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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**Current Report**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 12, 2018

**Community Choice Financial Inc.**

(Exact name of registrant as specified in its charter)

**Ohio**  
(State or other jurisdiction  
of incorporation)

**001-35537**  
(Commission File Number)

**45-1536453**  
(I.R.S. Employer Identification  
No.)

**6785 Bobcat Way, Suite 200**  
**Dublin OH 43016**  
(Address of principal executive offices) (Zip code)

**888-513-9395**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

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## Item 7.01 Regulation FD Disclosure

Between April 12, 2018 and May 31, 2018, Community Choice Financial Inc. (“CCFI”) entered into confidentiality agreements (as amended from time to time, the “Confidentiality Agreements”) in connection with discussions regarding potential transactions to refinance or restructure the company’s debt (the “Restructuring”) with certain holders, and investment advisors or persons acting in similar capacities for certain holders (the “Ad Hoc Group”) of CCFI’s 10.75% Senior Secured Notes due 2019 (the “2019 Notes”) issued pursuant to that certain indenture, dated as of April 29, 2011 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “2019 Notes Indenture”), by and among CCFI, the guarantors party thereto, Computershare Trust Company of Canada, as successor trustee (the “Trustee”) and U.S. Bank National Association, as collateral agent (the “Collateral Agent”), and CCFI’s 12.75% Senior Secured Notes due 2020 (the “2020 Notes” and, together with the 2019 Notes, the “Notes”) issued pursuant to that certain indenture, dated as of July 6, 2012 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “2020 Notes Indenture” and, together with the 2019 Notes Indenture, the “Indentures”), by and among CCFI, the guarantors party thereto, the Trustee and the Collateral Agent. The members of the Ad Hoc Group hold a majority of the issued and outstanding principal amount of the Notes.

Pursuant to the Confidentiality Agreements, the Ad Hoc Group has been provided with certain material non-public information which it provided to the Ad Hoc Group and their respective financial and legal advisers (the “Disclosure Materials”) in connection with the above referenced discussions. The Disclosure Materials are attached in Exhibit 99.1 hereto.

The above referenced discussions resulted in a non-binding term sheet setting forth key terms and conditions of the potential Restructuring, attached hereto as Exhibit 99.2 (the “Term Sheet” and, collectively with the Disclosure Materials, the “Confidential Information”), upon which there is substantial agreement between the Company and the members of the Ad Hoc Group. The discussions between CCFI and the Ad Hoc Group regarding the potential Restructuring are ongoing, and the Company and the Ad Hoc Committee have commenced negotiation of a restructuring support agreement which would set forth the material terms and conditions that would be applicable to the potential Restructuring.

The Confidential Information, including any financial projections and forecasts, was not prepared with a view toward public disclosure or compliance with the published guidelines of the Securities and Exchange Commission or the guidelines established by the Public Company Accounting Oversight Board and should not be relied upon to make an investment decision with respect to CCFI. The Confidential Information does not purport to present CCFI’s financial condition in accordance with GAAP. The Company’s independent registered public accounting firm has not examined, compiled or otherwise applied procedures to the Confidential Information and, accordingly, does not express an opinion or any other form of assurance with respect to the Confidential Information. The inclusion of the Confidential Information should not be regarded as an indication that CCFI or its affiliates or representatives consider the Confidential Information to be a reliable prediction of future events, and the Confidential Information should not be relied upon as such. Neither CCFI nor any of its affiliates or representatives has made or makes any representation to any person regarding the ultimate outcome of the potential Restructuring or any other debt restructuring initiative, and none of them undertakes any obligation to publicly update the Confidential Information to reflect circumstances existing after the date when the Confidential Information was made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the Confidential Information are shown to be in error or to provide any update to any proposal attached hereto. The statements provided herein and in the Confidential Information are subject to all of the cautionary statements and limitations described herein and under the caption “Forward-Looking Statements and Information.”

Any new securities that may be issued pursuant to the Restructuring will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws. Therefore, such new securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and any applicable state securities laws. This Current Report on Form 8-K, including Exhibits 99.1 and 99.2, does not constitute an offer to sell or buy, nor the solicitation of an offer to sell or buy, any securities referred to herein. Any solicitation or offer will only be made pursuant to a confidential offering memorandum and disclosure statement and only to such persons and in such jurisdictions as is permitted under applicable law.

The information furnished in Item 7.01 of this Current Report on Form 8-K and in Exhibits 99.1 and 99.2 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

## **Forward-Looking Statements and Information**

Certain statements contained or incorporated by reference in this Current Report on Form 8-K may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, as amended. Statements that are not historical fact are forward-looking statements. Certain of these forward-looking statements can be identified by the use of words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “estimates,” “assumes,” “may,” “should,” “could,” “would,” “shall,” “will,” “seeks,” “targets,” “future,” or other similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors, and our actual results, performance or achievements could differ materially from future results, performance or achievements expressed in these forward-looking statements. Such statements include, but are not limited to, descriptions of the proposed Restructuring, the Company and the Ad Hoc Group’s negotiation of a restructuring support agreement to effectuate the potential Restructuring or any other debt restructuring, management’s strategy, plans, objectives, expectations, or intentions and descriptions of assumptions underlying any of the above matters and other statements that are not historical fact, including any estimates of future revenues or financial ratios. There can be no assurance that CCFI will be successful in completing the Restructuring or any other similar transaction on the terms set forth in the Term Sheet, on different terms, or at all.

## **Item 9.01 Financial Statements and Exhibits**

[99.1 Disclosure Materials dated June 12, 2018](#)

[99.2 Proposed Term Sheet as of June 11, 2018](#)

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Community Choice Financial Inc**

Dated: June 12, 2018

By: /s/ Michael Durbin

Michael Durbin

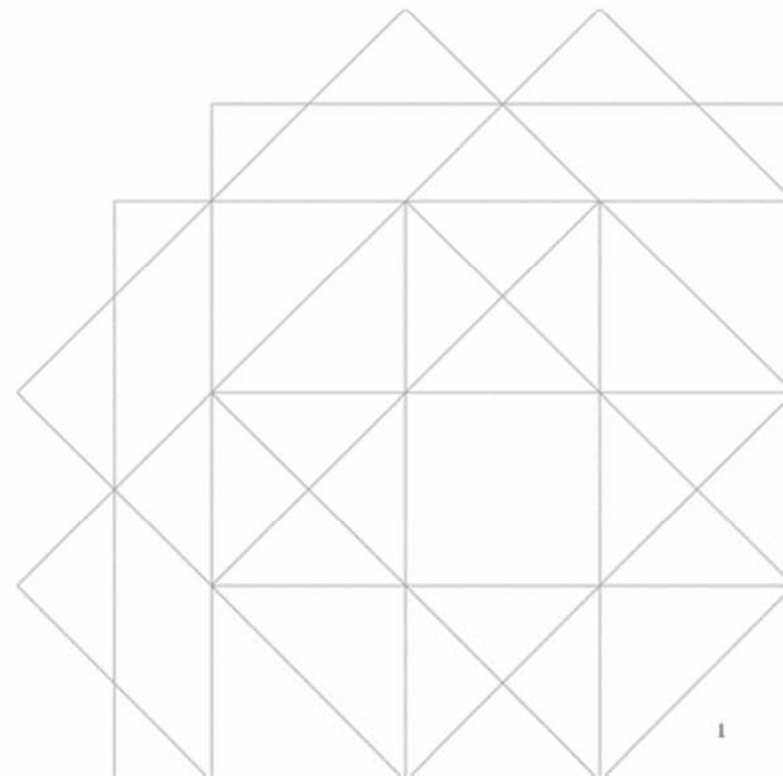
Executive Vice President, Chief Financial Officer, Chief  
Administrative Officer, and Treasurer

Privileged & Confidential  
Prepared at the Request of Counsel  
Preliminary Draft – Subject to Material Revision

June 12, 2018

# Project Cayenne

## Discussion Materials



## Disclaimer

This presentation (together with any information which has been or may be supplied in writing or orally in connection herewith or in connection with any further inquiries, this "Presentation") has been prepared for the exclusive use of the party to whom Community Choice Financial Inc. ("Community Choice"), Ducera or another advisor or representative of Community Choice delivers this Presentation. This Presentation is being provided solely to assist the recipient in determining whether it wishes to participate in the proposed restructuring transaction and Community Choice does not make any representation or warranty, either express or implied as to the accuracy, completeness or reliability of the information contained in this Presentation. This Presentation is intended for the exclusive use of the recipient hereof. By accepting this Presentation, you expressly acknowledge that this Presentation constitutes confidential information, is subject to Community Choice's confidentiality agreement with the recipient hereof, and is provided on the condition that you agree to hold it in strict confidence in accordance with our confidentiality agreement with you and not reproduce, disclose, forward or distribute it in whole or in part without the prior written consent of Community Choice. This confidentiality undertaking is intended to be for the benefit of Community Choice and is enforceable by Community Choice.

The information contained in this Presentation shall not be deemed an indication of the state of affairs of Community Choice nor shall it constitute an indication that there has been no change in the business or affairs of Community Choice since the date hereof or since the date at which such information is expressed to be stated, as applicable. The information contained herein does not purport to be all-inclusive or contain all of the information that a prospective investor may need or desire. The sole purpose of these materials is to facilitate a discussion of a potential restructuring transaction and these materials are not intended to be, and are not, binding on Community Choice or any recipient hereof. In all cases, interested parties should conduct their own investigation and analysis of Community Choice and its subsidiaries and the data set forth in this Presentation and should rely solely on their own judgment, review and analysis in evaluating Community Choice and its subsidiaries. Neither Community Choice nor its affiliates makes, and each hereby expressly disclaims, any representation or warranty (express or implied) as to the accuracy or completeness of this Presentation or any other written or oral information made available by Community Choice in connection with the evaluation of any transaction involving Community Choice and its subsidiaries. None of Community Choice nor its affiliates, directors, officers, employees or other representatives shall have any liability for any other representations (express or implied) contained in, or for any omissions from, this Presentation or any other written or oral communication transmitted to the recipient in the course of the recipient's evaluation of Community Choice and its subsidiaries.

These materials are provided in furtherance of settlement discussions, and are entitled to the protections of Federal Rule of Evidence 408 and any other applicable statutes or doctrines protecting the use or disclosure of confidential information and information exchanged in the context of settlement discussions.

Community Choice assesses the performance of its businesses using a variety of measures, which management believes are useful to investors and others in evaluating Community Choice's business. Certain of these measures are not explicitly defined under U.S. GAAP and are therefore termed Non-GAAP measures. Community Choice does not regard these Non-GAAP measures as a substitute for, or superior to, the equivalent measures defined under U.S. GAAP. The Non-GAAP measures that Community Choice uses may not be directly comparable with similarly-titled measures used by other companies.

Certain statements contained in these materials are "forward-looking statements" within the meaning of federal securities laws. All statements in this release other than those relating to our historical information or current condition are forward-looking statements. For example, any statements regarding our future financial performance (including, but not limited to, Community Choice's ability to execute its long-term strategy and to manage operational efficiencies across its national footprint), our business strategy (current and potential strategies), and expected developments in its industry are forward-looking statements. Those views and expectations and the related statements are inherently subject to risks, uncertainties, and other factors, many of which are not under our control and may not even be predictable. Refer to the "Risk Factors" and other information set forth in Community Choice's Annual Report on Form 10-K under the Securities Act of 1934, as amended, and other filings with the Securities and Exchange Commission for risks that may affect forward-looking information. Therefore, actual results could differ materially from our expectations as of today and any future results, performance, or achievements expressed directly or impliedly by the forward-looking statements. Community Choice, Ducera and other advisors and representatives of Community Choice hereby expressly disclaim any and all liability for any loss or damage (whether foreseeable or not) suffered or incurred by any person or entity as a result of anything contained or omitted from this Presentation and such liability is expressly disclaimed. The recipient agrees that it shall not seek to sue or otherwise hold Community Choice, Ducera, any other advisor and representative of Community Choice or any of their respective affiliates or representatives liable in any respect for the provision of this Presentation, the information contained in this Presentation, or the omission of any information from this Presentation. Only those particular representations and warranties of Community Choice made in a definitive written agreement regarding a restructuring transaction (which will not contain any representation or warranty relating to this Presentation) when and if executed, and subject to such limitations and restrictions as specified therein, shall have any legal effect.

This Presentation is not an offer to sell or the solicitation of an offer to buy any securities of Community Choice or any of its subsidiaries, nor will there be any sales of securities of Community Choice or any of its subsidiaries in any jurisdiction in which the offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## Introduction

- In early 2015, following years of productive organic and acquisitive growth, Community Choice Financial, Inc. (“Community Choice”) was well-positioned as an industry leader
- In response to the announcement of the CFPB’s proposed rules in May 2015, Community Choice pivoted from portfolio and market share expansion to rationalization in an effort to aggressively delever and maximize value for its stakeholders
  - Community Choice ultimately shrunk its overall loan portfolio from its peak of \$240 million in 2014 to \$117 million by March 2017, harvesting cash to repurchase bonds and invest in compliance and IT infrastructure
- Following the presidential election in November 2016, Community Choice recognized the potential for regulatory relief and accordingly shifted its strategy back to portfolio expansion
- While Community Choice has right-sized its cost structure and is positioned for profitable growth once stable loan portfolios are established, rebuilding its loan portfolio will require substantial additional liquidity
  - In executing its rationalization strategy in 2015 and 2016, Community Choice used approximately \$55 million of liquidity to repurchase debt
  - Further, Community Choice’s current capital structure is reflective of a much larger enterprise and burdens the business with cash interest costs substantially in excess of its current cash flow profile
- Community Choice currently faces a critical juncture with respect to its capital structure given the upcoming maturity of its \$237 million 10.75% Senior Secured Notes due 2019 (“2019 Secured Notes”) followed by its \$13 million 12.75% Senior Secured Notes due 2020 (“2020 Secured Notes” and together with the 2019 Secured Notes, “Existing Notes”)
  - In March 2018, Community Choice executed amendments to both of its working capital facilities, the \$47 million revolving credit facility (“Revolving Credit Facility”) and the \$60 million collateralized notes (“SPV Credit Facility”), extending maturities to April 2019
- Following amendments to the working capital facilities, Community Choice entered into direct negotiations with its largest Existing Noteholders. Those discussions have culminated in a principle agreement on a comprehensive transaction that would provide liquidity and capital structure runway and position the business to maximize value for its stakeholders

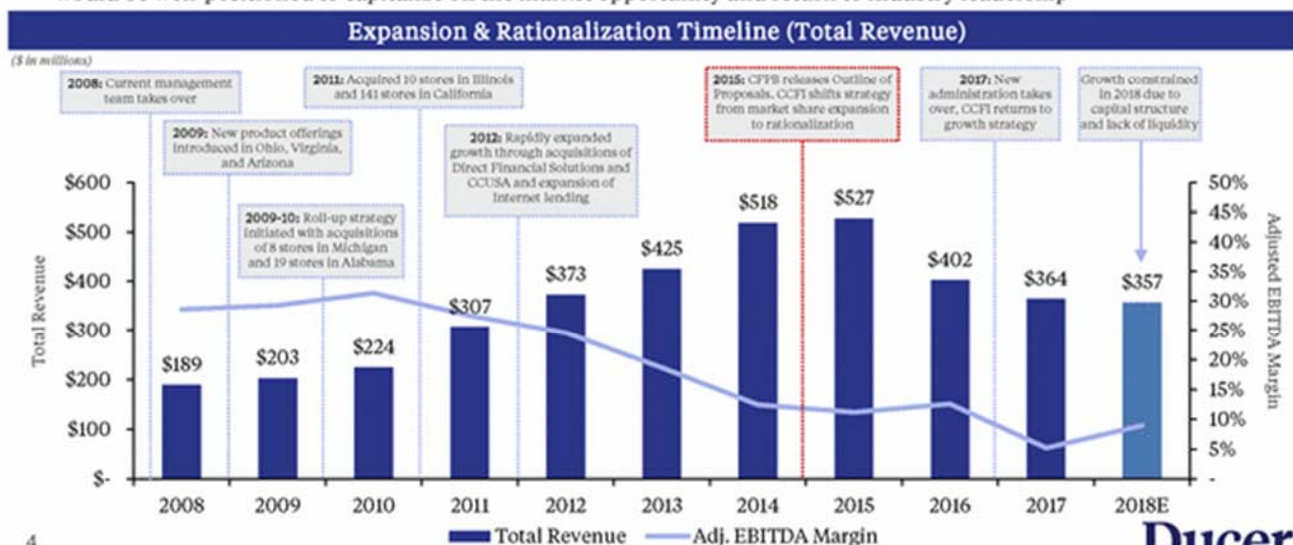
*As it looks to rebuild its loan portfolio to pre-2015 levels, incremental liquidity and runway on its capital structure will position Community Choice to capitalize on the market opportunity that currently exists in today’s operating environment*



## Industry Leader Prior to 2015 CFPB Rules

- Prior to the announcement of the CFPB's proposed rules in 2015, Community Choice was well-positioned as an industry leader operating a best-in-class retail business coupled with a growing internet platform
- Under its current management team, Community Choice created outsized growth from 2008 through 2014 through a combination of superior operating performance and customer service and the successful integration of numerous strategic acquisitions
  - From 2008 to 2014, Community Choice grew Revenue from \$189 million to \$518 million (representing an 18.3% compound annual growth rate), headlined by:
    - Steady acquisitive growth in the Retail business, growing Revenue from \$189 million in 2008 to \$404 million in 2014
    - Entry into online business in 2012 through acquisition of Direct Financial Solutions, building business to substantial scale, with Revenue growing from \$25 million in 2012 to \$115 million in 2014
- Community Choice's management team believes that growth opportunities similar to those existing in 2008 are again present in today's market. With capital structure runway and sufficient liquidity, Community Choice believes that it would be well-positioned to capitalize on the market opportunity and return to industry leadership

*Community Choice's management team has a proven track record of successfully building an industry leading consumer finance business, and has positioned Community Choice's operations to capitalize on the current market opportunity once sufficient capital structure runway and liquidity are attained*





## Actions Taken in the Wake of Regulatory Uncertainty

- Following the CFPB's May 2015 announcement of its proposed rules, Community Choice pivoted from portfolio and market share expansion to rationalization in an effort to aggressively delever and, in turn, maximize value for its stakeholders. Community Choice effectively harvested cash from its loan portfolios to enable:
  - The repurchase of \$170 million of Existing Notes at an average price of 32% of par; and
  - Critical investments in compliance, IT, and data mining and analytics to enable future value creation in the increasingly complex regulatory environment
- Through portfolio rationalization, Community Choice shrunk its overall loan portfolio from its peak of \$240 million in 2014 to \$117 million by March 2017<sup>(1)</sup>
- Following the 2016 presidential election, Community Choice shifted its strategy back to portfolio expansion based on an expectation that regulatory relief headlined in the campaign would extend to the CFPB
- Despite substantial expense reduction since the original CFPB announcement, the shift back to portfolio growth has led to substantial restart costs that have resulted in a drag on profitability and liquidity
- While Community Choice is now growing at a more favorable pace, realizing its former scale will require additional time, runway, and liquidity

*Community Choice's current financial position is a result of a portfolio winddown and bond repurchase that were value-maximizing under the uncertain regulatory environment at the time*

*Restarting portfolio growth will require additional runway and flexibility from Secured Noteholders*



5 Notes:  
(1) Figures include off-balance CSO receivables

## Stabilized Performance Following Portfolio Restart

- Community Choice has substantial upside in a stable regulatory environment; however, its switch back to portfolio growth negatively impacted its 2017 financial performance, primarily due to the following:
  - Costs of restarting portfolio growth over a diminished base of established portfolios
    - Community Choice expects these costs to decrease as new loan pools mature over time
  - Operational restructuring initiatives
    - Over the course of 2017, Community Choice completed a comprehensive operational restructuring whereby it cut underperforming operations and reduced overhead through both headcount reduction and reductions in compensation. This has streamlined Community Choice's cost structure to allow for highly accretive growth in 2018
  - Heightened fraud impacting the online business
    - In response, Community Choice has fully redesigned its risk processes and upgraded its investments in fraud detection and fraud filtering technologies
- Following resolution of the various issues impacting the business in 2017, Community Choice's business has stabilized and has begun 2018 with material improvements in performance
- Through March 2018, Community Choice's financial performance has exceeded its 2017 performance on a comparative basis and is tracking ahead of its business plan projections

*While Community Choice experienced various negative impacts to its financial performance in 2017 as a result of its switch back to portfolio growth, its business has stabilized in 2018 and is thus far exceeding 2017 performance through March 2018*

### First Quarter Financial Performance Overview (Unaudited)

(\$ in millions)

	1Q17		1Q18		Variance	
	\$	% Total Revenue	\$	% Total Revenue	\$ Variance	% Variance
Total Revenue	\$85.4		\$87.7		\$2.3	2.7%
(-) Provision for Loan Losses	(19.5)	(22.9%)	(22.6)	(25.8%)	(3.1)	15.8%
<b>Net Revenue</b>	<b>\$65.8</b>	<b>77.1%</b>	<b>\$65.0</b>	<b>74.2%</b>	<b>(\$0.8)</b>	<b>(1.2%)</b>
(-) Operating Expenses	(39.2)	(45.9%)	(37.8)	(43.2%)	1.4	(3.5%)
<b>Operating Income</b>	<b>\$26.6</b>	<b>31.2%</b>	<b>\$27.2</b>	<b>31.0%</b>	<b>\$0.6</b>	<b>2.2%</b>
(-) Corporate Expenses & Taxes	(35.0)	(41.0%)	(30.9)	(35.2%)	4.1	(11.7%)
<b>Net Income</b>	<b>(\$8.4)</b>	<b>(9.8%)</b>	<b>(\$3.7)</b>	<b>(4.2%)</b>	<b>\$4.7</b>	<b>(55.9%)</b>
(+) Interest	11.4		12.2		0.8	7.1%
(+) Provision for Income Taxes	0.3		-		(0.3)	(100.0%)
(+) Depreciation & Amortization	3.8		3.3		(0.5)	(13.8%)
<b>EBITDA (Pre-Adjustments)</b>	<b>\$7.2</b>	<b>8.4%</b>	<b>\$11.8</b>	<b>13.5%</b>	<b>\$4.6</b>	<b>64.3%</b>

## Status Quo Capital Structure

(\$ in millions)

Facility	Principal		Key Terms	
	Amount	/ 2018E EBITDA	Interest	Maturity
Revolving Credit Facility	\$47		L + 11.00%	04/04/19
SPV Credit Facility	60		16.75%	04/04/19
Other Secured Debt	2		4.39%	2019-2021
2019 Secured Notes <sup>(1)</sup>	237		10.75%	05/01/19
2020 Secured Notes <sup>(2)</sup>	13		12.75%	05/01/20
<b>Total Debt</b>	<b>\$359</b>	<b>11.2x</b>		
Less: Cash	(90)			
<b>Total Net Debt</b>	<b>\$269</b>	<b>8.4x</b>		
Adjusted EBITDA		\$32		
<b>Liquidity</b>				
Cash	\$90			
Revolver Availability	-			
<b>Total Liquidity</b>	<b>\$90</b>			
<b>Net Receivables</b>				
1Q18 Net Receivables + Cash	\$162			
<b>As % of Total Debt</b>	<b>45.1%</b>			

Consolidated Cash balance includes restricted/less accessible forms of cash, including regulatory cash and cash held in SPV.

Cash figure is reflected as of March 31, 2018. Without capital structure concessions, this number could diminish through the remainder of 2018.

Short-term extensions have been reached with lenders to the Revolving Credit Facility and SPV Credit Facility, providing runway to structure a transaction for the Existing Notes in the near-term

**Notes:**

Balance sheet as of March 31, 2018

(1) 2019 Secured Notes callable any time at 100.000%

(2) 2020 Secured Notes callable at 103.188% and then at 100.000% starting on May 1, 2018

Source: Company data



## Financial Realities for the Secured Noteholders

- Community Choice's business is stable and growing; however, on account of its reduced loan portfolio, the business is not of commensurate scale to support the current capital structure
- To execute its long-term business plan, Community Choice will need runway and incremental liquidity to reach a run-rate performance level that will maximize value for the Secured Noteholders
- The Existing Notes are structurally subordinated to the \$60 million SPV Credit Facility because of a different collateral base and effectively subordinated to the \$47 million Revolving Credit Facility with respect to proceeds in the collateral
- In a foreclosure scenario, based on Community Choice's 1Q18 balance sheet, the Existing Notes appear to be undercollateralized by the book value of tangible assets after repayment of the SPV Credit Facility and Revolving Credit Facility
- As such, we believe an outcome whereby Community Choice is well-positioned to continue operating as a going concern is the best path for the Existing Notes to maximize value while limiting downside relative to the status quo

### Balance Sheet Summary

(\$ in millions)

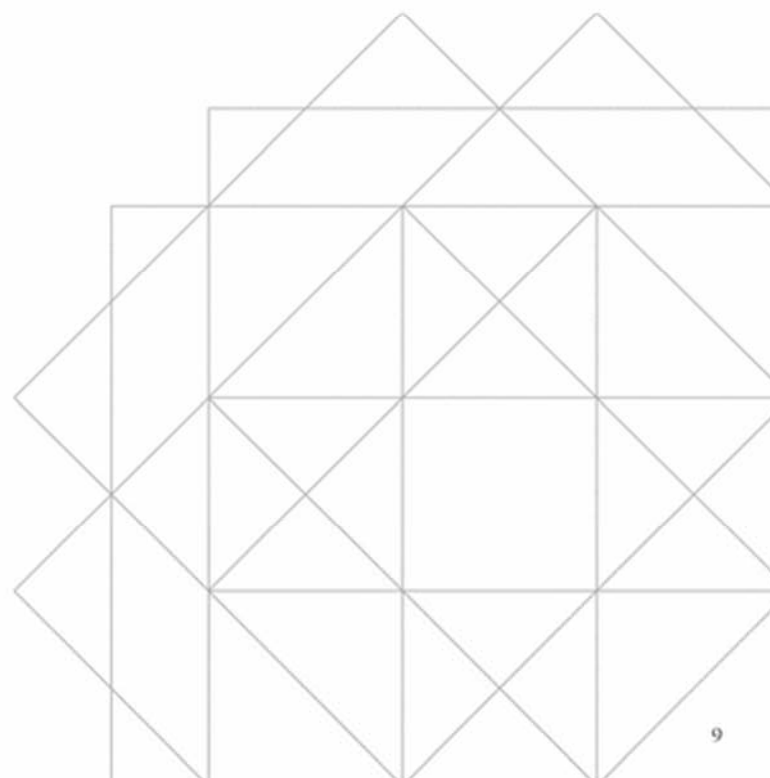
	3/31/18		
	Non-		
	Consolidated	Guarantor	Guarantor
<b>Consolidated Tangible Assets:</b>			
Consolidated Cash	\$90	\$22	\$68
Short-Term Consumer Loans	52	37	15
Medium-Term Loans	37	19	18
(-) Unearned Advance Fees	(2)	(2)	(0)
(-) Allowance for Loan Losses	(15)	(7)	(8)
<b>Net Finance Receivables</b>	<b>\$72</b>	<b>\$47</b>	<b>\$24</b>
<b>Total Cash &amp; Receivables</b>	<b>\$162</b>	<b>\$69</b>	<b>\$93</b>
<b>Secured Debt (in order of priority):</b>			
SPV Credit Facility (Non-Recourse)	\$60	\$60	\$-
Revolving Credit Facility	47	-	47
<b>Total Senior Obligations</b>	<b>\$107</b>	<b>\$60</b>	<b>\$47</b>
Existing Notes	250	-	250
<b>Consolidated Secured Debt</b>	<b>\$357</b>	<b>\$60</b>	<b>\$297</b>
<b>Illustrative Coverage</b>			
Total Guarantor Cash & Receivables			\$93
(-) Revolving Credit Facility			(47)
<b>Illustrative Guarantor Cash &amp; Receivables Available to Existing Notes</b>			<b>\$46</b>
(/) Existing Notes			250
<b>Illustrative % of Existing Notes Covered by Guarantor Cash &amp; Receivables</b>			<b>18.3%</b>

#### Commentary:

- A Allowance is based on the return and collection profile of the going concern business. Loan losses could increase substantially in a forced sale scenario
- B Collateral Agreement waterfall gives Revolving Credit Facility payment priority in the proceeds of any collection, sale, foreclosure, or other realization of shared collateral ahead of the Existing Notes

*Based on Community Choice's current financial position and the terms of the Revolving Credit Facility, we believe a transaction with the Existing Notes that provides Community Choice with runway to execute its business plan is the value-maximizing path for the Existing Notes and eliminates the risk of a near-term bankruptcy*

## Proposed Transaction



## Key Objectives for a Transaction

- Community Choice is seeking to effectuate a transaction with the Secured Noteholders in order to execute on its business plan initiatives and maximize value for all stakeholders
- In structuring and executing such a transaction, there are several key objectives that must be accomplished:

### 1 Feasible Capital Structure

- Transaction should provide runway and sufficient liquidity to allow the business to make the necessary investments in its portfolio and operations to profitably grow revenue
  - Liquidity can be funded in part by a reduction in cash interest expense
- In the context of the current business plan, maturities must be extended to provide Community Choice with a reasonable opportunity to refinance debts as they come due
  - Transaction should provide Community Choice with time to grow into its balance sheet and provide alternative mechanism to resolve capital structure

### 2 Access to Capital to Grow the Business

- To execute on higher-growth business plan initiatives, Community Choice needs incremental capital
  - In the near-term, new capital is required to fund necessary investments in store improvements, advertising & promotions, and online lead generation & verification to place Community Choice on a continued positive trajectory
- As such, a transaction should provide Community Choice with new money investment to make critical investments in its business while allowing flexibility to access additional growth capital in the future

### 3 Operational Flexibility

- While any transaction must afford Secured Noteholders with provisions that protect their position, a transaction should also align stakeholder interests and provide Community Choice with appropriate flexibility to operate its business in a value maximizing manner

*To ensure effective runway and financial flexibility to execute its business plan and maximize value, a transaction must extend maturities and provide additional liquidity*



## Proposed Transaction Overview

- Community Choice has reached an agreement in principle with its largest Existing Noteholder on a transaction (the “Restructuring”) that would provide for the following:
  - New money financing through an offering of New First Lien Stapled Securities (the “Rights Offering”)
  - Exchange offer for the Existing Notes into second lien debt (“New Exchange PIK Notes”) with PIK interest and equity redemption feature (the “Exchange Offer”)

### New First Lien Stapled Securities

- Existing Noteholders will receive rights to participate pro rata in a \$150 million<sup>(1)</sup> Rights Offering of New First Lien Stapled Securities, which are comprised of the following:
  - **New First Lien Notes:** \$150 million first lien financing, and
  - **Rights Offering Warrants:** Penny warrants to purchase 35% of Community Choice equity<sup>(2)</sup>
- Participants in the initial Rights Offering to receive additional penny warrants to purchase 2.5% of Community Choice equity (“Supplemental Warrants”) <sup>(2)</sup>
- To the extent the Rights are not fully exercised, participating Existing Noteholders will have the opportunity to acquire more than their ratable share of the New First Lien Stapled Securities

### New Exchange PIK Notes

- Existing Noteholders will receive offer to exchange at par (plus accrued interest) into New Exchange PIK Notes
  - \$250 million<sup>(3)</sup> second lien notes
  - Upon certain events after two years following the Effective Date, the New Exchange PIK Notes may be redeemed for 60.5% of Community Choice equity<sup>(2)</sup>

*Community Choice has reached an agreement in principle with its largest Existing Noteholders on a transaction that would provide for new money financing and an exchange of the Existing Notes*

Notes:

(1) To the extent the 95% Minimum Participation Threshold is not met, the Rights Offering will be limited to \$75 million

(2) Prior to dilution from management incentive plan

(3) Subject to adjustment for accrued interest on the Existing Notes

## Pro Forma Capital Structure

- The following is a summary of Community Choice's capital structure reflected pro forma for the Restructuring

Illustrative Capital Structure											
(\$ in millions, Balance Sheet as of 3/31/18)											
Facility	Principal Amount	xEBITDA		Key Terms		Txn. Adj.	Pro Forma Amount	xEBITDA		Key Terms	
		2017	2018	Interest	Maturity			2017	2018	Interest	Maturity
Revolving Credit Facility	\$47			L + 11.00%	04/04/19	(\$47)	\$ -				
SPV Credit Facility	60			16.75%	04/04/19	(60)	-				
<b>Total Credit Facility Debt</b>	<b>\$107</b>	<b>5.7x</b>	<b>3.4x</b>			<b>(\$107)</b>	<b>\$ -</b>				
Other Secured Debt	2			4.39%	2019-2021	-	2			4.39%	2019-2021
NEW First Lien Notes	-					150	150			9% Cash	12/31/24
2019 Secured Notes	237			10.75%	05/01/19	(237)					
2020 Secured Notes	13			12.75%	05/01/20	(13)					
<b>Total Priority Secured Debt</b>	<b>\$359</b>	<b>18.9x</b>	<b>11.2x</b>			<b>(\$207)</b>	<b>\$152</b>	<b>8.0x</b>	<b>4.8x</b>		
Less: Cash <sup>(1)</sup>	(90)					(43)	(133)				
<b>Net Priority Secured Debt</b>	<b>\$269</b>	<b>14.2x</b>	<b>8.4x</b>			<b>(\$250)</b>	<b>\$19</b>	<b>1.0x</b>	<b>0.6x</b>		
NEW Exchange PIK Notes	-					260	260	21.8x	12.9x	8% PIK	06/30/25
<b>Total Debt</b>	<b>\$359</b>	<b>18.9x</b>	<b>11.2x</b>			<b>\$53</b>	<b>\$412</b>	<b>21.8x</b>	<b>12.9x</b>		
Less: Cash	(90)					(43)	(133)				
<b>Total Net Debt</b>	<b>\$269</b>	<b>14.2x</b>	<b>8.4x</b>			<b>\$10</b>	<b>\$279</b>	<b>14.7x</b>	<b>8.8x</b>		

Assumes \$150 million New First Lien Notes issuance, illustratively assuming that \$107 million of proceeds would be used to refinance the working capital facilities and \$43 million would function as incremental liquidity and pay closing costs / advisory fees<sup>(2)</sup>

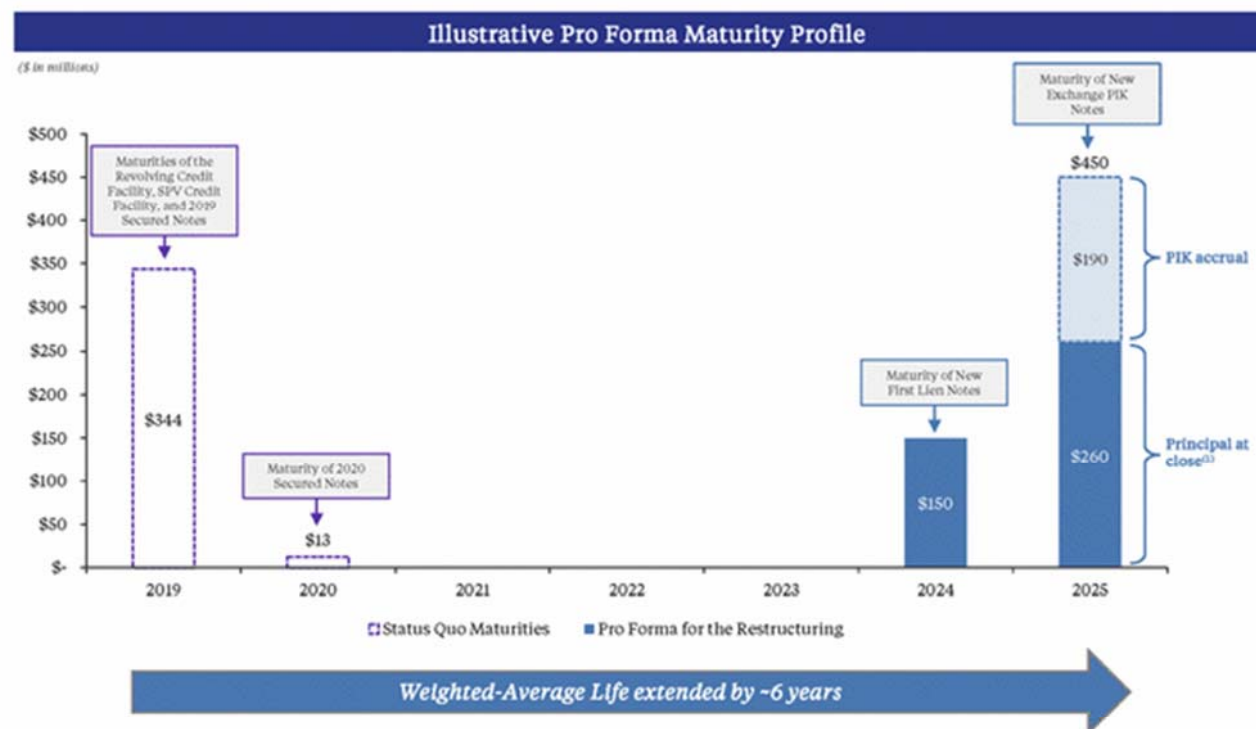
Illustrative \$250 million<sup>(2)</sup> of New Exchange PIK Notes issued in connection with the Exchange Offer, plus \$10 million of New Exchange PIK Notes issued as make-whole prepayment consideration for Revolving Credit Facility

Illustratively assumes full participation among the Existing Noteholders

Notes: Illustratively assumes 100% participation in the Restructuring  
(1) Reflected prior to closing costs and advisor fees  
(2) Subject to adjustment for accrued interest on the Existing Notes

## Pro Forma Maturity Profile

- The following is a summary of Community Choice's debt maturity profile, pro forma for the Restructuring



*The Restructuring provides substantial runway for Community Choice to effectuate its business plan, improving weighted-average life of the capital structure by approximately 6 years*

Notes: Illustratively assumes 100% participation in the Restructuring  
(1) Subject to adjustment for accrued interest on the Existing Notes

## Potential Value Realization

- The following chart is a summary of the potential value available to holders participating in the Exchange Offer and/or the New First Lien Stapled Securities Rights Offering

Current Position		Participate in Exchange Offer and New First Lien Stapled Securities Rights Offering	
<ul style="list-style-type: none"> <li>\$250 million face value at 11.2x 18E leverage</li> <li>Currently trading at ~61%<sup>(1)</sup>, implying 8.2x market leverage</li> <li>Junior to \$47 million Revolving Credit Facility and \$60 million SPV Credit Facility</li> </ul>	New First Lien Stapled Securities	New First Lien Notes	<ul style="list-style-type: none"> <li>First priority lien</li> <li>Maturity 6.5 years from Effective Date (6 months prior to maturity of New Exchange PIK Notes)</li> <li>9% cash interest</li> <li>Covenants based on existing indentures</li> <li>If Minimum Participation Threshold is not met, will receive NC-2 with makewhole. Otherwise, redeemable at par in cash at any time</li> </ul>
		New Warrants	<ul style="list-style-type: none"> <li>Share of penny warrants to purchase 35% of Community Choice equity (shared pro rata based on participation in \$150 million New First Lien Notes offering)</li> <li>Participants in initial New First Lien Notes offering receive additional pro rata share of penny warrants to purchase 2.5% of equity</li> <li>New Warrants to have anti-dilution protection in the event of equity redemption of New Exchange PIK Notes</li> </ul>
	New Second Lien PIK Notes		<ul style="list-style-type: none"> <li>Second priority lien</li> <li>Maturity 7 years from the Effective Date</li> <li>8% PIK interest</li> <li>NC-2 subject to makewhole, redeemable at par in cash thereafter</li> <li>After certain events, may be redeemed in Common Stock representing 60.5% of Community Choice equity</li> </ul>
No Transaction		Participate in Exchange Offer	
<ul style="list-style-type: none"> <li>May 2019 maturity of majority of the Existing Notes is unlikely to be refinanced by a third party</li> <li>As of 1Q18, Guarantor entities hold \$93 million of Cash and Net Receivables. The \$47 million Revolving Credit Facility will have payment priority on Guarantor assets in the event of a liquidation</li> </ul>	New Second Lien PIK Notes		<ul style="list-style-type: none"> <li>Second priority lien</li> <li>Maturity 7 years from the Effective Date</li> <li>8% PIK interest</li> <li>NC-2 subject to makewhole, redeemable at par in cash thereafter</li> <li>After certain events, may be redeemed in Common Stock representing 60.5% of Community Choice equity</li> </ul>
	Do Not Participate in Rights Offering or Exchange Offer		
	Maintain Existing Notes Position	<ul style="list-style-type: none"> <li>As part of the Restructuring, the Existing Notes indenture will be amended to release collateral and remove most restrictive covenants</li> <li>Up to \$410 million of secured debt will be issued in connection with the Restructuring</li> </ul>	

*In connection with the Restructuring, Existing Noteholders will have the opportunity to participate in the Rights Offering and the Exchange Offer*



## Investment Rationale: Key Benefits of Participation in Rights Offering

- The New First Lien Stapled Securities Rights Offering provides substantial value to participants through both the characteristics of the instrument, as well the beneficial impacts of the new financing on Community Choice's capital structure and financial profile
- The following is a summary of the key benefits of participation in the New First Lien Stapled Securities Rights Offering

Key Benefits of Participation in New First Lien Stapled Securities Rights Offering	
Attractive Economic Profile	<ul style="list-style-type: none"> <li>▪ Combination of cash interest and stapled warrants provides a unique, attractive return profile and allows for upside participation as the business returns to growth trajectory</li> <li>▪ Estimated all-in investor IRR of ~14-25%<sup>(1)</sup></li> </ul>
Effective and Temporal Seniority	<ul style="list-style-type: none"> <li>▪ New First Lien Notes will benefit from a first lien on substantially all of Community Choice's assets</li> <li>▪ If fully-funded, the New First Lien Notes would likely represent Community Choice's next major debt maturity</li> </ul>
Maximize Value of Existing Notes Position	<ul style="list-style-type: none"> <li>▪ The New First Lien Notes will provide Community Choice with material financial flexibility and liquidity to effectuate its business plan to maximize value for all stakeholders, including the New Exchange PIK Notes</li> </ul>

*The New First Lien Stapled Securities are a highly attractive investment as a standalone, providing a market-to-above market return and desirable covenant and collateral package*

*Participation in the Rights Offering will also materially benefit the value of the participants' Existing Notes positions*

Notes:

(1) Assuming illustrative Enterprise Value range of \$172 million to \$500 million and liquidity event for Rights Offering/Supplemental Warrants after 4 years following the Effective Date.

## Investment Rationale: Key Benefits of Participation in Exchange Offer

- The exchange of Existing Notes into New Exchange PIK Notes will provide numerous benefits to Community Choice that will accrue to the benefit of those who participate in the Exchange Offer
- The following is a summary of the key benefits of participation in the Exchange Offer

Key Benefits of Participation in the Exchange Offer	
Provides Runway to Maximize Value of Position	<ul style="list-style-type: none"> <li>▪ Current collateral position of Existing Notes is unattractive in a liquidation scenario</li> <li>▪ To address this, the Exchange Offer provides Community Choice with runway to effectuate its business plan to grow into its capital structure and maximize value for the New Exchange PIK Notes</li> <li>▪ To the extent business performance does not improve, built-in equity redemption option provides mechanism to delever the balance sheet with minimal to no effect on operations</li> </ul>
Priority Position Over Holdouts	<ul style="list-style-type: none"> <li>▪ New Exchange PIK Notes would have priority collateral position over any holdouts, which protects downside risk and potentially improves trading values of the New Exchange PIK Notes</li> </ul>
Governance	<ul style="list-style-type: none"> <li>▪ Largest holder of New Exchange PIK Notes and New First Lien Notes will be provided governance rights to elect 2 of Community Choice's 5 board members, which will help align incentives between Community Choice and the holders of New Exchange PIK Notes</li> </ul>
Benefits from New First Lien Notes	<ul style="list-style-type: none"> <li>▪ All New Exchange PIK Notes will benefit from a refinancing of the capital structure with long-dated first lien debt</li> <li>▪ Existing Noteholders can further benefit from their New Exchange PIK Notes position by participating in the Rights Offering</li> </ul>

*Participation in the Exchange Offer will ensure that Community Choice has the runway to effectuate its business plan and eliminate the risk of a near-term bankruptcy filing*



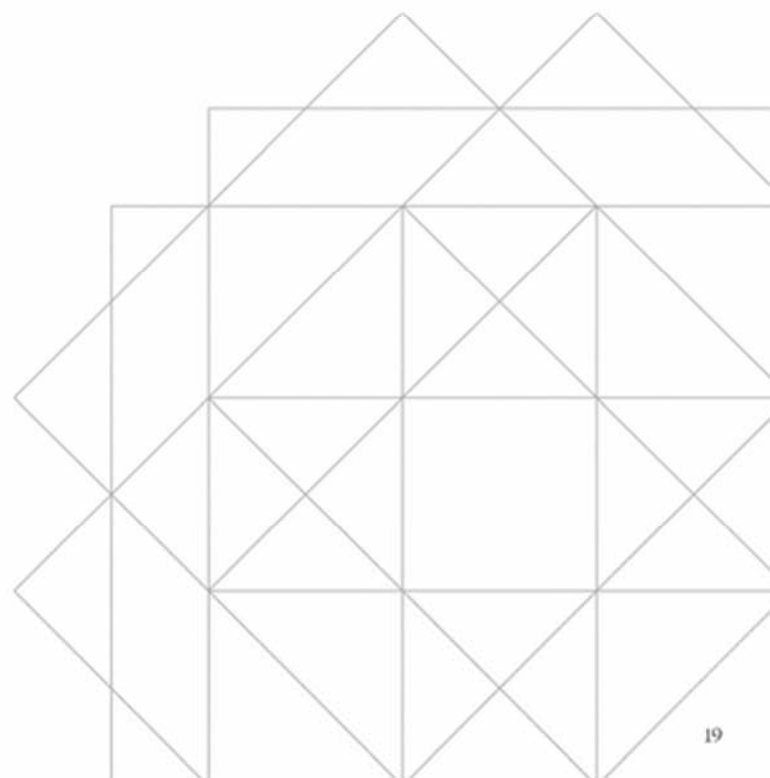
## Proposed Transaction Terms

<b>Rights Offering</b>	<ul style="list-style-type: none"> <li>• Holders of the Existing Notes to participate in Rights Offering for up to \$150 million of New First Lien Stapled Securities, comprised of the following:                             <ul style="list-style-type: none"> <li>– \$150 million New First Lien Notes                                     <ul style="list-style-type: none"> <li>• If Minimum Participation Threshold is not met, Rights Offering to be limited to \$75 million unless otherwise agreed by the Backstop Parties</li> </ul> </li> <li>– Rights Offering Warrants to purchase 35% of Community Choice equity                                     <ul style="list-style-type: none"> <li>• Shared pro rata across \$150 million issuance</li> <li>• To be subject to anti-dilution adjustments in the event of equity redemption of New Exchange Notes</li> </ul> </li> </ul> </li> <li>• Participants in the Rights Offering to receive Supplemental Warrants to purchase 2.5% of Community Choice equity                             <ul style="list-style-type: none"> <li>– Shared pro rata among participants in the Rights Offering</li> <li>– To be subject to anti-dilution adjustments in the event of equity redemption of New Exchange Notes</li> </ul> </li> </ul>
<b>New First Lien Notes</b>	<ul style="list-style-type: none"> <li>• \$150 million new money financing structured as follows:                             <ul style="list-style-type: none"> <li>– <b>Security:</b> First priority lien</li> <li>– <b>Interest Rate:</b> 9%, payable in cash</li> <li>– <b>Maturity:</b> 6.5 years from the Effective Date</li> <li>– <b>Distribution:</b> 144A for life</li> <li>– <b>Redemption:</b> Redeemable at par plus accrued and unpaid interest at any time                                     <ul style="list-style-type: none"> <li>• If Minimum Participation Threshold is not met, New First Lien Notes will be NC-2 with a customary makewhole premium calculated at T+ 50 bps</li> <li>• Makewhole premium will be automatically accelerated upon a bankruptcy event</li> </ul> </li> <li>– <b>Covenants:</b> Customary for securities of this type based on, but more restrictive than, the covenants applicable to the Existing Notes</li> </ul> </li> </ul>
<b>Exchange Offer</b>	<ul style="list-style-type: none"> <li>• Holders of the Existing Notes receive offer to exchange into New Exchange PIK Notes at par</li> <li>• <b>Minimum Participation Threshold:</b> 95%</li> </ul>
<b>New Exchange PIK Notes</b>	<ul style="list-style-type: none"> <li>• \$260 million notes structured as follows:                             <ul style="list-style-type: none"> <li>– <b>Security:</b> Second priority lien</li> <li>– <b>Interest Rate:</b> 8%, payable in kind</li> <li>– <b>Maturity:</b> 7 years from the Effective Date</li> <li>– <b>Distribution:</b> 144A for life</li> <li>– <b>Redemption:</b> <ul style="list-style-type: none"> <li>• NC-2 subject to customary makewhole, redeemable at par in cash thereafter</li> <li>• New Exchange PIK Notes will be redeemable at par in cash to the extent the makewhole is waived by a majority of the outstanding principal amount of New Exchange PIK Notes or less than a [TBD] amount of Existing Notes are outstanding</li> <li>• Makewhole premium will be automatically accelerated upon a bankruptcy event</li> </ul> </li> </ul> </li> </ul>

## Proposed Transaction Terms

Consent Solicitation	▪ Exit consents to eliminate restrictive covenants and release collateral from Existing Notes that do not participate in the Exchange Offer (requires 66.7% consent)
Governance	▪ An Eligible Holder owning at least \$100 million of the New Exchange PIK Notes and \$40 million of the New First Lien Notes (a “Qualified Noteholder”) will have rights to elect 2 of Community Choice’s 5 board members
Releases	▪ Standard and customary mutual releases
Management Incentive Plan	▪ 15%

## Appendix



## Illustrative Equity Splits

- The following is a summary of the proposed equity splits for the Restructuring, assuming 100% participation in the Rights Offering and Exchange Offer

Illustrative Equity Split Summary				
<i>(Figures in millions)</i>				
Proposed Equity Splits				Illustrative Share Counts
		Pro Forma		
	Current	Pre-Equity Settlement	Post-Equity Settlement	
<b><i>Illustrative Equity Splits</i></b>				
Rights Offering Warrants	-	35.0%	35.0%	
Supplemental Warrants	-	2.5%	2.5%	
Equity-Settlement Option	-	-	60.5%	
Existing Equity / Management <sup>(1)</sup>	100.0%	62.5%	2.0%	
<b><i>Illustrative Share Counts</i></b>				
Rights Offering Warrants	-	4.5	140.0	
Supplemental Warrants	-	0.3	10.0	
Equity-Settlement Option	-	-	242.0	
Existing Equity / Management <sup>(1)</sup>	8.0	8.0	8.0	
<b>Total Shares</b>	<b>8.0</b>	<b>12.8</b>	<b>400.0</b>	

Notes: Figures reflected prior to dilution from MIP

(1) Prior to shares provided pursuant to MIP

## Disclaimer

The information herein has been prepared exclusively for its Recipients by Ducera Partners LLC (“Ducera”) and Weil, Gotschal & Manges LLP (collectively the “Advisors”). The information contained herein is based on publicly available sources and the Advisors not assumed any responsibility for independently verifying such information. No representation or warranty, express or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Advisors or by any of their officers, directors or agents as to or in relation to the accuracy or completeness of any information contained herein. In furnishing this information, the Advisors undertake no obligation to provide Recipients with access to additional information, to update any information contained herein, or to correct any inaccuracies herein. These materials and the information contained herein are confidential and may not be disclosed publicly or made available to third parties without the prior written consent of the Advisors.

**COMMUNITY CHOICE FINANCIAL INC., ET AL  
RESTRUCTURING TERM SHEET**

**JUNE 11, 2018**

This non-binding term sheet (the “Term Sheet”) sets forth the principal terms of a proposed financial restructuring of certain indebtedness of Community Choice Financial Inc., an Ohio corporation (the “Company”) and certain of its direct and indirect subsidiaries.

THIS TERM SHEET DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS AS TO ANY PLAN OF REORGANIZATION, IT BEING UNDERSTOOD THAT SUCH A SOLICITATION, IF ANY, ONLY WILL BE MADE IN COMPLIANCE WITH APPLICABLE PROVISIONS OF SECURITIES, BANKRUPTCY, AND/OR OTHER APPLICABLE LAWS. THIS TERM SHEET IS A SETTLEMENT PROPOSAL IN FURTHERANCE OF SETTLEMENT DISCUSSIONS. ACCORDINGLY, THIS TERM SHEET IS PROTECTED BY RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER APPLICABLE STATUTES OR DOCTRINES PROTECTING THE USE OR DISCLOSURE OF CONFIDENTIAL SETTLEMENT DISCUSSIONS AND MATERIALS. THIS TERM SHEET AND THE INFORMATION CONTAINED HEREIN IS STRICTLY CONFIDENTIAL AND SHALL NOT BE SHARED WITH ANY OTHER PARTY ABSENT THE PRIOR WRITTEN CONSENT OF THE COMPANY, EXCEPT AS REQUIRED BY LAW, OR AS PERMITTED UNDER AN EXISTING CONFIDENTIALITY AGREEMENT WITH THE COMPANY. THIS TERM SHEET DOES NOT PURPORT TO SUMMARIZE ALL OF THE TERMS, CONDITIONS, COVENANTS, AND OTHER PROVISIONS THAT MAY BE CONTAINED IN THE FULLY NEGOTIATED AND DEFINITIVE DOCUMENTATION NECESSARY TO IMPLEMENT THE RESTRUCTURING (AS DEFINED BELOW), ALL OF WHICH SHALL REMAIN SUBJECT TO FURTHER DISCUSSION AND NEGOTIATION, INCLUDING SUCH CHANGES TO THE STRUCTURE AS ARE NECESSARY OR APPROPRIATE TO ACHIEVE A TAX-EFFICIENT OUTCOME.

RESTRUCTURING SUMMARY	
<b>Overview</b>	<p>This Term Sheet describes the material terms of a proposed out-of-court restructuring (the “<u>Restructuring</u>”) that will be implemented in accordance with a restructuring support agreement (the “<u>Restructuring Support Agreement</u>”), which shall be entered into by the Company and the Required Consenting Noteholders (as defined in the Restructuring Support Agreement) (the “<u>Required Consenting Noteholders</u>”).<sup>1</sup></p> <p>The Company will implement the Restructuring in part pursuant to the Exchange Offer (defined herein), the Consent Solicitation (defined herein) and the Rights Offering (defined herein), which offerings shall be private, unregistered offerings, as provided in the Restructuring Support Agreement and the Backstop Commitment Agreement (as defined herein). The proceeds from the Rights Offering will be used (i) along with the Revolver Notes (as defined), to repay in full the Revolving Credit Facility Claims (as defined below) and (ii) if proceeds in excess of the amount necessary to so repay the Revolving Credit Facility Claims are received, for working capital, general corporate and other purposes.</p>

<sup>1</sup>. Backstop Parties and Required Consenting Noteholders to be defined in the Backstop Support Agreement and the Restructuring Support Agreement as holders of an aggregate principal amount of 2019 Notes and 2020 Notes comprising [●]% and 66.7%, respectively, of the aggregate principal amount of such notes beneficially owned by holders party to such agreements, respectively.



<b>CURRENT CAPITAL STRUCTURE</b>	
<b>2019 Senior Secured Notes</b>	<p>The Company’s obligations arising under or in connection with the 10.75% Senior Secured Notes due 2019 (the “<u>2019 Notes</u>” and the respective holders thereof, the “<u>2019 Noteholders</u>”) issued pursuant to that certain Indenture, dated as of April 29, 2011 (as amended, modified or supplemented from time to time, the “<u>2019 Indenture</u>”), by and among the Company, the subsidiary guarantors party thereto, and U.S. Bank National Association, as indenture trustee and collateral agent (the “<u>2019 Indenture Trustee</u>”).</p> <p>“<u>2019 Secured Notes Claims</u>” shall mean any and all Claims<sup>2</sup> arising under or in connection with the 2019 Secured Notes and/or the 2019 Indenture.</p>
<b>2020 Senior Secured Notes</b>	<p>The Company’s obligations arising under or in connection with the 12.75% Senior Secured Notes due 2020 (the “<u>2020 Notes</u>” and the respective holders thereof, the “<u>2020 Noteholders</u>”) issued pursuant to that certain Indenture, dated as of July 6, 2012 (as amended, modified or supplemented from time to time, the “<u>2020 Indenture</u>” and, together with the 2019 Indenture, the “<u>Existing Indentures</u>”), by and among the Company, the subsidiary guarantors party thereto, and U.S. Bank National Association, as indenture trustee and collateral agent (the “<u>2020 Indenture Trustee</u>,” and together with the 2019 Indenture Trustee, the “<u>Indenture Trustees</u>”).</p> <p>“<u>2020 Notes Claims</u>” shall mean any and all Claims arising under or in connection with the 2020 Notes and/or the 2020 Indenture.</p>
<b>Revolving Credit Facility</b>	<p>The Company’s obligations arising under or in connection with the revolving credit facility consist of outstanding revolving loans (the “<u>Revolving Loans</u>”) in the aggregate principal amount of \$47.0 million, plus interest, fees, and other expenses, incurred pursuant to that certain Credit Agreement, dated as of April 29, 2011 (as amended, amended and restated, modified, supplemented, or otherwise restated from time to time, the “<u>Revolving Credit Facility</u>”), among the Company, the subsidiary guarantors party thereto, VPC Investor Fund B II, LLC and VPC Specialty Lending Investments PLC, each as lenders (the “<u>Revolver Lenders</u>”), and Victory Park Management, LLC, as administrative agent (the “<u>Revolver Administrative Agent</u>”).</p> <p>“<u>Revolving Credit Facility Claims</u>” shall mean any and all Claims arising under or in connection with the Revolving Credit Facility.</p>
<b>SPV Credit Facility</b>	<p>The Company’s obligations arising under or in connection with the SPV credit facility consist of outstanding term loans (the “<u>SPV Term Loans</u>”) in the aggregate principal amount of \$60.0 million, plus interest, fees, and other expenses, incurred pursuant to that certain Amended and Restated Loan and Security Agreement, dated as of April 25, 2017 (as amended, modified, supplemented, or otherwise restated from time to time, the “<u>SPV Credit Agreement</u>”), among CCFI Funding II, LLC, as borrower, and Ivy Funding Nine, LLC, as lender (the “<u>SPV Lender</u>”), as evidenced by that certain Amended and Restated Promissory Note, dated as of April 25, 2017 (as amended, modified, supplemented, or otherwise restated from time to time, the “<u>SPV Note</u>”).</p> <p>“<u>SPV Credit Agreement Claims</u>” shall mean any and all Claims arising under or in connection with the SPV Credit Agreement and/or the SPV Note.</p>

<sup>2</sup> “Claims” shall mean any “claims” as defined in section 101(5) of the Bankruptcy Code against the Company and its property, whether or not asserted.

<b>Existing Company Equity Interests</b>	The existing shares of common stock, par value \$0.01 per share, of the Company (“ <u>Common Stock</u> ”) and any options, warrants, or other rights to acquire Common Stock (together with the Common Stock, collectively, the “ <u>Existing Company Equity Interests</u> ”).
<b>TRANSACTION OVERVIEW</b>	
<b>Rights Offering</b>	<p>In connection with the Restructuring, the Company shall effectuate an out-of-court private offering (the “<u>Rights Offering</u>”) to eligible holders (collectively, the “<u>Eligible Holders</u>”)<sup>3</sup> of the 2019 Notes and the 2020 Notes (collectively, the “<u>Existing Notes</u>”) of rights entitling Eligible Holders to purchase stapled units (the “<u>New First Lien Stapled Securities</u>”) at a price per unit equal to \$1,000,000, each unit consisting of (i) \$1,000,000 principal amount of secured first lien notes having the terms described herein under the caption “New First Lien Notes” (the “<u>New First Lien Notes</u>”), to be issued in an aggregate principal amount of no less than \$[●] million<sup>4</sup> and a maximum aggregate principal amount of no more than \$150.0 million (the “<u>Maximum Amount of New First Lien Notes</u>”), <i>provided, however</i>, that if the Minimum Participation Threshold is not achieved, the maximum aggregate principal amount of New First Lien Notes which may be issued in the Rights Offering shall be no more than \$75.0 million, unless otherwise agreed by the Required Backstop Parties, and (ii) a number of warrants, exercisable on a cashless basis, at \$0.01 per share (the “<u>Rights Offering Warrants</u>”), to purchase a number of shares of Common Stock determined pursuant to a formula (the “<u>First Lien Warrant Formula</u>”) such that the aggregate number of all Rights Offering Warrants so issued and all Additional Warrants issuable as a component of Additional First Lien Stapled Securities pursuant hereto, assuming the Maximum Amount of New First Lien Notes are issued (the “<u>Permitted Additional Warrants</u>”), would be exercisable for a number of shares equal, in the aggregate, to 35.0% of the sum of (i) the total number of outstanding shares of Common Stock as of the Effective Date, <i>plus</i> (ii) the total number of shares of Common Stock issuable pursuant to the Rights Offering Warrants and the Supplemental Warrants (as defined herein), (collectively, the shares of Common Stock issued or issuable and described in clauses (i) and (ii), the “<u>Base Shares</u>”) plus, (iii) the total number of shares of Common Stock issuable pursuant to all Permitted Additional Warrants (the “<u>Additional Warrant Shares</u>” and collectively, the shares of Common Stock issued or issuable and described in clauses (i), (ii) and (iii), the “<u>Alternate Base Shares</u>”); <i>provided, however</i>, that in the event that the Company shall issue after the Effective Date shares of Common Stock (the “<u>Redemption Shares</u>”) for purposes of the redemption of the New Exchange PIK Notes, the number of shares issuable pursuant to the Rights Offering Warrants shall be adjusted (and corresponding adjustments shall be made to other New Warrants) such that the aggregate number of all Rights Offering Warrants and Permitted Additional Warrants (including any Additional Warrants then issued and outstanding), collectively, shall be exercisable for a number of shares equal, in the aggregate, to 35.0% of the sum of (i) the Alternate Base Shares, <i>plus</i> (ii) the Redemption Shares; <i>provided, further</i>, that all such warrants shall be subject to dilution from the MIP and other shares of Common Stock and other equity interests of the Company issued after the Effective Date.</p> <p>Each Eligible Holder shall be offered the right to participate in the Rights Offering on a <i>pro rata</i> basis in proportion to the aggregate principal amount of 2019 Notes and/or 2020</p>

<sup>3.</sup> Eligible Holders shall include only “Qualified Institutional Buyers” as defined in Rule 144A, “Accredited Investors” as defined in Rule 501(c) under the Securities Act, and “non-U.S. persons” as defined in Regulation S under the Securities Act who make customary representations in connection with the Rights Offering and the Exchange Offer.

<sup>4.</sup> NTD: Minimum to equal rights offering backstop amount.

Notes, as applicable, held by such Eligible Holder on the Exchange Offer record date (as defined below).

Eligible Holders who purchase the New First Lien Stapled Securities on the Effective Date (an “Effective Date Participant”) will receive a number of warrants, exercisable on a cashless basis, at \$0.01 per share (the “Supplemental Warrants”), to purchase a number of shares of Common Stock determined pursuant to a formula such that the aggregate number of all Supplemental Warrants would be exercisable for a number of shares equal, in the aggregate, to 2.5% of the Alternate Base Shares; *provided, however*, that in the event that the Company shall issue at any time or from time to time after the Effective Date Redemption Shares, the number of shares issuable pursuant to the Supplemental Warrants shall be adjusted (and corresponding adjustments shall be made to other New Warrants) such that the Supplemental Warrants shall be exercisable for a number of shares equal, in the aggregate, to 2.5% of the sum of (i) the Alternate Base Shares, *plus* (ii) the Redemption Shares; *provided, further*, that all such warrants shall be subject to dilution from the MIP and other shares of Common Stock and other equity interests of the Company issued after the Effective Date. [See Annex A hereto for an example of the anticipated equity percentage splits.] The Supplemental Warrants, together with the New First Lien Warrants, are referred to herein as the “New Warrants.” Each Effective Date Participant will receive the Supplemental Warrants on a *pro rata* basis in the same proportion as such Effective Date Participant’s purchase of the New First Lien Stapled Securities on the Effective Date. Supplemental Warrants shall not be issued as part of a unit. The Supplemental Warrants will be “restricted securities” subject to restrictions on transfer substantially similar to those applicable to First Lien Stapled Securities.

To the extent that New First Lien Notes issued on the Effective Date are issued in an aggregate principal amount that is less than the Maximum Amount of New First Lien Notes, the Company thereafter shall be entitled to issue either (or both) (i) additional New First Lien Notes (or other first lien debt instruments permitted to be issued under the indenture governing the New First Lien Notes) at such prices as the Company shall determine from time to time and (ii) additional stapled units (the “Additional First Lien Stapled Securities”), at such prices per unit as the Company shall determine from time to time, each unit consisting of (x) \$1,000,000 principal amount of New First Lien Notes (or other first lien debt instruments permitted to be issued under the indenture governing the New First Lien Notes), and (y) a number of warrants, exercisable on a cashless basis, at \$0.01 per share (such additional warrants, the “Additional Warrants” and, together with the Rights Offering Warrants, the “New First Lien Warrants”), to purchase a number of shares of Common Stock not to exceed the amount determined pursuant to the First Lien Warrant Formula, and subject to adjustment and dilution as provided therein. All such first lien indebtedness, to the extent that such indebtedness contains a make-whole premium, shall be incurred on terms that are acceptable to the Board (including, for the avoidance of doubt, each of the directors nominated by the holders of the majority of issued and outstanding Common Stock and New Warrants). In no event shall the aggregate principal amount of all such first lien indebtedness (together with the New First Lien Notes issued on the Effective Date) exceed the Maximum Amount of New First Lien Notes.

The New First Lien Warrants issued as part of a stapled unit shall not be detachable from the New First Lien Notes under any circumstances prior to the time at which they become exercisable and shall trade together as a single unit with the New First Lien Notes. The New Warrants shall become exercisable (and without action by any person shall be automatically exercised) at the earliest of such time as (i) the New First Lien Notes have been repaid, refinanced, redeemed or repurchased in full in cash, (ii) upon the maturity date of the New First Lien Notes or acceleration of same or (iii) the New Exchange PIK

	<p>Notes have been redeemed in shares of Common Stock pursuant to the Company Option Event.</p> <p>Each Eligible Holder shall be offered the right to participate in the Rights Offering on a <i>pro rata</i> basis in proportion to the aggregate principal amount of 2019 Notes and/or 2020 Notes, as applicable, held by such holder on the Rights Offering record date. In addition to the conditions specified in the Backstop Commitment Agreement, consummation of the Rights Offering shall be conditioned on the concurrent effectiveness of the Exchange Offer, the amendments contemplated by the Consent Solicitation and the consummation of the repayment of the Revolving Credit Facility, and no Eligible Holder shall be entitled to receive any securities pursuant to the Rights Offering that has not also exchanged its Existing Notes in the Exchange Offer.</p>
<b>Backstop of Rights Offering</b>	<p>Not less than \$[●] million of the Maximum Amount of New First Lien Notes that may be offered in the Rights Offering shall be backstopped by certain of the Eligible Holders (the “<u>Backstop Parties</u>”) pursuant to, and subject to the terms and conditions of, a backstop agreement, substantially in the form attached to the Restructuring Support Agreement (the “<u>Backstop Commitment Agreement</u>”).<sup>5</sup> The commitments under the Backstop Commitment Agreement shall terminate on [●], 2018, if the Restructuring has not been consummated on or before such date.</p>

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<sup>5.</sup> Backstop of [\$40 to \$44] million of the Rights Offering from one party currently is expected, provided that the terms of the Restructuring are reasonably acceptable to it. Additional backstop parties may be included.

**New First  
Lien Notes**

New First Lien Notes will have substantially the following terms and conditions:

- Security. First-priority lien on substantially all of the assets of the Company and its direct and indirect wholly owned domestic subsidiaries (including, for the avoidance of doubt, the assets of any direct or indirect, wholly-owned, domestic subsidiaries of the Company in existence as of the Effective Date that are designated as “unrestricted” under either the 2019 Indenture or the 2020 Indenture and the assets of any direct or indirect domestic subsidiaries of the Company that are formed after the Effective Date, except to the extent such subsidiaries or assets are related to any SPV financing structure (collectively, the “Subsidiaries”), excluding any stock in excess of 65% of the voting stock of any first-tier foreign subsidiary (collectively, the “New First Lien Notes Collateral”).
- Issuer. The Company.
- Guarantors. The New First Lien Notes will be guaranteed by the Subsidiaries.
- Interest Rate. 9% per annum, payable semi-annually, in cash.
- Maturity. The date that is six and one-half years after the Effective Date (rounded to the nearest 1<sup>st</sup> or 15<sup>th</sup> of a calendar month).
- Distribution. 144A/Reg S without registration rights (144A for life).<sup>6</sup>
  - Redemption. The Company may, at its option, redeem all or any portion of the New First Lien Notes at any time and from time to time at a price (payable in cash) equal to the outstanding principal amount plus any accrued and unpaid interest to, but not including, the redemption date; *provided, however*, that if the Minimum Participation Threshold is not achieved, any such prepayment on or prior to the second anniversary of the Closing Date will be subject to a “make-whole” premium calculated using a discount rate equal to the applicable treasury rate plus 0.50%.<sup>7</sup> Such “make whole” premium shall be automatically accelerated upon a bankruptcy event.
- Covenants. The indenture for the New First Lien Notes will contain covenants (including definitions) that are based upon, but less permissive than, the Existing Indentures, with such changes from the existing Indentures as may be reasonably acceptable to the Required Backstop Parties and the Company. The affiliate transactions covenant will contain additional limitations on the payment of management and advisory fees; *provided, however*, that in any event: (i) the Additional First Lien Stapled Securities shall be permitted to be issued without satisfaction of any financial or other test and (ii) the Company shall be permitted to repurchase, redeem or repay the New Exchange PIK Notes for cash as long as, on a consolidated basis, the Company’s [Net Debt]<sup>8</sup> (excluding the New Exchange PIK Notes), to Adjusted EBITDA ratio is 4.0x or less, no default or event of default has occurred and is then continuing and such repurchase, redemption or repayment shall have been approved by at least a majority of the Board which majority, prior to the fourth anniversary of the Effective Date, shall have included the Qualified Noteholder Directors (defined herein) (or, if only one such person shall then be a director, such director). In no event will the covenants require that reports be filed with the SEC.
- [AHYDO Catch-Up Payment]. On any interest payment date following the fifth anniversary of the Effective Date, if the aggregate amounts of accrued but unpaid interest and OID on the New First Lien Notes exceeds an amount equal to the product of the issue price of the New First Lien Notes (as determined for US federal income

	tax purposes) and the yield to maturity, then the Company shall make a cash payment to the holders in an amount equal to such excess.]
<b>Exchange Offer</b>	<p>In connection with the Restructuring, the Company shall effectuate an out-of-court private offer (the “<u>Exchange Offer</u>”) to Eligible Holders entitling Eligible Holders to exchange Existing Notes for second lien New Exchange PIK Notes (as defined herein), on a par-for-par basis,<sup>9</sup> New Exchange PIK Notes to be issued in a maximum aggregate principal amount of no more than the sum of (x) the aggregate outstanding principal amount of the Existing Notes<sup>10</sup> and (y) \$10 million<sup>11</sup> (the “<u>Maximum Amount of New Exchange PIK Notes</u>”).</p> <p>Eligible Holders who exchange Existing Notes in the Exchange Offer shall be entitled to receive new second lien PIK notes (“<u>New Exchange PIK Notes</u>”), which shall be subordinate to the New First Lien Notes as to security as further described herein under the caption “New Exchange PIK Notes.” The New First Lien Notes and the New Exchange PIK Notes shall be subject to an intercreditor agreement.</p> <p>Each Eligible Holder shall be offered the right to participate in the Exchange Offer on a <i>pro rata</i> basis in proportion to the aggregate principal amount of 2019 Notes and/or 2020 Notes, as applicable, held by such Eligible Holder on the Exchange Offer record date.</p> <p>In the event that the Company determines to issue Additional First Lien Stapled Securities, investors who (i) purchase Additional First Lien Stapled Securities subsequent to the Effective Date and (ii) hold Existing Notes, shall be eligible to exchange an amount of such Existing Notes up to the Post-Effective Date Exchange Amount in respect of such purchase on a par-for-par basis for New Exchange PIK Notes (as defined herein) (a “<u>Subsequent Exchange</u>”); <i>provided, however</i>, that such Subsequent Exchange shall be required to be effected substantially simultaneously with such issuance of Additional First Lien Stapled Securities.</p>

6. NTD: First Lien Stapled Securities to allow accredited investors to invest, and secondary trading to be allowed thereafter only to QIBs and Non-U.S. persons.
7. NTD: The make-whole will be calculated to provide the holders of the First Lien Notes a 20% return if the bankruptcy event occurs within one year of the Effective Date.
8. NTD: Relevant definitions under consideration.
9. NTD: No cash payment of interest is anticipated in the par for par exchange (although non-exchanging holders of 2019 Notes and 2020 Notes will be entitled to accrued and unpaid interest, in the normal course). Accrued interest to be rolled into the exchange with minimum denomination set at \$2,000 and \$1.00 above \$2,000 to address.
10. NTD: Currently, \$249.79 million.
11. NTD: New Exchange PIK Notes to be issued pursuant to that certain letter agreement dated May 9, 2018 between the Company and, among others, Victory Park Management, LLC (the “Revolver Notes”) and in satisfaction of a make-whole premium that would otherwise be payable to Victory Park Management, LLC. Weil to provide Latham a copy of this letter agreement.



	<p>The “<u>Minimum Participation Threshold</u>” for the Exchange Offer shall be 95% of the aggregate principal amount of the Existing Notes, held by Eligible Holders,<sup>12</sup> taken as a whole; <i>provided, however</i>, that the Company may amend, modify, or supplement the Minimum Participation Threshold with the prior written consent of the Required Backstop Parties and the Required Consenting Noteholders.</p> <p>In respect of any purchase of Additional First Lien Stapled Securities:</p> <ul style="list-style-type: none"> <li>• <u>Post-Effective Date Exchange Amount</u> = First Lien New Participation multiplied by the Maximum Amount of New Exchange PIK Notes.</li> <li>• “<u>First Lien New Participation</u>” means the quotient obtained by dividing (i) the aggregate principal amount of Additional First Lien Stapled Securities so purchased by a relevant holder of Existing Notes by (ii) the Maximum Amount of New First Lien Notes.</li> </ul>
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<sup>12</sup>. NTD: TBD how to establish this minimum threshold as a percentage of Eligible Holders, based on reasonably agreed estimate of the total number of Eligible Holders.

<p><b>New Exchange PIK Notes</b></p>	<p>New Exchange PIK Notes will have substantially the following terms and conditions:</p> <ul style="list-style-type: none"> <li>• <u>Security</u>. The New Exchange PIK Notes will be secured by second-priority liens, junior to the liens securing the New First Lien Notes (or other first lien indebtedness issued as a component of Additional Stapled Securities), on the New First Lien Notes Collateral.</li> <li>• <u>Ranking</u>. The New Exchange PIK Notes are effectively junior to all of the Company's and the Guarantors' existing and future first-priority senior secured indebtedness, including, for the avoidance of doubt, the New First Lien Notes (or other first lien indebtedness issued as a component of Additional Stapled Securities), that may be issued in an aggregate principal amount up to \$150.0 million, to the extent of the New First Lien Notes Collateral</li> <li>• <u>Intercreditor</u>. In connection with the issuance of the New Exchange Notes, [●], as collateral agent, shall enter into an intercreditor agreement, which governs the relative rights, duties, authority and responsibility of the collateral agent, and the relationship among the holders of the New First Lien Notes and the New Exchange PIK Notes, with respect to their interests in the New First Lien Notes Collateral.</li> <li>• <u>Issuer</u>. The Company.</li> <li>• <u>Guarantees</u>. Same as the New First Lien Notes.</li> <li>• <u>Interest Rate</u>. 8% per annum, payable semi-annually and payable in kind.</li> <li>• <u>Maturity</u>. The date that is the 7<sup>th</sup> anniversary of the Effective Date (rounded to the nearest 1<sup>st</sup> or 15<sup>th</sup> of a calendar month).</li> <li>• <u>Distribution</u>. 144A/Reg S without registration rights (144A for life).<sup>13</sup></li> <li>• <u>Redemption</u>. Any redemption of the New Exchange PIK Notes may be optionally settled in Common Stock at the election of the Company, on and after a Company Option Event (defined herein). On and after a Company Option Event, the Company may redeem, all (and not less than all) of the then outstanding New Exchange PIK Notes, at any time, for a number of shares of Common Stock equal to, for each \$1,000 principal amount of New Exchange PIK Notes so redeemed (excluding capitalization of PIK interest and accrued and uncapitalized interest thereon), the Settlement Rate.</li> </ul> <p>In addition, the Company may redeem all or any part of the New Exchange PIK Notes, at any time and from time to time, for cash at a redemption price equal to 100% of the principal amount of the New Exchange PIK Notes then outstanding (including PIK interest that has been capitalized), plus accrued and uncapitalized interest thereon to, but not including, the applicable redemption date; <i>provided, however</i>, that any such prepayment, on or prior to the second anniversary of the Closing Date, will be subject to a customary “make-whole” premium calculated using a discount rate equal to the applicable treasury rate plus 0.50% and as if the New Exchange PIK Notes were “no call” for the first 4 years; <i>provided, further, however</i>, that no such prepayment premium shall be payable if either (x) payment of such prepayment premium shall have been waived by a majority in aggregate outstanding principal amount of New Exchange PIK Notes or (y) no more than [●] aggregate principal amount of Existing Notes shall be issued and outstanding on the</p>
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<sup>13</sup>. NTD: Notes to allow accredited investors for the Exchange Offer and Subsequent Exchanges, and secondary trading to be allowed thereafter only to QIBs and Non-U.S. persons.

	<p>redemption date specified in the redemption notice issued in respect of any such redemption. Such “make whole” premium shall be automatically accelerated upon a bankruptcy event.</p> <ul style="list-style-type: none"> <li>• <u>Covenants.</u> The indenture for the New Exchange PIK Notes will contain limited covenants customary for convertible notes and limited additional covenants based on the covenants in the indenture governing the New First Lien Notes as may be reasonably acceptable to the Company and the Required Consenting Noteholders.</li> <li>• <u>Amendments, Consents &amp; Waivers.</u> The New Exchange PIK Notes shall vote or act together as a single class for purposes of all amendments, consents or waivers under the indenture for the New Exchange PIK Notes.</li> </ul> <p>“<u>Change of Control Transaction</u>” means (whether or not a “Change of Control” as defined in the Notes Indenture) the consummation of: (i) any recapitalization, reclassification or change of the Common Stock or similar transaction concerning the equity securities of the Company (other than changes resulting from a subdivision stock split or stock combination) as a result of which the Common Stock would be converted into, or exchanged for, stock, other securities, other property or assets; (ii) any share exchange, consolidation or merger of the Company pursuant to which the Common Stock will be converted into cash, securities or other property or assets; or (iii) any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of the Company and its subsidiaries, taken as a whole, to any person other than one of the Company’s subsidiaries; (iv) the consummation of any transaction (including a merger or consolidation whether by operation of law or otherwise) as a result of which (a) the beneficial ownership of the equity securities of the Company (or of the equity interests of any entity succeeding the Company following the consummation of any such transaction) representing more than thirty-five percent (35.0%) of the voting power of the Company, or (b) the power to appoint the majority of the directors on the Board is transferred to a third party or (v) any Substantially Transformative Transaction<sup>14</sup>. For avoidance of doubt, any redemption of the New Exchange PIK Notes in Common Stock at the election of the Company, on and after a Company Option Event (defined herein) shall not constitute or result in a Change of Control Transaction.</p> <p>“<u>Company Option Event</u>” means any of the following:</p> <ol style="list-style-type: none"> <li>a. the date that is the second anniversary of the Issue Date, or</li> <li>b. the date that is immediately prior to the closing or effective date of any Change of Control Transaction;</li> </ol> <p><i>provided, however</i>, that in the case of a Company Option Event described (i) in clause (a) above, the Company may not elect to optionally settle the New Exchange PIK Notes in Common Stock if a payment Default or Event of Default (as defined in the Notes Indenture in customary manner) shall have occurred and then be continuing and (ii) in clauses (a) and (b) above, for so long as there is a Qualified Noteholder, the Company may not elect to optionally settle the notes in Common Stock (except at maturity) unless such election shall have been approved by at least a majority of the Board which majority, prior to the fourth anniversary of the Effective Date, shall have included the Qualified Noteholder Directors (or, if only one such person shall then be a director, such director); <i>provided, further, however</i>, that it is understood that notice of such redemption may be given in advance of any such Company Option and that in</p>
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<sup>14</sup>. NTD: Definition to follow.

	<p>the event of a Change of Control Transaction, the Company shall not be required to comply with any change of control covenant or make any change of control offer if the Company shall have elected to exercise the Company Option Event.</p> <p>“<u>Settlement Rate</u>” means a number of shares of Common Stock determined pursuant to a formula such that the sum of (i) the aggregate principal amount of the New Exchange PIK Notes outstanding on the Effective Date, <i>plus</i> (ii) the aggregate principal amount of all New Exchange PIK Notes issued after the Effective Date and prior to the date of redemption (in each case, whether or not then outstanding) would be redeemable for a number of shares equal, in the aggregate, to 60.5% of the sum of (i) the Alternate Base Shares and the Redemption Shares; <i>provided, however</i>, that all New Exchange PIK Notes shall be subject to dilution from the MIP, and additional shares of Common Stock issuable in respect of any Additional Warrants issued after the issuance of the Redemption Shares and other shares of Common Stock and other equity interests of the Company issued after the Effective Date. For the avoidance of doubt, the formula shall require that the number of shares issuable in an equity redemption shall decrease ratably in the event that New Exchange PIK Notes have previously been redeemed for cash.</p>
<b>Consent Solicitation</b>	The solicitation of the affirmative consent of the holders of at least 66.7% of the aggregate principal amount of each of the 2019 Notes and the 2020 Notes to the elimination of substantially all of the restrictive covenants in each of the respective indentures therefore and the release of the collateral securing the obligations in respect thereof.
<b>Refinancing of SPV Credit Agreement Claims</b>	The Company may consummate a refinancing, modification or replacement of the SPV Credit Agreement Claims (the “ <u>SPV Refinancing</u> ”) from the proceeds of (i) the New First Lien Stapled Securities, (ii) a new term loan facility secured by pari passu first liens on the Collateral securing the New First Lien Notes (and related obligations) and otherwise on terms and conditions reasonably acceptable to the Required Backstop Parties and the Required Consenting Noteholders (including an unwind of the SPV structure and a concomitant transfer of all assets of the obligors in respect of the SPV Term Loans to one or more Guarantors) (the “ <u>New Pari First Lien Term Loan Facility</u> ”) or (iii) a new SPV credit facility secured by collateral in customary form consistent with market norms (the “ <u>New SPV Facility</u> ”).
<b>TREATMENT OF CLAIMS AND INTERESTS IN THE RESTRUCTURING</b>	
<b>2019 Senior Secured Notes Claims</b>	On the Effective Date and subject to the satisfaction of the conditions to the Exchange Offer or specified in the Backstop Commitment Agreement and the Restructuring Support Agreement, (i) each 2019 Noteholder that is an Eligible Holder and properly complies with the Exchange Offer procedures and elects to exchange its 2019 Notes in the Exchange Offer, and consents to the proposed amendments to the 2019 Note Indenture to eliminate substantially all of the restrictive covenants contained therein, and the release of collateral securing the 2019 Notes, shall receive its pro rata share of the New Exchange PIK Notes, and (ii) each 2019 Noteholder that is not an Eligible Holder or is an Eligible Holder but fails to comply properly with the Exchange Offer procedures or elects not to tender its 2019 Notes in the Exchange Offer shall retain its 2019 Notes, subject to any amendment executed in accordance with the terms of the 2019 Indenture and any other applicable Notes Documents (as defined in the 2019 Indenture) and the release of collateral therefore.
<b>2020 Senior Secured Notes Claims</b>	On the Effective Date and subject to the satisfaction of the conditions to the Exchange Offer or specified in the Backstop Commitment Agreement and the Restructuring Support Agreement, (a) each 2020 Noteholder that is an Eligible Holder and properly complies with the Exchange Offer procedures and elects to exchange its 2020 Notes in the Exchange Offer, and consents to the proposed amendments to the 2020 Note Indenture to eliminate

	substantially all of the restrictive covenants contained therein and the release of collateral securing the 2020 Notes, shall receive its pro rata share of the New Exchange PIK Notes, and (b) each 2020 Noteholder that is not an Eligible Holder or that is an Eligible Holder but fails to comply properly with the Exchange Offer procedures or elects not to tender its 2020 Notes in the Exchange Offer shall retain its 2020 Notes, subject to any amendment executed in accordance with the terms of the 2020 Indenture and any other applicable Notes Documents (as defined in the 2020 Indenture) and the release of collateral therefore.
<b>Revolving Credit Facility Claims</b>	On the Effective Date and subject to the satisfaction of the conditions to the Exchange Offer or specified in the Backstop Commitment Agreement and the Restructuring Support Agreement, each holder of a Revolving Credit Facility Claim shall be paid in full in cash from proceeds of the Rights Offering, or as applicable, the New Revolving Notes.
<b>SPV Credit Agreement Claims</b>	On the Effective Date and subject to the satisfaction of the conditions to the Exchange Offer or specified in the Backstop Commitment Agreement and the Restructuring Support Agreement, (i) if the SPV Credit Agreement Claims are refinanced, each holder of an SPV Credit Agreement Claim shall be paid in full in cash from proceeds of the New Pari First Lien Term Loan Facility or the New SPV Facility, or (ii) if the SPV Credit Agreement Claims are not refinanced, such claims shall continue in full force and effect on and after the Effective Date.
<b>Existing Company Equity Interests</b>	On the Effective Date and subject to the satisfaction of the conditions to the Exchange Offer or specified in the Backstop Commitment Agreement and the Restructuring Support Agreement, each holder of the Existing Company Equity Interests shall retain such interests subject to dilution by all shares of Common Stock issued or issuable pursuant to the Restructuring, including shares of Common Stock and other options, warrants and equity issuances issued as a result of: (i) the exercise of the New First Lien Warrants; (ii) the redemption of the New Exchange PIK Notes in Common Stock; and (iii) the MIP.
<b>GENERAL RESTRUCTURING TERMS</b>	
<b>Effective Date</b>	As used herein, “ <u>Effective Date</u> ” means the date on which the Rights Offering, the Exchange Offer, and the Consent Solicitation, and the other transactions contemplated by the Restructuring and required to be completed concurrent therewith are consummated.
<b>Use of Proceeds</b>	The proceeds from the Rights Offering and the Company’s cash balances will be used by the Company to: (i) provide additional liquidity for working capital and general corporate purposes; (ii) pay all reasonable and documented expenses incurred in connection with the Restructuring; and (iii) pay in cash in full any outstanding obligations arising under the Revolving Credit Facility.
<b>Stockholders Agreement</b>	The Stockholders Agreement shall be amended and restated on terms and conditions reasonably satisfactory to the Required Backstop Parties, including amendments to provide governance rights described below under “Governance” and, except as expressly provided under “Governance” below, to remove substantially all governance and other rights provided to holders of Existing Company Equity Interests. The stockholders agreement shall be binding on the holders of the New Exchange PIK Notes and the holders of the New First Lien Warrants, and each such holder shall execute and deliver to the Company a joinder to the stockholders agreement, <i>provided</i> that such joinder shall be effective whether or not so executed. <sup>15</sup>

<sup>15</sup>. NTD: This will require closing via transfer agent/trustee, without a DTC closing.

<p><b>Governance</b></p>	<p>Commencing on the Effective Date for so long as an Eligible Holder (including all affiliates thereof or funds under common management therewith) continues to hold at least (i) \$100 million of New Exchange PIK Notes and (ii) \$40 million of the New First Lien Notes (such holder, a “<u>Qualified Noteholder</u>”), the board of directors of the Company (the “<u>Board</u>”) shall be composed of five directors, consisting of the CEO (who will serve as chairman), two directors with financial and/or industry expertise nominated by the Qualified Noteholder (the “<u>Qualified Noteholder Directors</u>”), if any, and two directors nominated by the holders of the majority of issued and outstanding Common Stock and New Warrants. At such time that there is no Qualified Noteholder, the Board shall be composed of five directors, consisting of the CEO and four other directors nominated by the holders of the majority of Common Stock and New Warrants.</p> <p>Board vacancies (other than the CEO) shall be filled by the person who has the right to nominate such director pursuant to the immediately preceding paragraph. Any director may be removed, with or without cause, by the person who nominated such director.</p> <p>The Stockholders Agreement shall be further amended and restated to provide for the following:</p> <ul style="list-style-type: none"> <li>• Preemptive Rights: Holders of New Warrants who are, at the time of any Pre-emptive Offering (defined below), “Accredited Investors” as defined in Rule 501(c) under the Securities Act, shall be afforded pre-emptive rights on a pro rata basis in respect of any Pre-emptive Offering. “Pre-emptive Offering” means any offering or sale of Common Stock or any options, warrants or other rights to acquire Common Stock (collectively, “<u>Equity Interests</u>”), subject to customary and other exclusions, including, for the avoidance of doubt, New Warrants (and shares of Common Stock issuable in respect thereof), shares of Common Stock issuable in redemption of New Exchange PIK Notes, Equity Interests issued to directors, officers, other employees and consultants of the Company, Equity Interests issued as stock dividends or on account of stock splits (and similar transactions), securities issued in a qualified public offering and securities issued for purposes of the acquisition of, or merger with, another entity or assets.</li> <li>• Transfers: The New First Lien Warrants and the Additional Warrants, if any, issued as part of a stapled unit shall not be detachable from the New First Lien Notes under any circumstances prior to the time at which they become exercisable and shall trade together as a single unit with the New First Lien Notes.</li> <li>• Amendments: To be amended to provide that any amendments to the Stockholders Agreement shall be required to be approved by holders of a majority of the Common Stock and, prior to the exercise of the New Warrants, the Qualified Noteholder.</li> <li>• Additional Amendments: The Shareholders Agreement shall be amended and restated to provide for the following: <ul style="list-style-type: none"> <li>○ The definition of Approval Majority shall be amended to be the approval of the holders of a majority of the Voting Securities;</li> <li>○ The definition of Voting Securities to include New Warrants;</li> <li>○ Article 2 (Board matters) to be amended as noted above and to remove Board observer rights and committee representation rights;</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>○ Tag-Along Rights: To be amended to provide for tag-along rights exercisable upon the Transfer of Common Stock by any holder or group of holders of more than a majority of the Common Stock;</li> <li>○ Drag-Along Rights: To be amended to provide for the exercise by any holder or group of holders of more than a majority of the Common Stock;</li> <li>○ Miscellaneous Tag/Drag Rights: Minority protections to be extended to all Shareholders;</li> <li>○ Information Rights: To be extended to any holder of at least 5% of the Common Stock;</li> <li>○ Registration Rights to be deleted or terminate upon the exercise of the Voting Securities;</li> <li>○ Corporate Opportunities: To be amended to cover Qualified Noteholder; and</li> <li>○ Schedule 6.2 Approval Rights to be deleted.</li> </ul>
<b>Releases</b>	<p>Upon the Effective Date, standard and customary mutual releases shall be provided by and among each of (i) the Company (including the Company's directors, officers, members, managers, affiliates, and shareholders), (ii) the Backstop Parties, (iii) the Revolver Administrative Agent and the other holders of Revolving Credit Facility Claims, and (iv) each Eligible Holder that participates in the Rights Offering and/or the Exchange Offer. As part of these releases, the Company equity sponsor shall terminate or cause to be terminated, for no consideration, all management and other agreements between or among the Company (including any direct or indirect subsidiary of Company) and the sponsor or any of its affiliates, and shall waive or cause to be waived all accrued advisory, management or other fees and any other amounts or claims against the Company (including under any contractual provisions that purportedly survive termination), except for indemnification claims of directors and officers arising under the Company's organizational documents.</p>
<b>Management Incentive Plan</b>	<p>After the Effective Date, the Company will adopt a customary management incentive plan (the "MIP"), pursuant to which a number of shares up to 15% of the outstanding Common Stock after giving effect to these transactions shall be reserved for participants on terms to be determined by the Board, including the form and allocation of any equity awards granted pursuant to the MIP.</p>
<b>Definitive Documents and Due Diligence and Principal Conditions</b>	<p>This Term Sheet is indicative, and any final agreement shall be subject to the execution of definitive documents, which documents shall be substantially consistent with the terms of this Term Sheet. The definitive documents shall contain terms, conditions, representations, warranties, and covenants, each customary for the transactions described herein consistent with the terms of this Term Sheet.</p> <p>Without limiting the foregoing, the principal conditions to the effectiveness of the Restructuring will include, among others, (i) the execution and consummation of a number of concurrent transactions, including the Rights Offering, the Exchange Offer, and the other transactions described in this Term Sheet, (ii) the approval of the Board (and, to the extent required, the governing body of the Company's subsidiaries), and, if required, applicable equity holder approvals, (iii) approval of the Restructuring by at least 66.7% of the aggregate principal amount of each of the 2019 Notes and the 2020 Notes, and satisfaction of the Minimum Participation Threshold with respect to the Exchange Offer</p>

	and commitments from the Backstop Parties to backstop not less than [●] of the aggregate amount of the Rights Offering, (iv) the payment of fees and expenses as provided herein, and [(v) the execution and delivery of amendments to the existing employment agreements between the Company (or amended and restated versions of same) and members of the senior management team, on terms and conditions acceptable to the Backstop Parties and the Required Consenting Noteholders]. <sup>16</sup>
<b>Further Assurances</b>	The Company and the equity sponsor shall execute such documents and take such actions as Backstop Parties and Required Consenting Noteholders may reasonably request from time to time to memorialize, effectuate or facilitate the transactions contemplated by the Restructuring.
<b>Costs and Expenses</b>	All reasonable, documented, out-of-pocket expenses incurred by the ad hoc committee of holders of the 2019 Notes and the 2020 Notes (including the reasonable fees, charges and disbursements of Latham & Watkins LLP) in connection with the evaluation, negotiation and consummation of the Restructuring shall be paid by the Company in cash on the Effective Date or earlier if so required pursuant to any fee/expense reimbursement letter agreement.

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<sup>16.</sup> NTD: Need to ensure that Restructuring does not trigger any change of control provisions in the current employment agreements.