 per share, up to a maximum of $4.01 per share. These deficiency guaranty payments will be made on a first come, first served basis until the maximum $20 million commitment is exhausted.

Premium Reserve

In addition to the Deficiency Guaranty, EZCORP has agreed to provide VFS shareholders who decide to sell their EZCORP shares within 125 days after the closing of the merger a premium for sales of their EZCORP shares for more than $14.67 per share. The

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aggregate maximum for this Premium Reserve will be $6,646,527. For VFS shareholders who sell their EZCORP shares for more than $14.67 per share and, after a five day waiting period to facilitate share distribution, within the (1) first 30 day period from the date of the closing of the merger, EZCORP will pay $1.33 per share, (2) second 30 day period from the date of the closing of the merger, $1.00 per share, (3) third 30 day period from the date of the closing of the merger, $0.67 per share, and (4) fourth 30 day period from date of the closing of the merger, $0.33 per share.

The EZCORP Shares are Non-Voting (See Page 87)

The EZCORP Shares to be issued in the merger do not have voting rights. Only the Series B Voting Common Stock of EZCORP has the right to vote on any matter not required by the Delaware General Corporation Law to be voted upon separately by each class of equity securities. As such, VFS shareholders who receive EZCORP Shares in the merger will not have the right to vote for the election of directors or for other matters generally requiring a vote of common stockholders of a corporation. *See Comparison of the Rights and Privileges of the VFS Common Stock and the EZCORP Shares, page 87.*

Conditions to Closing the Merger (See Page 84)

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

Termination (See Page 85)

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

Termination Fee (See Page 86)

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

Non-Solicitation Agreement (See Page 86)

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

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

Recommendation of the VFS Board of Directors to its Shareholders (See Pages 50 and 58)

The VFS board of directors has unanimously determined that the merger agreement and the merger are advisable and fair to, and in the best interests of, VFS and its shareholders, and unanimously approved the merger and the merger agreement. The VFS board of directors unanimously recommends that the VFS shareholders vote FOR each of the proposals.

Risk Factors (See Page 19)

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

Opinion of VFS s Financial Advisor (See Page 61)

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

The full text of the written opinion of Stephens, which sets forth the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by Stephens in rendering its opinion, is attached as Exhibit C to this proxy statement/prospectus. VFS shareholders are urged to, and should, read the opinion carefully and in its entirety. Stephens provided its opinion for the use and benefit of the board of directors of VFS in connection with its consideration of the merger. The Stephens opinion addresses only the fairness, from a financial point of view, of the consideration to be received by the VFS shareholders as of September 10, 2008, the date of the Stephens opinion. The Stephens opinion does not address the merits of the underlying decision by VFS to engage in the merger and does not constitute a recommendation as to how any holder of VFS Common Stock should vote on the proposed merger or any other matter.

Vote Required by VFS Shareholders (See Page 48)

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

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

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

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Interests of Certain VFS Officers and Directors in the Merger (See Page 77)

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

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

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

EZCORP Will List the EZCORP Shares on NASDAQ (See Page 74)

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

Appraisal Rights (See Page 74)

Under Florida law, holders of VFS common stock are entitled to appraisal rights in connection with the merger provided that they comply with the conditions established by Sections 607.1301 607.1333 of the Florida Business Corporation Act.

Accounting Treatment of the Merger (See Page 74)

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

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Material United States Federal Income Tax Consequences of the Merger (See Page 77)

The merger is intended to qualify as a tax free reorganization under the U.S. Internal Revenue Code, as to those VFS shareholders who receive EZCORP Shares in exchange for their VFS common stock. VFS shareholders receiving the cash consideration will recognize a capital gain on the sale of their VFS Common Stock.

EZCORP s Credit Facility (See Page 88)

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

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

SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA OF EZCORP

The tables below present summary selected consolidated financial data of EZCORP prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The following selected financial data should be read in conjunction with EZCORP s consolidated financial statements and related notes, Management s Discussion and Analysis of Financial Condition and Results of Operations, and other financial information in EZCORP s Annual Report on Form 10-K for the fiscal year ended September 30, 2007 as filed with the SEC on December 14, 2007, which is incorporated by reference into this proxy statement/prospectus. *See Where You Can Find More Information, page 108*.

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

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Selected Financial Data EZCORP

	Fiscal Years Ended September 30,				
	2003	2004	2005	2006	2007
	(Amounts in thousands, except per share and store figures)				
Operating Data:					
Sales	$ 134,591	$ 143,472	$ 148,410	$ 177,424	$ 192,987
Pawn service charges	58,175	59,090	62,274	65,325	73,551
Signature loan fees	12,538	23,874	42,200	71,840	104,347
Other	1,045	1,361	1,275	1,263	1,330
Total revenues	206,349	227,797	254,159	315,852	372,215
Cost of goods sold	86,100	88,202	90,678	106,873	118,007
Net revenues	120,249	139,595	163,481	208,979	254,208
Store operating expenses	81,822	87,898	97,079	111,738	128,602
Signature loan bad debt	3,551	8,067	13,000	17,897	28,508
Corporate administrative expenses	17,008	21,845	23,067	27,749	31,749
Depreciation and amortization	8,775	7,512	8,104	8,610	9,812
Interest expense (income), net	2,006	1,528	1,275	(79)	(1,373)
Equity in net income of unconsolidated affiliate	(1,412)	(1,739)	(2,173)	(2,433)	(2,945)
(Gain) loss on sale of assets	170	3	79	(7)	(72)
Impairment of investment	1,100				
Income before income taxes and cumulative effect of adopting a new accounting principle	7,229	14,481	23,050	45,504	59,927
Income tax expense (benefit)	(1,170)	5,358	8,298	16,245	22,053
Income before cumulative effect of adopting a new accounting principle	8,399	9,123	14,752	29,259	37,874
Cumulative effect of adopting a new accounting principle, net of tax	(8,037)				
Net income	$ 362	$ 9,123	$ 14,752	$ 29,259	$ 37,874
Earnings per common share, diluted	$ 0.01	$ 0.23	$ 0.36	$ 0.69	$ 0.88
Cash dividends per common share	$	$	$	$	$
Weighted average common shares and share equivalents, diluted	37,656	39,366	40,722	42,264	43,230
Stores operated at end of period	284	405	514	614	731

	September 30,				
	2003	2004	2005	2006	2007

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

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	Nine Months Ended June 30, 2007	2008
	(Amounts in thousands, except per share and store figures)	
Operating Data:		
Sales	$ 141,688	$ 170,472
Pawn service charges	51,496	67,384
Signature loan fees	74,132	94,917
Other	1,007	1,228
Total revenues	268,323	334,001
Cost of goods sold	85,618	101,732
Net revenues	182,705	232,269
Store operating expenses	94,087	113,185
Signature loan bad debt	19,086	24,847
Corporate administrative expenses	23,528	29,541
Depreciation and amortization	7,194	9,027
Interest expense (income), net	(1,285)	(131)
Equity in net income of unconsolidated affiliate	(2,185)	(3,162)
(Gain) loss on sale of assets	(131)	527
Other		11
Income before income taxes	42,411	58,424
Income tax expense	15,692	22,026
Net income	$ 26,719	$ 36,398
Earnings per common share, diluted	$ 0.62	$ 0.84
Cash dividends per common share	$	$
Weighted average common shares and share equivalents, diluted	43,393	43,269
Stores operated at end of period	688	785

	June 30, 2007	2008
	(in thousands)	
Balance Sheet Data:		
Pawn loans	$ 58,053	$ 68,022
Payday loans	4,514	6,598
Inventory	33,641	39,444
Working capital	129,223	147,732
Total assets	231,364	285,999
Long-term debt		
Stockholders equity	203,586	256,716

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SUMMARY SELECTED CONSOLIDATED FINANCIAL DATA OF VFS

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

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

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Selected Financial Data VFS

	Fiscal Years Ended December 31,				
	2003	2004	2005	2006	2007
	(Amounts in thousands, except per share and store figures)				
Operating Data:					
Sales	$ 34,299	$ 39,802	$ 47,378	$ 62,348	$ 76,514
Pawn service charges	17,361	18,611	20,786	24,090	28,394
Other	943	1,150	1,085	1,376	1,566
Total revenues	52,603	59,563	69,249	87,814	106,474
Cost of goods sold	22,883	25,120	29,289	39,339	47,834
Net revenues	29,720	34,443	39,960	48,475	58,640
Store operating expenses (excluding depreciation)	19,240	20,879	23,822	28,865	34,265
Corporate administrative expenses	4,623	5,211	6,499	7,815	21,234
Depreciation	1,557	1,406	1,435	1,674	1,816
Interest expense (income), net	1,516	1,264	1,297	1,135	2,544
Loss on sale of assets		162	60	108	248
Income (loss) before income taxes	2,784	5,521	6,847	8,878	(1,467)
Income tax expense (benefit)	(1,434)	(12,354)	2,593	3,448	(486)
Net income (loss)	$ 4,218	$ 17,875	$ 4,254	$ 5,430	$ (981)
Earnings per common share, basic*	n/a	n/a	n/a	n/a	n/a
Earnings (loss) per common share, diluted	$ 0.68	$ 2.90	$ 0.69	$ 0.88	$ (0.15)
Cash dividends per common share **	n/a	n/a	n/a	n/a	n/a
Cumulative participating stock dividends	$ 2,975	$ 3,570	$ 4,112	$ 4,792	$ 3,834
Weighted average common shares and share equivalents, basic*	n/a	n/a	n/a	n/a	n/a
Weighted average common shares and share equivalents, diluted	6,161	6,161	6,161	6,161	6,413

	December 31,				
	2003	2004	2005	2006	2007
	(in thousands)				
Balance Sheet Data:					
Cash	$ 771	$ 727	$ 1,646	$ 760	$ 795
Total assets	37,192	47,628	51,663	51,849	57,175
Total debt	23,200	16,483	17,517	11,711	31,188
Total shareholders equity	9,455	27,330	30,832	36,260	18,582

* For all periods presented, VFS

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

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

through
June 2007.

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

	June 30, 2007	June 30, 2008
	(in thousands)	
Balance Sheet Data:		
Cash	$ 3,082	$ 762
Total assets	60,728	57,665
Total debt	37,344	29,700
Total shareholders equity	17,216	21,907

* For all periods presented, VFS had no outstanding common stock.

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

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

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SUMMARY SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following table presents summary unaudited pro forma condensed combined financial data which reflects the merger. The summary unaudited pro forma condensed combined financial data are derived from and should be read in conjunction with the unaudited pro forma condensed combined financial statements and related notes thereto included in this proxy statement/prospectus. *See Unaudited Pro Forma Financial Statements, page 96*, and *Unaudited Pro Forma Financial Statements Notes to Unaudited Pro Forma Condensed Combined Financial Statements, page 102*.

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

	June 30, 2008
	(in thousands)
Balance Sheet Data:	
Pawn loans	$ 86,039
Payday loans	6,598
Inventory	52,721
Working capital	153,099
Total assets	383,297
Long-term debt (current and non-current)	27,752
Stockholders equity	320,205

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RISK FACTORS

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

Risks Related to the Merger and the Combined Entity

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

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

- integrating the operations of VFS s business with EZCORP s business while carrying on the ongoing operations of each business;
- diversion of management s attention from the management of daily operations to the integration of VFS with EZCORP;
- managing a significantly larger company than before completion of the merger;
- realizing economies of scale and eliminating duplicative overheads;
- the possibility of faulty assumptions underlying EZCORP s expectations regarding the integration process;
- coordinating businesses located in different geographic regions;
- integrating VFS s business culture and practices with EZCORP, which may prove to be incompatible;
- attracting and retaining the personnel associated with VFS s business following the merger;
- creating and instituting uniform standards, controls, procedures, policies and information systems and minimizing the costs associated with such matters; and
- integrating information, purchasing, accounting, finance, sales, billing, payroll and regulatory compliance systems.

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

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

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

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

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

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

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

Risks Related to EZCORP

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

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

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

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

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

The Florida Business Corporation Act provides that shareholders who do not vote in favor of the merger, assert their right to be paid fair value for their shares and do not accept EZCORP s estimate of the fair value of VFS shares after the merger, can seek to have a Florida state court review the transaction and award them fair value for their shares. If a significant number of minority shareholders assert these appraisal rights, a Florida court might disagree with EZCORP s valuation and award the shareholders a significantly higher price than the $11.00 per share EZCORP intends to pay. *See The Merger Agreement Appraisal Rights, page 74.*

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

EZCORP has agreed to pay additional cash compensation to the VFS shareholders if they sell their stock within 125 days after closing of the merger, if they sell at a price either above or below $14.67 per EZCORP Share. During the 125 day period, the additional cash compensation is intended to give a limited amount of price protection to VFS shareholders if the EZCORP Share price falls, and to provide an incentive to sell EZCORP Shares at prices only in excess of the $14.67 valuation on which the merger consideration was based. *See The Merger Agreement Value of Merger Consideration the Deficiency Guaranty and the Premium Reserve. page 83.*

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

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

The VFS board of directors received an opinion from Stephens dated September 10, 2008, that the merger was fair to the VFS shareholders. At the time the opinion was rendered the proposed transaction differed from the one embodied in the final merger agreement, principally because on September 10, the exchange of EZCORP Shares in the merger was to be made only to a limited number of VFS shareholders instead of to all VFS shareholders. In addition, Stephens did not address the relative merits of the merger agreement in comparison with any potential alternatives to the merger. Further, it does not address the underlying decision of the board to proceed with or effect the merger, or any other aspect of the board s consideration of the merger. Therefore, VFS shareholders might conclude that the Stephens opinion failed to address all concerns that they wish to have addressed in considering whether to approve the merger. *See Reasons for the Merger, page 58,* and *The Stephens Fairness Opinion, page 61.*

Risks Related to VFS

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

The merger agreement contains a non-solicitation clause hat prevents VFS and its officers, directors, employees, agents or representatives from directly or indirectly soliciting or encouraging other acquisition proposals from third parties prior to the effective date. By refraining from seeking other better offers, VFS may forego a potentially better acquisition proposal from a third party. *See The Merger Agreement Non-Solicitation Agreement, page 86.*

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

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

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

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

The VFS shareholders fail to approve the merger;

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

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

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

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

Cautionary Statement Regarding Forward-Looking Statements

This proxy statement/prospectus and the documents incorporated herein by reference include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The parties intend that all forward-looking statements be subject to the safe harbors created by these laws. All statements other than statements of historical information are forward-looking and may contain information about financial results, economic conditions, trends, planned store openings, acquisitions and known uncertainties. These statements are often, but not always, made with words or phrases like may, should, could, predict, potential, believe, expect, anticipate, seek, estimate, intend, plan, projection, o similar expressions. All forward-looking statements are based on current expectations regarding important risk factors. Many of these risks and uncertainties are beyond our control, and in many cases, the parties cannot predict all of the risks and uncertainties that could cause its actual results to differ materially from those expressed in the forward-looking statements. Actual results could differ materially from those expressed in the forward-looking statements, and you should not regard them as a representation that the expected results will be achieved. Important risk factors that could cause results or events to differ from current expectations are described in this proxy statement/prospectus under the heading Risk Factors and in the sections entitled Risk Factors in EZCORP s Annual Report on Form 10-K for the year ended September 30, 2007. These factors are not intended to be an all-encompassing list of risks and uncertainties that may affect EZCORP s operations, performance, development and results. You are cautioned not to overly rely on these forward-looking statements, which are current only as of the date hereof. The parties undertake no obligation to release publicly the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this report, including without limitation, changes in our business strategy or planned capital expenditures, acquisitions, store growth plans or to reflect unanticipated events.

THE MERGER PARTIES

EZCORP

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

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

Value Financial Services

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

VFS was founded in 1994 by John Thedford, its president and chief executive officer, and currently operates 67 stores in three states Florida (60 stores), Tennessee (four stores) and Georgia (three stores) under the trade names Value Pawn and Jewelry in Florida and Georgia and Check Jewelry & Loan in Tennessee. For the year ended December 31, 2007 and the six months ended June 30, 2008, its average revenue per store was approximately $1.7 million and $897,000, respectively. It is the second largest pawn broker in Florida, based on information provided by the National Pawnbrokers Association. VFS lends money on a short-term basis against pledged tangible personal property such as jewelry, electronic equipment, tools, sporting goods, musical instruments and other items of value, and also sells merchandise, including forfeited collateral from pawn loans. Its customers typically require pawn loans for their immediate cash needs, and often use its services for reasons of convenience and/or lack of credit alternatives. As of June 30, 2008, VFS employed over 600 team members.

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

Pawn Lending Activities

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

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

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

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

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

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

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

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

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

Merchandise Sales Activities

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

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

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

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

Category	%
Jewelry	63.4
Electronics	16.2
Tools	7.0
Other	13.4

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

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

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

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

The following discussion and analysis of VFS financial condition and results of operations is provided by the management of VFS and should be read in conjunction with its consolidated financial statements and related notes that appear elsewhere in this proxy statement/prospectus. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect the plans, estimates and beliefs of VFS. Actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this proxy statement/prospectus, particularly in Risk Factors beginning on page 19.

General

For 2007 and the six months ended June 30, 2008, VFS generated total revenues of $106.5 million and $58.3 million, respectively. In 2007, there were several non-recurring charges totaling $11.0 million. VFS revenues have grown substantially in recent years, at a compound annual growth rate of 19.3% (excluding 2007 non-recurring charges) from 2003 to 2007. From 2003 to 2007, its store operating margins improved from 19.9% to 21.4%.

VFS believes that the experience and qualifications of a store manager are critical components of a store s success. VFS has found that there is a strong correlation between the length of tenure of a store manager and the financial performance of that store, as a more experienced store manager tends to better understand the needs of a particular store s customers. As of June 30, 2008, the average tenure of its store managers was 30.0 months, and 37 of its 65 store managers have been VFS team members for two years or more.

Components of Revenues and Expenses

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

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

The cost of merchandise sales includes all costs related to the acquisition of merchandise. In most cases, merchandise is acquired through forfeited pawn loans and the acquisition cost is

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the principal value of the pawn loan. In the case of merchandise purchased from an outside vendor, its cost will include the amount paid to the vendor plus any freight and taxes. In addition, a small component of merchandise sales cost includes expenses associated with inventory loss and breakage.

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

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

Critical Accounting Policies And Estimates

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

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

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

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Due to the short-term nature of pawn loans, VFS can quickly identify performance trends. For 2007, $28.0 million, or 98.5%, of recorded pawn service charges represented cash collected from customers and the remaining $0.4 million, or 1.5%, represented an increase in the service charges receivable during the year. At the end of 2007 and based on the revenue recognition method described above, VFS had accrued $3.3 million of service charges receivable. Assuming the year-end accrual of service charges revenue was over-estimated by 10.0%, service charges revenue would decrease by $0.3 million in 2008. Some or all the decrease would potentially be mitigated through the profit on the sales of the related forfeited loan collateral.

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

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

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

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must establish a valuation allowance. An expense, or benefit, is included within the tax provision in the statement of operations for any increase, or decrease, in the valuation allowance for a given period.

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

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

Recently Issued Accounting Standards

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

In February 2007, FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS No. 159). SFAS No. 159 permits entities to choose, at specified election dates, to measure eligible items at fair value (the fair value option) and requires an entity to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. SFAS No. 159 was effective for fiscal years

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beginning after November 15, 2007. The adoption of SFAS No. 159 did not have a material effect on the Company s consolidated financial position or results of operations.

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

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

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Results of Operations

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

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

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

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

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

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

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

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

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

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

(2) EBITDA margin is calculated as EBITDA as a percentage of total revenues.

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

income (loss) as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General and administrative expenses. General and administrative expenses decreased $7.3 million, or 55.7%, to $5.8 million for the six months ended June 30, 2008 from $13.1 million in the corresponding period in 2007. General and administrative expenses, as a percentage of revenues, declined to 9.9% in the first six months of 2008 from 29.1% in the first six months of 2007. The decrease was due to the inclusion of charges totaling $8.2 million that were recorded in the six months ended June 30, 2007 and reflected the compensation expenses associated with stock grants and loan forgiveness to the VFS executive officers and an outside consultant. These charges included $6.5 million of compensation expense associated with the grant of 685,723 shares of Series A-1 participating stock and the reimbursement of personal tax liabilities resulting from the grants. Additionally, VFS recorded a charge of $1.7 million to account for the forgiveness of debt obligations from the company s CEO to VFS. Excluding this charge, general and administrative expenses increased $0.8 million, or 16.9%, to $5.8 million for the six months ended June 30, 2008 from $4.9 million for the six months ended June 30, 2007. The increase was due primarily to increased Regional Leader trainee staffing and training department upgrades. This investment was initiated in order to improve employee retention and address ongoing staffing needs in store operations.

Depreciation expense increased approximately $126,000, or 14.8%, to $973,000 for the six months ended June 30, 2008 from $847,000 in the six months ended June 30 31, 2007. The increase was primarily the result of increased capital spending on store remodels, computer hardware and store security systems. Other expense consisted of losses on asset disposals of approximately $10,000 for the six months ended June 30, 2008, which represented replacement upgrades to store surveillance systems.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Liquidity and Capital Resources

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Off-Balance Sheet Arrangements

VFS does not have any off-balance sheet arrangements.

Impact of Inflation

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

Seasonality

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

Quantitative and Qualitative Disclosures About Market Risk

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

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interest rates on debt; and

spot gold market pricing.

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

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

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

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

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Security Ownership of Certain VFS Beneficial Owners and Management

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

i) each person who is known by VFS to own beneficially more than 5% of the outstanding shares of each class of equity securities;

ii) each director and officer of VFS, and

iii) all directors and officers of VFS as a group. To the knowledge of VFS, except pursuant to applicable community property laws and except as otherwise indicated, each shareholder identified in the table possesses sole voting and investment power with respect to its or his shares.

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

* Denotes less than 1.0%.

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

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

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

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

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

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

the exercise of options that are immediately exercisable.

(6) See footnotes (1) through (5) above.

(7) Number of shares on an as-converted to common stock basis includes 94,325 shares issuable upon the exercise of options that are immediately exercisable.

(8) Number of shares on an as-converted to common stock basis includes 71,396 shares issuable upon the exercise of options that are immediately exercisable.

(9) Number of shares on an as-converted to common stock basis includes 71,285 shares issuable upon the exercise of options that are immediately exercisable.

(10) Number of shares on an as-converted to common stock basis includes 101,103 shares

issuable upon the exercise of options that are immediately exercisable.

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THE SPECIAL MEETING OF VFS SHAREHOLDERS

General

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

Date, Time and Place of the VFS Special Meeting

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

Purpose of the VFS Special Meeting

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

1. The amendment to the VFS articles of incorporation and conversion of all series A-1 participating, series A-2 participating and series B participating stock into VFS common stock.

2. The adoption of the merger agreement dated as of September 16, 2008, among VFS, EZCORP and Merger Sub.

3. The transaction of such other business as may properly come before the special meeting or any adjournment or postponement thereof.

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

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

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Admission to the Special Meeting

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

Record Date and Shareholders Entitled to Vote

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

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

How You Can Vote

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

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

Required Vote, Quorum and Abstentions

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

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

For the approval of proposal 1, the amendment and the conversion of VFS participating stock, abstentions will have no effect.

For the approval of proposal 2, the merger agreement, abstentions will have no effect.

Voting by VFS Directors and Executive Officers

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

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

Revoking Your Proxy

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

- send a written, dated notice to the Secretary of VFS at VFS s principal executive offices stating that you would like to revoke your proxy;
- complete, date and submit a new later-dated proxy card; or
- vote in person at the special meeting. Your attendance alone will not revoke your proxy.

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

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

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

Other Matters

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

Solicitation of Proxies and Expenses

VFS will be responsible for the expenses incurred in connection with the filing, printing and mailing of this proxy statement/prospectus. VFS will be responsible for any fees incurred in connection with the solicitation of proxies for the VFS special meeting. In addition to solicitation by mail, the directors, officers, employees and agents of VFS may solicit proxies from VFS shareholders by telephone, email, facsimile or in person. Some of these individuals may have interests in the merger that are different from, or in addition to, the interests of VFS shareholders generally. *See Information About the Background and Terms of the Merger Interests of VFS s Officers in the merger, page 77.*

Shareholders Sharing an Address

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

Recommendation of the VFS Board of Directors

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

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

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

The VFS Board recommends that you vote FOR the amendment and the conversion.

PROPOSAL NO. 2 THE MERGER

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

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

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INFORMATION ABOUT THE BACKGROUND AND TERMS OF THE MERGER

Background

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

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

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

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

During the summer of 2007, John Thedford, President and Chief Executive Officer of VFS, had a number of discussions with Sterling Brinkley, Chairman of the Board of EZCORP, regarding a possible investment in, or acquisition of, VFS. Since these discussions did not, at the time, materialize into a mutually agreeable transaction, members of the board of VFS determined the best course of action was to pursue an IPO.

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

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

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

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

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

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

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

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

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

During January, another party (Party E) indicated that it had some interest in acquiring VFS, but was significantly behind in terms of the due diligence process. Additional diligence

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information was sent to Party E, but Party E failed to respond to subsequent contact from Stephens after the due diligence information was supplied.

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

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

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

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

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

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

After multiple rounds of negotiations, on May 28, 2008, EZCORP agreed to acquire 100% of VFS s outstanding capital stock for $11.00 per share (the Offer Price) and assume all outstanding liabilities. It was also agreed that the transaction would be structured as a merger, and the Offer Price would be paid in the form of cash and shares of EZCORP Class A Non-voting Common Stock.

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

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

On July 28, 2008, the VFS board met to discuss the amendment, the conversion, the merger and the merger agreement. The VFS board determined that based upon special circumstances that had arisen with respect to VFS and the pawn industry in general, it could not make a recommendation to the VFS shareholders regarding whether to approve or not approve the amendment, the conversion, the merger or the merger agreement. VFS held a special meeting of its shareholders on August 8, 2008. At the special meeting a majority of each class of VFS s shareholders voted against the amendment, the conversion, the merger and the merger agreement.

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

On August 15, 2008, Mr. Cohen and Mr. Thedford had a telephone conversation in which a meeting was proposed to be held in New York City with him and Mr. Brinkley, along with Mr. Hyneman and Mr. Slatery, to determine the reason for the termination of the June 5, 2008 merger agreement and explore whether there was any basis for another transaction. The meeting was held on August 19th and attended by all five people. At the conclusion of the meeting, the parties did not reach any agreement on an alternative transaction and discussions terminated.

On August 23, 2008, in a telephone conversation between Mr. Cohen, Mr. Thedford, Mr. Hyneman and Mr. Slatery, Mr. Cohen proposed new terms for a transaction between EZCORP and VFS which included EZCORP acquiring 100% of VFS shares pursuant to a merger transaction whereby each share of VFS Common Stock would be converted into 0.75 shares of EZCORP Class A Non-voting common Stock. EZCORP would also provide VFS shareholders some price protections if they sell their EZCORP shares received in the merger within 125 days after the closing of the merger. The proposed terms would require EZCORP to pay any VFS selling shareholder the difference between \$14.67 per share and the gross price per share the selling shareholder actually received, if less than \$14.67 per share, up to a maximum of \$4.01 per share, and an aggregate of \$20 million. These deficiency guarantee payments would be made on a first-come first-served basis until the maximum \$20 million commitment was exhausted. In addition to the deficiency guarantee payment, Mr. Cohen and Mr. Brinkley also proposed having EZCORP pay a premium to former VFS shareholders who sell their EZCORP shares within 125 days after the closing of the merger for more than \$14.67 per share. The aggregate maximum for the premium reserve would be \$6,646,527. The amount the VFS shareholders would be paid depended on when they sold their EZCORP shares. If the VFS shareholders sold their EZCORP shares within the first 30 day period from the date of the closing of the merger, they would be

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paid $1.33 per share; during the second 30 day period, $1.00 per share; during the third 30 day period, $.67 per share; and during the fourth 30 day period from the date of the closing of the merger; $.33 per share.

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

On August 28, 2008, the VFS board convened telephonically for a special board meeting. Management updated the board on its analysis of the terms of the letter of intent provided by Party F. One of the conditions to the offer was that management would be required to keep an equity stake in the company equal to not less than 85% of its current equity interest. Management informed the board that this provision was not acceptable to them. Furthermore, the offer was subject to extensive due diligence and third-party debt financing. The board instructed management to contact Party F and request that the deadline for a response be extended until September 5, 2008 in order to give management and the board additional time to review and discuss the proposal. The board also discussed the proposed new merger terms of EZCORP and the board decided to request a written summary of the proposed merger terms from EZCORP, which it received later that day.

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

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

From September 4 to September 10, 2008, management and certain board members of VFS and EZCORP, along with representatives of Greenberg and Strasburger continued to negotiate terms of the merger and a merger agreement.

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

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On September 11, 2008, the VFS board convened telephonically for a special board meeting to receive a status update on the proposed merger with EZCORP and discuss any open issues.

On September 12, 2008, the VFS board convened in the morning telephonically for a special board meeting. A representative of Greenberg was also in attendance. Greenberg reviewed with the board the remaining open issues with respect to the merger agreement, including issues regarding having only the 18 largest VFS shareholders receive EZCORP shares. The VFS board discussed offering the ability to have any of the VFS shareholders acquire EZCORP shares. Or in the alternative, have the option to acquire either 0.75 EZCORP shares or $11.00 for each VFS share. The VFS board decided not to approve the merger under the current terms, and instructed management to schedule a call with Mr. Brinkley for later in the day to discuss changing the terms of the proposed merger to allow all VFS shareholders to elect to receive either 0.75 EZCORP shares, with the price protections, or $11.00 for each VFS share they own.

In the afternoon of September 12, 2008, certain VFS board members, Mr. Brinkley, along with representatives of Greenberg and Strasburger, convened telephonically to discuss issues regarding the fact that only the top 18 shareholders of VFS would receive EZCORP shares in the transaction. During this discussion, both parties agreed that the merger agreement would be revised to provide all VFS shareholders with the option to elect to receive either 0.75 EZCORP shares, with the price protections, or $11.00 for each VFS share they own.

From September 13 to September 15, 2008, management and certain board members of VFS and EZCORP, along with representatives of Greenberg and Strasburger continued to negotiate the revised terms of the merger agreement.

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

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

The merger agreement was executed by VFS, EZCORP and Merger Sub on September 16, 2008, and the voting agreement was executed by the three directors of VFS and EZCORP on September 16, 2008. On September 17, 2008, after the close of trading on the NASDAQ Global

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Market, EZCORP issued its press release announcing the signing of the merger agreement and the voting agreement.

Recommendations of the EZCORP and VFS Boards of Directors

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

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

Reasons for the Merger

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

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