

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name _____ **2 Issuer's employer identification number (EIN)** _____

Community Choice Financial, Inc. & Subsidiaries **45-1536453**

3 Name of contact for additional information **4 Telephone No. of contact** **5 Email address of contact**

Greyson Eves **614-760-2684** **geves@ccfi.com**

6 Number and street (or P.O. box if mail is not delivered to street address) of contact **7 City, town, or post office, state, and ZIP code of contact**

6785 Bobcat Way, Ste 200 **Dublin, OH 43016**

8 Date of action **9 Classification and description**

December 12, 2018 **Debt for debt exchange and debt for stock exchange**

10 CUSIP number **11 Serial number(s)** **12 Ticker symbol** **13 Account number(s)**

See attached **N/A** **N/A** **N/A**

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **See attached**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **See attached**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **See attached**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached

18 Can any resulting loss be recognized? ▶ See attached

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 1/15/19

Print your name ▶ Greyson Eves Title ▶ Chief Accounting Officer

Paid Preparer Use Only

Print/Type preparer's name <u>Rachel Richardson</u>	Preparer's signature <u>Rachel Richardson</u>	Date <u>1/22/19</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P01306445</u>
Firm's name ▶ <u>RSM US LLP</u>			Firm's EIN ▶ <u>42-0714325</u>	
Firm's address ▶ <u>5444 Wade Park Blvd, Suite 350, Raleigh, NC 27607</u>			Phone no. <u>919-781-1055</u>	

Community Choice Financial, Inc. & Subsidiaries
EIN: 45-1536453
Date of Action: December 12, 2018
Attachment to Internal Revenue Service Form 8937
Report of Organizational Actions Affecting Basis of Securities

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended.

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the tax consequences that may apply to particular categories of creditors or shareholders. Each creditor and shareholder should consult its own tax advisor regarding the particular tax consequences of the transaction to them, including the applicability and effect of all U.S. federal, state, local and foreign tax law.

Part I: Reporting Issuer

Part 1 Box 10

Old Notes		New Notes	
Description (Line 9)	CUSIP Number	Description (Line 9)	CUSIP Serial Number
2019 Notes (issued 2011)	20367QAB3	PIK Notes	12509J AA7
2020 Notes (issued 2012)	20367QAC1	Class A Common Units (CCF Holdings)	12509J 109

Part II: Organizational Action

Line 14: Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

a: The Transaction

Community Choice Financial Inc. ("CCFI" or the "Company") entered into a restructuring agreement on December 12, 2018 with (a) CCF OpCo LLC ("CCF OpCo"), (b) CCF Holdings LLC ("CCF Holdings"), (c) CCF Intermediate Holdings LLC ("CCF Intermediate"), (d) certain of CCFI's direct and indirect subsidiaries, and (e) certain holders of the following notes: (i) notes issued under the Indenture dated as of April 29, 2011 (the "2011 Indenture") governing the Company's 10.75% senior secured notes due May 1, 2019 (the "2019 Notes"), and (ii) notes issued under the Indenture, dated as of July 6, 2012 (the "2012 Indenture," and, together with the 2011 Indenture, the "Prior Indentures") governing the Company's 12.75% senior secured notes due May 1, 2020 (the "2020 Notes").

The transaction was an out-of-court strict foreclosure, pursuant to which the Collateral Agent under the Prior Indentures, acting at the direction of certain beneficial holders holding more than 50% of the 2019 Notes and the beneficial holders of 100% of the 2020 Notes, exercised remedies whereby all right, title and interest in and to all of the assets of the Company that constituted collateral with respect to the Existing Indentures, including the issued and outstanding equity interests in the Company's direct subsidiaries, were transferred to CCF OpCo.

As a result of the strict foreclosure, all obligations represented by the 2019 Notes and 2020 Notes were extinguished, and holders of the 2019 Notes and 2020 Notes received a pro rata share of newly-issued CCF Holdings 10.75% senior PIK notes due 2023 (the "PIK Notes") with an aggregate stated principal amount of \$276.9 million and 850,000 Class A Common Units issued by CCF Holdings (the "Class A Units"). All of the then outstanding 2019 Notes and 2020 Notes were cancelled (the "Notes Cancellation"), and notices of the strict foreclosure were delivered on the Closing Date.

As a result of the Notes Cancellation, the Company's subsidiaries that were guarantors of the 2019 Notes and 2020 Notes were released from their respective guarantee obligations. Holders of the 2019 Notes and the 2020 Notes will not receive any future payments of principal or interest thereon.

Further information related to the transaction is available on Forms 8-K filed by CCFI with the SEC and accompanying exhibits.

Line 15: Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

Certain exchanges of securities of a single issuer qualify as a recapitalization in which security holders receive non-recognition treatment with respect to their gain or loss (with some exceptions) under Section 368(a)(1)(E).¹ CCFI is not reporting the transaction as a recapitalization under Section 368(a)(1)(E) because CCF Holdings issued the new securities and CCFI did not issue any securities in exchange for the 2019 Notes or the 2020 Notes. CCFI has elected to treat the Notes Cancellation as a taxable exchange under Section 1001.

As indicated above, on December 12, 2018, the 2019 Notes and 2020 Notes were exchanged in part for PIK notes and in part for the Class A Units. As a result, any analysis of the tax consequences of the transaction involves a review of the debt and the equity received in the transaction.

For debtholders, generally, if a debt instrument is retired in exchange for property (other than another debt instrument) the debtholder recognizes a gain or loss under Section 1001. Where a debt instrument is retired in exchange for another debt instrument or is otherwise altered, the resulting debt instrument(s) are tested under Regulation Section 1.1001-3(c) to determine if a modification to the debt has occurred. A debt modification is also tested under Regulation Section 1.1001-3(e) to determine whether the modification is significant. A significant modification, such as a material deferral of a scheduled payment, certain changes in the identity of the obligor on the debt instrument, and certain changes in yield, is treated as a deemed exchange of the original debt instrument for a modified instrument. In these cases, the debtholder recognizes a gain or loss under Section 1001 and Section 1271(a)(1).

A debt holder exchanging a debt instrument for an equity instrument of a different issuer also generally recognizes gain or loss under Section 1001. Under Sections 1001, the gain or loss is determined by comparing the difference between the holder's adjusted tax basis in the debt exchanged to the amount of consideration received for the debt. To the extent the consideration is an equity instrument, the amount of consideration received is the fair market value of the equity instrument. To the extent that the consideration received is a debt instrument, the amount of consideration received is equal to the issue price of the new debt instrument.

Regulation Section 1.1273-2 provides the rules defining the issue price of a debt instrument for federal income tax purposes. First, if a substantial amount of a debt issue is issued for cash, the issue price is the first price at which a substantial amount of the debt instruments are sold. Second, where a debt instrument is issued in exchange for property, the issue price of the debt instrument depends on whether the property received or the property surrendered was traded on an established securities market within a 31-day period extending 15 days before and 15 days after the date the debt is issued ("Traded Property"). The issue price of new debt traded on an established securities market is its fair market value on the issue date. If a substantial portion of an issue of new debt is not Traded Property, but a substantial portion of such debt is issued for property that is Traded Property, the issue price of the debt is the fair market value, as of the issue date, of the Traded Property surrendered in exchange for the debt. Third, debt that is neither Traded Property nor issued for Traded Property generally has an issue price equal to its stated principal amount.

The Company's understanding is that the 2019 Notes² were Traded Property (as defined in Regulation Section 1.1273-2(f)). It is also the Company's understanding that a substantial portion of the PIK notes were issued for the

¹ References herein to "Section" or "§" refer to the Internal Revenue Code of 1986, as amended (the "Code"), and references to "Regulation" or "Reg. §" refer to Treasury Regulations promulgated under the Code.

² It is the Company's understanding is that the 2020 Notes were not Traded Property.

2019 Notes. The above analysis suggests the PIK Notes' issue price is determined solely with reference to the fair market value of the portion of the 2019 Notes exchanged for PIK Notes in the transaction.

In the transaction, the 2019 Notes and 2020 Notes were exchanged for a combination of PIK Notes and Class A Units. It is expected that these exchanges result in recognition of gain or loss with respect to the entire amount of the exchanging note holders' tax basis in their 2019 Notes and 2020 Notes. The exchanging note holders' tax basis in the PIK Notes and Class A Units received on December 12, 2018 generally would be equal to the value of consideration received pursuant to the rules of Section 1001 by such note holders on their receipt of the PIK Notes and Class A Units respectively.

Holders of the 2019 Notes and/or the 2020 Notes should consult their tax advisors to determine the tax consequences of the transaction to them.

Line 16: Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

As indicated in the response to Line 15, the Company believes that the holders of the 2019 Notes and 2020 Notes recognize gain or loss in connection with the transaction, and that the gain or loss is determined by comparing the difference between the holder's adjusted tax basis in the debt exchanged to the amount of consideration received for the debt. Holders of the 2019 Notes and/or the 2020 Notes reporting the transaction consistently with this view would recover their entire tax basis in the 2019 Notes and 2020 Notes they held which were cancelled (exchanged) in the Notes Cancellation. Such holders of 2019 Notes and/or 2020 Notes cancelled (exchanged) in the transaction would, under Section 1001, report gain (or loss) with respect to the portion of 2019 Notes and/or 2020 Notes exchanged for the PIK Notes equal to the excess (or deficit) of (a) the issue price of the PIK Notes over (or under) (b) the holder's tax basis in the portion of 2019 Notes and/or 2020 Notes exchanged for the PIK Notes. Further, such holder of 2019 Notes and/or 2020 Notes cancelled (exchanged) in the transaction would, under Section 1001, report gain (or loss) with respect to the portion of 2019 Notes and/or 2020 Notes exchanged for the Class A Units equal to the excess (or deficit) of (a) the fair market value of the Class A Units received on the transaction date over (or under) (b) the holder's tax basis in the portion of 2019 Notes and/or 2020 Notes exchanged for the PIK Notes.

Trading price information regarding the 2019 Notes is available on the FINRA website, at the following URL: <http://finra-markets.morningstar.com/BondCenter/BondDetail.jsp?ticker=FCCCX3917899&symbol=CCCX3917899> Information relating to the relative values of the PIK Notes and the Class A Units is not available to the Company at this time.

Holders of the 2019 Notes and/or the 2020 Notes should consult their tax advisors to determine the tax consequences of the transaction to them.

Line 17: List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

Sections 61, 1001, 1271, and 1273

Line 18: Can any resulting loss be recognized?

Generally, taxpayers may recognize a loss on an exchange that is treated as a taxable sale or exchange under section 1001.

Line 19: Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The transaction was executed on December 12, 2018. For holders of 2019 Notes or 2010 Notes whose 2019 Notes or 2020 Notes were cancelled in the transaction and whose taxable year is the calendar year, the reportable tax year is 2018.

Holders of the 2019 Notes and/or the 2020 Notes should consult their tax advisors to determine the tax consequences of the transaction to them. The information in this document does not constitute tax advice. It is not intended or written to be used and cannot be used for purposes of avoiding penalties under the IRC.