Atlanticus Holdings Corp
Form DEF 14A
April 10, 2013

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14a-12

ATLANTICUS HOLDINGS CORPORATION
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 9, 2013

Dear Shareholder:

On behalf of the Board of Directors, I cordially invite you to attend the 2013 Annual Meeting of Shareholders of Atlanticus Holdings Corporation, which will be held at the company's corporate headquarters, Five Concourse Parkway, Suite 400, Atlanta, Georgia 30328, on Friday, May 10, 2013, commencing at 9:00 a.m., local time. The matters to be acted upon at the meeting are described in the attached Notice of Annual Meeting of Shareholders and Proxy Statement.

Your vote on the business to be considered at the meeting is important, regardless of the number of shares you own. Whether or not you plan to attend the meeting, please complete, sign and date the accompanying proxy card and promptly return it in the enclosed prepaid envelope prior to the meeting so that your shares may be represented at the meeting. Returning the proxy card does not deprive you of your right to attend the meeting and to vote your shares in person.

Sincerely yours,

David G. Hanna
Chief Executive Officer

ATLANTICUS HOLDINGS CORPORATION
Five Concourse Parkway, Suite 400
Atlanta, Georgia 30328

Notice of Annual Meeting of Shareholders
to be held on Friday, May 10, 2013

Notice is hereby given that the Annual Meeting of Shareholders of Atlanticus Holdings Corporation, a Georgia corporation, will be held on Friday, May 10, 2013, at 9:00 a.m., local time, at the company's corporate headquarters, Five Concourse Parkway, Suite 400, Atlanta, Georgia 30328 for the following purposes:

1. To elect five directors for terms expiring at the 2014 Annual Meeting of Shareholders;

2. To conduct an advisory vote on the compensation of the named executive officers (the "say-on-pay" vote);

3. To conduct an advisory vote on the frequency of future say-on-pay votes;

4. To reapprove the material terms of the performance goals under the 2008 Equity Incentive Plan; and

5. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 8, 2013 as the record date for determining the shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournments. A list of such shareholders is available for inspection by any shareholder during ordinary business hours at our principal place of business at Five Concourse Parkway, Suite 400, Atlanta, Georgia 30328. The shareholder list also will be available for inspection by any shareholder at the time and place of the Annual Meeting. Please mark, sign and date the enclosed proxy card and mail it promptly in the accompanying envelope.

By Order of the Board of Directors,

Rohit H. Kirpalani
Secretary

Atlanta, Georgia
April 9, 2013

IMPORTANT

Whether or not you expect to attend the Annual Meeting, please complete, sign and date the enclosed proxy card and return it in the envelope provided. In the event you attend the Annual Meeting, you may revoke your proxy and vote your shares in person.

ATLANTICUS HOLDINGS CORPORATION
Five Concourse Parkway, Suite 400
Atlanta, Georgia 30328
(770) 828-2000

Proxy Statement
Annual Meeting of Shareholders
to be held on Friday, May 10, 2013

General Information

The Board of Directors of Atlanticus Holdings Corporation, a Georgia corporation (“Atlanticus”), is furnishing this Proxy Statement to the holders of its Common Stock, in connection with its solicitation of proxies for use at the Annual Meeting of Shareholders to be held at the company’s corporate headquarters, Five Concourse Parkway, Suite 400, Atlanta, Georgia 30328, at 9:00 a.m., local time, on Friday, May 10, 2013, and at any and all adjournments thereof. You may obtain directions to the location of the Annual Meeting by visiting www.atlanticus.com/2013AnnualMeeting or by contacting Jay Putnam at the address or telephone number listed above.

A proxy delivered pursuant to this solicitation is revocable at the option of the person giving it at any time before it is exercised. A proxy may be revoked, prior to its exercise, by executing and delivering a later dated proxy, by delivering written notice of the revocation of the proxy to the Secretary of Atlanticus prior to the Annual Meeting or by attending and voting at the Annual Meeting. Attendance at the Annual Meeting, in and of itself, will not constitute a revocation of a proxy. Unless previously revoked, the shares represented by the enclosed proxy will be voted in accordance with the shareholder’s directions if the proxy card is duly executed and returned prior to the Annual Meeting. If no directions are specified, the shares will be voted “FOR ALL NOMINEES” listed in proposal 1, “FOR” proposal 2, for “EVERY THREE YEARS” on proposal 3, “FOR” proposal 4 and in accordance with the discretion of the named proxies on other matters brought before the Annual Meeting.

Atlanticus will bear the expense of preparing, printing and mailing this Proxy Statement and soliciting the proxies it is seeking. In addition to the use of the mails, proxies may be solicited by officers, directors and employees of Atlanticus, in person or by telephone, e-mail or facsimile transmission. Atlanticus also will request brokerage firms, banks, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of the underlying shares as of the record date and will reimburse the cost of forwarding the proxy materials in accordance with customary practice. Your cooperation in promptly completing, signing and returning the enclosed proxy card will help to avoid additional expense.

This Proxy Statement and the enclosed proxy card are first being mailed to shareholders on or about April 12, 2013. A copy of the 2012 Annual Report to Shareholders, including the Annual Report on Form 10-K for the fiscal year ended December 31, 2012, as filed with the Securities and Exchange Commission (the “SEC”), is being mailed with this Proxy Statement.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on May 10, 2013:

This Proxy Statement and the 2012 Annual Report to Shareholders are available at www.atlanticus.com/2013AnnualMeeting.

Voting Rights

Atlanticus' Common Stock is the only class of voting securities outstanding. The close of business on March 8, 2013 has been fixed as the record date for the determination of our shareholders entitled to notice of, and to vote at, the 2013 Annual Meeting. Only shareholders of record at the close of business on the record date will be entitled to notice of, and to vote at, the Annual Meeting. On the record date, we had outstanding 15,609,453 shares of Common Stock. Each outstanding share of Common Stock entitles the holder to one vote on all matters submitted to the shareholders.

Quorum and Voting Requirements

For each proposal to be considered at the Annual Meeting, the holders of a majority of the number of shares entitled to vote on such matter at the meeting, present in person or by proxy, will constitute a quorum. Both abstentions and "broker non-votes" will be treated as present for purposes of determining a quorum. A "broker non-vote," however, does not count as a vote in favor of or against a particular proposal for which the broker has no discretionary voting authority. "Broker non-votes" are votes that brokers holding shares of record for their customers (i.e., in "street name") are not permitted to cast under applicable stock market regulations because the brokers have not received instructions (or have received incomplete instructions) from their customers as to certain proposals, and, therefore, the brokers have advised us that they lack voting authority.

With regard to Proposal One (Election of Directors), votes may be cast for the nominees or may be withheld, or shareholders may abstain from voting on the proposal. Each director nominee was recommended by the Nominating and Corporate Governance Committee of the Board of Directors, and all nominees are current directors, standing for re-election. The election of directors requires a plurality of the votes cast, and the five nominees receiving the greatest number of votes will be elected. Votes that are withheld, abstentions and broker non-votes are not considered "votes cast" and therefore will have no effect on the outcome of Proposal One.

With regard to Proposal Two (Say-on-Pay Vote), votes may be cast for or against the proposal, or shareholders may abstain from voting on the proposal. The approval of Proposal Two requires the affirmative vote of a majority of the votes cast on the matter. Abstentions and broker non-votes are not considered "votes cast" and therefore will have no effect on the outcome of Proposal Two. The vote on Proposal Two is a non-binding advisory vote.

With regard to Proposal Three (Frequency of Future Say-on-Pay Votes), votes may be cast for every year, every two years or every three years, or shareholders may abstain from voting on the proposal. The frequency alternative of Proposal Three requires the affirmative vote of a majority of the votes cast on the matter. If none of the frequency alternatives receives a majority of votes cast, the Board will consider the frequency that receives the highest number of votes to be the frequency that has been selected by Atlanticus' shareholders. Abstentions and broker non-votes are not considered "votes cast" and therefore will have no effect on the outcome of Proposal Three. The vote on Proposal Three is a non-binding advisory vote.

With regard to Proposal Four (Reapproval of Material Terms of the Performance Goals under the 2008 Equity Incentive Plan), votes may be cast for or against the proposal, or shareholders may abstain from voting on the proposal. The approval of Proposal Four requires the affirmative vote of a majority of the votes cast on the matter. Abstentions and broker non-votes are not considered “votes cast” and therefore will have no effect on the outcome of Proposal Four.

Holding Company Reorganization

On June 30, 2009, CompuCredit Corporation (now known as Atlanticus Services Corporation) completed its holding company reorganization (the “Reorganization”). In the Reorganization, CompuCredit Corporation became a wholly owned subsidiary of Atlanticus Holdings Corporation. The Reorganization was effected through a merger pursuant to an Agreement and Plan of Merger, dated as of June 2, 2009. As a result of the Reorganization, each outstanding share of CompuCredit Corporation common stock was automatically converted into one share of Atlanticus Holdings Corporation common stock. Information presented in this Proxy Statement for the period on and prior to June 30, 2009 refers to CompuCredit Corporation and information for the period after June 30, 2009 refers to Atlanticus Holdings Corporation.

PROPOSAL ONE:
ELECTION OF DIRECTORS

Action will be taken at the Annual Meeting for the election of five directors. Each director elected at the Annual Meeting will serve until the 2014 Annual Meeting or until his successor is elected and qualified. Proxies can be voted for only five nominees.

The Board of Directors has no reason to believe that any of the nominees for director will not be available to stand for election as director. However, if some unexpected occurrence should require the substitution by the Board of Directors of some other person or persons for any one or more of the nominees, the proxies may be voted in accordance with the discretion of the named proxies "FOR" such substitute nominees.

The name, age, principal occupation for the last five years, selected biographical information and period of service as a director of Atlanticus of the nominees for election as directors are set forth below.

Nominees for Director

David G. Hanna, age 48. Chairman of the Board. Mr. Hanna has been the Chief Executive Officer of Atlanticus since its formation in 1996 and has been the Chairman of the Board since our initial public offering in 1999. Mr. Hanna has been in the consumer credit industry for over 23 years. Since 1992, Mr. Hanna has served as President and a director of HBR Capital, Ltd., an administrative services firm, and since 2006, as President of Hanna Capital, LLC, an investment firm. Mr. Hanna's role as a founder of Atlanticus provides the Board with considerable institutional knowledge and an important long-term perspective on the company and our industry as a whole.

Richard R. House, Jr., age 49. Mr. House has been President of Atlanticus since 2000 and has been a director since 2002. Mr. House served as Chief Credit Officer from the time he joined Atlanticus in 1997 until being named President. His 16 years with Atlanticus provide the Board with an intimate understanding of the company's operations and insightful institutional knowledge. Mr. House has a total of 26 years experience in the consumer credit industry. This experience provides the Board with valuable insight into our industry.

Deal W. Hudson, age 63. Dr. Hudson became a director in 2002. Since 2004, Dr. Hudson has been the Executive Director of the Morley Institute, a religious think tank, in Washington, D.C. He also is President of the Morley Publishing Group, a religious publishing company. Dr. Hudson's leadership experience in the not-for-profit sector provides the Board with important insight in the areas of corporate responsibility and community affairs. Dr. Hudson helps the Board incorporate these considerations into its decision-making process.

Mack F. Mattingly, age 82. Senator Mattingly became a director in 1999. He was elected to the United States Senate from the State of Georgia and served from 1981 until 1987. While in the Senate, he was Chairman of the Military Construction Appropriations Subcommittee, the Legislative Branch Subcommittee and the Congressional Operations and Oversight Subcommittee, as well as a member of the Appropriations Committee, the Banking and Housing Committee, the Governmental Affairs Committee and the Joint Economic Committee. In 1987, President Ronald Reagan appointed him Assistant Secretary General for Defense Support for NATO in Brussels, Belgium. In 1988, he received the Secretary of Defense Medal for Outstanding Public Service. In 1992, President George H. W. Bush appointed him Ambassador to the Republic of the Seychelles. Prior to serving in the Senate, Senator Mattingly worked 20 years for the IBM Corporation and served four years in the United States Air Force. Since 1993, Senator Mattingly has been a self-employed entrepreneur, speaker and author. Senator Mattingly's experience in business and government provides the Board with valuable insight in the areas of governmental, regulatory and community affairs.

Thomas G. Rosencrants, age 63. Mr. Rosencrants became a director in 1999. Since 1997, Mr. Rosencrants has been the Chairman and Chief Executive Officer of Greystone Capital Group, LLC, an investment firm. He is also the Chairman and Chief Executive Officer of Ravello Solutions, LLC, an insurance software firm. Mr. Rosencrants also served as a member of the Board and Compensation Committee and as Chairman of the Audit Committee of Cambridge Display Technology, Inc. from 2006 until its sale in 2007. In addition, he is a Chartered Financial Analyst. Mr. Rosencrants provides the Board and Audit Committee with expertise in the areas of finance, financial reporting, accounting, corporate governance and risk management.

The Board of Directors recommends a vote "FOR ALL NOMINEES"
listed in Proposal One for election to the Board of Directors.

PROPOSAL TWO:
ADVISORY VOTE ON COMPENSATION OF
NAMED EXECUTIVE OFFICERS ("SAY-ON-PAY")

Proposed Advisory Resolution of Shareholders

At the Annual Meeting, shareholders will be given the opportunity to vote on the following advisory resolution:

RESOLVED, that the shareholders of Atlanticus Holdings Corporation hereby approve, on an advisory basis, the compensation of the company's named executive officers, as disclosed in the company's Proxy Statement for the 2013 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Summary Compensation Table and the other related tables and disclosure.

References in this Proxy Statement to "named executive officers" refer to David G. Hanna, J.Paul Whitehead, III and Richard R. House, Jr. For information regarding the compensation of Atlanticus' named executive officers, see "Executive and Director Compensation."

Background on Proposal

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and related SEC rules, shareholders are being given the opportunity to vote at the Annual Meeting on this advisory resolution regarding the compensation of our named executive officers (commonly referred to as "say-on-pay"). Our executive compensation programs are designed to attract, motivate and retain our named executive officers, who are critical to our success, and to reward our named executive officers for the achievement of short-term and long-term strategic and operational goals and the achievement of increased total shareholder return. We seek to align closely the interests of our named executive officers with the interests of our shareholders, and our Compensation Committee regularly reviews named executive officer compensation to ensure such compensation is consistent with our goals.

Effects of Advisory Vote

Because the vote on this proposal is advisory in nature, it will not affect any compensation already paid or awarded to our named executive officers and will not be binding on the Board or the Compensation Committee. However, the Compensation Committee and the Board will consider the outcome of the vote when making future executive compensation decisions.

The Board recommends a vote "FOR" approval of the resolution set forth above regarding the compensation of our named executive officers.

PROPOSAL THREE:
ADVISORY VOTE ON FREQUENCY OF
FUTURE SAY-ON-PAY ADVISORY VOTES

Shareholder Advisory Vote

At the Annual Meeting, shareholders will be given the opportunity to vote on whether they prefer to have future "say-on-pay" votes occur:

- every year;
- every two years; or
- every three years.

Background on Proposal

In accordance with the Dodd-Frank Act and related SEC rules, shareholders are being given the opportunity to vote at the Annual Meeting on say-on-pay, which is an advisory resolution regarding the compensation of our named executive officers. See Proposal Two above in this Proxy Statement. The Dodd-Frank Act and applicable SEC rules also require that, at least once every six years, shareholders be given the opportunity to vote on the advisory proposal set forth immediately above regarding the frequency of future say-on-pay votes.

Shareholders may vote to recommend that future "say-on-pay" votes be held every year, every two years or every three years. The Board currently believes that future say-on-pay votes should occur every three years. There are advantages and disadvantages associated with each of the frequencies permitted under the Dodd-Frank Act and applicable SEC rules. The Board believes that holding a say-on-pay vote every three years offers the closest alignment with Atlanticus' approach to executive compensation and its underlying philosophy that seeks to enhance the long-term growth of Atlanticus and to attract, retain and motivate our executive officers over the long term. The Board believes a three-year cycle for the advisory vote on executive compensation will provide investors the most meaningful timing alternative by which to evaluate the effectiveness of our executive compensation strategies and their alignment with Atlanticus' business and results of operations. It also will minimize the administrative, compliance and other corporate expenses associated with holding say-on-pay votes more frequently (e.g., every year or every two years).

Effects of Advisory Vote

Because the vote on this proposal is advisory in nature, it will not be binding on the Board. However, the Board of Directors will consider the outcome of the vote along with other factors when making its decision about the frequency of future say-on-pay votes.

The Board recommends that shareholders vote in favor of
holding future "say-on-pay" advisory votes "EVERY THREE YEARS."

PROPOSAL FOUR:
REAPPROVAL OF THE MATERIAL TERMS OF THE PERFORMANCE GOALS UNDER THE 2008 EQUITY INCENTIVE PLAN PURSUANT TO SECTION 162(m) OF THE INTERNAL REVENUE CODE

Background

On March 6, 2008, the Board of Directors of CompuCredit Corporation adopted the 2008 Equity Incentive Plan, which we sometimes refer to as the "2008 Plan." CompuCredit Corporation's shareholders approved the 2008 Plan on May 8, 2008. In connection with the Reorganization, Atlanticus assumed the 2008 Plan and all of the outstanding equity awards under the plan.

Atlanticus' shareholders are being asked to reapprove the material terms of the performance goals under which equity-based awards may be granted under the 2008 Plan. This approval is necessary to permit the grant to certain executive officers under the 2008 Plan of equity-based awards that are intended to qualify as "qualified performance-based compensation" that is exempt from the $1 million deduction limit under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). For more information about Section 162(m) of the Code, see "—Section 162(m) and the Material Terms of the Performance Goals" below.

Section 162(m) of the Code requires that the shareholders reapprove the material terms of the performance goals under which the compensation may be paid at least every five years. Therefore, it is necessary that the shareholders reapprove the material terms of the performance goals under the 2008 Plan at the 2013 Annual Meeting to permit the grant after May 10, 2013 (the first shareholder meeting occurring in the fifth year following the year in which the shareholders previously approved the performance goals) of awards that are intended to qualify as "qualified performance-based compensation" that does not count against the $1 million deduction limit under Section 162(m).

Atlanticus' shareholders are not being asked to approve an increase in the number of shares available for grant under the 2008 Plan or any other amendment to the 2008 Plan, nor are Atlanticus' shareholders being asked to reapprove the 2008 Plan in its entirety. The terms of the 2008 Plan will remain unchanged, and reapproval will not affect the nature and amount of awards available for grant under the 2008 Plan.

A description of the material provisions of the 2008 Plan is provided below under "—Summary of the 2008 Plan." The discussion is qualified in its entirety by reference to the Atlanticus Holdings Corporation 2008 Equity Incentive Plan, a copy of which is attached to this Proxy Statement as Appendix A.

Section 162(m) and the Material Terms of the Performance Goals

Section 162(m) of the Code imposes an annual deduction limit of $1 million on the amount of compensation paid to each of the chief executive officer and the three other highest compensated officers (other than the chief executive officer and the chief financial officer). The deduction limit does not apply to qualified performance-based compensation that satisfies the requirements of Section 162(m) of the Code. The requirements of Section 162(m) of the Code for qualified performance-based compensation include shareholder approval of the material terms of the performance goals under which the compensation may be paid. The material terms of the performance goals include (1) the employees eligible to receive the compensation upon attainment of the performance goals, (2) the business criteria on which the performance goals may be based, and (3) the maximum amount of compensation that can become payable to an employee upon attainment of the performance goals.

Awards (other than options and stock appreciation rights) granted to certain senior executives of Atlanticus will, if the Compensation Committee intends for such award to qualify as "qualified performance-based compensation" under Section 162(m) of the Code, become earned and payable only if certain pre-established performance goals are achieved during the specified performance period, as determined by the Compensation Committee and set forth in the award agreement. The Compensation Committee may adjust the amount payable pursuant to a qualified performance-based award downward but not upward. Section 162(m) of the Code also requires that the Compensation Committee certify in writing that the performance goals were achieved before the qualified performance-based compensation is paid.

Awards under the 2008 Plan may be subject to the satisfaction of one or more performance goals. Performance goals for awards are determined by the Compensation Committee and are designed to support Atlanticus' business strategy and align executives' and directors' interests with shareholder interests. Performance goals can be based on one or more of the following business criteria: (a) revenue (b) earnings before interest, taxes, depreciation and amortization ("EBITDA"), (c) cash earnings (earnings before amortization of intangibles), (d) operating income, (e) pre-or after-tax income, (f) earnings per share, (g) cash flow, (h) net cash flow per share, (i) net earnings, (j) return on equity, (k) return on capital, (l) return on sales, (m) return on net assets employed, (n) return on assets, (o) economic value added (or an equivalent metric), (p) share price performance, (q) total shareholder return, (r) improvement in or attainment of expense levels, (s) improvement in or attainment of working capital levels, (t) shareholder value, (u) cash flow from operations, (v) cost reductions, (w) cost ratios, (x) return on capital compared to cost of capital, (y) return on capital employed, (z) cash return on capitalization, (aa) revenue ratios, (bb) return on invested capital, (cc) net income, (dd) value-added profits, (ee) managed income and (ff) market share.

Achievement of the goals may be measured:

- individually, alternatively, or in any combination;
- with respect to Atlanticus, an affiliate, one or more divisions, one or more business units, or any combination of the foregoing;
- with respect to a specific customer or group of customers or geographic region;
- on an absolute basis or relative to a target, to a designated comparison group, to results in other periods, or to other external measures;
- based upon an increase or positive result or maintaining the status quo or limiting losses; and
- including or excluding items determined to be extraordinary, unusual in nature, infrequent in occurrence, non-recurring, related to the acquisition or disposal of a business, related to unanticipated write-downs or impairment charges, litigation or settlements thereof, or foreign exchange gains or losses, or related to a change in tax law or accounting principle, in each case based on Opinion No. 30 of the Accounting Principles Board (APB Opinion No. 30) or as described in management's discussion and analysis of the financial condition and results of operations in Atlanticus' Annual Report on Form 10-K, or other applicable accounting rules, or consistent with Atlanticus' practices for measuring the achievement of performance goals on the date the Compensation Committee establishes the goals.

If the shareholders do not approve Proposal Four, the Compensation Committee will no longer be able to design awards that are intended to qualify as qualified performance-based compensation that is exempt from the $1 million deduction limit under Section 162(m) of the Code. In that case, the 2008 Plan will simply remain in effect in accordance with its prior terms but would not permit the grant of awards intended to qualify as qualified performance-based compensation under Section 162(m) of the Code.

Summary of the 2008 Plan

Purpose. The purpose of the 2008 Plan is to assist Atlanticus and its "affiliates" (as defined in the 2008 Plan) in recruiting and retaining individuals with ability and initiative by enabling such persons to participate in the future success of Atlanticus and its affiliates by associating their interests with those of Atlanticus and our shareholders. The 2008 Plan provides for grants of stock options, stock appreciation rights, restricted stock awards, restricted stock units and incentive awards (which we refer to collectively as "equity awards"), subject to the restrictions described below.

Administration. The 2008 Plan is administered by our Compensation Committee. Our Compensation Committee is comprised of not less than two non-employee members of Atlanticus' Board of Directors. The Compensation Committee has the authority to make equity grants, impose restrictions on the equity grants and determine those persons who are eligible to receive equity grants (not inconsistent with the provisions of the 2008 Plan), as it may consider appropriate. The Compensation Committee also has the authority to make all other determinations necessary or advisable to administer the 2008 Plan. The Compensation Committee may delegate to one or more officers of Atlanticus all or part of its authority and duties with respect to awards to individuals who are not subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The decisions and determinations of the Compensation Committee or its delegate(s) in the administration of the 2008 Plan and on any other matters concerning the 2008 Plan are conclusive and final. Atlanticus bears all expenses of administering the 2008 Plan.

Eligibility for Participation. The following persons are eligible to participate in the 2008 Plan: all directors (whether or not employees), employees, consultants and other service providers of Atlanticus or its affiliates who, in the sole discretion of the Compensation Committee, have contributed significantly or can be expected to contribute significantly to the profits or growth of Atlanticus or any affiliate or if it is otherwise in the best interest of Atlanticus or any affiliate for such person or entity to participate in the 2008 Plan. However, incentive stock options may only be granted to employees of Atlanticus or its affiliates. There are five members of the Board of Directors and approximately 330 employees, consultants and advisors of Atlanticus who would potentially be eligible to receive awards under the 2008 Plan at this time, subject to being selected by the Compensation Committee, as described above. Since the outcome of Proposal Four could influence the size or type of compensation to be paid to Atlanticus' Chief Executive Officer and the three other highest compensated officers (other than the Chief Executive Officer and the Chief Financial Officer), each of these persons may be deemed to have a substantial interest in the outcome of this proposal. In determining which individuals shall receive grants of equity awards and the amount of such awards to be granted to a recipient, the Compensation Committee will take into consideration the nature of the services rendered by the recipient, the recipient's potential contribution to the long term success of Atlanticus and any other factors the Compensation Committee deems relevant.

Manner of Grants. Grants of equity awards are authorized by the Compensation Committee, which determines the amount of the award to be granted, the restrictions to be placed on the award and any other terms and conditions of the award.

Types of Awards. The 2008 Plan permits the grant of any or all of the following types of awards: (1) incentive and nonqualified stock options; (2) stock appreciation rights; (3) restricted stock; (4) restricted stock units; and (5) other stock or cash-based incentive awards. Awards may be granted either alone or in addition to or in tandem with any other type of award.

Stock Options. Stock options entitle the holder to purchase a specified number of shares of Common Stock at a specified price, which is called the exercise price, subject to the terms and conditions of the option grant. The Compensation Committee can award options intended to be incentive stock options or nonqualified stock options. Also, the Compensation Committee can specify other terms and conditions applicable to the options. Except for certain grants made to assume or substitute awards in connection with acquisition transactions and certain incentive stock option grants, the exercise price of stock options granted under the 2008 Plan must be at least 100% of the fair market value of the Common Stock on the date of grant. However, with respect to an incentive stock option granted to a participant who beneficially owns more than 10% of the combined voting power of Atlanticus or any affiliate (determined by applying certain attribution rules), the exercise price must be at least 110% of the fair market value of the Common Stock on the date of grant. Each option will vest and become exercisable at such time or times as determined by the Compensation Committee consistent with the terms of the 2008 Plan. In the case of incentive stock options, the aggregate fair market value (determined as of the date of grant) of Common Stock with respect to which an incentive stock option may become exercisable for the first time during any calendar year cannot exceed $100,000; if this limitation is exceeded, the incentive stock options which cause the limitation to be exceeded will be treated as nonqualified stock options.

Options may be exercised, in whole or in part, by payment in full of the purchase price in cash, check or wire transfer and/or one or a combination of the following forms of payment to the extent permitted by the Compensation Committee in an applicable agreement: by the delivery of Common Stock already owned by the participant; by a broker-assisted cashless exercise; through a "net exercise" in which a portion of the in-the-money value of the option is used; or such other consideration as may be permitted by the Compensation Committee.

After termination of service with Atlanticus or its affiliates, a participant will be able to exercise his or her option for the period of time, if any, and on the terms and conditions determined by the Compensation Committee and stated in the option agreement.

Stock Appreciation Rights. Stock appreciation rights, or “SARs,” may be granted alone (“freestanding”) or in tandem with an option award (“related option”). Except for certain grants made to assume or substitute awards in connection with acquisition transactions, the grant price of a freestanding SAR will be at least 100% of the fair market value of the Common Stock on the date of grant. The grant price of a tandem SAR will be equal to the exercise price of the related option. Upon exercise of a SAR, the holder is entitled to receive the excess of the then fair market value of the shares for which the right is exercised over the grant price of the SAR. Payment upon exercise of a SAR will be in cash, shares or some combination of cash and shares as determined by the Compensation Committee. The Compensation Committee may impose any conditions or restrictions on the exercise of a SAR as it deems appropriate. No participant may be granted SARs in tandem with incentive stock options that are first exercisable in any calendar year for shares of Common Stock having an aggregate fair market value (determined as of the date of grant) that exceeds $100,000. A tandem SAR may be exercised only to the extent that the related option is exercisable and the fair market value of the Common Stock upon exercise exceeds the exercise price of the related option. As set forth in the SAR agreement, the amount payable as a result of the exercise of a SAR may be settled in cash, shares of Common Stock or a combination of each. Any related option will no longer be exercisable to the extent the SAR has been exercised, and the related SAR will be canceled to the extent the related option has been exercised.

Restricted Stock Awards. A restricted stock award is the grant or sale of shares of Common Stock, which may be subject to forfeiture restrictions. The Compensation Committee will prescribe whether the restricted stock award is forfeitable and the conditions to which it is subject. If the participant must pay for a restricted stock award, payment of the award generally shall be made in cash or, if the agreement so provides, by surrendering shares of Common Stock, by means of a "net exercise" procedure or any other medium of payment. Prior to vesting and/or forfeiture, a participant will have all rights of a shareholder with respect to a restricted stock award, including the right to receive dividends and vote the underlying shares; provided, however, the participant may not transfer the shares. Atlanticus may retain custody of the certificates evidencing the shares until they are no longer forfeitable.

Restricted Stock Units. A Restricted Stock Unit ("RSU") entitles the participant to receive shares of Common Stock when certain conditions are met. The Compensation Committee will prescribe when the RSUs shall become payable. Atlanticus will pay the participant one share of Common Stock for each RSU that becomes earned and payable.

Other Stock or Cash-Based Incentive Awards. An Incentive Award entitles the participant to receive cash or Common Stock when certain conditions are met. The Compensation Committee will prescribe the terms and conditions of the Incentive Award. As set forth in the participant's award agreement, an Incentive Award may be paid in cash, shares of Common Stock or a combination of each.

Shares Subject to the 2008 Plan. The maximum number of shares of Common Stock authorized for issuance under the 2008 Plan is 2,000,000 shares. Through the record date, the Compensation Committee has granted equity awards relating to 1,139,482 shares of Common Stock under the 2008 Plan. In any calendar year, no participant may be granted options, SARs, Restricted Stock Awards, RSUs, or any combination thereof that relate to more than 500,000 shares. In any calendar year, no participant may be granted an Incentive Award (i) with reference to a specified dollar limit for more than $4 million and (ii) with reference to a specified number of shares of Common Stock for more than 500,000 shares. The maximum number of shares of Common Stock that may be issued pursuant to awards, the individual calendar year limits on awards and the terms of outstanding awards will be adjusted as is equitably required in the discretion of the Compensation Committee in the event of (a) any payment of a stock dividend in respect of the Common Stock, (b) any recapitalization, reclassification, split-up or consolidation of or other change in the Common Stock, or (c) any exchange of the outstanding shares of Common Stock in connection with a merger, consolidation or other reorganization of or involving Atlanticus or a sale by us of all or a portion of our assets, for a different number or class of shares of stock or other securities of Atlanticus or for shares of stock or other securities of any other corporation. Except as set forth above, our issuance of shares of stock of any class of securities convertible into shares of stock of any class shall not affect any equity award granted pursuant to the 2008 Plan.

If any awards expire or are cancelled, terminated or forfeited for any reason other than their exercise, vesting or payment, the shares of Common Stock subject to such awards will again be available for issuance. If shares of Common Stock are issued pursuant to an award, the number of shares that shall be counted against the aggregate number of shares of Common Stock available for issuance shall be the greater of (i) the number of underlying shares of Common Stock with respect to which the award related or (ii) the number of shares of Common Stock actually issued in settlement of the award. If an award is settled in cash or a form other than shares of Common Stock, then the underlying shares with respect to which the award related shall not be counted against the aggregate number of shares available for issuance under the 2008 Plan; however, such underlying shares will be counted against the individual calendar year limits set forth above.

Effective Date and Term of the 2008 Plan. The 2008 Plan became effective on March 6, 2008, the date of its adoption by the Board of Directors. The 2008 Plan, but not any outstanding grants, shall terminate on March 6, 2018, the tenth anniversary of the date the 2008 Plan was adopted by the Board of Directors, subject to earlier termination by the Board of Directors.

Term of Awards. No award shall be exercisable or become vested or payable more than ten years after the date of grant. An incentive stock option granted to a participant who beneficially owns more than 10% of the combined voting power of Atlanticus or any affiliate (determined by applying certain attribution rules) or a tandem SAR that relates to such an incentive stock option may not be exercisable more than five years after the date of grant.

Nontransferability. Generally, equity awards are not transferable other than by will or the laws of descent and distribution, and during the lifetime of the participant to whom the award is granted, the award may only be exercised by, or payable to, the participant. However, the Compensation Committee may provide that awards other than incentive stock options or a corresponding SAR that is related to an incentive stock option may be transferred by a participant to anyone in the class of transferees who may rely on a Form S-8 Registration Statement under the Securities Act of 1933, as amended (the "Securities Act") to sell shares issuable upon exercise or payment of such awards. Any such transfer will be permitted only if (i) the participant does not receive any consideration for the transfer, (ii) the Compensation Committee expressly approves the transfer and (iii) the transfer is on such terms and conditions as are appropriate for the class of transferees who may rely on the Form S-8 Registration Statement. The holder of the transferred award will be bound by the same terms and conditions that governed the award during the period that it was held by the participant, except that such transferee may only transfer the award by will or the laws of descent and distribution.

Change in Control. In the event of or in anticipation of a “Change in Control” (as defined in the 2008 Plan), the Compensation Committee in its discretion may terminate outstanding awards (i) by giving the participants an opportunity to exercise the awards that are then exercisable and then terminating, without any payment, all awards that have not been exercised (including those that were not exercisable) or (ii) by paying the participant the value of the awards that are then vested, exercisable or payable without payment for any awards that are not then vested, exercisable or payable or that have no value. Alternatively, the Compensation Committee may take such other action as the Compensation Committee determines to be reasonable under the circumstances to permit the participant to realize the value of the award. The Compensation Committee may provide that a participant’s outstanding awards become fully exercisable or payable on and after a change in control date or immediately before the date the awards will be terminated in connection with a change in control. Awards will not be terminated to the extent they are to be continued after the Change in Control.

Shareholder Rights. No participant shall have any rights as a shareholder of Atlanticus unless and until the participant’s award is settled by the issuance of Common Stock (other than a restricted stock award or RSUs for which certain rights may be granted pursuant to the award agreement).

Compliance With Applicable Law. No award shall be exercisable, vested or payable except in compliance with all applicable federal and state laws and regulations (including, without limitation, tax and securities laws), any listing agreement with any stock exchange to which Atlanticus is a party, and the rules of all domestic stock exchanges on which Atlanticus’ shares may be listed.

Amendment and Termination of 2008 Plan. The Board of Directors may amend or terminate the 2008