

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002

Commission File Number 0-25370

RENT-A-CENTER, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

48-1024367

(I.R.S. Employer
Identification No.)

5700 Tennyson Parkway, Third Floor
Plano, Texas 75024
(972) 801-1100

(Address, including zip code, and telephone
number, including area code, of registrant's
principal executive offices)

NONE

(Former name, former address and former
fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO
--- ---

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 3, 2002:

Class	Outstanding
----- Common stock, \$.01 par value per share	----- 24,390,692

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RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS OF DOLLARS, EXCEPT SHARE DATA) MARCH 31, DECEMBER 31, 2002 2001 -----

UNAUDITED ASSETS	Cash and cash equivalents	.....	\$ 167,264	\$ 107,958
Accounts receivable - trade	.....	2,808	1,664	Prepaid expenses and other assets
.....	32,499	29,846	Rental merchandise, net	On rent
.....	.....	544,471	531,627	Held for rent
.....	.....	112,073	122,074	Property assets, net
.....	105,157	106,883	Deferred income tax asset	.....
.....	--	8,772	Intangible assets, net	.....
.....	712,764	711,096	-----	-----
1,619,920	=====	=====	LIABILITIES	Accounts payable - trade
.....	.....	\$ 65,398	\$ 49,930	Accrued liabilities
.....	.....	186,403	170,196	Deferred income tax liability
.....	.....	3,304	--	Senior debt
.....	428,000	428,000	Subordinated notes payable, net of discount	.....
.....	274,525	274,506	-----	-----
957,630	922,632	COMMITMENTS AND CONTINGENCIES	-----	-----
--	--	PREFERRED STOCK	Redeemable convertible voting preferred stock, net of placement costs, \$.01 par value; 5,000,000 shares authorized; 295,198 and 292,434 shares issued and outstanding in 2002 and 2001, respectively	.....
.....	294,674	291,910	STOCKHOLDERS' EQUITY	Common stock, \$.01 par value; 125,000,000 shares authorized; 28,084,227 and 27,726,092 shares issued in 2002 and 2001, respectively
.....	281	277	Additional paid-in capital	.....
.....	203,490	191,438	Accumulated comprehensive loss	.....
.....	(4,539)	(6,319)	Retained earnings	.....
.....	310,224	269,982	Treasury stock, 3,938,265 and 2,224,179 shares at cost in 2002 and 2001, respectively	.....
-----	424,732	405,378	-----	-----
-----	-----	-----	\$ 1,677,036	\$ 1,619,920
=====	=====	=====	=====	=====

See accompanying notes to consolidated financial statements. 3

RENT-A-CENTER, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF EARNINGS

(IN THOUSANDS, EXCEPT PER SHARE DATA) THREE MONTHS ENDED MARCH 31, ----- 2002 2001 -----

UNAUDITED Revenues	Store Rentals and fees	.....	\$ 443,705	\$ 393,123
.....	Merchandise sales	.....	39,605	30,759
.....	Other	.....	614	1,330
.....	Franchise Merchandise sales	.....	13,253	13,027
1,463	Royalty income and fees	.....	498,610	439,702
-----	Operating expenses	Direct store expenses	Depreciation of rental merchandise	.....
.....	.....	92,223	80,812	Cost of merchandise sold
.....	.....	262,619	242,219	Franchise cost of merchandise sold
.....	12,653	12,494	-----	-----
.....	15,117	12,869	Amortization of intangibles	.....
.....	720	7,268	-----	-----
.....	410,314	377,217	Operating profit	.....
.....	.....	88,296	62,485	Interest expense
.....	.....	15,798	16,510	Interest income
.....	(723)	(361)	-----	-----
.....	73,221	46,336	Income tax expense	.....
21,338	-----	-----	NET EARNINGS	.....
.....	4,992	4,325	-----	-----
.....	\$ 38,571	\$ 20,673	=====	=====
.....	\$ 1.57	\$ 0.83	=====	=====
.....	\$ 1.20	\$ 0.69	=====	=====

See accompanying notes to consolidated financial statements. 4

RENT-A-CENTER, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31, -----

-(IN THOUSANDS OF DOLLARS) 2002 2001 -----

UNAUDITED Cash flows from operating activities	Net earnings	.....	\$ 43,563	\$ 24,998
.....	Adjustments to reconcile net earnings to net cash provided by operating activities	Depreciation of rental merchandise	.....	92,223
.....	.....	80,812	Depreciation of property assets	.....
.....	.....	9,466	8,805	Amortization of intangibles
.....	.....	720	7,268	Amortization of financing fees
.....	.....	690	690	Changes in operating assets and liabilities, net of effects of Acquisitions
.....	.....	(93,826)	(118,461)	Accounts receivable - trade
.....	.....	(1,144)	(400)	Prepaid expenses and other assets
.....	.....	(3,435)	(6,250)	Deferred income taxes
.....	.....	12,076	10,709	Accounts payable - trade

.....	15,468	11,636
Accrued liabilities		
.....	20,530	12,239

Net cash provided by operating activities	96,331	32,046
Cash flows from investing activities		
Purchase of property assets	(8,100)	(11,846)
Proceeds from sale of property assets		
.....	374	524
Acquisitions of businesses, net of cash acquired	(3,549)	(2,835)
Net cash used in investing activities	(11,275)	(14,157)
Cash flows from financing activities		
Purchase of treasury stock		
Exercise of stock options	(34,724)	
.....	8,974	11,073
Repayments of debt		
.....	--	--
Net cash used in financing activities	(25,750)	(26,843)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
.....	59,306	
Cash and cash equivalents at beginning of period	(8,954)	
.....	107,958	36,495

Cash and cash equivalents at end of period		
.....	\$ 167,264	\$ 27,541
=====		
Supplemental cash flow information		
Cash paid during the year for:		
Interest		
.....	\$ 18,585	\$ 19,676
Income taxes		
.....	2,018	
Supplemental schedule of non-cash investing and financing activities		
Fair value of assets acquired		
.....	\$ 3,549	\$ 2,835
Cash paid		
.....	3,549	2,835

During the first quarter of 2002 and 2001, the Company paid dividends on its Series A preferred stock of approximately \$2.8 million and \$2.7 million by issuing 2,764 and 2,656 shares of Series A preferred stock, respectively. See accompanying notes to consolidated financial statements. 5

RENT-A-CENTER, INC. AND SUBSIDIARIES 2. Intangibles (Continued) Changes in the carrying amount of goodwill for the three months ended March 31, 2002 are as follows (in thousands): Balance as of January 1, 2002 \$707,362 Acquisitions during first quarter 2,086 ----- Balance as of March 31, 2002 \$709,448 =====

Goodwill and intangible assets recognized prior to July 1, 2001 were amortized through December 31, 2001. Since January 1, 2002, quarterly and annual goodwill amortization of approximately \$7.1 million and \$28.4 million has not been recognized. Below is a schedule showing the pro forma effect of SFAS 142 for the three months ended March 31, 2001 in comparison to the three months ended March 31, 2002.

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED MARCH 31, -----	
	----- 2002 2001 -----	
- -----	UNAUDITED Net earnings	
.....	
	\$ 43,563	\$ 24,998
	Goodwill amortization, net of tax	
.....	-- 6,160	-----
	----- Adjusted net earnings	
..... \$	
	43,563	\$ 31,158
	=====	
	Diluted weighted average shares outstanding	
	.....	36,321 36,375
	=====	
	Diluted earnings per common share before goodwill amortization	
.....	
	\$ 1.20	\$.86
	=====	

3. EARNINGS PER SHARE Basic and diluted earnings per common share is computed based on the following information:

(IN THOUSANDS, EXCEPT PER SHARE DATA) THREE MONTHS ENDED MARCH 31, 2002 -----

	NET EARNINGS		SHARES	
	PER SHARE		-----	
	-----		-----	
	Basic earnings per common share		.....
	\$38,571	24,515	\$ 1.57	
	Effect of dilutive stock options		.....
	-- 1,239	Assumed conversion of convertible Preferred stock		
.....	
	4,992	10,567	-----	-
	----- Diluted earnings per common share		.....
	36,321	\$ 1.20	=====	
	=====		=====	
	THREE MONTHS ENDED MARCH 31, 2001 -----		-----	
	-----		-----	
	NET EARNINGS PER SHARE		-----	
	-----		-----	
	Basic earnings per common share		.....
	24,959	\$.83	Effect of dilutive stock options	.....
	.....	-- 1,235	Assumed conversion of convertible Preferred stock	
.....	
	4,325	10,181	-----	-
	----- Diluted earnings per common share		.....
	36,375	\$.69	=====	
	=====		=====	

RENT-A-CENTER, INC. AND SUBSIDIARIES 3. EARNINGS PER SHARE - (continued) For the three months ended March 31, 2002 and 2001, the number of stock options that were outstanding but not included in the computation of diluted earnings per common share because their exercise price was greater than the average market price of our common stock, and therefore anti-dilutive, was 577,000 and 0, respectively. Dividends on our Series A preferred stock are payable quarterly at an annual rate of 3.75%. We account for shares of preferred stock distributed as dividends in-kind at the greater of the stated value or the value of the common stock obtainable upon conversion on the payment date. 4. SUBSIDIARY GUARANTORS Rent-A-Center has \$275.0 million of subordinated notes outstanding, maturing on August 15, 2008, including \$100.0 million which were issued in December 2001 at 99.5% of par. The notes require semi-annual interest-only payments at 11%, and are guaranteed by Rent-A-Center's two principal subsidiaries. The notes are redeemable at Rent-A-Center's option, at any time on or after August 15, 2003, at a set redemption price that varies depending upon the proximity of the redemption date to final maturity. Upon a change of control, the holders of the subordinated notes have the right to require Rent-A-Center to redeem the notes. The notes contain restrictive covenants, as defined therein, including a consolidated interest coverage ratio and limitations on incurring additional indebtedness, selling assets of Rent-A-Center's subsidiaries, granting liens to third parties, making restricted payments and engaging in a merger or selling substantially all of Rent-A-Center's assets. Rent-A-Center's direct and wholly-owned subsidiaries, consisting of ColorTyme, Inc. and Advantage Companies, Inc. (collectively, the "Guarantors"), have fully, jointly and severally, and unconditionally guaranteed the obligations of Rent-A-Center with respect to these notes. The only direct or indirect subsidiaries of Rent-A-Center that are not Guarantors are inconsequential subsidiaries. There are no restrictions on the ability of any of the Guarantors to transfer funds to Rent-A-Center in the form of loans, advances or dividends, except as provided by applicable law. Set forth below is certain condensed consolidating financial information as of March 31, 2002 and December 31, 2001, and for the three months ended March 31, 2002 and 2001. The financial information includes the Guarantors from the dates they were acquired or formed by Rent-A-Center and is presented using the push-down basis of accounting. 8

BALANCE SHEETS
 PARENT SUBSIDIARY
 CONSOLIDATING COMPANY
 GUARANTORS ADJUSTMENTS
 TOTALS -----

 --- (IN THOUSANDS) AT
 MARCH 31, 2002
 (UNAUDITED) Rental
 merchandise, net
 \$ 656,544
 \$ -- \$ -- \$ 656,544
 Intangible assets, net
 369,014
 343,750 -- 712,764 Other
 assets

 628,547 20,923 (341,742)
 307,728 -----

 - Total assets

 \$1,654,105 \$ 364,673 \$
 (341,742) \$1,677,036
 =====
 =====

Senior debt

 \$ 428,000 \$ -- \$ -- \$
 428,000 Other liabilities

 522,977 6,653 -- 529,630
 Preferred stock

 294,674 -- -- 294,674
 Stockholders' equity
 408,454
 358,020 (341,742) 424,732

 ----- Total
 liabilities and equity
 \$1,654,105 \$ 364,673 \$
 (341,742) \$1,677,036
 =====
 =====

===== AT
 DECEMBER 31, 2001 Rental
 merchandise, net
 \$ 653,701
 \$ -- \$ -- \$ 653,701
 Intangible assets, net
 367,271
 343,825 -- 711,096 Other
 assets

 578,077 18,788 (341,742)
 255,123 -----

 - Total assets

 \$1,599,049 \$ 362,613 \$
 (341,742) \$1,619,920
 =====
 =====

Senior debt

 \$ 428,000 \$ -- \$ -- \$
 428,000 Other liabilities

 489,174 5,458 -- 494,632
 Preferred stock

 291,910 -- -- 291,910
 Stockholders' equity
 389,965
 357,155 (341,742) 405,378

 ----- Total
 liabilities and equity
 \$1,599,049 \$ 362,613 \$

(341,742) \$1,619,920

=====

=====

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

PARENT SUBSIDIARY COMPANY GUARANTORS

TOTAL -----

(IN THOUSANDS) THREE MONTHS ENDED

MARCH 31, 2002 (UNAUDITED) Total

revenues

.....

\$483,924 \$ 14,686 \$498,610 Direct
store expenses

..... 381,824

-- 381,824 Other expenses

.....

60,570 12,653 73,223 -----

-- ----- Net earnings

.....

\$ 41,530 \$ 2,033 \$ 43,563 =====

=====

THREE MONTHS ENDED

MARCH 31, 2001 (UNAUDITED) Total

revenues

.....

\$425,212 \$ 14,490 \$439,702 Direct
store expenses

..... 344,586

-- 344,586 Other expenses

.....

54,459 15,659 70,118 -----

-- ----- Net earnings (loss)

..... \$

26,167 \$ (1,169) \$ 24,998 =====

=====

STATEMENT OF CASH FLOWS

PARENT SUBSIDIARY COMPANY GUARANTORS TOTAL -----	
----- (IN THOUSANDS) THREE	
MONTHS ENDED MARCH 31, 2002 (UNAUDITED) Net cash	
provided by operating activities	
\$ 96,052	\$ 279 \$ 96,331 -----
----- Cash flows from investing activities	
Purchase of property assets	
.....	(8,811) 711 (8,100)
Acquisitions of businesses, net of cash acquired	
.....	(3,549) -- (3,549) Other
----- Net	
374 --	374 -----
cash used in investing activities	
.....	(11,986) 711 (11,275) Cash
flows from financing activities Purchase of	
treasury stock	
(34,724) --	(34,724) Exercise of stock options
.....	8,974 -- 8,974
Intercompany advances	
.....	990 (990) -- -
----- Net cash used in	
financing activities	
(24,760) (990)	(25,750) -----
----- Net increase in cash and cash equivalents	
.....	59,306 -- 59,306 -----
----- Cash and cash equivalents at	
beginning of period	
107,958 --	107,958 -----
----- Cash and cash	
equivalents at end of period	
\$ 167,264	\$ -- \$ 167,264 =====
===== THREE MONTHS ENDED MARCH 31, 2001	
(UNAUDITED) Net cash provided by operating	
activities	
\$ 31,226	\$ 820 \$
32,046	-----
----- Cash flows	
from investing activities Purchase of property	
assets	
(11,836) (10)	(11,846) Acquisitions of businesses, net of cash
.....	acquired
(2,835) --	(2,835) Other
----- Net	
524 --	524 -----
cash used in investing activities	
.....	(14,147) (10) (14,157) Cash
flows from financing activities Exercise of	
stock options	
11,073 --	11,073 Repayments of debt
.....	(37,916) --
(37,916) Intercompany advances	
.....	810 (810) -- -
----- Net cash used in	
financing activities	
(26,033) (810)	(26,843) -----
----- Net increase in cash and cash equivalents	
.....	(8,954) -- (8,954) Cash and cash
equivalents at beginning of period	
36,495 --	36,495 -----
----- Cash and cash equivalents at end of period	
.....	\$ 27,541 \$ -- \$ 27,541 =====
=====	

5. COMPREHENSIVE INCOME Comprehensive income includes net earnings and items of other comprehensive income or loss. The following table provides information regarding comprehensive income, net of tax:

THREE MONTHS ENDED MARCH 31, -----	
----- (IN THOUSANDS) 2002 2001 -----	
-- Net earnings	

\$ 43,563	\$ 24,998 Other comprehensive income
(loss): Unrealized gain on derivatives held As	
cash flow hedges: Cumulative effect of adoption	
.....	of SFAS 133
--	1,378 Change in
4,010	(3,535) Reclassification adjustment for
loss included in net earnings	
.....	(2,230) (731) -----
----- Other comprehensive income (loss)	
.....	1,780 (2,888) -----
----- Comprehensive income	
.....	\$
45,343	\$ 22,110 =====

RENT-A-CENTER, INC. AND SUBSIDIARIES 6. PURCHASE OF TREASURY STOCK In connection with the retirement of our former Chief Executive Officer and Chairman of the Board Mr. J. Ernest Talley, we entered into an agreement to repurchase \$25.0 million worth of shares of our common stock held by Mr. Talley at a purchase price equal to the average closing price of our common stock over the 10 trading days beginning October 9, 2001, subject to a maximum of \$27.00 per share and a minimum of \$20.00 per share. Under this formula, the purchase price for the repurchase was calculated at \$20.258 per share. Accordingly, on October 23, 2001 we repurchased 493,632 shares of our common stock from Mr. Talley at \$20.258 per share for a total purchase price of \$10.0 million and on November 30, 2001, repurchased an additional 740,448 shares of our common stock from Mr. Talley at \$20.258 per share, for a total purchase price of an additional \$15.0 million. On January 25, 2002, we exercised the option to repurchase all of the remaining 1,714,086 shares of its common stock held by Mr. Talley at \$20.258 per share, for \$34.7 million. We repurchased those remaining shares on January 30, 2002. As a result, our treasury stock amount as of March 31, 2002 was \$84.7 million. 11

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS The statements, other than statements of historical facts, included in this report are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "could", "estimate," "should", "anticipate" or "believe." We believe that the expectations reflected in such forward-looking statements are accurate. However, we cannot assure you that these expectations will occur. Our actual future performance could differ materially from such statements. Factors that could cause or contribute to these differences include, but are not limited to: o uncertainties regarding the ability to open new stores; o our ability to acquire additional rent-to-own stores on favorable terms; o our ability to enhance the performance of these acquired stores; o our ability to control store level costs and implement our margin enhancement initiatives; o our ability to realize benefits from our margin enhancement initiatives; o the results of our litigation; o the passage of legislation adversely affecting the rent-to-own industry; o interest rates; o our ability to collect on our rental purchase agreements; o our ability to effectively hedge interest rates on our outstanding debt; o changes in our effective tax rate; and o the other risks detailed from time to time in our SEC reports. Additional important factors that could cause our actual results to differ materially from our expectations are discussed under Risk Factors in our Annual Report on Form 10-K for our fiscal year ended December 31, 2001. You should not unduly rely on these forward-looking statements, which speak only as of the date of this report. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events.

OUR BUSINESS We are the largest rent-to-own operator in the United States with an approximate 29% market share based on store count. At March 31, 2002, we operated 2,284 company-owned stores in 50 states, the District of Columbia and Puerto Rico. Our subsidiary, ColorTyme, is a national franchisor of rent-to-own stores. At March 31, 2002, ColorTyme had 338 franchised stores in 42 states, 326 of which operated under the ColorTyme name and 12 stores of which operated under the Rent-A-Center name. Our stores offer high quality durable products such as home electronics, appliances, computers, and furniture

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RENT-A-CENTER, INC. AND SUBSIDIARIES and accessories under flexible rental purchase agreements that allow the customer to obtain ownership of the merchandise at the conclusion of an agreed-upon rental period. These rental purchase agreements are designed to appeal to a wide variety of customers by allowing them to obtain merchandise that they might otherwise be unable to obtain due to insufficient cash resources or a lack of access to credit. These agreements also cater to customers who only have a temporary need, or who simply desire to rent rather than purchase the merchandise. We have pursued an aggressive growth strategy since 1989. We have sought to acquire underperforming stores to which we could apply our operating model as well as open new stores. As a result, the acquired stores have generally experienced more significant revenue growth during the initial periods following their acquisition than in subsequent periods. Because of significant growth since our formation, particularly due to the Thorn Americas acquisition, our historical results of operations and period-to-period comparisons of such results and other financial data, including the rate of earnings growth, may not be meaningful or indicative of future results. We plan to accomplish our future growth through selective and opportunistic acquisitions, with an emphasis on new store development. Typically, a newly opened store is profitable on a monthly basis in the ninth to twelfth month after its initial opening. Historically, a typical store has achieved cumulative break-even profitability in 18 to 24 months after its initial opening. Total financing requirements of a typical new store approximate \$450,000, with roughly 70% of that amount relating to the purchase of rental merchandise inventory. A newly opened store historically has achieved results consistent with other stores that have been operating within the system for greater than two years by the end of its third year of operation. As a result, our quarterly earnings are impacted by how many new stores we opened during a particular quarter and the quarters preceding it. There can be no assurance that we will open any new stores in the future, or as to the number, location or profitability thereof. In addition, to provide any additional funds necessary for the continued pursuit of our operating and growth strategies, we may incur from time to time additional short or long-term bank indebtedness and may issue, in public or private transactions, equity and debt securities. The availability and attractiveness of any outside sources of financing will depend on a number of factors, some of which will relate to our financial condition and performance, and some of which are beyond our control, such as prevailing interest rates and general economic conditions. There can be no assurance additional financing will be available, or if available, will be on terms acceptable to us. If a change in control occurs, we may be required to offer to repurchase all of our outstanding subordinated notes at 101% of their principal amount, plus accrued interest to the date of repurchase. Our senior credit facility restricts our ability to repurchase our subordinated notes, including in the event of a change in control. In addition, a change in control would result in an event of default under our senior credit facilities, which could then be accelerated by our lenders, and would require us to offer to redeem our Series A preferred stock. In the event a change in control occurs, we cannot be sure that we would have enough funds to immediately pay our accelerated senior credit facility obligations, pay all of our subordinated notes and redeem all of our Series A preferred stock, or that we would be able to obtain financing to do so on favorable terms, if at all.

CRITICAL ACCOUNTING POLICIES INVOLVING ESTIMATES, UNCERTAINTIES OR ASSESSMENTS IN OUR FINANCIAL STATEMENTS The preparation of our financial statements in conformity with generally accepted accounting principles in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In applying our accounting principles, we must often make individual estimates and assumptions regarding expected outcomes or uncertainties. As you might expect, the actual results or outcomes are generally different than the estimated or assumed amounts. These differences are usually minor and are included in our consolidated financial statements as soon as they are known. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. Actual results related to the estimates and assumptions made by us in preparing our consolidated financial statements will emerge over periods of time, such as estimates and assumptions underlying the determination of our self-insurance liabilities. These estimates and assumptions are monitored by us and periodically adjusted as circumstances warrant. For instance, our liability for self-insurance related to our workers compensation, general liability, medical and auto liability may be adjusted based on higher or lower actual loss experience. Although there is greater risk with respect to the accuracy of these estimates and assumptions because of the period over which actual results may emerge, such risk is mitigated by our ability to make changes to these estimates and assumptions over the same period. 13

RENT-A-CENTER, INC. AND SUBSIDIARIES In preparing our financial statements at any point in time, we are also periodically faced with uncertainties, the outcomes of which are not within our control and will not be known for prolonged periods of time. As discussed in the section entitled "Legal Proceedings" and the notes to our consolidated financial statements, we are involved in actions relating to claims that our rental purchase agreements constitute installment sales contracts, violate state usury laws or violate other state laws enacted to protect consumers, claims asserting gender discrimination in our employment practices, as well as claims we violated the federal securities laws. We, together with our counsel, make estimates, if determinable, of our probable liabilities and record such amounts in our consolidated financial statements. These estimates represent our best estimate, or may be the minimum range of probable loss when no single best estimate is determinable. Disclosure is made, when determinable, of the additional possible amount of loss on these claims, or if such estimate cannot be made, that fact is disclosed. We, together with our counsel, monitor developments related to these legal matters and, when appropriate, adjustments are made to liabilities to reflect current facts and circumstances. Based on an assessment of our accounting policies and the underlying judgments and uncertainties affecting the application of those policies, we believe our consolidated financial statements provide a meaningful and fair perspective of our company. However, we do not suggest that other general risk factors, such as those discussed in our Annual Report on Form 10-K as well as changes in our growth objectives or performance of new or acquired stores, could not adversely impact our consolidated financial position, results of operations and cash flows in future periods. OTHER SIGNIFICANT ACCOUNTING POLICIES Our significant accounting policies are summarized below and in Note A to our consolidated financial statements included in our Annual Report on Form 10-K. Revenue. We collect non-refundable rental payments and fees in advance, generally on a weekly or monthly basis. This revenue is recognized over the term of the agreement. Rental purchase agreements generally include a discounted early purchase option. Upon exercise of this option, and upon sale of used merchandise, revenue is recognized as these payments are received. Franchise Revenue. Revenue from the sale of rental merchandise is recognized upon shipment of the merchandise to the franchisee. Franchise fee revenue is recognized upon completion of substantially all services and satisfaction of all material conditions required under the terms of the franchise agreement. Depreciation of Rental Merchandise. We depreciate our rental merchandise using the income forecasting method. The income forecasting method of depreciation we use does not consider salvage value and does not allow the depreciation of rental merchandise during periods when it is not generating rental revenue. The objective of this method of depreciation is to provide for consistent depreciation expense while the merchandise is on rent. Cost of Merchandise Sold. Cost of merchandise sold represents the book value net of accumulated depreciation of rental merchandise at time of sale. Salaries and Other Expenses. Salaries and other expenses include all salaries and wages paid to store level employees, together with market managers' salaries, travel and occupancy, including any related benefits and taxes, as well as all store level general and administrative expenses and selling, advertising, insurance, occupancy, fixed asset depreciation and other operating expenses. General and Administrative Expenses. General and administrative expenses include all corporate overhead expenses related to our headquarters such as salaries, taxes and benefits, occupancy, administrative and other operating expenses, as well as regional directors' salaries, travel and office expenses. 14

RENT-A-CENTER, INC. AND SUBSIDIARIES Amortization of Intangibles. Amortization of intangibles consists primarily of the amortization of the excess of purchase price over the fair market value of acquired assets and liabilities. In July 2001, the Financial Accounting Standards Board issued SFAS 142, Goodwill and Intangible Assets, which revised the accounting for purchased goodwill and intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives acquired after June 30, 2001 were not amortized. Effective January 1, 2002, all previously recognized goodwill and intangible assets with indefinite lives are no longer subject to amortization. SFAS 142 requires an impairment test be conducted annually and a transitional impairment test be conducted by June 30, 2002. We completed our transitional impairment test as of March 31, 2002 and no impairment existed at that date.

Preferred Dividends. Dividends on Series A preferred stock are payable at an annual rate of 3.75%. Shares of Series A preferred stock distributed as dividends in-kind are accounted for at the greater of the stated value or the value of the common stock obtainable upon conversion on the payment date.

RECENT DEVELOPMENTS Store Growth. In the second half of 2000, we resumed our strategy of increasing our store base and annual revenues and profits through opportunistic acquisitions and new store openings. During the first quarter of 2002, we acquired a total of three stores and accounts from 19 locations for approximately \$3.5 million in 16 separate transactions, opened six new stores and closed six stores. Of the closed stores, three were merged with existing stores and three were sold. As of May 3, 2002, we have acquired seven additional stores and opened six new stores during the second quarter of 2002. It is our intention to increase the number of stores we operate by an average of approximately 5 to 10% per year over the next several years.

Talley Repurchase. In connection with Mr. Talley's retirement, we entered into an agreement to repurchase \$25.0 million worth of shares of our common stock held by Mr. Talley at a purchase price equal to the average closing price of our common stock over the 10 trading days beginning October 9, 2001, subject to a maximum of \$27.00 per share and a minimum of \$20.00 per share. Under this formula, the purchase price for the repurchase was calculated at \$20.258 per share. Accordingly, on October 23, 2001 we repurchased 493,632 shares of our common stock from Mr. Talley at \$20.258 per share for a total purchase price of \$10.0 million and on November 30, 2001, repurchased an additional 740,448 shares of our common stock from Mr. Talley at \$20.258 per share, for a total purchase price of an additional \$15.0 million. On January 25, 2002, we exercised the option to repurchase all of the remaining 1,714,086 shares of our common stock held by Mr. Talley at \$20.258 per share, for \$34.7 million. We repurchased those remaining shares on January 30, 2002.

Gender Discrimination Actions. On November 1, 2001, we announced that we reached an agreement in principle for the settlement of the Margaret Bunch, et al. v. Rent-A-Center, Inc. matter pending in federal court in Kansas City, Missouri, which is subject to court approval. Under the terms of the proposed settlement, while not admitting liability, we would pay an aggregate of \$12.25 million to the agreed upon class, plus plaintiff's attorneys' fees as determined by the court and costs to administer the settlement process. Accordingly, to account for the aforementioned costs, as well as our own attorneys' fees, we recorded a non-recurring charge of \$16.0 million in the third quarter of 2001. In early March 2002, we reached an agreement in principle with the plaintiffs attorneys in the Wilfong matter pending in St. Louis, Missouri and the EEOC to resolve the Wilfong suit and an EEOC action in Tennessee. Under the terms of the proposed settlement, while not admitting any liability, we would pay an aggregate of \$47.0 million to female employees and certain female applicants who were employed by or applied for employment with us for a period commencing no later than April 19, 1998 through the future date of the notice to the applicable class, plus up to \$375,000 in settlement administrative costs. The class members in Wilfong include all of the Bunch class members. The \$47.0 million payment includes the \$12.25 million payment discussed in connection with the Bunch settlement and attorney fees for class counsel in Wilfong. Members of the class who do not wish to participate in the settlement would be given the opportunity to opt out of the settlement. The proposed settlement contemplates the settlement would be subject to a four-year consent decree, which could be extended by the court for an additional one year upon a showing of good cause. Also, under the proposed settlement, we agreed to augment our human resources department and our internal employee complaint procedures; enhance our gender anti-discrimination training for all employees; hire a consultant mutually acceptable to the parties for two years to advise us on employment matters; provide certain reports to the EEOC during the period of the consent decree; seek qualified female representation on our board of directors; publicize our desire to recruit, hire and promote qualified women; offer to fill job vacancies within our regional markets with qualified class members who reside in those markets and express an interest in employment by us to the extent of 10% of our job vacancies in such markets over a fifteen month period; and to take certain other steps to improve opportunities for women. We initiated many of the above programs prior to entering into the proposed settlement. Under the proposed agreement, we have the right to terminate the settlement under certain circumstances, including in the event that more than 60 class members elect to opt out of the settlement. 15

RENT-A-CENTER, INC. AND SUBSIDIARIES The proposed settlement contemplates that the Bunch case will be dismissed with prejudice once such settlement becomes final. At the parties' request, the court in the Bunch case stayed the proceedings in that case, including postponing the fairness hearing previously scheduled for March 6, 2002. Similarly, the court in the Tennessee action has stayed the proceedings in that case and the EEOC has agreed to having the Tennessee EEOC action dismissed once the Wilfong settlement is finalized. The terms of the proposed settlement are subject to the parties entering into a definitive settlement agreement and court approval. While we believe the proposed settlement is fair, we cannot assure you that the settlement will be approved by the court in its present form. To account for the aforementioned costs, as well as our own attorney's fees, we recorded an additional non-recurring charge of \$36.0 million in the fourth quarter of 2001 in connection with the Wilfong matter for a total non-recurring charge of \$52.0 million. Senior Credit Facilities. On May 3, 2002, we amended and restated our senior credit facility to provide for a new Tranche D LC Facility in an aggregate amount at closing equal to \$80.0 million to support our outstanding letters of credit, which currently amount to approximately \$63.5 million. Under this new LC Facility, in the event that a letter of credit is drawn upon, we have the right to either repay the LC lenders the amount withdrawn or request a loan in that amount. Interest on any requested LC loan accrues at an adjusted prime rate plus 1.75% or, at our option, at the Eurodollar base rate plus 2.75%, with the entire amount of the LC Facility due on December 31, 2007. As a result of this amendment, our letters of credit will be issued under the new LC Facility which will increase the amount available to us under our revolving credit facility, thereby enabling us to achieve more flexibility and liquidity within our capital structure. RESULTS OF OPERATIONS THREE MONTHS ENDED MARCH 31, 2002 COMPARED TO THREE MONTHS ENDED MARCH 31, 2001 Store Revenue. Total store revenue increased by \$58.7 million, or 13.8%, to \$483.9 million for the three months ended March 31, 2002 from \$425.2 million for the three months ended March 31, 2001. The increase in total store revenue is primarily attributable to growth in same store revenues and incremental revenues in new and acquired stores, as well as an increase in the amount of merchandise sales over the same period in 2001. Same store revenues represent those revenues earned in stores that were operated by us for each of the entire three month periods ending March 31, 2002 and 2001. Same store revenues increased by \$30.1 million, or 7.7%, to \$423.1 million for the three months ended March 31, 2002 from \$393.0 million in 2001. The increase in same store revenues was primarily attributable to an increase in the number of customers served (approximately 404 per store for 2002 vs. approximately 395 per store for 2001 in same stores open), the number of agreements on rent (approximately 624 per store for 2002 vs. approximately 610 per store for 2001 in same stores open), as well as revenue earned per agreement on rent (approximately \$96 per month per agreement for 2002 vs. approximately \$94 per agreement for 2001). Merchandise sales increased \$8.8 million, or 28.8%, to \$39.6 million for 2002 from \$30.8 million in 2001. The increase in merchandise sales was primarily attributable to an increase in the number of items sold in the first quarter of 2002 (approximately 258,000) from the number of items sold in 2001 (approximately 210,000). This increase in the number of items sold in 2002 versus the same period in 2001 was primarily the result of an increase in the amount of customers exercising their early purchase options as a result of in-store promotions made during the third quarter of 2001, which included a reduction in the rates and terms on certain rental agreements. Franchise Revenue. Total franchise revenue increased by \$196,000, or 1.4%, to \$14.7 million for the three months ended March 31, 2002 from \$14.5 million in 2001. This increase was primarily attributable to an increase in merchandise sales to franchise locations, partially offset by a decrease in the number of franchised locations in the first quarter of 2002 as compared to the first quarter of 2001. Depreciation of Rental Merchandise. Depreciation of rental merchandise increased by \$11.4 million, or 14.1%, to \$92.2 million for the three months ended March 31, 2002 from \$80.8 million in 2001. This increase was primarily attributable to an increase in rental and fee revenue. Depreciation of rental merchandise expressed as a percent of store rentals and fees revenue increased to 20.8% in 2002 from 20.6% for the same period in 2001. This slight increase is primarily a result of in-store promotions made during the third quarter of 2001, which included a reduction in the rates and terms on certain rental agreements. These in-store promotions caused depreciation to be a greater percentage of store rentals and fees revenue on those promotional items rented. 16

RENT-A-CENTER, INC. AND SUBSIDIARIES Cost of Merchandise Sold. Cost of merchandise sold increased by \$5.4 million, or 25.2%, to \$27.0 million for the three months ended March 31, 2002 from \$21.6 million in 2001. This increase was primarily a result of an increase in the number of items sold during the first three months of 2002 as compared to the first three months of 2001. Salaries and Other Expenses. Salaries and other expenses expressed as a percentage of total store revenue decreased to 54.3% for the three months ended March 31, 2002 from 57.0% for the three months ended March 31, 2001. This decrease was primarily attributable to an increase in store revenues in the first quarter of 2002 as compared to 2001 coupled with the realization of our margin enhancement initiatives and reductions in store level costs. Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold increased by \$159,000, or 1.3%, to \$12.7 million for the three months ended March 31, 2002 from \$12.5 million in 2001. This increase was primarily attributable to an increase in merchandise sales to franchise locations, partially offset by a decrease in the number of franchised locations in the first quarter of 2002 as compared to the first quarter of 2001. General and Administrative Expenses. General and administrative expenses expressed as a percent of total revenue remained relatively constant at 3.0% and 2.9% for the three months ending March 31, 2002 and 2001, respectively. Amortization of Intangibles. Amortization of intangibles decreased by \$6.5 million, or 90.1%, to \$720,000 for the three months ended March 31, 2002 from \$7.3 million for the three months ended March 31, 2001. This decrease was directly attributable to the implementation of SFAS 142, which requires that goodwill no longer be amortized. Operating Profit. Operating profit increased by \$25.8 million, or 41.3%, to \$88.3 million for the three months ended March 31, 2002 from \$62.5 million in 2001. Operating profit as a percentage of total revenue increased to 17.7% for the three months ended March 31, 2002, from 14.2% in 2001. This increase was primarily attributable to an increase in store revenues in the first quarter of 2002 as compared to 2001 coupled with the realization of our margin enhancement initiatives, reduction of store level costs and the reduction of intangible amortization expense as discussed above. After adjusting reported results for the first quarter of 2001 to exclude the effects of goodwill amortization, operating profit increased by \$18.7 million, or 26.9% on a comparable basis. Net Earnings. Net earnings increased by \$18.6 million, or 74.3%, to \$43.6 million for the three months ended March 31, 2002 from \$25.0 million in 2001. This increase is primarily attributable to growth in total revenues, reduced interest expenses resulting from a reduction in outstanding debt and a reduction in the expenses associated with the amortization of intangibles. After adjusting reported results for the first quarter of 2001 to exclude the effects of goodwill amortization, net earnings increased by \$12.4 million, or 39.8% on a comparable basis. Preferred Dividends. Dividends on our Series A preferred stock are payable quarterly at an annual rate of 3.75%. We account for shares of preferred stock distributed as dividends in-kind at the greater of the stated value or the value of the common stock obtainable upon conversion on the payment date. Preferred dividends increased by \$667,500, or 15.4%, to \$5.0 million for the three months ended March 31, 2002 as compared to \$4.3 million in 2001. This increase is a result of more shares of Series A Preferred stock outstanding for the three months ended March 31, 2002 as compared to the three months ended March 31, 2001. LIQUIDITY AND CAPITAL RESOURCES Cash provided by operating activities increased by \$64.3 million to \$96.3 million for the three months ending March 31, 2002 from \$32.0 million in 2001. This increase resulted primarily from an increase in net earnings and depreciation of rental merchandise, as well as a decrease in the amount of rental merchandise purchased during the first three months of 2002 compared to 2001. Cash used in investing activities decreased by \$2.9 million to \$11.3 million during the three month period ending March 31, 2002 from \$14.2 million in 2001. This decrease is primarily attributable to the acquisition and opening of fewer new stores during the first three months of 2002 as compared to 2001 as well as a decrease in capital expenditures. Cash used in financing activities decreased by \$1.1 million to \$25.8 million during the three month period ending March 31, 2002 from \$26.8 million in 2001. This decrease is a result of the difference between our purchase of \$34.7 million in treasury stock in the first quarter of 2002 as compared to debt repayments of \$37.9 million during the first quarter of 2001, offset by fewer proceeds from options exercised in 2002 as compared to 2001. During the second quarter of 2002, we have prepaid \$37.1 million of our senior debt. 17

RENT-A-CENTER, INC. AND SUBSIDIARIES Liquidity Requirements. Our primary liquidity requirements are for debt service, rental merchandise purchases, capital expenditures, litigation and our store expansion program. Our primary sources of liquidity have been cash provided by operations, borrowings and sales of equity securities. In the future, we may incur additional debt, or may issue debt or equity securities to finance our operating and growth strategies. The availability and attractiveness of any outside sources of financing will depend on a number of factors, some of which relate to our financial condition and performance, and some of which are beyond our control, such as prevailing interest rates and general economic conditions. There can be no assurance that additional financing will be available, or if available, that it will be on terms we find acceptable. We believe that cash flow generated from operations, together with amounts available under our senior credit facilities, will be sufficient to fund our debt service requirements, rental merchandise purchases, capital expenditures, litigation and our store expansion intentions during 2002. At April 30, 2002, we had \$154.5 million in cash. While our operating cash flow has been strong and we expect this strength to continue, our liquidity could be negatively impacted if we do not remain as profitable as we expect.

Rental Merchandise Purchases. We purchased \$137.9 million and \$151.8 million of rental merchandise during the three month periods ending March 31, 2002 and 2001, respectively. Capital Expenditures. We make capital expenditures in order to maintain our existing operations as well as for new capital assets in new and acquired stores. We spent \$8.1 million and \$11.8 million on capital expenditures during the three month periods ending March 31, 2002 and 2001, respectively, and expect to spend approximately \$36.9 million for the remainder of 2002. Acquisitions and New Store Openings. For the first three months of 2002, we spent approximately \$3.5 million on acquisitions. For the entire year ending December 31, 2002, we intend to add approximately 5% to 10% to our store base by opening between 60 and 80 new store locations as well as continuing to pursue opportunistic acquisitions. The profitability of our stores tends to grow at a slower rate approximately five years from the time we open or acquire them. As a result, in order for us to show improvements in our profitability, it is important for us to continue to open stores in new locations or acquire underperforming stores on favorable terms. There can be no assurance that we will be able to acquire or open new stores at the rates we expect, or at all. We cannot assure you that the stores we do acquire or open will be profitable at the same levels that our current stores are, or at all. Borrowings. The table below shows the scheduled maturity dates of our senior debt outstanding at March 31, 2002.

PERIOD (YEAR) ENDING DECEMBER 31, (IN THOUSANDS) -----	
2002.....	\$ 1,849
2003.....	1,849
2004.....	26,379
2005.....	100,000
2006.....	177,078
Thereafter.....	120,845 ----- \$
	428,000 =====

Since March 31, 2002, we have prepaid approximately \$37.1 million of our senior debt during the second quarter, \$19.0 million of which has been paid since April 30, 2002. Under our senior credit facilities, we are required to use 25% of the net proceeds from any equity offering to repay our term loans. We intend to continue to make prepayments of debt under our senior credit facilities or repurchase some of our senior subordinated notes to the extent we have available cash that is not necessary for store openings or acquisitions. Our senior credit facilities currently limit our ability to repurchase our senior subordinated notes in excess of \$54.0 million. We cannot, however, assure you that we will have excess cash available for these purposes. Senior Credit Facilities. The senior credit facilities are provided by a syndicate of banks and other financial institutions led by JP Morgan Chase Bank, as administrative agent. At March 31, 2002, we had a total of \$428.0 million outstanding under these facilities, all of which was under our term loans. At March 31, 2002, we had \$56.4 million of availability under this revolving credit facility. 18

RENT-A-CENTER, INC. AND SUBSIDIARIES Borrowings under the senior credit facilities bear interest at varying rates equal to 1.50% to 3.0% over LIBOR, which was 1.91% at March 31, 2002. We also have a prime rate option under the facilities, but have not exercised it to date. At March 31, 2002, the average rate on outstanding senior debt borrowings was 8.69%. On May 3, 2002, we amended and restated our senior credit facility to provide for a new Tranche D LC Facility in an aggregate amount at closing equal to \$80.0 million to support our outstanding letters of credit, which currently amount to approximately \$63.5 million. Under this new LC Facility, in the event that a letter of credit is drawn upon, we have the right to either repay the LC lenders the amount withdrawn or request a loan in that amount. Interest on any requested LC loan accrues at an adjusted prime rate plus 1.75% or, at our option, at the Eurodollar base rate plus 2.75%, with the entire amount of the LC Facility due on December 31, 2007. As a result of this amendment, our letters of credit will be issued under the new LC Facility which will increase the amount available to us under our revolving credit facility, thereby enabling us to achieve more flexibility and liquidity within our capital structure. At May 3, 2002, our revolving credit facilities provide us with revolving loans in an aggregate principal amount of \$130.0 million, all of which was available. During 1998, we entered into interest rate protection agreements with two banks, one of which expired in 2001. Under the terms of the current interest rate protection agreements, the LIBOR rate used to calculate the interest rate charged on \$250.0 million of the outstanding senior term debt has been fixed at an average rate of 5.60%. The protection on the \$250.0 million expires in 2003. The senior credit facilities are secured by a security interest in substantially all of our tangible and intangible assets, including intellectual property and real property. The senior credit facilities are also secured by a pledge of the capital stock of our subsidiaries. The senior credit facilities contain covenants that limit our ability to:

- o incur additional debt (including subordinated debt) in excess of \$25 million;
- o repurchase our capital stock and senior subordinated notes;
- o incur liens or other encumbrances;
- o merge, consolidate or sell substantially all our property or business;
- o sell assets, other than inventory;
- o make investments or acquisitions unless we meet financial tests and other requirements;
- o make capital expenditures; or
- o enter into a new line of business.

The senior credit facilities require us to comply with several financial covenants, including a maximum leverage ratio, a minimum interest coverage ratio and a minimum fixed charge coverage ratio. At March 31, 2002, the maximum leverage ratio was 3.75:1, the minimum interest coverage ratio was 3.00:1, and the minimum fixed charge coverage ratio was 1.30:1. On that date, our actual ratios were 2.12:1, 5.53:1 and 2.25:1, respectively. Events of default under the senior credit facilities include customary events, such as a cross-acceleration provision in the event that we default on other debt. In addition, an event of default under the senior credit facilities would occur if we undergo a change of control. This is defined to include the case where Apollo ceases to own at least 4,474,673 shares of our common stock on an as converted basis, or a third party becomes the beneficial owner of 33.33% or more of our voting stock at a time when certain permitted investors own less than the third party or Apollo entities own less than 35% of the voting stock owned by the permitted investors. We do not have the ability to prevent Apollo from selling its stock, and therefore would be subject to an event of default if Apollo did so and its sales were not agreed to by the lenders under the senior credit facilities. This could result in the acceleration of the maturity of our debt under the senior credit facilities, as well as under the subordinated notes through their cross-acceleration provision.

Senior Subordinated Notes. In August 1998, we issued \$175.0 million of senior subordinated notes, maturing on August 15, 2008, under an indenture dated as of August 18, 1998 among us, our subsidiary guarantors and the trustee, which is now The Bank of New York, as successor to IBJ Schroder Bank & Trust Company. In December 2001, we issued an additional \$100.0 million of 11% senior subordinated notes, maturing on August 15, 2008, under a separate indenture dated as of 19

RENT-A-CENTER, INC. AND SUBSIDIARIES December 19, 2001 among us, our subsidiary guarantors and The Bank of New York, as trustee. On May 2, 2002, we closed an exchange offer for, among other things, all of the notes issued by us under the 1998 indenture, such that all of our senior subordinated notes are now governed by the terms of the 2001 indenture. The 2001 indenture contains covenants that limit our ability to: o incur additional debt; o sell assets or our subsidiaries; o grant liens to third parties; o pay dividends or repurchase stock; and o engage in a merger or sell substantially all of our assets. Events of default under the 2001 indenture include customary events, such as a cross-acceleration provision in the event that we default in the payment of other debt due at maturity or upon acceleration for default in an amount exceeding \$25 million. We may redeem the notes after August 15, 2003, at our option, in whole or in part, at a premium declining from 105.5%. The subordinated notes also require that upon the occurrence of a change of control (as defined in the 2001 indenture), the holders of the notes have the right to require us to repurchase the notes at a price equal to 101% of the original aggregate principal amount, together with accrued and unpaid interest, if any, to the date of repurchase. If we did not comply with this repurchase obligation, this would trigger an event of default under our senior credit facilities. Store Leases. We lease space for all of our stores as well as our corporate and regional offices under operating leases expiring at various times through 2010. ColorTyme Guarantee. ColorTyme is a party to an agreement with Textron Financial Corporation, who provides financing to qualifying franchisees of ColorTyme. Under this agreement, in the event of default by the franchisee under agreements governing this financing and upon the occurrence of certain events, Textron may assign the loans and the collateral securing such loans to ColorTyme, with ColorTyme then succeeding to the rights of Textron under the debt agreements, including the rights to foreclose on the collateral. We guarantee the obligations of ColorTyme under this agreement up to a maximum amount of \$50.0 million, of which \$37.7 million was outstanding as of March 31, 2002. Litigation. In 1998, we recorded an accrual of approximately \$125.0 million for estimated probable losses on litigation assumed in connection with the Thorn Americas acquisition. As of March 31, 2002, we have paid approximately \$123.7 million of this accrual in settlement of most of these matters and legal fees. These settlements were funded primarily from amounts available under our senior credit facilities, including the revolving credit facility and the multidraw facility, as well as from cash flow from operations. On November 1, 2001, we announced that we reached an agreement in principle for the settlement of the Margaret Bunch, et al. v. Rent-A-Center, Inc. matter pending in federal court in Kansas City, Missouri, which is subject to court approval. Under the terms of the proposed settlement, while not admitting liability, we would pay an aggregate of \$12.25 million to the agreed upon class, plus plaintiff's attorneys' fees as determined by the court and costs to administer the settlement process. Accordingly, to account for the aforementioned costs, as well as our own attorneys' fees, we recorded a non-recurring charge of \$16.0 million in the third quarter of 2001. In early March 2002, we reached an agreement in principle with the plaintiffs attorneys in the Wilfong matter pending in St. Louis, Missouri and the EEOC to resolve the Wilfong suit and an EEOC action in Tennessee. Under the terms of the proposed settlement, while not admitting any liability, we would pay an aggregate of \$47.0 million to female employees and certain female applicants who were employed by or applied for employment with us for a period commencing no later than April 19, 1998 through the future date of the notice to the applicable class, plus up to \$375,000 in settlement administrative costs. The class members in Wilfong include all of the Bunch class members. The \$47.0 million payment includes the \$12.25 million payment discussed in connection with the Bunch settlement and attorney fees for class counsel in Wilfong. Members of the class who do not wish to participate in the settlement would be given the opportunity to opt out of the settlement. 20

RENT-A-CENTER, INC. AND SUBSIDIARIES The proposed settlement contemplates the settlement would be subject to a four-year consent decree, which could be extended by the court for an additional one year upon a showing of good cause. Also, under the proposed settlement, we agreed to augment our human resources department and our internal employee complaint procedures; enhance our gender anti-discrimination training for all employees; hire a consultant mutually acceptable to the parties for two years to advise us on employment matters; provide certain reports to the EEOC during the period of the consent decree; seek qualified female representation on our board of directors; publicize our desire to recruit, hire and promote qualified women; offer to fill job vacancies within our regional markets with qualified class members who reside in those markets and express an interest in employment by us to the extent of 10% of our job vacancies in such markets over a fifteen month period; and to take certain other steps to improve opportunities for women. We initiated many of the above programs prior to entering into the proposed settlement. Under the proposed agreement, we have the right to terminate the settlement under certain circumstances, including in the event that more than 60 class members elect to opt out of the settlement. The proposed settlement contemplates that the Bunch case will be dismissed with prejudice once such settlement becomes final. At the parties' request, the court in the Bunch case stayed the proceedings in that case, including postponing the fairness hearing previously scheduled for March 6, 2002. Similarly, the court in the Tennessee EEOC action has stayed the proceeding in that case and the EEOC has agreed to having the case dismissed once the Wilfong settlement is finalized. The terms of the proposed settlement are subject to the parties entering into a definitive settlement agreement and court approval. While we believe the proposed settlement is fair, we cannot assure you that the settlement will be approved by the court in its present form. To account for the aforementioned costs, as well as our own attorney's fees, we recorded an additional non-recurring charge of \$36.0 million in the fourth quarter of 2001 in connection with the Wilfong matter for a total non-recurring charge of \$52.0 million. Additional settlements or judgments against us on our existing litigation could affect our liquidity. Please refer to Note J or our consolidated financial statements included in our Annual Report on Form 10-K.

Sales of Equity Securities. On May 31, 2001, we completed an offering of 3,680,000 shares of our common stock at an offering price of \$42.50 per share. In that offering, 1,150,000 shares were offered by us and 2,530,000 shares were offered by some of our stockholders. Net proceeds to us were approximately \$45.6 million. During 1998, we issued 260,000 shares of our Series A preferred stock at \$1,000 per share, resulting in aggregate proceeds of \$260.0 million. Dividends on our Series A preferred stock accrue on a quarterly basis, at the rate of \$37.50 per annum, per share, and are currently paid in additional shares of Series A preferred stock because of restrictive provisions in our senior credit facilities. Beginning in 2003, we will be required to pay the dividends in cash and may do so under our senior credit facilities so long as we are not in default. The Series A preferred stock is not redeemable until August 2002, after which time we may, at our option, redeem the shares at 105% of the \$1,000 per share liquidation preference plus accrued and unpaid dividends. Contractual

Cash Commitments. The table below summarizes debt, lease and other minimum cash obligations outstanding as of March 31, 2002:

PAYMENTS DUE BY YEAR END:			
	2003	2004	2005 AND
THEREAFTER	-----	-----	-----
Contractual Cash Obligations(1) TOTAL			
	2002	2003	2004
	-----	-----	-----
	(IN		
	THOUSANDS)		
Senior Credit Facilities (including current portion)	\$428,000	\$ 1,849	\$ 1,849
26,379 11% Senior Subordinated Notes(2)	.....	471,625	15,125
		30,250	30,250
Series A Preferred Stock(3)		70,487	--
		1,795	11,757
Operating Leases		56,934	
		307,046	70,935
		85,656	71,647
			78,808

- ----- (1) Excludes obligations under the ColorTyme guarantee, as well as the change in control and acceleration provisions under the senior credit facilities, and the optional redemption, change in control and acceleration provisions under the indenture governing our subordinated notes. 21

RENT-A-CENTER, INC. AND SUBSIDIARIES (2) Includes interest payments of \$15.13 million on each of February 15 and August 15 of each year. (3) Represents cash dividends required to be paid on the Series A preferred stock from August 5, 2003 through August 5, 2009 but excludes the obligations related to change in control and redemption, and assumes that the internal rate of return threshold allowing us to cease paying dividends of the Series A preferred stock is not met. Talley Repurchase. In connection with Mr. Talley's retirement, we entered into an agreement to repurchase \$25.0 million worth of shares of our common stock held by Mr. Talley at a purchase price equal to the average closing price of our common stock over the 10 trading days beginning October 9, 2001, subject to a maximum of \$27.00 per share and a minimum of \$20.00 per share. Under this formula, the purchase price for the repurchase was calculated at \$20.258 per share. Accordingly, on October 23, 2001 we repurchased 493,632 shares of our common stock from Mr. Talley at \$20.258 per share for a total purchase price of \$10.0 million, and on November 30, 2001, we repurchased an additional 740,448 shares of our common stock from Mr. Talley at \$20.258 per share, for a total purchase price of an additional \$15.0 million. On January 25, 2002, we exercised the option to repurchase all of the remaining 1,714,086 shares of common stock held by Mr. Talley at \$20.258 per share. We repurchased those remaining shares on January 30, 2002. Our senior credit facilities contain covenants that generally limit our ability to repurchase our capital stock. In addition, the indenture governing our subordinated notes contain covenants limiting our ability to repurchase our capital stock. Under these agreements, we had the ability to effect the repurchases of our common stock from Mr. Talley. However, as a result of those repurchases, our ability to make further repurchases of our common stock, including pursuant to our common stock repurchase program, is limited. Common Stock Repurchase Program. In April 2000, we announced that our board of directors had authorized a program to repurchase in the open market up to an aggregate of \$25 million of our common stock. To date, no shares of common stock have been purchased by us under this share repurchase program. We have suspended this share repurchase program pending the consummation of an equity offering by some of our stockholders. However, we may begin repurchasing shares of our common stock at any time, subject to the limitations in our senior credit facilities and the indenture governing our senior subordinated notes. Economic Conditions. Although our performance has not suffered in previous economic downturns, we cannot assure you that demand for our products, particularly in higher price ranges, will not significantly decrease in the event of a prolonged recession. Seasonality. Our revenue mix is moderately seasonal, with the first quarter of each fiscal year generally providing higher merchandise sales than any other quarter during a fiscal year, primarily related to federal income tax refunds. Generally, our customers will more frequently exercise their early purchase option on their existing rental purchase agreements or purchase pre-leased merchandise off the showroom floor during the first quarter of each fiscal year. We expect this trend to continue in future periods. Furthermore, we tend to experience slower growth in the number of rental purchase agreements on rent in the third quarter of each fiscal year when compared to other quarters throughout the year. As a result, we would expect revenues for the third quarter of each fiscal year to remain relatively flat with the prior quarter. We expect this trend to continue in future periods unless we add significantly to our store base during the third quarter of future fiscal years as a result of new store openings or opportunistic acquisitions. ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK INTEREST RATE SENSITIVITY As of March 31, 2002, we had \$275.0 million in subordinated notes outstanding at a fixed interest rate of 11.0% and \$428.0 million in term loans outstanding at interest rates indexed to the LIBOR rate. The subordinated notes mature on August 15, 2008. The fair value of the subordinated notes is estimated based on discounted cash flow analysis using interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of the subordinated notes at March 31, 2002 was \$291.5 million, which is \$16.5 million above their carrying value. Unlike the subordinated notes, the \$428.0 million in term loans have variable interest rates indexed to current LIBOR rates. Because the variable rate structure exposes us to the risk of increased interest cost if interest rates rise, in 1998 we entered into \$500.0 million in interest rate swap agreements that lock in a LIBOR rate of 5.59%, thus hedging this risk. Of the \$500.0 million in agreements, \$250.0 million expired in September 2001 and the remaining \$250.0 million will expire in 2003. Given our current capital structure, including our interest rate swap agreements, we have \$178.0 million, or 25.3% of our total debt, in variable rate debt. A hypothetical 1.0% change in the LIBOR rate would affect pre-tax earnings by approximately \$1.8 million. The swap agreements had an aggregate fair value of \$(7.3) million and \$(5.3) million at March 31, 2002 and 2001, respectively. A hypothetical 1.0% change in the LIBOR rate would have affected the fair value of the swaps by approximately \$4.7 million. 22

RENT-A-CENTER, INC. AND SUBSIDIARIES MARKET RISK Market risk is the potential change in an instrument's value caused by fluctuations in interest rates. Our primary market risk exposure is fluctuations in interest rates. Monitoring and managing this risk is a continual process carried out by the Board of Directors and senior management. We manage our market risk based on an ongoing assessment of trends in interest rates and economic developments, giving consideration to possible effects on both total return and reported earnings. INTEREST RATE RISK We hold long-term debt with variable interest rates indexed to prime or LIBOR that exposes us to the risk of increased interest costs if interest rates rise. To reduce the risk related to unfavorable interest rate movements, we have entered into certain interest rate swap contracts on \$250.0 million of debt to pay a fixed rate of 5.60%. 23

RENT-A-CENTER, INC. AND SUBSIDIARIES PART II - OTHER INFORMATION ITEM 1. LEGAL PROCEEDINGS From time to time, we, along with our subsidiaries, are party to various legal proceedings arising in the ordinary course of business. Except as described below, we are not currently a party to any material litigation. *Colon v. Thorn Americas, Inc.* The plaintiffs filed this class action in November 1997 in New York state court. This matter was assumed by us in connection with the Thorn Americas acquisition, and appropriate purchase accounting adjustments were made for such contingent liabilities. The plaintiffs acknowledge that rent-to-own transactions in New York are subject to the provisions of New York's Rental Purchase Statute but contend the Rental Purchase Statute does not provide Thorn Americas immunity from suit for other statutory violations. Plaintiffs allege Thorn Americas has a duty to disclose effective interest under New York consumer protection laws, and seek damages and injunctive relief for Thorn Americas' failure to do so. This suit also alleges violations relating to excessive and unconscionable pricing, late fees, harassment, undisclosed charges, and the ease of use and accuracy of its payment records. In their prayers for relief, the plaintiffs have requested the following: o class certification; o injunctive relief requiring Thorn Americas to (A) cease certain marketing practices, (B) price their rental purchase contracts in certain ways, and (C) disclose effective interest; o unspecified compensatory and punitive damages; o rescission of the class members contracts; o an order placing in trust all moneys received by Thorn Americas in connection with the rental of merchandise during the class period; o treble damages, attorney's fees, filing fees and costs of suit; o pre- and post-judgment interest; and o any further relief granted by the court. The plaintiffs have not alleged a specific monetary amount with respect to their request for damages. The proposed class originally included all New York residents who were party to Thorn Americas' rent-to-own contracts from November 26, 1991 through November 26, 1997. In her class certification briefing, Plaintiff acknowledged her claims under the General Business Law in New York are subject to a three year statute of limitations, and is now requesting a class of all persons in New York who paid for rental merchandise from us since November 26, 1994. In November 2000, following interlocutory appeal by both parties from the denial of cross-motions for summary judgement, we obtained a favorable ruling from the Appellate Division of the State of New York, dismissing Plaintiff's claims based on the alleged failure to disclose an effective interest rate. Plaintiff's other claims were not dismissed. Plaintiff moved to certify a state-wide class in December 2000. Plaintiff's class certification motion was heard by the court on November 7, 2001, at which time the court took the motion under advisement. We are vigorously defending this action and opposing class certification. Although there can be no assurance that our position will prevail, or that we will be found not to have any liability, we believe the decision by the Appellate Division regarding interest rate disclosure to be a significant and favorable development in this matter. Wisconsin Attorney General Proceeding. On August 4, 1999, the Wisconsin Attorney General filed suit against us and our subsidiary ColorTyme in the Circuit Court of Milwaukee County, Wisconsin, alleging that our rent-to-rent transaction, coupled with the opportunity afforded our rental customers to purchase the rented merchandise under what we believe is a separate transaction, is a disguised credit sale subject to the Wisconsin Consumer Act. Accordingly, the Attorney General alleges that we have failed to disclose credit terms, misrepresented the terms of the transaction and engaged in unconscionable practices. We currently operate 26 stores in Wisconsin. The Attorney General seeks injunctive relief, restoration of any losses suffered by any Wisconsin consumer harmed and civil forfeitures and penalties in amounts ranging from \$50 to \$10,000 per violation. If the Attorney General's theory on damages prevails, the Attorney General's claim for monetary penalties would apply to at least 17,900 transactions through January 31, 2002. On October 31, 2001, the Attorney General filed a motion for summary judgment on several counts in the complaint, including the principal claim that our rent-to-rent transaction is governed by the Wisconsin Consumer Act. Our response was filed on December 17, 2001. A pre-trial conference and hearing on the motion for summary judgment took place on January 22, 2002, at which time the court ruled in favor of the Attorney General's motion for summary judgment on the liability issues and set the case for trial on damages for February 2003. Since the filing of this suit, we have attempted to negotiate a mutually satisfactory resolution of these claims with the Wisconsin Attorney General's office, including the consideration of possible changes in our business practices in Wisconsin. To date, we have not been successful, but our efforts are ongoing. If we are unable to negotiate a settlement with the Attorney General, we intend to litigate the suit. We cannot assure you, however, that the outcome of this matter will not have a material adverse impact on our financial position, results of operations or cash flows. Gender Discrimination Actions. We are subject to three class action lawsuits claiming gender discrimination. As described below, we have settled in principle all of the claims covered by these three actions. In September 1999, an action was filed against us in federal court in the Western District of Tennessee by the U.S. Equal Employment Opportunity Commission, alleging that we engaged in gender discrimination with respect to four named females and other unnamed female employees and applicants within our Tennessee and Arkansas region. The allegations underlying this EEOC action involve charges of wrongful termination and denial of promotion, disparate impact and failure to hire. The group of individuals on whose behalf EEOC seeks relief is approximately seventy individuals. In August 2000, a putative nationwide class action was filed against us in federal court in East St. Louis, Illinois by Claudine Wilfong and eighteen other plaintiffs, alleging that we engaged in class-wide gender discrimination following our acquisition of Thorn Americas. The allegations underlying Wilfong involve charges of wrongful termination, constructive discharge, disparate treatment and disparate impact. In addition, the EEOC filed a motion to intervene on behalf of the plaintiffs, which the court granted on May 14, 2001. On December 27, 2001, the court granted the plaintiff's motion for class certification. In December 2000, similar suits filed by Margaret Bunch and Tracy Levings in federal court in the Western District of Missouri were amended to allege class action claims similar to those in Wilfong. In November 2001, we announced that we had reached an agreement in principle for the settlement of the Bunch matter, which is subject to court approval. Under the terms of the proposed settlement, we agreed to pay an aggregate of \$12.25 million to the agreed upon class, plus plaintiffs' attorneys fees as determined by the court and costs to administer the settlement subject to an aggregate cap of \$3.15 million. On November 29, 2001, the court in Bunch granted preliminary approval of the settlement and set a fairness hearing on such settlement for March 6, 2002. In early March 2002, we reached an agreement in principle with the plaintiffs attorneys in Wilfong and the EEOC to resolve the Wilfong suit and the Tennessee EEOC action. Under the terms of the proposed settlement, while not

admitting any liability, we would pay an aggregate of \$47.0 million to approximately 5,300 female employees and a yet to be determined number of female applicants who were employed by or applied for employment with us for a period commencing no later than April 19, 1998 through the future date of the notice to the applicable class, plus up to \$375,000 in settlement administrative costs. The \$47.0 million payment includes the \$12.25 million payment discussed in connection with the Bunch settlement. Attorney fees for class counsel in Wilfong would be paid out of the \$47.0 million settlement fund in an amount to 24

RENT-A-CENTER, INC. AND SUBSIDIARIES be determined by the court. Members of the class who do not wish to participate in the settlement would be given the opportunity to opt out of the settlement. The proposed agreement contemplates the settlement would be subject to a four-year consent decree, which could be extended by the court for an additional one year upon a showing of good cause. Also, under the proposed settlement, we agreed to augment our human resources department and our internal employee complaint procedures; enhance our gender anti-discrimination training for all employees; hire a consultant mutually acceptable to the parties for two years to advise us on employment matters; provide certain reports to the EEOC during the period of the consent decree; seek qualified female representation on our board of directors; publicize our desire to recruit, hire and promote qualified women; offer to fill job vacancies within our regional markets with qualified class members who reside in those markets and express an interest in employment by us to the extent of 10% of our job vacancies in such markets over a fifteen month period; and to take certain other steps to improve opportunities for women. We initiated many of the above programs prior to entering into the proposed settlement. Under the proposed agreement, we have the right to terminate the settlement under certain circumstances, including in the event that more than 60 class members elect to opt out of the settlement. The proposed settlement contemplates that the Bunch case will be dismissed with prejudice once such settlement becomes final. At the parties' request, the court in the Bunch case stayed the proceedings in that case, including postponing the fairness hearing previously scheduled for March 6, 2002. Similarly, the court in the Tennessee EEOC action has stayed the proceeding in that case and the EEOC has agreed to having the case dismissed once the Wilfong settlement is finalized. The terms of the proposed settlement are subject to the parties entering into a definitive settlement agreement and court approval. While we believe the proposed settlement is fair, we cannot assure you that the settlement will be approved by the court in its present form. Terry Walker, et. al. v. Rent-A-Center, Inc., et. al.; Chaim Klein, et. al. v. Rent-A-Center, Inc., et. al.; John Farrar, et. al. v. Rent-A-Center, Inc., et. al. On January 4, 2002, a putative class action was filed against us and certain of our current and former officers and directors by Terry Walker in federal court in Texarkana, Texas.

The complaint alleges that the defendants violated Sections 10(b) and/or Section 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by issuing false and misleading statements and omitting material facts regarding our financial performance and prospects for the third and fourth quarters of 2001. The complaint purports to be brought on behalf of all purchasers of our common stock from April 25, 2001 through October 8, 2001 and seeks damages in unspecified amounts. We anticipate that the similar complaints filed by Chaim Klein and John Farrar will be consolidated by the court with the Walker matter. We believe that these claims are without merit and intend to vigorously defend ourselves. However, we cannot assure you that we will be found to have no liability in this matter. 25

RENT-A-CENTER AND SUBSIDIARIES ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K. CURRENT REPORTS ON FORM 8-K
None. EXHIBITS EXHIBIT NUMBER EXHIBIT DESCRIPTION 3.1(1) -- Amended and Restated Certificate of
Incorporation of Renters Choice, Inc. 3.2(2) -- Certificate of Amendment to the Amended and Restated
Certificate of Incorporation of Renters Choice, Inc. 3.3(3) -- Certificate of Amendment to the
Amended and Restated Certificate of Incorporation of Rent-A-Center, Inc. 3.4* -- Amended and Restated
Bylaws of Rent-A-Center, Inc. 4.1(4) -- Form of Certificate evidencing Common Stock 4.2(5) --
Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred
Stock of Renters Choice, Inc. 26

RENT-A-CENTER, INC. AND SUBSIDIARIES EXHIBIT NUMBER EXHIBIT DESCRIPTION 4.3(6) -- Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc. 4.4(7) -- Indenture, dated as of August 18, 1998, by and among Renters Choice, Inc., as Issuer, ColorTyme, Inc. and Rent-A-Center, Inc., as Subsidiary Guarantors, and IBJ Schroder Bank & Trust Company, as Trustee 4.5(8) -- Form of Certificate evidencing Series A Preferred Stock 4.6(9) -- Form of 1998 Exchange Note 4.7(10) -- First Supplemental Indenture, dated as of December 31, 1998, by and among Renters Choice Inc., Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc. and IBJ Schroder Bank & Trust Company, as Trustee. 4.8(11) -- Indenture, dated as of December 19, 2001, by and among Rent-A-Center, Inc., as Issuer, ColorTyme, Inc., and Advantage Companies, Inc., as Subsidiary Guarantors, and The Bank of New York, as Trustee 4.9* -- First Supplemental Indenture, dated as of May 1, 2002, by and among Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc. and The Bank of New York, as Trustee. 4.10(12) -- Form of 2001 Exchange Note 10.1(13)+ -- Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan 10.2(14) -- Amended and Restated Credit Agreement, dated as of August 5, 1998 as amended and restated as of June 29, 2000, among Rent-A-Center, Inc., Comerica Bank, as Documentation Agent, Bank of America NA, as Syndication Agent, and The Chase Manhattan Bank, as Administrative Agent. 10.3(15) -- First Amendment to the Credit Agreement, dated August 5, 1998, as amended and restated as of June 29, 2000, among Rent-A-Center, Inc., the Lenders party to the Credit Agreement, the Documentation Agent, and Syndication Agent named therein and the Chase Manhattan Bank, as Administrative Agent 10.4(16) -- Second Amendment, dated as of November 26, 2001, to the Credit Agreement, dated as of August 5, 1998, as amended and restated as of June 29, 2000, among Rent-A-Center, Inc., the lenders party to the Credit Agreement, the Documentation Agent and Syndication Agent named therein and JP Morgan Chase Bank (formerly known as The Chase Manhattan Bank), as Administrative Agent 10.5* -- Amended and Restated Credit Agreement, dated as of August 5, 1998, as amended and restated as of May 3, 2002, among Rent-A-Center, Inc., Comerica Bank, as Documentation Agent, Bank of America, N.A., as Syndication Agent and JPMorgan Chase Bank, as Administrative Agent. 10.6(17) -- Guarantee and Collateral Agreement, dated August 5, 1998, made by Renters Choice, Inc., and certain of its Subsidiaries in favor of the Chase Manhattan Bank, as Administrative Agent 10.7(18) -- Amended and Restated Stockholders Agreement by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Rent-A-Center, Inc., and certain other persons 10.8(19) -- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series A Convertible Preferred Stock 10.9(20) -- Common Stock Purchase Agreement, dated as of October 8, 2001, by and among J. Ernest Talley, Mary Ann Talley, the Talley 1999 Trust and Rent-A-Center, Inc. 10.10(21) -- Exchange and Registration Rights Agreement, dated December 19, 2001, by and among Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc., J.P. Morgan Securities, Inc., Morgan Stanley & Co. Incorporated, Bear, Stearns & Co. Inc., and Lehman Brothers, Inc. 21.1(22) -- Subsidiaries of Rent-A-Center, Inc. * Filed herewith. + Management contract or company plan or arrangement (1) Incorporated herein by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994 (2) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996 27

RENT-A-CENTER, INC. AND SUBSIDIARIES (3) Incorporated herein by reference to Exhibit 3.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 (4) Incorporated herein by reference to Exhibit 4.1 to the registrant's Form S-4 filed on January 19, 1999. (5) Incorporated herein by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (6) Incorporated herein by reference to Exhibit 4.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (7) Incorporated herein by reference to Exhibit 4.4 to the registrant's Registration Statement Form S-4 filed on January 19, 1999 (8) Incorporated herein by reference to Exhibit 4.5 to the registrant's Registration Statement Form S-4 filed on January 19, 1999 (9) Incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement Form S-4 filed on January 19, 1999 (10) Incorporated herein by reference to Exhibit 4.7 to the registrant's Registration Statement Form S-4 filed on January 19, 1999 (11) Incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002 (12) Incorporated herein by reference to Exhibit 4.7 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002 (13) Incorporated herein by reference to Exhibit 10.1 to the registrant's Registration Statement of Form S-4 filed on January 22, 2002 (14) Incorporated herein by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000 (15) Incorporated herein by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 (16) Incorporated herein by reference to Exhibit 10.4 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002 (17) Incorporated herein by reference to Exhibit 10.19 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (18) Incorporated herein by reference to Exhibit 10.21 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (19) Incorporated herein by reference to Exhibit 10.22 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (20) Incorporated herein by reference to Exhibit 10.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 (21) Incorporated herein by reference to Exhibit 10.9 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002 (22) Incorporated herein by reference to Exhibit 21.1 to the registrant's Registration Statement on Form S-4 filed on January 19, 1999 28

RENT-A-CENTER, INC. AND SUBSIDIARIES SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Report to be signed on its behalf by the undersigned duly authorized officer. RENT-A-CENTER, INC. By: /s/ Robert D. Davis -----
----- Robert D. Davis Senior Vice President-Finance and Chief Financial Officer
Date: May 7, 2002 29

RENT-A-CENTER, INC. AND SUBSIDIARIES INDEX TO EXHIBITS

EXHIBIT NUMBER EXHIBIT DESCRIPTION - ----- -----
3.1(1) -- Amended and Restated Certificate of Incorporation of Renters Choice, Inc.
3.2(2) -- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Renters Choice, Inc.
3.3(3) -- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Rent-A- Center, Inc.
3.4* -- Amended and Restated Bylaws of Rent-A- Center, Inc.
4.1(4) -- Form of Certificate evidencing Common Stock
4.2(5) -- Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.
4.3(6) -- Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc.
4.4(7) -- Indenture, dated as of August 18, 1998, by and among Renters

Choice, Inc.,
as Issuer,
ColorTyme,
Inc. and
Rent-A-
Center, Inc.,
as Subsidiary
Guarantors,
and IBJ
Schroder Bank
& Trust
Company, as
Trustee
4.5(8) --
Form of
Certificate
evidencing
Series A
Preferred
Stock 4.6(9)
-- Form of
1998 Exchange
Note 4.7(10)
-- First
Supplemental
Indenture,
dated as of
December 31,
1998, by and
among Renters
Choice Inc.,
Rent-A-
Center, Inc.,
ColorTyme,
Inc.,
Advantage
Companies,
Inc. and IBJ
Schroder Bank
& Trust
Company, as
Trustee.
4.8(11) --
Indenture,
dated as of
December 19,
2001, by and
among Rent-A-
Center, Inc.,
as Issuer,
ColorTyme,
Inc., and
Advantage
Companies,
Inc., as
Subsidiary
Guarantors,
and The Bank
of New York,
as Trustee
4.9* -- First
Supplemental
Indenture,
dated as of
May 1, 2002,
by and among
Rent-A-
Center, Inc.,
ColorTyme,
Inc.,
Advantage
Companies,
Inc. and The
Bank of New
York, as
Trustee.
4.10(12) --
Form of 2001
Exchange Note
10.1(13)+ --
Amended and

Restated
Rent-A-
Center, Inc.
Long-Term
Incentive
Plan 10.2(14)
-- Amended
and Restated
Credit
Agreement,
dated as of
August 5,
1998 as
amended and
restated as
of June 29,
2000, among
Rent-A-
Center, Inc.,
Comerica
Bank, as
Documentation
Agent, Bank
of America
NA, as
Syndication
Agent, and
The Chase
Manhattan
Bank, as
Administrative
Agent.
10.3(15) --
First
Amendment to
the Credit
Agreement,
dated August
5, 1998, as
amended and
restated as
of June 29,
2000, among
Rent-A-
Center, Inc.,
the Lenders
party to the
Credit
Agreement,
the
Documentation
Agent, and
Syndication
Agent named
therein and
the Chase
Manhattan
Bank, as
Administrative
Agent
10.4(16) --
Second
Amendment,
dated as of
November 26,
2001, to the
Credit
Agreement,
dated as of
August 5,
1998, as
amended and
restated as
of June 29,
2000, among
Rent-A-
Center, Inc.,
the lenders
party to the
Credit
Agreement,

the
Documentation
Agent and
Syndication
Agent named
therein and
JP Morgan
Chase Bank
(formerly
known as The
Chase
Manhattan
Bank), as
Administrative
Agent 10.5* -
- Amended and
Restated
Credit
Agreement,
dated as of
August 5,
1998, as
amended and
restated as
of May 3,
2002, among
Rent-A-
Center, Inc.,
Comerica
Bank, as
Documentation
Agent, Bank
of America,
N.A., as
Syndication
Agent and
JPMorgan
Chase Bank,
as
Administrative
Agent
10.6(17) --
Guarantee and
Collateral
Agreement,
dated August
5, 1998, made
by Renters
Choice, Inc.,
and certain
of its
Subsidiaries
in favor of
the Chase
Manhattan
Bank, as
Administrative
Agent
10.7(18) --
Amended and
Restated
Stockholders
Agreement by
and among
Apollo
Investment
Fund IV,
L.P., Apollo
Overseas
Partners IV,
L.P., J.
Ernest
Talley, Mark
E. Speese,
Rent-A-
Center, Inc.,
and certain
other persons
10.8(19) --
Registration
Rights

Agreement,
dated August
5, 1998, by
and between
Renters
Choice, Inc.,
Apollo
Investment
Fund IV,
L.P., and
Apollo
Overseas
Partners IV,
L.P., related
to the Series
A Convertible
Preferred
Stock
10.9(20) --
Common Stock
Purchase
Agreement,
dated as of
October 8,
2001, by and
among J.
Ernest
Talley, Mary
Ann Talley,
the Talley
1999 Trust
and Rent-A-
Center, Inc.
10.10(21) --
Exchange and
Registration
Rights
Agreement,
dated
December 19,
2001, by and
among Rent-A-
Center, Inc.,
ColorTyme,
Inc.,
Advantage
Companies,
Inc., J.P.
Morgan
Securities,
Inc., Morgan
Stanley & Co.
Incorporated,
Bear, Stearns
& Co. Inc.,
and Lehman
Brothers,
Inc.

RENT-A-CENTER, INC. AND SUBSIDIARIES

EXHIBIT

NUMBER

EXHIBIT

DESCRIPTION

21.1(22) --
Subsidiaries
of Rent-A-
Center,
Inc.

* Filed herewith. + Management contract or company plan or arrangement (1) Incorporated herein by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994 (2) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996 (3) Incorporated herein by reference to Exhibit 3.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 (4) Incorporated herein by reference to Exhibit 4.1 to the registrant's Form S-4 filed on January 19, 1999. (5) Incorporated herein by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (6) Incorporated herein by reference to Exhibit 4.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (7) Incorporated herein by reference to Exhibit 4.4 to the registrant's Registration Statement Form S-4 filed on January 19, 1999 (8) Incorporated herein by reference to Exhibit 4.5 to the registrant's Registration Statement Form S-4 filed on January 19, 1999 (9) Incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement Form S-4 filed on January 19, 1999 (10) Incorporated herein by reference to Exhibit 4.7 to the registrant's Registration Statement Form S-4 filed on January 19, 1999 (11) Incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002 (12) Incorporated herein by reference to Exhibit 4.7 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002 (13) Incorporated herein by reference to Exhibit 10.1 to the registrant's Registration Statement of Form S-4 filed on January 22, 2002 (14) Incorporated herein by reference to Exhibit 10.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000 (15) Incorporated herein by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 (16) Incorporated herein by reference to Exhibit 10.4 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002 (17) Incorporated herein by reference to Exhibit 10.19 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 31

RENT-A-CENTER, INC. AND SUBSIDIARIES (18) Incorporated herein by reference to Exhibit 10.21 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (19) Incorporated herein by reference to Exhibit 10.22 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (20) Incorporated herein by reference to Exhibit 10.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 (21) Incorporated herein by reference to Exhibit 10.9 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002 (22) Incorporated herein by reference to Exhibit 21.1 to the registrant's Registration Statement on Form S-4 filed on January 19, 1999 32

RENT-A-CENTER, INC.

AMENDED AND RESTATED BYLAWS

DATED APRIL 12, 2002

ARTICLE I.

MEETINGS OF STOCKHOLDERS

SECTION 1. Annual Meetings of Stockholders. The annual meeting of the stockholders of the Corporation shall be held on such day as may be designated from time to time by the Board of Directors and stated in the notice of the meeting, and on any subsequent day or days to which such meeting may be adjourned, for the purposes of electing directors and of transacting such other business as may properly come before the meeting. The Board of Directors shall designate the place and time for the holding of such meeting, and not less than ten days nor more than sixty days notice shall be given to the stockholders of the time and place so fixed. If the day designated therein is a legal holiday, the annual meeting shall be held on the first succeeding day which is not a legal holiday. If for any reason the annual meeting shall not be held on the day designated therein, the Board of Directors shall cause the annual meeting to be held as soon thereafter as may be convenient.

At the annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the annual meeting. To be properly brought before the annual meeting of stockholders, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a stockholder of the Corporation who is a stockholder of record at the time of giving notice provided for in this Section 1 of Article I, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1 of Article I. For business to be properly brought before an annual meeting by a stockholder, the stockholder, in addition to any other applicable requirements, must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders of the Corporation. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of voting stock of the Corporation that are beneficially owned by the stockholder; (d) a representation that the stockholder intends to appear in person or by proxy at the meeting to bring the proposed business before the annual meeting, and (e) a description of any material interest of the stockholder in such business. Notwithstanding anything in these Bylaws to the contrary, no

business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 1 of Article I. The presiding officer of an annual meeting shall, if the facts warrant, determine and declare to the meeting that the business was not properly brought before the meeting in accordance with the provisions of this Section 1 of Article I, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Notwithstanding the foregoing provisions of this Section 1 of Article I, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 1 of Article I.

SECTION 2. Special Meetings of Stockholders. Special meetings of the stockholders may be called at any time by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors or the majority of an entire committee of such Board. Upon written request of the persons who have duly called a special meeting, it shall be the duty of the Secretary of the Corporation to fix the date of the meeting to be held not less than ten nor more than sixty days after the receipt of the request and to give due notice thereof. If the Secretary shall neglect or refuse to fix the date of the meeting and give notice thereof, the persons calling the meeting may do so.

SECTION 3. Place of Meetings. Every annual or special meeting of the stockholders shall be held at such place within or without the State of Delaware as the Board of Directors may designate, or, in the absence of such designation, at the registered office of the Corporation in the State of Delaware.

SECTION 4. Notice of Meetings. Written notice of every meeting of the stockholders shall be given by the Secretary of the Corporation to each stockholder of record entitled to vote at the meeting, by placing such notice in the mail not less than ten nor more than sixty days, prior to the day named for the meeting addressed to each stockholder at his address appearing on the books of the Corporation or supplied by him to the Corporation for the purpose of notice.

SECTION 5. Record Date. The Board of Directors may fix a date, not less than ten nor more than sixty days preceding the date of any meeting of stockholders, as a record date for the determination of stockholders entitled to notice of, or to vote at, any such meeting. The Board of Directors shall not close the books of the Corporation against transfers of shares during the whole or any part of such period.

SECTION 6. Proxies. The notice of every meeting of the stockholders may be accompanied by a form of proxy approved by the Board of Directors in favor of such person or persons as the Board of Directors may select.

SECTION 7. Quorum and Voting. A majority of the outstanding shares of stock of the Corporation entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting of the stockholders, and the stockholders present at any duly convened meeting may continue to do business until adjournment notwithstanding any withdrawal from the meeting of holders of shares

counted in determining the existence of a quorum. Directors shall be elected by a plurality of the votes cast in the election. For all matters as to which no other voting requirement is specified by the General Corporation Law of the State of Delaware, as amended (the "General Corporation Law"), the Restated Certificate of Incorporation of the Corporation, as amended (the "Certificate of Incorporation") or these Bylaws, the affirmative vote required for stockholder action shall be that of a majority of the shares present in person or represented by proxy at the meeting (as counted for purposes of determining the existence of a quorum at the meeting). In the case of a matter submitted for a vote of the stockholders as to which a stockholder approval requirement is applicable under the stockholder approval policy of the Nasdaq National Market or any other exchange or quotation system on which the capital stock of the Company is quoted or traded, the requirements of Rule 16b-3 under the Securities Exchange Act of 1934 or any provision of the Internal Revenue Code, in each case for which no higher voting requirement is specified by the General Corporation Law, the Certificate of Incorporation or these Bylaws, the vote required for approval shall be the requisite vote specified in such stockholder approval policy, Rule 16b-3 or Internal Revenue Code provision, as the case may be (or the highest such requirement if more than one is applicable). For the approval of the appointment of independent public accountants (if submitted for a vote of the stockholders), the vote required for approval shall be a majority of the votes cast on the matter.

SECTION 8. Adjournment. Any meeting of the stockholders may be adjourned from time to time, without notice other than by announcement at the meeting at which such adjournment is taken, and at any such adjourned meeting at which a quorum shall be present any action may be taken that could have been taken at the meeting originally called; provided that if the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting.

SECTION 9. Nominations for Election as a Director. Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible for election as, and to serve as, directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (a) by or at the direction of the Board of Directors or (b) by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 9 of Article I, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section 9 of Article I Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered or mailed and received at the principal executive offices of the Corporation (i) with respect to an election to be held at the annual meeting of the stockholders of the Corporation, not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders of the Corporation, and (ii) with respect to an election to be held at a special meeting of stockholders of the Corporation for the election of directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed to stockholders of the Corporation as provided in Section 4 of Article I or public disclosure of the date of the special meeting was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (x) as to each person whom the stockholder proposes

to nominate for election or re-election as a director, information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected), and (y) as to the stockholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such stockholder and (ii) the class and number of shares of voting stock of the Corporation which are beneficially owned by such stockholder. At the request of the Board of Directors, any person nominated by the Board of Directors for election as a director shall furnish to the Secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. Other than directors chosen pursuant to the provisions of Section 2 of Article II, no person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 9 of Article I. The presiding officer of the meeting of stockholders shall, if the facts warrant determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 9 of Article I, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 9 of Article I.

ARTICLE II.
BOARD OF DIRECTORS

SECTION 1. Number of Directors. The business, affairs and property of the Corporation shall be managed by a board of directors divided into three classes as provided in the Certificate of Incorporation of the Corporation. Unless otherwise provided by law, the number of directors constituting the Board of Directors shall be determined from time to time by resolutions adopted by a majority of the entire Board of Directors; provided, however, that (i) until the Company's 2002 annual meeting of stockholders, the number of directors constituting the entire Board of Directors shall be eight (8), (ii) the number of directors constituting the entire Board of Directors shall be consistent with any stockholders agreement that the Company is a party to, and (iii) in no event, shall the Board of Directors cause the number of directors to be greater than seven (7) without the approval of holders of at least a majority of the outstanding shares of the Company's Series A Preferred Stock, voting separately as a class. Each director shall hold office for the full term to which he shall have been elected and until his successor is duly elected and shall qualify, or until his earlier death, resignation or removal. A director need not be a resident of the State of Delaware or a stockholder of the Corporation.

SECTION 2. Vacancies. Except as provided in the Certificate of Incorporation of the Corporation, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the

preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

SECTION 3. Removal by Stockholders. No director of the Corporation shall be removed from his office as a director by vote or other action of stockholders or otherwise except for cause.

SECTION 4. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place or places within or without the State of Delaware, at such hour and on such day as may be fixed by resolution of the Board of Directors, without further notice of such meetings. The time or place of holding regular meetings of the Board of Director may be changed by the Chairman of the Board or the President by giving written notice thereof as provided in Section 6 of this Article II.

SECTION 5. Special Meeting. Special meetings of the Board of Directors shall be held, whenever called by the Chairman of the Board, the President, by a majority of the directors or by resolution adopted by the Board of Directors, at such place or places within or without the State of Delaware as may be stated in the notice of the meeting.

SECTION 6. Notice. Written notice of the time and place of, and general nature of the business to be transacted at, all special meetings of the Board of Directors, and written notice of any change in the time or place of holding the regular meetings of the Board of Directors, shall be given to each director personally or by mail or by telegraph, telecopier or similar communication at least one day before the day of the meeting; provided, however, that notice of any meeting need not be given to any director if waived by him in writing, or if he shall be present at such meeting.

SECTION 7. Quorum. A majority of the directors in office shall constitute a quorum of the Board of Directors for the transaction of business; but a lesser number may adjourn from day to day until a quorum is present.

SECTION 7A. Voting. Except as otherwise provided herein or in the Amended and Restated Certificate of Incorporation of the Corporation, all decisions of the Corporation's Board of Directors shall require the affirmative vote of a majority of the directors of the Corporation then in office, or a majority of the members of the Executive Committee of the Board of Directors, to the extent such decisions may be lawfully delegated to the Executive Committee.

SECTION 8. Action by Written Consent. Any action which may be taken at a meeting of the directors or of any committee thereof may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all of the directors or members of such committee as the case may be and shall be filed with the Secretary of the Corporation.

SECTION 9. Chairman. The Board of Directors may designate one or more of its number to be Chairman of the Board and chairman of any committees of the Board and to hold such other positions on the Board as the Board of Directors may designate.

ARTICLE III.
COMMITTEES

SECTION 1. The Board of Directors may, by resolution adopted by a majority of the full Board of Directors of the Corporation, designate from among its members one or more committees, each of which shall be comprised of one or more of its members, and may designate one or more of its members as alternate members of any committee, who may, subject to any limitations by the Board of Directors of the Corporation, replace absent or disqualified members at any meeting of the committee. Any such committee, to the extent provided in such resolution or in the Certificate of Incorporation or these Bylaws, shall have and may exercise all of the authority of the Board of Directors of the Corporation to the extent permitted by the Delaware General Corporation Law.

SECTION 2. The Board of Directors of the Corporation shall have the power at any time to change the membership of any such committee and to fill vacancies in it. A majority of the number of members of any such committee shall constitute a quorum for the transaction of business unless a greater number of members is required by a resolution adopted by the Board of Directors of the Corporation. The act of the majority of the members of a committee present at any meeting at which a quorum is present shall be the act of the Committee, unless the act of a greater number is required by a resolution adopted by the Board of Directors of the Corporation. Each such committee may elect a chairman and appoint such subcommittees and assistants as it may deem necessary. Except as otherwise provided by the Board of Directors of the Corporation, meetings of any committee shall be conducted in accordance with these Bylaws. Any member of any such committee elected or appointed by the Board of Directors of the Corporation may be removed by the Board of Directors of the Corporation whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of a member of a committee shall not itself create contract rights.

SECTION 3. Any action taken by any committee of the Board of Directors shall be promptly recorded in the minutes and filed with the Secretary of the Corporation.

ARTICLE IV.
OFFICERS

SECTION 1. Designation and Removal. The officers of the Corporation shall consist of a Chairman of the Board, Chief Executive Officer, President, Vice President-Finance, Regional Vice Presidents, Secretary, Treasurer, Chief Operating Officer, Chief Financial Officer, and such other officers as may be named by the Board of Directors. Any number of offices may be held by the same person. All

officers shall hold office until their successors are elected or appointed, except that the Board of Directors may remove any officer at any time at its discretion.

SECTION 2. Powers and Duties. The officers of the Corporation shall have such powers and duties as generally pertain to their offices, except as modified herein or by the Board of Directors, as well as such powers and duties as from time to time may be conferred by the Board of Directors. The Chairman of the Board shall have such duties as may be assigned to him by the Board of Directors and shall preside at meetings of the Board and at meetings of the stockholders. In addition to the other powers and duties conferred upon the Chief Executive Officer by the Board of Directors, the Chief Executive Officer of the Corporation shall have the duty and responsibility for the general supervision over the business, affairs, and property of the Corporation.

ARTICLE V.
SEAL

The seal of the Corporation shall be in such form as the Board of Directors shall prescribe.

ARTICLE VI.
CERTIFICATES OF STOCK

The shares of stock of the Corporation shall be represented by certificates of stock, signed by the President or such Vice President or other officer designated by the Board of Directors, countersigned by the Treasurer or the Secretary or an Assistant Treasurer or an Assistant Secretary; and such signature of the President, Vice President, or other officer, such countersignature of the Treasurer or Secretary or Assistant Treasurer or Assistant Secretary, and such seal, or any of them, may be executed in facsimile, engraved or printed. In case any officer who has signed or whose facsimile signature has been placed upon any share certificate shall have ceased to be such officer because of death, resignation or otherwise before the certificate is issued, it may be issued by the Corporation with the same effect as if the officer had not ceased to be such at the date of its issue. Said certificates of stock shall be in such form as the Board of Directors may from time to time prescribe.

ARTICLE VII.
INDEMNIFICATION

SECTION 1. General. The Corporation shall indemnify, and advance Expenses (as this and a other capitalized words not otherwise defined herein are defined in Section 14 of this Article) to, Indemnatee to the fullest extent permitted by applicable law in effect on the date of effectiveness of these Bylaws, and to such greater extent as applicable law may thereafter permit. The rights of Indemnatee provided under the preceding sentence shall include, but not be limited to, the right to be indemnified to the fullest extent permitted by Section 145(b) of the Delaware General Corporation Law in Proceedings by or in the

right of the Corporation and to the fullest extent permitted by Section 145(a) of the Delaware General Corporation Law in all other Proceedings.

SECTION 2. Expenses Related to Proceedings. If Indemnitee is, by reason of his Corporate Status, a witness in or a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to any Matter in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf relating to each Matter. The termination of any Matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such Matter.

SECTION 3. Advancement of Expenses. Indemnitee shall be advanced Expenses within ten days after requesting them to the fullest extent permitted by Section 145(e) of the Delaware General Corporation Law.

SECTION 4. Request for Indemnification. To obtain indemnification Indemnitee shall submit to the Corporation a written request with such information as is reasonably available to Indemnitee. The Secretary of the Corporation shall promptly advise the Board of Directors of such request.

SECTION 5. Determination of Entitlement; No Change of Control. If there has been no Change of Control at the time the request for indemnification is sent, Indemnitee's entitlement to indemnification shall be determined in accordance with Section 145(d) of the Delaware General Corporation Law. If entitlement to indemnification is to be determined by Independent Counsel, the Corporation shall furnish notice to Indemnitee within ten days after receipt of the request for indemnification, specifying the identity and address of Independent Counsel. The Indemnitee may, within fourteen days after receipt of such written notice of selection, deliver to the Corporation a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of Independent Counsel and the objection shall set forth with particularity the factual basis of such assertion. If there is an objection to the selection of Independent Counsel, either the Corporation or Indemnitee may petition the Court of Chancery of the State of Delaware or any other court of competent jurisdiction for a determination that the objection is without a reasonable basis and/or for the appointment of Independent Counsel selected by the Court.

SECTION 6. Determination of Entitlement; Change of Control. If there has been a Change of Control at the time the request for indemnification is sent, Indemnitee's entitlement to indemnification shall be determined in a written opinion by Independent Counsel selected by Indemnitee. Indemnitee shall give the Corporation written notice advising of the identity and address of the Independent Counsel so selected. The Corporation may, within seven days after receipt of such written notice of selection, deliver to the Indemnitee a written objection to such selection. Indemnitee may, within five days after the receipt of such objection from the Corporation, submit the name of another Independent Counsel and the Corporation

may, within seven days after receipt of such written notice of selection, deliver to the Indemnitee a written objection to such selection.

Any objection is subject to the limitations in Section 5 of this Article. Indemnitee may petition the Court of Chancery of the State of Delaware or any other Court of competent jurisdiction for a determination that the Corporation's objection to the first and/or second selection of Independent Counsel is without a reasonable basis and/or for the appointment as Independent Counsel of a person selected by the Court.

SECTION 7. Procedures of Independent Counsel. If a Change of Control shall have occurred before the request for indemnification is sent by Indemnitee, Indemnitee shall be presumed (except as otherwise expressly provided in this Article) to be entitled to indemnification upon submission of a request for indemnification in accordance with Section 4 of this Article, and thereafter the Corporation shall have the burden of proof to overcome the presumption in reaching a determination contrary to the presumption. The presumption shall be used by Independent Counsel as a basis for a determination of entitlement to indemnification unless the Corporation provides information sufficient to overcome such presumption by clear and convincing evidence or the investigation, review and analysis of Independent Counsel convinces him by clear and convincing evidence that the presumption should not apply.

Except in the event that the determination of entitlement to indemnification is to be made by Independent Counsel, if the person or persons empowered under Section 5 or 6 of this Article to determine entitlement to indemnification shall not have made and furnished to Indemnitee in writing a determination within sixty days after receipt by the Corporation of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification unless Indemnitee knowingly misrepresented a material fact in connection with the request for indemnification or such indemnification is prohibited by law. The termination of any proceeding or of any matter therein by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Article) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, or with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

SECTION 8. Independent Counsel Expenses. The Corporation shall pay any and all reasonable fees and expenses of Independent Counsel incurred acting pursuant to this Article and in any proceeding to which it is a party or witness in respect of its investigation and written report and shall pay all reasonable fees and expenses incident to the procedures in which such Independent Counsel was selected or appointed. No Independent Counsel may serve if a timely objection has been made to his selection until a Court has determined that such objection is without a reasonable basis.

SECTION 9. Adjudication. In the event that (i) a determination is made pursuant to Section 5 or 6 that Indemnitee is not entitled to indemnification under this Article, (ii) advancement of Expenses is not timely made pursuant to Section 3 of this Article, (iii) Independent Counsel has not made and delivered a written opinion determining the request for indemnification (a) within 90 days after being appointed by the Court, or (b) within 90 days after objections to his selection have been overruled by the Court, or (c) within 90 days after the time for the Corporation or Indemnitee to object to his selection, or (iv) payment of indemnification is not made within 5 days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 5, 6 or 7 of this Article, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his entitlement to such indemnification or advancement of Expenses. In the event that a determination shall have been made that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section shall be conducted in all respects as a de novo trial on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section, the Corporation shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be. If a determination shall have been made or deemed to have been made that Indemnitee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 9, or otherwise, unless Indemnitee knowingly misrepresented a material fact in connection with the request for indemnification, or such indemnification is prohibited by law.

The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 9 that the procedures and presumptions of this Article are not valid, binding and enforceable and shall stipulate in any such court that the Corporation is bound by all provisions of this Article. In the event that Indemnitee, pursuant to this Section 9, seeks a judicial adjudication to enforce his rights under, or to recover damages for breach of, this Article, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all Expenses actually and reasonably incurred by him in such judicial adjudication, but only if he prevails therein. If it shall be determined in such judicial adjudication that Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

SECTION 10. Nonexclusivity of Rights. The rights of indemnification and advancement of Expenses as provided by this Article shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Article or any provision thereof shall be effective as to any Indemnitee for acts, events and circumstances that occurred, in whole or in part, before such amendment, alteration or repeal. The provisions of this Article shall continue as to an Indemnitee whose Corporate Status has ceased and shall inure to the benefit of his heirs, executors and administrators.

SECTION 11. Insurance and Subrogation. To the extent the Corporation maintains an insurance policy or policies providing liability insurance for directors or officers of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Corporation, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of coverage available for any such director or officer under such policy or policies.

In the event of any payment hereunder, the Company shall be subrogated to the extent of such payment to all the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

The Company shall not be liable under this Article to make any payment of amounts otherwise indemnifiable hereunder if, and to the extent that, Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

SECTION 12. Severability. If any provision or provisions of this Article shall be held to be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby; and, to the fullest extent possible, the provisions of this Article shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 13. Certain Persons Not Entitled to Indemnification. Notwithstanding any other provision of this Article, no person shall be entitled to indemnification or advancement of Expenses under this Article with respect to any Proceeding, or any Matter therein, brought or made by such person against the Corporation.

SECTION 14. Definitions. For purposes of this Article:

"Change of Control" means a change in control of the Corporation after the date of adoption of these Bylaws in any one of the following circumstances: (i) there shall have occurred an event required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934 (the "Act"), whether or not the Corporation is then subject to such reporting requirement; (ii) any "person" (as such term is used in Section 13(d) and 14(d) of the Act) shall have become the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing 40% or more of the combined voting power of the Corporation's then outstanding voting securities without prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person attaining such percentage interest; (iii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of

Directors thereafter; (iv) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

"Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Corporation.

"Disinterested Director" means a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

"Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding.

"Indemnitee" includes any person who is, or is threatened to be made, a witness in or a party to any Proceeding as described in Section 1 or 2 of this Article by reason of his Corporate Status.

"Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the five years previous to his selection or appointment has been, retained to represent: (i) the Corporation or Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder.

"Matter" is a claim, a material issue, or a substantial request for relief.

"Proceeding" includes any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative, except one initiated by an Indemnitee pursuant to Section 9 of this Article to enforce his rights under this Article.

SECTION 15. Notices. Any communication required or permitted to the Corporation shall be addressed to the Secretary of the Corporation and any such communication to Indemnitee shall be addressed to his home address unless he specifies otherwise and shall be personally delivered or delivered by overnight mail delivery.

SECTION 16. Contractual Rights. The right to be indemnified or to the advancement or reimbursement of Expenses (i) is a contract right based upon good and valuable consideration, pursuant

to which Indemnatee may sue as if these provisions were set forth in a separate written contract between him or her and the Corporation, (ii) is and is intended to be retroactive and shall be available as to events occurring prior to the adoption of these provisions, and (iii) shall continue after any rescission or restrictive modification of such provisions as to events occurring prior thereto.

RENT-A-CENTER, INC.,
as Issuer,

COLORTYME, INC.

and

ADVANTAGE COMPANIES, INC.,
as Subsidiary Guarantors,

and

THE BANK OF NEW YORK,
as Trustee

FIRST SUPPLEMENTAL INDENTURE

Dated as of May 1, 2002
to

INDENTURE

Dated as of December 19, 2001

between

RENT-A-CENTER, INC.,
as Issuer,

COLORTYME, INC.

and

ADVANTAGE COMPANIES, INC.,
as Subsidiary Guarantors,

and

THE BANK OF NEW YORK, as Trustee

SERIES C AND SERIES D
11% SENIOR SUBORDINATED NOTES DUE 2008

This FIRST SUPPLEMENTAL INDENTURE, dated as of May 1, 2002, is entered into by and among Rent-A-Center, Inc., a Delaware corporation (the "Company"), ColorTyme, Inc., a Texas corporation ("ColorTyme"), Advantage Companies, Inc., a Delaware corporation ("Advantage" and, together with ColorTyme, the "Subsidiary Guarantors"), and The Bank of New York, a New York banking corporation, as Trustee (the "Trustee").

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of December 19, 2001 (the "Indenture"), providing for the issuance of its 11% Senior Subordinated Notes due 2008, Series C (the "Series C Notes") and, when and if issued, 11% Senior Subordinated Notes due 2008, Series D (the "Series D Notes" and, together with the Series C Notes, the "Securities"); and

WHEREAS, ColorTyme and Advantage are currently Subsidiary Guarantors under the Indenture; and

WHEREAS, Section 901 of the Indenture permits the entering into of one or more indentures supplemental to the Indenture for the purpose of, among other things, curing any omission, defect or inconsistency as well as to make any other change that does not adversely affect the rights of any Holder; and

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee are currently a party to that certain indenture, dated as of August 18, 1998, as amended (the "Existing Indenture"); and

WHEREAS, the Company, prior to the date hereof, has issued \$175,000,000 of its 11% Senior Subordinated Notes due 2008 (the "Initial Notes") pursuant to the Existing Indenture; and

WHEREAS, as reflected in the Recitals and Sections 305, 307 and 313 of the Indenture, at the time the Company, the Subsidiary Guarantors and the Trustee entered into the Indenture, it was intended that the Series D Notes under the Indenture be issued in exchange for the Initial Notes under the Existing Indenture as well as the Series C Notes under the Indenture, such that such Initial Notes and Series C Notes would evidence the same underlying obligations of indebtedness under the same series under the Indenture; and

WHEREAS, clause (iii) of the third paragraph of Section 303 of the Indenture provides in part that the "Trustee shall authenticate . . . the Series D Notes for original issue from time to time for issue only in exchange for a like principal amount of Series C Notes, in each case upon a Company Order"; and

WHEREAS, in light of the intent of the parties at the time the Indenture was entered into, the Company desires to correct clause (iii) of the third paragraph of Section 303 of the Indenture to correctly reflect that the Series D Notes may be issued in exchange for the Initial Notes as well as Series C Notes; and

WHEREAS, such correction would cure an omission, correct an inconsistency and would not adversely affect the rights of any Holder; and

WHEREAS, accordingly such correction is permitted under Section 901(i) and 901(ix) of the Indenture.

NOW, THEREFORE, for and in consideration of the premises and covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Subsidiary Guarantors and the Trustee agree as follows:

SECTION 1. Capitalized terms used herein but not defined herein shall have the meaning provided in the Indenture.

SECTION 2. Clause (iii) of the third paragraph of Section 303 of the Indenture is hereby amended (the "Section 303 Amendment") to read in its entirety as follows:

"(iii) the Series D Notes for original issue from time to time for issue only in exchange for a like principal amount of Existing Notes and Series C Notes, in each case upon Company Order."

SECTION 3. The fourth paragraph of Section 305 (the "Section 305 Amendment") is hereby amended by inserting the phrase "Existing Notes and" immediately prior to each and every instance where the words "Section C Notes" appear in such paragraph.

SECTION 4. The second paragraph of Section 4 "Indenture" of the Form of Series D Note set forth in Section 204 of the Indenture (the "Section 204 Amendment" and, together with the Section 303 Amendment and the Section 305 Amendment, the "Amendments") is hereby amended by deleting the third sentence of such paragraph and replacing such third sentence with the sentence "The Securities include the Series C Notes and any Series D Notes issued in exchange for the Existing Notes and Series C Notes pursuant to the Indenture and the Registration Rights Agreement."

SECTION 5. The Trustee hereby consents to the Amendments as set forth in Section 2, Section 3 and Section 4 above.

SECTION 6. Except as expressly supplemented by this First Supplemental Indenture, the Indenture and the Securities issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Indenture and Securities issued thereunder shall remain in full force and effect.

SECTION 7. This First Supplemental Indenture is executed and shall constitute an indenture supplemental to the Indenture and shall be construed in connection with and as part of the Indenture. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction that governs the Indenture and its construction.

SECTION 8. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes; but such counterparts shall together be deemed to constitute but one and the same instrument.

SECTION 9. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this First Supplemental Indenture may refer to the

Indenture without making specific reference to this First Supplemental Indenture, but nevertheless all such references shall include this First Supplemental Indenture unless the context otherwise requires.

SECTION 10. This First Supplemental Indenture shall be deemed to have become effective upon the date first above written.

SECTION 11. In the event of a conflict between the terms of this First Supplemental Indenture and the Indenture, this First Supplemental Indenture shall control.

SECTION 12. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company and the Subsidiary Guarantors.

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IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals, if any, to be hereunder affixed and attested, all as of the day and year first above written.

THE BANK OF NEW YORK,
as Trustee

By: /s/ VAN K. BROWN

Name: Van K. Brown
Title: Vice President

RENT-A-CENTER, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel, President

COLORTYME, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel, Vice President

ADVANTAGE COMPANIES, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel, Vice President

=====

AMENDED AND RESTATED CREDIT AGREEMENT

among

RENT-A-CENTER, INC.,

as Borrower,

The Several Lenders from Time to Time Parties Hereto,

COMERICA BANK,

as Documentation Agent,

BANK OF AMERICA, N.A.,

as Syndication Agent,

and

JPMORGAN CHASE BANK,

as Administrative Agent

Dated as of August 5, 1998,

as Amended and Restated as of May 3, 2002

J.P. MORGAN SECURITIES INC.,

as Sole Lead Arranger and Sole Bookrunner

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ANNEX:

A Pricing Grid

SCHEDULES:

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4.4	Consents, Authorizations, Filings and Notices
4.6	Litigation
4.15	Subsidiaries
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EXHIBITS:

A	Form of Guarantee and Collateral Agreement
B	Form of Compliance Certificate
C	Form of Closing Certificate
D	Form of Mortgage
E	Form of Assignment and Acceptance
F	Form of Legal Opinion of Winstead Sechrest & Minick P.C.
G	Form of Addendum
H	Form of Exemption Certificate
I-1	Form of New Revolving Lender Supplement
I-2	Form of Increased Revolving Facility Activation Notice
I-3	Form of New Tranche D LC Lender Supplement
I-4	Form of Increased Tranche D LC Facility Activation Notice

CREDIT AGREEMENT, dated as of August 5, 1998, as amended and restated as of May 3, 2002, among RENT-A-CENTER, INC., a Delaware corporation (the "Borrower"), the several banks and other financial institutions or entities from time to time parties to this Agreement (the "Lenders"), COMERICA BANK, as documentation agent (in such capacity, the "Documentation Agent"), BANK OF AMERICA, N.A., as syndication agent (in such capacity, the "Syndication Agent"), and JPMORGAN CHASE BANK, as administrative agent.

WHEREAS, the Borrower entered into a Credit Agreement, dated as of August 5, 1998, as amended and restated as of June 29, 2000, as further amended prior to the date hereof (the "Existing Credit Agreement"), with JPMorgan Chase Bank, as administrative agent, the banks, financial institutions or other entities parties thereto as lenders and certain other parties;

WHEREAS, the parties hereto have agreed to amend and restate the Existing Credit Agreement as provided in this Agreement, which Agreement shall become effective upon the satisfaction of the conditions precedent set forth in Section 5.1 hereof; and

WHEREAS, it is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities existing under the Existing Credit Agreement or evidence repayment of any of such obligations and liabilities and that this Agreement amend and restate in its entirety the Existing Credit Agreement and re-evidence the obligations of the Borrower outstanding thereunder;

NOW, THEREFORE, in consideration of the above premises, the parties hereto hereby agree that on the Restatement Effective Date (as defined below) the Existing Credit Agreement shall be amended and restated in its entirety as follows:

SECTION 1. DEFINITIONS

1.1. Defined Terms. As used in this Agreement, the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1.

"ABR": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Reference Lender as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by the Reference Lender in connection with extensions of credit to debtors); "Base CD Rate" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) a fraction, the numerator of which is one and the denominator of which is one minus the C/D Reserve Percentage and (b) the C/D Assessment Rate; and "Three-Month Secondary CD Rate" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 A.M., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Reference Lender from three New York City

negotiable certificate of deposit dealers of recognized standing selected by it.

Any change in the ABR due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"ABR Loans": Loans the rate of interest applicable to which is based upon the ABR.

"Addendum": an Addendum, substantially in the form of Exhibit G, pursuant to which a Lender consents to the amendment and restatement of the Existing Credit Agreement pursuant to this Agreement and (in the case of any Tranche D LC Lender that is not already a Lender) becomes a party to this Agreement effective as of the Restatement Effective Date.

"Adjustment Date": as defined in the Pricing Grid.

"Administrative Agent": JPMorgan Chase Bank, together with its affiliates, as the arranger of the Facilities and as the administrative agent for the Lenders under this Agreement and the other Loan Documents, together with any of its successors.

"Affiliate": as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Agents": the collective reference to the Syndication Agent, the Documentation Agent and the Administrative Agent.

"Aggregate Exposure": with respect to any Lender at any time, an amount equal to the sum of (a) the aggregate then unpaid principal amount of such Lender's Term Loans, (b) the amount of such Lender's Revolving Commitment then in effect or, if the Revolving Commitments have been terminated, the amount of such Lender's Revolving Extensions of Credit then outstanding and (c) without duplication, the amount of such Lender's Tranche D Credit-Linked Deposit and unreimbursed Tranche D LC Reimbursement Amount then outstanding.

"Aggregate Exposure Percentage": with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender's Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

"Agreement": this Credit Agreement, as amended, supplemented or otherwise modified from time to time.

"Applicable Margin": (a) for each Type of Loan (other than Tranche D Term Loans and Tranche D LC Equivalent Loans), the rate per annum set forth under the relevant column heading in the Pricing Grid, (b) for each Tranche D Term Loan that is a Eurodollar Loan, 3.00%, (c) for each Tranche D Term Loan that is an ABR Loan, 2.00%, (d) for each Tranche D LC Equivalent Loan that is a Eurodollar Loan, 2.75%, and (e) for each Tranche D LC Equivalent Loan that is an ABR Loan, 1.75%.

"Application": an application, in such form as the Issuing Lender may specify from time to time, requesting the Issuing Lender to open a Letter of Credit.

"Approved Fund": with respect to any Lender that is a fund that invests in commercial loans, any other fund that invests in commercial loans and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Asset Sale": any Disposition of property or series of related Dispositions of property (excluding any such Disposition permitted by clause (a), (b), (c), (d) or (f) of Section 7.5 and any Disposition of Cash Equivalents) that yields gross proceeds to the Borrower or any of its Subsidiaries (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) in excess of \$500,000.

"Assignee": as defined in Section 10.6(c).

"Assignment and Acceptance": an Assignment and Acceptance, substantially in the form of Exhibit E.

"Assignor": as defined in Section 10.6(c).

"Assumed Indebtedness": Indebtedness assumed in connection with a Permitted Acquisition, provided that (a) such Indebtedness is outstanding at the time of such acquisition and was not incurred in connection therewith or in contemplation thereof and (b) in the event that such Permitted Acquisition constitutes an acquisition of property other than Capital Stock, such Indebtedness was incurred in order to acquire or improve such property.

"Available Revolving Commitment": as to any Revolving Lender at any time, an amount equal to the excess, if any, of (a) such Lender's Revolving Commitment then in effect over (b) such Lender's Revolving Extensions of Credit then outstanding; provided, that in calculating any Lender's Revolving Extensions of Credit for the purpose of determining such Lender's Available Revolving Commitment pursuant to Section 2.8(a), the aggregate principal amount of Swingline Loans then outstanding shall be deemed to be zero.

"Benchmark LIBOR Rate": as defined in Section 3.5(c).

"Benefitted Lender": as defined in Section 10.7(a).

"Board": the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower": as defined in the preamble hereto.

"Borrower Deposit Payment": as defined in Section 3.5(a).

"Borrowing Date": any Business Day specified by the Borrower as a date on which the Borrower requests the relevant Lenders to make Loans hereunder.

"Business": as defined in Section 4.17(b).

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close, provided, that with respect to notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, such day is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

"Capital Expenditures": for any period, with respect to any Person, the aggregate of all expenditures (other than those made pursuant to Permitted Acquisitions) by such Person and its Subsidiaries for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period but excluding merchandise inventory acquired during such period) that should be capitalized under GAAP on a consolidated balance sheet of such Person and its Subsidiaries.

"Capital Expenditures (Expansion)": for any period, with respect to any Person, any Capital Expenditures made by such Person in connection with the opening of new stores to be operated by such Person.

"Capital Expenditures (Maintenance)": for any period, with respect to any Person, any Capital Expenditures which do not constitute Capital Expenditures (Expansion) of such Person.

"Capital Lease Obligations": as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Cash/Debt Consideration": with respect to any Permitted Acquisition, the portion of the Purchase Price with respect thereto that is payable in the forms referred to in clauses (a) and (d) of the definition of "Purchase Price" set forth in Section 1.1.

"Cash Equivalents": (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six months or less from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than \$500,000,000; (c) commercial paper of an issuer rated at least A-2 by Standard & Poor's Ratings Services ("S&P") or P-2 by Moody's Investors Service, Inc. ("Moody's"), or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six months from the date of acquisition; (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition; (g) short term investments (not exceeding 30 days) in loans made to obligors having an investment grade rating from each of S&P and Moody's; or (h)

shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (g) of this definition.

"C/D Assessment Rate": for any day as applied to any ABR Loan, the annual assessment rate in effect on such day that is payable by a member of the Bank Insurance Fund maintained by the Federal Deposit Insurance Corporation (the "FDIC") classified as well-capitalized and within supervisory subgroup "B" (or a comparable successor assessment risk classification) within the meaning of 12 C.F.R. Section 327.4 (or any successor provision) to the FDIC (or any successor) for the FDIC's (or such successor's) insuring time deposits at offices of such institution in the United States.

"C/D Reserve Percentage": for any day as applied to any ABR Loan, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board, for determining the maximum reserve requirement for a Depository Institution (as defined in Regulation D of the Board as in effect from time to time) in respect of new non-personal time deposits in Dollars having a maturity of 30 days or more.

"Closing Date": August 5, 1998.

"Code": the Internal Revenue Code of 1986, as amended from time to time.

"Collateral": all property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document.

"Commitment Fee Rate": the rate per annum set forth under the relevant column heading in the Pricing Grid.

"Commonly Controlled Entity": an entity, whether or not incorporated, that is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group that includes the Borrower and that is treated as a single employer under Section 414 of the Code.

"Compliance Certificate": a certificate duly executed by a Responsible Officer substantially in the form of Exhibit B.

"Confidential Information Memorandum": the Confidential Information Memorandum regarding the Borrower dated April 2002 and furnished to certain Lenders.

"Consolidated Current Assets": at any date, (a) all amounts (other than cash and Cash Equivalents) that would, in conformity with GAAP, be set forth opposite the caption "total current assets" (or any like caption) on a consolidated balance sheet of the Borrower and its Subsidiaries at such date and (b) without duplication of clause (a) above, the book value of all rental merchandise inventory of the Borrower and its Subsidiaries at such date.

"Consolidated Current Liabilities": at any date, all amounts that would, in conformity with GAAP, be set forth opposite the caption "total current liabilities" (or any like caption) on a consolidated balance sheet of the Borrower and its Subsidiaries at such date, but excluding (a) the current portion of any Funded Debt of the Borrower and its Subsidiaries and (b) without duplication of clause (a) above, all Indebtedness consisting of Revolving Loans or Swingline Loans to the extent otherwise included therein.

"Consolidated EBITDA": for any period, Consolidated Net Income for such period plus, without duplication and to the extent reflected as a charge or reduction in the statement of such

Consolidated Net Income for such period, the sum of (a) income tax expense, (b) interest expense, amortization or writeoff of debt discount and debt issuance costs and commissions and other fees and charges associated with Indebtedness (including the Loans), (c) depreciation (excluding depreciation of rental merchandise) and amortization expense, including, without limitation, amortization of intangibles (including, but not limited to, goodwill) and organization costs, (d) any extraordinary, unusual or non-recurring non-cash expenses or losses (including, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, non-cash losses on sales of assets outside of the ordinary course of business) and (e) any other non-cash charges, and minus, to the extent included in the statement of such Consolidated Net Income for such period, the sum of (a) interest income, (b) any extraordinary, unusual or non-recurring income or gains (including, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, gains on the sales of assets outside of the ordinary course of business) and (c) any other non-cash income earned outside the ordinary course of business, all as determined on a consolidated basis. For the purposes of calculating Consolidated EBITDA for any Reference Period pursuant to any determination of the Consolidated Leverage Ratio, if during such Reference Period the Borrower or any Subsidiary shall have made a Material Disposition or Material Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Material Disposition or Material Acquisition occurred on the first day of such Reference Period. As used in this definition, "Material Acquisition" means any acquisition of property or series of related acquisitions of property that (a) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (b) involves the payment of consideration by the Borrower and its Subsidiaries in excess of \$15,000,000 (or such lesser amount as the Borrower may determine in its discretion); and "Material Disposition" means any Disposition of property or series of related Dispositions of property that yields gross proceeds to the Borrower or any of its Subsidiaries in excess of \$15,000,000 (or such lesser amount as the Borrower may determine in its discretion).

"Consolidated Fixed Charge Coverage Ratio": for any period, the ratio of (a) the sum of Consolidated EBITDA for such period and, to the extent reducing Consolidated Net Income for such period, Consolidated Lease Expense for such period, less the aggregate amount actually paid by the Borrower and its Subsidiaries during such period on account of Capital Expenditures (Maintenance) to (b) Consolidated Fixed Charges for such period.

"Consolidated Fixed Charges": for any period, the sum (without duplication) of (a) Consolidated Interest Expense for such period, (b) Consolidated Lease Expense for such period, (c) regular, scheduled payments made during such period on account of principal of Indebtedness of the Borrower or any of its Subsidiaries (including scheduled principal payments in respect of the Term Loans but excluding prepayments thereof) and (d) cash dividend payments made during such period in respect of the Preferred Stock.

"Consolidated Funded Debt": at any date, the aggregate principal amount of all Funded Debt (which, for purposes of the calculation of Consolidated Funded Debt, shall be deemed to exclude any unfunded portion of the Letters of Credit) of the Borrower and its Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP.

"Consolidated Interest Coverage Ratio": for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

"Consolidated Interest Expense": for any period, total cash interest expense (including that attributable to Capital Lease Obligations), net of cash interest income, of the Borrower and its Subsidiaries for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters

of credit and bankers' acceptance financing, commitment fees payable pursuant to Section 2.8(a) or (b), amounts payable by the Borrower pursuant to Section 3.5(c) and net costs under Hedge Agreements in respect of such Indebtedness to the extent such net costs are allocable to such period in accordance with GAAP).

"Consolidated Lease Expense": for any period, the aggregate amount of fixed and contingent rentals payable by the Borrower and its Subsidiaries for such period with respect to leases of real and personal property, determined on a consolidated basis in accordance with GAAP.

"Consolidated Leverage Ratio": as at the last day of any period, the ratio of (a) Consolidated Funded Debt on such day to (b) Consolidated EBITDA for such period.

"Consolidated Net Income": for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with the Borrower or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any Contractual Obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

"Consolidated Net Income Amount": at any date of determination, an amount equal to cumulative Consolidated Net Income from January 1, 2002 through the last day of the most recent fiscal quarter for which financial statements have been delivered pursuant to Section 6.1.

"Consolidated Net Worth": at any date, all amounts that would, in conformity with GAAP, be included on a consolidated balance sheet of the Borrower and its Subsidiaries under stockholders' equity at such date.

"Consolidated Working Capital": at any date, the excess of Consolidated Current Assets on such date over Consolidated Current Liabilities on such date.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control Investment Affiliate": as to any Person, any other Person that (a) directly or indirectly, is in control of, is controlled by, or is under common control with, such Person and (b) is organized by such Person primarily for the purpose of making equity or debt investments in one or more companies. For purposes of this definition, "control" of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Default": any of the events specified in Section 8, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied (including, in any event, a "Default" under and as defined in the Senior Subordinated Note Indenture).

"Disposition": with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms "Dispose" and "Disposed of" shall have correlative meanings.

"Documentation Agent": as defined in the preamble hereto.

"Dollars" and "\$": dollars in lawful currency of the United States.

"Domestic Subsidiary": any Subsidiary of the Borrower organized under the laws of any jurisdiction within the United States.

"Environmental Laws": any and all foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect.

"ERISA": the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) maintained by a member bank of the Federal Reserve System.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan (other than any Eurodollar Loan having a seven-day Interest Period), the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the Telerate screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period, provided that if such rate does not appear on Page 3750 of the Telerate screen (or otherwise on such screen) the "Eurodollar Base Rate" shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent. If no such rate is available or if the Eurodollar Base Rate is being determined in connection with any Eurodollar Loan having a seven-day Interest Period, such rate shall be determined by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 10:00 A.M., New York City time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

Eurodollar Base Rate

1.00 - Eurocurrency Reserve Requirements

"Eurodollar Tranche": the collective reference to Eurodollar Loans the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

"Event of Default": any of the events specified in Section 8, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied (including, in any event, an "Event of Default" under and as defined in the Senior Subordinated Note Indenture).

"Excess Cash Flow": for any fiscal year of the Borrower, the excess, if any, of (a) the sum, without duplication, of (i) Consolidated Net Income for such fiscal year, (ii) an amount equal to the amount of all non-cash charges (including depreciation (other than depreciation of rental merchandise) and amortization) deducted in arriving at such Consolidated Net Income, (iii) decreases in Consolidated Working Capital for such fiscal year, and (iv) an amount equal to the aggregate net non-cash loss on the Disposition of property by the Borrower and its Subsidiaries during such fiscal year (other than Dispositions of (x) rental merchandise otherwise included in changes in Consolidated Working Capital and (y) inventory in the ordinary course of business), to the extent deducted in arriving at such Consolidated Net Income, over (b) the sum, without duplication, of (i) an amount equal to the amount of all non-cash credits included in arriving at such Consolidated Net Income, (ii) the aggregate amount actually paid by the Borrower and its Subsidiaries in cash during such fiscal year on account of Capital Expenditures (excluding the principal amount of Indebtedness incurred in connection with such expenditures and any such expenditures financed with the proceeds of any Reinvestment Deferred Amount), (iii) the aggregate amount actually paid by the Borrower in cash during such fiscal year on account of Permitted Acquisitions, (iv) the aggregate amount of all prepayments of Revolving Loans and Swingline Loans during such fiscal year to the extent accompanying permanent optional reductions of the Revolving Commitments and all optional prepayments of the Term Loans during such fiscal year (including prepayments of the Term Loans required by Section 7.6(e) or clause (ii) of the proviso contained in Section 7.9(a)), (v) the aggregate amount of all regularly scheduled principal payments of Funded Debt (including the Term Loans) of the Borrower and its Subsidiaries made during such fiscal year, (vi) increases in Consolidated Working Capital for such fiscal year, and (vii) an amount equal to the aggregate net non-cash gain on the Disposition of property by the Borrower and its Subsidiaries during such fiscal year (other than sales of inventory in the ordinary course of business), to the extent included in arriving at such Consolidated Net Income.

"Excess Cash Flow Application Date": as defined in Section 2.11(d).

"Excluded Foreign Subsidiary": any Foreign Subsidiary in respect of which either (a) the pledge of all of the Capital Stock of such Subsidiary as Collateral or (b) the guaranteeing by such Subsidiary of the Obligations, would, in the good faith judgment of the Borrower, result in adverse tax consequences to the Borrower.

"Existing Credit Agreement": as defined in the recitals hereto.

"Facility": the credit facility consisting of, as applicable, (a) the Tranche B Term Loans (the "Tranche B Term Facility"), (b) the Tranche C Term Loans (the "Tranche C Term Facility"), (c) the Tranche D Term Loans (the "Tranche D Term Facility"), (d) the Revolving Commitments and the extensions of credit made thereunder (the "Revolving Facility") and (e) the Tranche D Letters of Credit, the Tranche D Credit-Linked Deposit and any Tranche D LC Reimbursement Amount (the "Tranche D LC Facility").

"Federal Funds Effective Rate": for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by the Reference Lender from three federal funds brokers of recognized standing selected by it.

"Foreign Subsidiary": any Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Funded Debt": as to any Person, on any date, (a) all Indebtedness of such Person that matures more than one year from the date of its creation or matures within one year from such date but is renewable or extendible, at the option of such Person, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all current maturities and current sinking fund payments in respect of such Indebtedness whether or not required to be paid within one year from the date of its creation and, in the case of the Borrower, Indebtedness in respect of the Loans and the Reimbursement Obligations (but excluding, in the case of the Borrower, any Guarantee Obligations of the Borrower in respect of Indebtedness of franchisees, to the extent permitted by Section 7.2(h)), minus (b) the aggregate amount of cash and Cash Equivalents on the consolidated balance sheet of the Borrower and its Subsidiaries on such date, but in no event exceeding \$30,000,000.

"Funding Office": the office of the Administrative Agent specified in Section 10.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the Lenders.

"GAAP": generally accepted accounting principles in the United States as in effect from time to time, except that for purposes of Section 7.1, GAAP shall be determined on the basis of such principles in effect on the Closing Date and consistent with those used in the preparation of the most recent audited financial statements delivered pursuant to Section 4.1(b). In the event that any "Accounting Change" (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrower and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrower, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

"Governmental Authority": any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization (including the National Association of Insurance Commissioners).

"Guarantee and Collateral Agreement": the Guarantee and Collateral Agreement executed and delivered by the Borrower and each Subsidiary Guarantor, substantially in the form of Exhibit A, as the same may be amended, supplemented or otherwise modified from time to time.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Hedge Agreements": all swaps, caps, collars or similar arrangements providing for protection against fluctuations in interest rates, currency exchange rates or commodities prices or the exchange of nominal interest obligations, either generally or under specific contingencies.

"Increased Revolving Facility Activation Notice": a notice substantially in the form of Exhibit I-2.

"Increased Revolving Facility Closing Date": any Business Day designated as such in an Increased Revolving Facility Activation Notice.

"Increased Tranche D LC Facility Activation Notice": a notice substantially in the form of Exhibit I-4.

"Increased Tranche D LC Facility Closing Date": any Business Day designated as such in an Increased Tranche D LC Facility Activation Notice.

"Indebtedness": of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party under acceptance, letter of credit or similar facilities, (g) the liquidation value of all redeemable preferred Capital Stock of such Person (other than any such preferred Capital Stock that is not redeemable until a date that is no earlier than one year and one day after the final maturity of the Loans and the Preferred Stock), (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above; (i) all

obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation; and (j) for the purposes of Section 8(e) only, all obligations of such Person in respect of Hedge Agreements.

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Interest Payment Date": (a) as to any ABR Loan, the last day of each March, June, September and December to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period and (d) as to any Loan (other than any Revolving Loan that is an ABR Loan and any Swingline Loan), the date of any repayment or prepayment made in respect thereof.

"Interest Period": as to any Eurodollar Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending seven days (in the case of Revolving Loans only) or one, two, three or six months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending seven days (in the case of Revolving Loans only) or one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Borrower may not select an Interest Period for a particular Facility that would extend beyond the final maturity date applicable thereto;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iv) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

Notwithstanding the foregoing, clause (iii) above shall not apply to Eurodollar Loans having a seven-day Interest Period.

"Investments": as defined in Section 7.8.

"Issuing Lender": JPMorgan Chase Bank (or any of its Affiliates, including, without limitation, JPMorgan Chase Bank of Delaware), in its capacity as issuer of any Letter of Credit.

"LC Fee Payment Date": the last day of each March, June, September and December, the last day of the Revolving Commitment Period (in the case of RC Letters of Credit) and the Tranche D LC Termination Date (in the case of Tranche D Letters of Credit).

"Lenders": as defined in the preamble hereto.

"LC Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit that have not then been reimbursed (including any unreimbursed Tranche D LC Reimbursement Amount).

"Letters of Credit": as defined in Section 3.1. Letters of Credit shall be either (a) "Tranche D Letters of Credit" to the extent of Letters of Credit having an aggregate face amount not exceeding the Tranche D LC Amount or (b) "RC Letters of Credit" to the extent of Letters of Credit having an aggregate face amount in excess of the Tranche D LC Amount.

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Loan": any loan made by any Lender pursuant to this Agreement, including any Tranche D LC Equivalent Loan.

"Loan Documents": this Agreement, the Security Documents and the Notes.

"Loan Equivalent Notice": a notice delivered by the Borrower to the Administrative Agent at any time on or after the date on which any Tranche D Credit-Linked Deposit has been applied to reimburse the Issuing Lender pursuant to Section 3.5(a), which notice shall specify that the Borrower wishes to treat the relevant portion of the Tranche D LC Reimbursement Amount in a manner equivalent, mutatis mutandis, to the treatment of "Loans" (and, as applicable, subject to Section 2.12, "ABR Loans" or "Eurodollar Loans") hereunder.

"Loan Parties": the Borrower and each Subsidiary of the Borrower that is a party to a Loan Document.

"Majority Facility Lenders": with respect to any Facility, the holders of more than 50% of the aggregate unpaid principal amount of the Term Loans, the Total Revolving Extensions of Credit or (without duplication) the Total Tranche D Credit-Linked Deposit and unreimbursed Tranche D LC

Reimbursement Amount, as the case may be, outstanding under such Facility (or in the case of the Revolving Facility, prior to any termination of the Revolving Commitments, the holders of more than 50% of the Total Revolving Commitments).

"Material Adverse Effect": a material adverse effect on (a) the business, property, operations, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries taken as a whole or (b) the validity or enforceability of this Agreement or any of the other Loan Documents or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"Mortgaged Property": any real property of any Loan Party as to which the Administrative Agent for the benefit of the Lenders has been granted a Lien pursuant to any Mortgage.

"Mortgage": any mortgage or deed of trust made by any Loan Party in favor of, or for the benefit of, the Administrative Agent for the benefit of the Lenders, substantially in the form of Exhibit D (with such changes thereto as shall be advisable under the law of the jurisdiction in which such mortgage or deed of trust is to be recorded), as the same may be amended, supplemented or otherwise modified from time to time.

"Multiemployer Plan": a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Cash Proceeds": (a) in connection with any Asset Sale or any Recovery Event, the proceeds thereof in the form of cash and Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received) of such Asset Sale or Recovery Event, net of attorneys' fees, accountants' fees, investment banking fees, amounts required to be applied to the repayment of Indebtedness secured by a Lien expressly permitted hereunder on any asset that is the subject of such Asset Sale or Recovery Event (other than any Lien pursuant to a Security Document) and other customary fees and expenses actually incurred in connection therewith and net of taxes paid or reasonably estimated to be payable currently as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and (b) in connection with any issuance or sale of equity securities or debt securities or instruments or the incurrence of loans, the cash proceeds received from such issuance or incurrence, net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other customary fees and expenses actually incurred in connection therewith.

"New Revolving Lender": as defined in Section 2.2(d).

"New Revolving Lender Supplement": as defined in Section 2.2(d).

"New Tranche D LC Lender": as defined in Section 3.1(e).

"New Tranche D LC Lender Supplement": as defined in Section 3.1(e).

"Non-Excluded Taxes": as defined in Section 2.19(a).

"Non-U.S. Lender": as defined in Section 2.19(d).

"Notes": the collective reference to any promissory note evidencing Loans.

"Obligations": the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and Reimbursement Obligations and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to the Administrative Agent or to any Lender (or, in the case of Hedge Agreements, any affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Hedge Agreement entered into with any Lender or any affiliate of any Lender in connection with this Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise.

"Other Taxes": any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Participant": as defined in Section 10.6(b).

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

"Permitted Acquisition": any acquisition, consisting of a single transaction or a series of related transactions, by the Borrower or any one or more of its Wholly Owned Subsidiary Guarantors of all of the Capital Stock of, or all or a substantial part of the assets of, or of a business, unit or division of, any Person organized under the laws of the United States or any state thereof (such business, unit or division, the "Acquired Business"), provided that (a) the consideration paid by the Borrower or such Subsidiary or Subsidiaries pursuant to such acquisition shall be solely in a form referred to in clause (a), (b), (c) or (d) of the definition of "Purchase Price" set forth in Section 1.1 (or some combination thereof), (b) the requirements of Section 6.11 have been satisfied with respect to such acquisition, (c) the Borrower shall be in compliance, on a pro forma basis after giving effect to such acquisition, with the covenants contained in Section 7.1, in each case recomputed as at the last day of the most recently ended fiscal quarter of the Borrower as if such acquisition had occurred on the first day of each relevant period for testing such compliance, (d) no Default or Event of Default shall have occurred and be continuing, or would occur after giving effect to such acquisition, (e) all actions required to be taken with respect to any acquired or newly formed Subsidiary or otherwise with respect to the Acquired Business in such acquisition under Section 6.10 shall have been taken, (f) the aggregate Purchase Prices in respect of such acquisition and all other Permitted Acquisitions consummated in accordance with this Agreement shall not exceed, in any fiscal year of the Borrower, the sum of (i) \$100,000,000 (or, if the Consolidated Leverage Ratio as of the last day of any fiscal quarter during such fiscal year is less than 3.50 to 1.0, \$150,000,000) and (ii) an additional up to \$25,000,000 to the extent not expended as Capital Expenditures (Expansion) during such fiscal year pursuant to 7.7(b), (g) the Cash/Debt Consideration in respect of such acquisition and all other Permitted Acquisitions consummated in accordance with this Agreement shall not exceed, in any fiscal year of the Borrower, \$150,000,000 (plus any amounts available pursuant to the foregoing clause (f)(ii)), and (h) any such acquisition shall have been approved by the Board of Directors

or such comparable governing body of the Person (or whose business, unit or division is, as the case may be) being acquired.

"Permitted Investors": the collective reference to (a) the Sponsor and (b) the Speese Persons.

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": at a particular time, any employee benefit plan that is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Preferred Stock": the Series A Preferred Stock, \$0.01 par value, of the Borrower.

"Pricing Grid": the pricing grid attached hereto as Annex A.

"Projections": as defined in Section 6.2(c).

"Properties": as defined in Section 4.17(a).

"Purchase Price": with respect to any Permitted Acquisition, the sum (without duplication) of (a) the amount of cash paid by the Borrower and its Subsidiaries in connection with such acquisition, (b) the value (as determined for purposes of such acquisition in accordance with the applicable acquisition agreement) of all Capital Stock of the Borrower issued or given as consideration in connection with such acquisition, (c) the Qualified Net Cash Equity Proceeds applied to finance such acquisition and (d) the principal amount (or, if less, the accreted value) at the time of such acquisition of all Assumed Indebtedness with respect thereto.

"Qualified Net Cash Equity Proceeds": the Net Cash Proceeds of any offering of Capital Stock of the Borrower, provided that (a) such offering was made in express contemplation of a Permitted Acquisition, (b) such Capital Stock is not mandatorily redeemable and (c) such Permitted Acquisition is consummated within 90 days after receipt by the Borrower of such Net Cash Proceeds.

"RC LC Commitment": the amount of the Total Revolving Commitments.

"RC LC Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding RC Letters of Credit and (b) the aggregate amount of drawings under RC Letters of Credit that have not then been reimbursed pursuant to Section 3.6.

"RC LC Participants": the collective reference to all Revolving Lenders (including the Issuing Lender), as participants in each RC Letter of Credit.

"RC Letter of Credit": as defined in the definition of "Letters of Credit".

"Recovery Event": any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any asset of the Borrower or any of its Subsidiaries.

"Reference Lender": JPMorgan Chase Bank.

"Reference Period": with respect to any date, the period of four consecutive fiscal quarters of the Borrower immediately preceding such date or, if such date is the last day of a fiscal quarter, ending on such date.

"Refunded Swingline Loans": as defined in Section 2.6(b).

"Refunding Date": as defined in Section 2.6(c).

"Register": as defined in Section 10.6(d).

"Regulation U": Regulation U of the Board as in effect from time to time.

"Reimbursement Obligation": the obligation of the Borrower to reimburse pursuant to Section 3.6 amounts paid under Letters of Credit (including the obligation to reimburse any unreimbursed Tranche D LC Reimbursement Amount).

"Reinvestment Deferred Amount": with respect to any Reinvestment Event, the aggregate Net Cash Proceeds received by the Borrower or any of its Subsidiaries in connection therewith that are not applied to prepay the Term Loans pursuant to Section 2.11(c) as a result of the delivery of a Reinvestment Notice.

"Reinvestment Event": any Asset Sale or Recovery Event in respect of which the Borrower has delivered a Reinvestment Notice.

"Reinvestment Notice": a written notice executed by a Responsible Officer stating that no Event of Default has occurred and is continuing and that the Borrower (directly or indirectly through a Subsidiary) intends and expects to use all or a specified portion of the Net Cash Proceeds of an Asset Sale or Recovery Event to acquire assets useful in its business.

"Reinvestment Prepayment Amount": with respect to any Reinvestment Event, the Reinvestment Deferred Amount relating thereto less any amount expended prior to the relevant Reinvestment Prepayment Date to acquire assets useful in the Borrower's business.

"Reinvestment Prepayment Date": with respect to any Reinvestment Event, the earlier of (a) the date occurring twelve months after such Reinvestment Event and (b) the date on which the Borrower shall have determined not to, or shall have otherwise ceased to, acquire assets useful in the Borrower's business with all or any portion of the relevant Reinvestment Deferred Amount.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice period is waived under subsections .27, .28, .29, .30, .31, .32, .34 or .35 of PBGC Reg. Section 4043.

"Required Lenders": at any time, the holders of more than 50% of the sum of (a) the aggregate unpaid principal amount of the Term Loans then outstanding, (b) the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving

Extensions of Credit then outstanding and (c) without duplication, the Total Tranche D Credit-Linked Deposit and unreimbursed Tranche D LC Reimbursement Amount then outstanding.

"Required Prepayment Lenders": the Majority Facility Lenders in respect of each of the Tranche B Term Facility, the Tranche C Term Facility, the Tranche D Term Facility and the Revolving Facility.

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the chief executive officer, president, chief financial officer or treasurer of the Borrower, but in any event, with respect to financial matters, the chief financial officer or president of the Borrower.

"Restatement Effective Date": the date on which the conditions precedent set forth in Section 5.1 shall have been satisfied, which date is May 3, 2002.

"Restricted Payments": as defined in Section 7.6.

"Revolving Commitment": as to any Lender, the obligation of such Lender, if any, to make Revolving Loans and participate in Swingline Loans and RC Letters of Credit.

"Revolving Commitment Period": the period ending on the Revolving Scheduled Commitment Termination Date.

"Revolving Extensions of Credit": as to any Revolving Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Loans held by such Lender then outstanding, (b) such Lender's Revolving Percentage of the RC LC Obligations then outstanding and (c) such Lender's Revolving Percentage of the aggregate principal amount of Swingline Loans then outstanding.

"Revolving Lender": each Lender that has a Revolving Commitment or that holds Revolving Loans.

"Revolving Loans": as defined in Section 2.2.

"Revolving Percentage": as to any Revolving Lender at any time, the percentage which such Lender's Revolving Commitment then constitutes of the Total Revolving Commitments (or, at any time after the Revolving Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Revolving Loans then outstanding constitutes of the aggregate principal amount of the Revolving Loans then outstanding).

"Revolving Scheduled Commitment Termination Date": July 31, 2004.

"Sale/Leaseback Transaction": any arrangement providing for the leasing to the Borrower or any Subsidiary of real or personal property that has been or is to be (a) sold or transferred by the Borrower or any Subsidiary or (b) constructed or acquired by a third party in anticipation of a program of leasing to the Borrower or any Subsidiary.

"SEC": the Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority.

"Security Documents": the collective reference to the Guarantee and Collateral Agreement, the Mortgages and all other security documents hereafter delivered to the Administrative Agent granting a Lien on any property of any Person to secure the obligations and liabilities of any Loan Party under any Loan Document.

"Senior Subordinated Note Indenture": the Indenture entered into by the Borrower and certain of its Subsidiaries in connection with the issuance of the Senior Subordinated Notes, together with all instruments and other agreements entered into by the Borrower or such Subsidiaries in connection therewith, as the same may be amended, supplemented or otherwise modified from time to time in accordance with Section 7.9.

"Senior Subordinated Notes": the subordinated notes of the Borrower issued pursuant to the Senior Subordinated Note Indenture.

"Single Employer Plan": any Plan that is covered by Title IV of ERISA, but that is not a Multiemployer Plan.

"Solvent": when used with respect to any Person, means that, as of any date of determination, (a) the amount of the "present fair saleable value" of the assets of such Person will, as of such date, exceed the amount of all "liabilities of such Person, contingent or otherwise", as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature. For purposes of this definition, (i) "debt" means liability on a "claim", and (ii) "claim" means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

"Specified Change of Control": a "Change of Control" as defined in the Senior Subordinated Note Indenture.

"Speese Persons": the collective reference to Mark E. Speese, any person having a relationship with Mark E. Speese by blood, marriage or adoption not more remote than first cousin and any trust established for the benefit of any such person.

"Sponsor": Apollo Management IV, L.P., Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P. and their Control Investment Affiliates.

"Subsidiary": as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise

qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Guarantor": each Subsidiary of the Borrower other than any Excluded Foreign Subsidiary.

"Swingline Commitment": the obligation of the Swingline Lender to make Swingline Loans pursuant to Section 2.6 in an aggregate principal amount at any one time outstanding not to exceed \$20,000,000.

"Swingline Lender": JPMorgan Chase Bank, in its capacity as the lender of Swingline Loans.

"Swingline Loans": as defined in Section 2.3.

"Swingline Participation Amount": as defined in Section 2.6(c).

"Syndication Agent": as defined in the preamble hereto.

"Term Lenders": the collective reference to the Tranche B Term Lenders, the Tranche C Term Lenders and the Tranche D Term Lenders.

"Term Loans": the collective reference to the Tranche B Term Loans, the Tranche C Term Loans and the Tranche D Term Loans.

"Total Revolving Commitments": at any time, the aggregate amount of the Revolving Commitments then in effect. The amount of the Total Revolving Commitments as of the Restatement Effective Date is \$120,000,000.

"Total Revolving Extensions of Credit": at any time, the aggregate amount of the Revolving Extensions of Credit of the Revolving Lenders outstanding at such time.

"Total Tranche D Credit-Linked Deposit": at any time, the aggregate amount of the Tranche D Credit-Linked Deposit then outstanding. The amount of the Total Tranche D Credit-Linked Deposit as of the Restatement Effective Date is \$80,000,000.

"Tranche B Term Lender": each Lender that holds a Tranche B Term Loan.

"Tranche B Term Loan": as defined in Section 2.1(a).

"Tranche B Term Percentage": as to any Tranche B Term Lender at any time, the percentage which the aggregate principal amount of such Lender's Tranche B Term Loans then outstanding constitutes of the aggregate principal amount of the Tranche B Term Loans then outstanding.

"Tranche C Term Lender": each Lender that holds a Tranche C Term Loan.

"Tranche C Term Loan": as defined in Section 2.1(b).

"Tranche C Term Percentage": as to any Tranche C Term Lender at any time, the percentage which the aggregate principal amount of such Lender's Tranche C Term Loans then outstanding constitutes of the aggregate principal amount of the Tranche C Term Loans then outstanding.

"Tranche D Credit-Linked Deposit": as defined in Section 3.5(a).

"Tranche D Credit-Linked Deposit Account": the account established by the Administrative Agent under its sole and exclusive control and designated as the "Rent-A-Center Tranche D Credit-Linked Deposit Account" that shall be used solely for the purposes set forth in Section 3.5.

"Tranche D LC Amount": an aggregate amount equal to \$80,000,000 on the Restatement Effective Date, which amount (a) may be increased from time to time (i) pursuant to Section 3.1(d) or (ii) by the amount of any Borrower Deposit Payment and (b) shall be decreased by the amount of any decrease in the Total Tranche D Credit-Linked Deposit.

"Tranche D LC Equivalent Loan": any portion of the Tranche D LC Reimbursement Amount as to which a Loan Equivalent Notice has been given. Tranche D LC Equivalent Loans shall be ABR Loans unless and until they are converted into Eurodollar Loans pursuant to Section 2.12. It is understood that Tranche D LC Equivalent Loans do not constitute "Term Loans".

"Tranche D LC Lender": each Lender that has an outstanding Tranche D Credit-Linked Deposit or an unreimbursed Tranche D LC Reimbursement Amount.

"Tranche D LC Percentage": as to any Tranche D LC Lender at any time, the percentage which such Lender's Tranche D Credit-Linked Deposit then outstanding constitutes of the Total Tranche D Credit-Linked Deposit then outstanding or, if the Total Tranche D Credit-Linked Deposit shall have been reduced to \$0, such percentage in effect immediately prior to such reduction.

"Tranche D LC Reimbursement Amount": as defined in Section 3.5(a). The portion of the Tranche D LC Reimbursement Amount held by each Tranche D LC Lender shall be deemed to equal its Tranche D LC Percentage thereof. The Tranche D LC Reimbursement Amount shall include any portion thereof that has been designated as a Tranche D LC Equivalent Loan in accordance with the terms hereof.

"Tranche D LC Termination Date": December 31, 2007.

"Tranche D Letter of Credit": as defined in the definition of "Letters of Credit".

"Tranche D Term Lender": each Lender holds a Tranche D Term Loan.

"Tranche D Term Loan": as defined in Section 2.1(b).

"Tranche D Term Percentage": as to any Tranche D Term Lender at any time, the percentage which the aggregate principal amount of such Lender's Tranche D Term Loans then outstanding constitutes of the aggregate principal amount of the Tranche D Term Loans then outstanding.

"Transferee": any Assignee or Participant.

"Type": as to any Loan, its nature as an ABR Loan or a Eurodollar Loan.

"Uniform Customs": the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500, as the same may be amended from time to time.

"United States": the United States of America.

"Voting Stock": with respect to any Person, any class or series of Capital Stock of such Person that is ordinarily entitled to vote in the election of directors thereof at a meeting of stockholders called for such purpose, without the occurrence of any additional event or contingency.

"Wholly Owned Subsidiary": as to any Person, any other Person all of the Capital Stock of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly Owned Subsidiaries.

"Wholly Owned Subsidiary Guarantor": any Subsidiary Guarantor that is a Wholly Owned Subsidiary of the Borrower.

1.2. Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto. Any defined term used in the Existing Credit Agreement (or the "Existing Credit Agreement" referred to in the Existing Credit Agreement) and deleted pursuant to this Agreement or the Existing Credit Agreement, as the case may be, shall, to the extent such defined term is still contained in any other Loan Document, continue to have the same meaning as set forth in the Existing Credit Agreement or such "Existing Credit Agreement", as the case may be, subject to any applicable modification of any related term pursuant to this Agreement.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) accounting terms relating to the Borrower and its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP, (ii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation" and (iii) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights.

(c) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. AMOUNT AND TERMS OF FACILITIES

2.1. Tranche B Term Loans, Tranche C Term Loans and Tranche D Term Commitments. (a) Subject to the terms and conditions hereof, (i) the "Tranche B Term Loan" held by each Tranche B Term Lender under the Existing Credit Agreement shall remain outstanding pursuant to this Agreement, (ii) the "Tranche C Term Loan" held by each Tranche C Term Lender under the Existing Credit Agreement shall remain outstanding pursuant to this Agreement and (iii) the "Tranche D Term Loan" held by each Tranche D Term Lender under the Existing Credit Agreement shall remain outstanding pursuant to this Agreement.

(b) The Term Loans may from time to time be Eurodollar Loans or ABR Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.4, 2.5 and 2.12.

2.2. Revolving Commitments. (a) Subject to the terms and conditions hereof, each Revolving Lender severally agrees to make revolving credit loans ("Revolving Loans") to the Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender's Revolving Percentage of the sum of (i) the RC LC Obligations then outstanding and (ii) the aggregate principal amount of the Swingline Loans then outstanding, does not exceed the amount of such Lender's Revolving Commitment. During the Revolving Commitment Period the Borrower may use the Revolving Commitments by borrowing, prepaying the Revolving Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. The Revolving Loans may from time to time be Eurodollar Loans or ABR Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.5 and 2.12.

(b) The Borrower and any one or more Revolving Lenders (including New Revolving Lenders) may agree that each such Lender shall obtain a Revolving Commitment or increase the amount of its existing Revolving Commitment, as applicable, in each case by executing and delivering to the Administrative Agent an Increased Revolving Facility Activation Notice specifying (i) the amount of such increase and (ii) the Increased Revolving Facility Closing Date. Notwithstanding the foregoing, without the consent of the Required Lenders, (i) the aggregate amount of incremental Revolving Commitments obtained pursuant to this paragraph shall not exceed \$40,000,000 and (ii) no more than one Increased Revolving Facility Closing Date may be selected by the Borrower during the term of this Agreement. No Lender shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion.

(c) Any additional bank, financial institution or other entity which, with the consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld), elects to become a "Revolving Lender" under this Agreement in connection with any transaction described in Section 2.2(b) shall execute a New Revolving Lender Supplement (each, a "New Revolving Lender Supplement"), substantially in the form of Exhibit I-1, whereupon such bank, financial institution or other entity (a "New Revolving Lender") shall become a Revolving Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

(d) For the purpose of providing that the respective amounts of Revolving Loans (and Eurodollar Tranches in respect thereof) held by the Revolving Lenders are held pro rata according to their respective Revolving Commitments, unless otherwise agreed by the Administrative Agent, on the Increased Revolving Facility Closing Date, the Borrower shall borrow a Revolving Loan from each relevant Lender in an amount determined by reference to the amount of each Type of Loan (and, in the case of Eurodollar Loans, of each Eurodollar Tranche) which would then have been outstanding from

such Lender if (i) each such Type or Eurodollar Tranche had been borrowed or effected on the Increased Revolving Facility Closing Date and (ii) the aggregate amount of each such Type or Eurodollar Tranche requested to be so borrowed or effected had been proportionately increased. The Eurodollar Base Rate applicable to any Eurodollar Loan borrowed pursuant to the preceding sentence shall equal the Eurodollar Base Rate then applicable to the Eurodollar Loans of the other Lenders in the same Eurodollar Tranche (or, until the expiration of the then-current Interest Period, such other rate as shall be agreed upon between the Borrower and the relevant Lender).

2.3. Swingline Commitment. Subject to the terms and conditions hereof, the Swingline Lender agrees to make a portion of the credit otherwise available to the Borrower under the Revolving Commitments from time to time during the Revolving Commitment Period by making swing line loans ("Swingline Loans") to the Borrower; provided that (a) the aggregate principal amount of Swingline Loans outstanding at any time shall not exceed the Swingline Commitment then in effect (notwithstanding that the Swingline Loans outstanding at any time, when aggregated with the Swingline Lender's other outstanding Revolving Loans hereunder, may exceed the Swingline Commitment then in effect) and (b) the Borrower shall not request, and the Swingline Lender shall not make, any Swingline Loan if, after giving effect to the making of such Swingline Loan, the aggregate amount of the Available Revolving Commitments would be less than zero. During the Revolving Commitment Period, the Borrower may use the Swingline Commitment by borrowing, repaying and reborrowing, all in accordance with the terms and conditions hereof. Swingline Loans shall be ABR Loans only.

2.4. [RESERVED].

2.5. Procedure for Revolving Loan Borrowing. The Borrower may borrow under the Revolving Commitments during the Revolving Commitment Period on any Business Day, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 12:00 Noon, New York City time, (a) three Business Days prior to the requested Borrowing Date, in the case of Eurodollar Loans, or (b) one Business Day prior to the requested Borrowing Date, in the case of ABR Loans), specifying (i) the amount and Type of Loans to be borrowed, (ii) the requested Borrowing Date and (iii) in the case of Eurodollar Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest Period therefor. Each borrowing under the Revolving Commitments shall be in an amount equal to (x) in the case of ABR Loans, \$2,000,000 or a whole multiple of \$500,000 in excess thereof (or, if the then aggregate Available Revolving Commitments are less than \$2,000,000, such lesser amount) and (y) in the case of Eurodollar Loans, \$3,000,000 or a whole multiple of \$1,000,000 in excess thereof; provided, that the Swingline Lender may request, on behalf of the Borrower, borrowings under the Revolving Commitments that are ABR Loans in other amounts pursuant to Section 2.6. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each relevant Lender thereof. Each relevant Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the Funding Office prior to 12:00 Noon, New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the relevant Lenders and in like funds as received by the Administrative Agent.

2.6. Procedure for Swingline Borrowing; Refunding of Swingline Loans. (a) Whenever the Borrower desires that the Swingline Lender make Swingline Loans it shall give the Swingline Lender irrevocable telephonic notice confirmed promptly in writing (which telephonic notice must be received by the Swingline Lender not later than 1:00 P.M., New York City time, on the proposed Borrowing Date), specifying (i) the amount to be borrowed and (ii) the requested Borrowing Date (which

shall be a Business Day during the Revolving Commitment Period). Each borrowing under the Swingline Commitment shall be in an amount equal to \$500,000 or a whole multiple of \$100,000 in excess thereof. Not later than 3:00 P.M., New York City time, on the Borrowing Date specified in a notice in respect of Swingline Loans, the Swingline Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the amount of the Swingline Loan to be made by the Swingline Lender. The Administrative Agent shall make the proceeds of such Swingline Loan available to the Borrower on such Borrowing Date by depositing such proceeds in the account of the Borrower with the Administrative Agent on such Borrowing Date in immediately available funds.

(b) The Swingline Lender, at any time and from time to time in its sole and absolute discretion may, on behalf of the Borrower (which hereby irrevocably directs the Swingline Lender to act on its behalf), on one Business Day's notice given by the Swingline Lender no later than 12:00 Noon, New York City time (with a copy of such notice being provided to the Borrower), request each Revolving Lender to make, and each Revolving Lender hereby agrees to make, a Revolving Loan, in an amount equal to such Revolving Lender's Revolving Percentage of the aggregate amount of the Swingline Loans (the "Refunded Swingline Loans") outstanding on the date of such notice, to repay the Swingline Lender. Each Revolving Lender shall make the amount of such Revolving Loan available to the Administrative Agent at the Funding Office in immediately available funds, not later than 10:00 A.M., New York City time, one Business Day after the date of such notice. The proceeds of such Revolving Loans shall be immediately made available by the Administrative Agent to the Swingline Lender for application by the Swingline Lender to the repayment of the Refunded Swingline Loans. The Borrower irrevocably authorizes the Swingline Lender to charge the Borrower's accounts with the Administrative Agent (up to the amount available in each such account) in order to immediately pay the amount of such Refunded Swingline Loans to the extent amounts received from the Revolving Lenders are not sufficient to repay in full such Refunded Swingline Loans (with notice of such charge being provided to the Borrower, provided that the failure to give such notice shall not affect the validity of such charge).

(c) If prior to the time a Revolving Loan would have otherwise been made pursuant to Section 2.6(b), one of the events described in Section 8(f) shall have occurred and be continuing with respect to the Borrower or if for any other reason, as determined by the Swingline Lender in its sole discretion, Revolving Loans may not be made as contemplated by Section 2.6(b), each Revolving Lender shall, on the date such Revolving Loan was to have been made pursuant to the notice referred to in Section 2.6(b) (the "Refunding Date"), purchase for cash an undivided participating interest in the then outstanding Swingline Loans by paying to the Swingline Lender an amount (the "Swingline Participation Amount") equal to (i) such Revolving Lender's Revolving Percentage times (ii) the sum of the aggregate principal amount of Swingline Loans then outstanding that were to have been repaid with such Revolving Loans.

(d) Whenever, at any time after the Swingline Lender has received from any Revolving Lender such Lender's Swingline Participation Amount, the Swingline Lender receives any payment on account of the Swingline Loans, the Swingline Lender will distribute to such Lender its Swingline Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded and, in the case of principal and interest payments, to reflect such Lender's pro rata portion of such payment if such payment is not sufficient to pay the principal of and interest on all Swingline Loans then due); provided, however, that in the event that such payment received by the Swingline Lender is required to be returned, such Revolving Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender.

(e) Each Revolving Lender's obligation to make the Loans referred to in Section 2.6(b) and to purchase participating interests pursuant to Section 2.6(c) shall be absolute and

unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such Revolving Lender or the Borrower may have against the Swingline Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5; (iii) any adverse change in the condition (financial or otherwise) of the Borrower; (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other Revolving Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.7. Repayment of Loans. (a) The Tranche B Term Loan of each Tranche B Term Lender shall mature in 9 remaining installments, each of which shall be in an amount equal to such Lender's Tranche B Term Percentage multiplied by the amount set forth below opposite such installment (provided that the aggregate amount of the final installment shall in any event equal the aggregate then outstanding principal amount of the Tranche B Term Loans):

Installment Principal Amount ----- -----
September 30, 2002 \$ 557,490.79
September 30, 2003 557,490.79
September 30, 2004 557,490.79
December 31, 2004 24,529,595.37
March 31, 2005 24,529,595.37
June 30, 2005 24,529,595.37
September 30, 2005 24,529,595.37
December 31, 2005 24,529,595.37
January 31, 2006 24,529,595.38

The remaining installments set forth above have been adjusted to reflect scheduled payments and optional and mandatory prepayments of the Tranche B Term Loans made prior to the Restatement Effective Date.

(b) The Tranche C Term Loan of each Tranche C Term Lender shall mature in 10 remaining installments, each of which shall be in an amount equal to such Lender's Tranche C Term Percentage multiplied by the amount set forth below opposite such installment (provided that the aggregate amount of the final installment shall in any event equal the aggregate then outstanding principal amount of the Tranche C Term Loans):

Installment Principal Amount ----- -----
September 30, 2002 \$ 589,462.98
September 30, 2003 589,462.98
September 30, 2004 589,462.98
September 30, 2005 589,462.98
December 31, 2005 589,462.98
March 31, 2006 37,961,416.08
June 30, 2006 37,961,416.08
September 30, 2006 37,961,416.08
December 31, 2006 37,961,416.08
January 31, 2007 37,961,416.08

The remaining installments set forth above have been adjusted to reflect scheduled payments and optional and mandatory prepayments of the Tranche C Term Loans made prior to the Restatement Effective Date.

(c) The Tranche D Term Loan of each Tranche D Term Lender shall mature in 9 remaining installments, each of which shall be in an amount equal to such Lender's Tranche D Term Percentage multiplied by the amount set forth below opposite such installment (provided that the aggregate amount of the final installment shall in any event equal the aggregate then outstanding principal amount of the Tranche D Term Loans):

Installment Principal Amount ----- -----
September 30, 2002 \$ 702,402.93
September 30, 2003 702,402.93
September 30, 2004 702,402.93
September 30, 2005 702,402.93
September 30, 2006 702,402.93
March 31, 2007 20,720,886.36
June 30, 2007 20,720,886.36
September 30, 2007

20,720,886.36
December 31,
2007
20,720,886.36

The remaining installments set forth above have been adjusted to reflect scheduled payments and optional and mandatory prepayments of the Tranche D Term Loans made prior to the Restatement Effective Date.

(d) The Borrower shall repay all outstanding Revolving Loans and Swingline Loans on the Revolving Scheduled Commitment Termination Date.

(e) The Borrower shall repay all outstanding Tranche D LC Equivalent Loans on the Tranche D LC Termination Date.

2.8. Commitment Fees, etc. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee accruing during the Revolving Commitment Period, computed at a per annum rate equal to the Commitment Fee Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period for which

payment is made, payable quarterly in arrears on the last day of each March, June, September and December and on the Revolving Scheduled Commitment Termination Date.

(b) The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates previously agreed to in writing by the Borrower and the Administrative Agent.

2.9. Termination or Reduction of Revolving Commitments. The Borrower shall have the right, upon not less than three Business Days' notice to the Administrative Agent, to terminate the Revolving Commitments or, from time to time, to reduce the amount of the Revolving Commitments; provided that no such termination or reduction of Revolving Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans and Swingline Loans made on the effective date thereof, the Total Revolving Extensions of Credit would exceed the Total Revolving Commitments. Any such partial reduction shall be in an amount equal to \$1,000,000, or a whole multiple thereof, and shall reduce permanently the relevant Commitments then in effect.

2.10. Optional Prepayments. Subject to Section 2.17, the Borrower may at any time and from time to time prepay the Loans (including Tranche D LC Equivalent Loans) or reduce the Tranche D Credit-Linked Deposit, in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent at least three Business Days prior thereto in the case of Eurodollar Loans and the Tranche D Credit-Linked Deposit and at least one Business Day prior thereto in the case of ABR Loans, which notice shall specify the date and amount of prepayment and, if applicable, whether the prepayment is of Eurodollar Loans or ABR Loans; provided, that if a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing pursuant to Section 2.20. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of Revolving Loans that are ABR Loans and Swingline Loans) accrued interest to such date on the amount prepaid. Partial prepayments of Loans (other than Swingline Loans) and partial reductions of the Tranche D Credit-Linked Deposit shall be in an aggregate principal amount of \$1,000,000 or a whole multiple thereof. Partial prepayments of Swingline Loans shall be in an aggregate principal amount of \$100,000 or a whole multiple thereof. Upon any such reduction of the Tranche D Credit-Linked Deposit, the Administrative Agent shall promptly remit to each Tranche D LC Lender its pro rata share thereof based on its Tranche D LC Percentage.

2.11. Mandatory Prepayments. (a) Unless the Required Prepayment Lenders shall otherwise agree, if any Capital Stock (other than any Capital Stock issued by the Borrower to finance any Permitted Acquisition) shall be issued by the Borrower or any of its Subsidiaries, an amount equal to 75% (the "Equity Percentage") of the Net Cash Proceeds thereof shall be applied within two Business Days following the date of such issuance toward the prepayment of the Term Loans; provided that the Equity Percentage shall instead equal 25% if the Consolidated Leverage Ratio, determined as at the end of the most recent period of four consecutive fiscal quarters ended prior to the required date of prepayment for which the relevant financial information is available on a pro forma basis as if such issuance had occurred on the first day of such period, is less than 3.50 to 1.0.

(b) Unless the Required Prepayment Lenders shall otherwise agree, if any Indebtedness shall be incurred by the Borrower or any of its Subsidiaries (excluding any Indebtedness incurred in accordance with Section 7.2 as in effect on the date of this Agreement), an amount equal to 100% (or, in the case of Indebtedness incurred pursuant to Section 7.2(f) after November 26, 2001, 30% (a "30% Application Transaction")) of the Net Cash Proceeds thereof shall be applied on the date of such incurrence toward the prepayment of the Term Loans.

(c) Unless the Required Prepayment Lenders shall otherwise agree, if on any date the Borrower or any of its Subsidiaries shall receive Net Cash Proceeds from any Asset Sale or Recovery Event then, unless a Reinvestment Notice shall be delivered in respect thereof, an amount equal to 75% of such Net Cash Proceeds shall be applied within two Business Days following such date toward the prepayment of the Term Loans; provided, that, notwithstanding the foregoing, (i) the aggregate Net Cash Proceeds of Asset Sales that may be excluded from the foregoing requirement pursuant to a Reinvestment Notice shall not exceed (x) during the period from the Closing Date to the second anniversary of the Closing Date, \$45,000,000, and (y) thereafter, \$15,000,000 in any fiscal year of the Borrower (or, in the case of the period commencing on the second anniversary of the Closing Date, the remaining portion of the fiscal year in which such second anniversary falls), and (ii) on each Reinvestment Prepayment Date, an amount equal to the Reinvestment Prepayment Amount with respect to the relevant Reinvestment Event shall be applied toward the prepayment of the Term Loans; provided, further, that, notwithstanding the foregoing, the Borrower and its Subsidiaries shall not be required to prepay the Term Loans in accordance with this paragraph (c) except to the extent that the Net Cash Proceeds from all Asset Sales which have not been so applied equals or exceeds \$5,000,000 in the aggregate.

(d) Unless the Required Prepayment Lenders shall otherwise agree, if, for any fiscal year of the Borrower commencing with the fiscal year ending December 31, 2000, there shall be Excess Cash Flow, the Borrower shall, on the relevant Excess Cash Flow Application Date, apply 75% (or, if the Consolidated Leverage Ratio as of the last day of such fiscal year is not greater than 3.50 to 1.0, 50%) of such Excess Cash Flow toward the prepayment of the Term Loans. Each such prepayment and commitment reduction shall be made on a date (an "Excess Cash Flow Application Date") no later than five Business Days after the earlier of (i) the date on which the financial statements of the Borrower referred to in Section 6.1(a), for the fiscal year with respect to which such prepayment is made, are required to be delivered to the Lenders and (ii) the date such financial statements are actually delivered.

(e) During the period from April 18, 2002 through May 31, 2002, the Borrower shall prepay Term Loans with cash on hand in an aggregate principal amount of at least \$54,000,000.

(f) The application of any prepayment under a Facility pursuant to Section 2.11 shall be made, first, to ABR Loans and, second, to Eurodollar Loans. Each prepayment of the Loans under Section 2.11 (except in the case of Revolving Loans that are ABR Loans and Swingline Loans) shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid.

2.12. Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert Eurodollar Loans to ABR Loans by giving the Administrative Agent at least two Business Days' prior irrevocable notice of such election, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert ABR Loans to Eurodollar Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election (which notice shall specify the length of the initial Interest Period therefor), provided that no ABR Loan under a particular Facility may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent or the Majority Facility Lenders in respect of such Facility have determined in its or their sole discretion not to permit such conversions. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving irrevocable notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan under a particular Facility may be continued as such when any Event of Default has

occurred and is continuing and the Administrative Agent has or the Majority Facility Lenders in respect of such Facility have determined in its or their sole discretion not to permit such continuations, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

2.13. Limitations on Eurodollar Tranches. Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurodollar Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to \$3,000,000 or a whole multiple of \$1,000,000 in excess thereof and (b) no more than 15 Eurodollar Tranches shall be outstanding at any one time.

2.14. Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each ABR Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

(c) (i) If all or a portion of the principal amount of any Loan or Reimbursement Obligation shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), all outstanding Loans and Reimbursement Obligations (whether or not overdue) shall bear interest at a rate per annum equal to (x) in the case of the Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2%, (y) in the case of Reimbursement Obligations under the Revolving Facility, the rate applicable to ABR Loans under the Revolving Facility plus 2%, or (z) in the case of Reimbursement Obligations under the Tranche D LC Facility that are not classified as Tranche D LC Equivalent Loans (which shall be governed by clause (x) above), the ABR plus 3.75%, and (ii) if all or a portion of any interest payable on any Loan or Reimbursement Obligation or any commitment fee, Letter of Credit fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to ABR Loans under the relevant Facility plus 2% (or, (x) in the case of the Tranche D LC Facility, the ABR plus 3.75% and (y) in the case of any such other amounts that do not relate to a particular Facility, the rate then applicable to ABR Loans under the Revolving Facility plus 2%), in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

2.15. Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to ABR Loans the rate of interest on which is calculated on the basis of the Prime Rate, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.15(a).

2.16. Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Majority Facility Lenders in respect of the relevant Facility that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans under the relevant Facility requested to be made on the first day of such Interest Period shall be made as ABR Loans, (y) any Loans under the relevant Facility that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans under the relevant Facility shall be converted, on the last day of the then-current Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans under the relevant Facility shall be made or continued as such, nor shall the Borrower have the right to convert Loans under the relevant Facility to Eurodollar Loans.

2.17. Pro Rata Treatment and Payments. (a) Each borrowing by the Borrower from the Lenders hereunder, each payment by the Borrower on account of any commitment fee and any reduction of the Revolving Commitments of the Lenders shall be made pro rata according to the respective Tranche B Term Percentages, Tranche C Term Percentages, Tranche D Term Percentages or Revolving Percentages, as the case may be, of the relevant Lenders.

(b) Except for payments made pursuant to Section 2.7, each payment (including each prepayment) by the Borrower on account of principal of and interest on the Term Loans shall be made pro rata according to the respective outstanding principal amounts of the Term Loans then held by the Term Lenders (except as otherwise provided in Section 2.17(c)). The amount of each principal prepayment of the Term Loans shall be applied to reduce the then remaining installments of the Tranche B Term Loans, Tranche C Term Loans or Tranche D Term Loans, as the case may be, pro rata based upon the then remaining principal amount thereof. Amounts prepaid on account of the Term Loans may not be reborrowed.

(c) Notwithstanding anything to the contrary in this Agreement, with respect to any mandatory prepayment pursuant to Section 2.11(b) in connection with any 30% Application Transaction (as defined in said Section) and any prepayment pursuant to Section 2.11(e), each Term Lender shall have the right to reallocate any prepayment allocated to any of its Term Loans to any of its other Term Loans, as designated by such Lender to the Administrative Agent. Accordingly, in the case of prepayments pursuant to Section 2.11(b), the date on which any such prepayment is required to be made may be

extended by the Administrative Agent to the extent necessary to determine the manner in which the Term Lenders wish to have such prepayment allocated.

(d) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Revolving Loans shall be made pro rata to the Revolving Lenders according to the respective outstanding principal amounts of the Revolving Loans then held by the Revolving Lenders. Each payment (including each prepayment) by the Borrower to the Tranche D LC Lenders on account of the Tranche D LC Reimbursement Amount and interest thereon and payments of interest or earnings in respect of the Tranche D Credit-Linked Deposit shall be made pro rata to the Tranche D LC Lenders according to their respective Tranche D LC Percentages.

(e) All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Funding Office, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(f) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans under the relevant Facility, on demand, from the Borrower.

(g) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment being made hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower within three Business Days of such required date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing

herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

2.18. Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the Closing Date:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any Application or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.19 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount that such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans, issuing or participating in Letters of Credit or maintaining a Tranche D Credit-Linked Deposit, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify (no more frequently than quarterly) the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the Closing Date shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor (which may be submitted no more frequently than quarterly), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction; provided that the Borrower shall not be required to compensate a Lender pursuant to this paragraph for any amounts incurred more than six months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; and provided further that, if the circumstances giving rise to such claim have a retroactive effect, then such six-month period shall be extended to include the period of such retroactive effect.

(c) In determining any additional amounts payable pursuant to this Section 2.18, each Lender will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that such Lender's determination of compensation owing under this Section 2.18 shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Lender, upon determining that any additional amounts will be payable pursuant to this Section 2.18, shall give prompt written notice of such determination to the Borrower, which notice shall show the basis for calculation of such additional amounts. The obligations of the Borrower pursuant to this Section 2.18 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.19. Taxes. (a) Subject to the last proviso of this paragraph (a), all payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that the Borrower shall not be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (d) or (e) of this Section or (ii) that are United States withholding taxes imposed on amounts payable to such Lender at the time the Lender becomes a party to this Agreement, except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(d) Each Lender (or Transferee) that is not a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States of America (or any state thereof), or any estate or trust that is subject to federal income taxation regardless of the source of its income (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form 8-BEN

or Form 8-ECI, or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit H and a Form 8-BEN, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the request of the Borrower as a result of the obsolescence, inaccuracy or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer qualified to provide or capable of providing any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(f) If any Lender receives a refund of any Non-Excluded Taxes or Other Taxes paid or indemnified by the Borrower under this Section 2.19, such Lender shall pay the amount of such refund to the Borrower within 15 days of the date it received such refund.

(g) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.20. Indemnity. The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense that such Lender may sustain or incur as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment of or conversion from Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of

manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.21. Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.18 or 2.19(a) with respect to such Lender, it will use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of any Borrower or the rights of any Lender pursuant to Section 2.18 or 2.19(a).

2.22. Replacement of Lenders. The Borrower shall be permitted to replace any Lender that (a) requests reimbursement for amounts owing pursuant to Section 2.18 or 2.19(a) or (b) defaults in its obligation to make Loans hereunder, with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender shall have taken no action under Section 2.21 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.18 or 2.19(a), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender (and, if applicable, its Tranche D Credit-Linked Deposit) on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender under Section 2.20 if any Eurodollar Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution, if not already a Lender, shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 10.6 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.18 or 2.19(a), as the case may be, and (ix) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

SECTION 3. LETTERS OF CREDIT

3.1. LC Commitments. (a) Subject to the terms and conditions hereof, the Issuing Lender, in reliance on the agreements of the RC LC Participants or the Tranche D LC Lenders, as the case may be, set forth in this Section 3, agrees to issue, on any Business Day, letters of credit ("Letters of Credit") for the account of the Borrower (including the account of the Borrower acting on behalf of any of its Subsidiaries) and in such form as may be approved from time to time by the Issuing Lender; provided that (i) the Issuing Lender shall have no obligation to issue any RC Letter of Credit if, after giving effect to such issuance, (x) the RC LC Obligations would exceed the RC LC Commitment or (y) the aggregate amount of the Available Revolving Commitments would be less than zero and (ii) the Issuing Lender shall have no obligation to issue any Letter of Credit if, after giving effect to such issuance, the LC Obligations would exceed \$150,000,000. Each Letter of Credit shall (i) be denominated in Dollars and (ii) expire no later than the earlier of (x) the first anniversary of its date of issuance and (y) the date that is five Business Days prior to (1) in the case of RC Letters of Credit, the Revolving Scheduled Commitment Termination Date, or (2) in the case of Tranche D Letters of Credit, the Tranche D LC Termination Date; provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

(b) Each Letter of Credit shall be subject to the Uniform Customs and, to the extent not inconsistent therewith, the laws of the State of New York.

(c) The Issuing Lender shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Issuing Lender or any LC Participant to exceed any limits imposed by, any applicable Requirement of Law.

(d) After the Restatement Effective Date, the Borrower and any one or more Tranche D LC Lenders (including New Tranche D LC Lenders) may agree that each such Lender shall make a Tranche D Credit-Linked Deposit or increase the amount of its existing Tranche D Credit-Linked Deposit, as applicable, in each case by executing and delivering to the Administrative Agent an Increased Tranche D LC Facility Activation Notice specifying (i) the amount of such increase and (ii) the Increased Tranche D LC Facility Closing Date. The Tranche D LC Amount shall be correspondingly increased by the amount of any such increase. Notwithstanding the foregoing, without the consent of the Required Lenders, the aggregate amount of incremental Tranche D Credit-Linked Deposits made pursuant to this paragraph shall not exceed \$70,000,000. No Lender shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion.

(e) Any additional bank, financial institution or other entity which, with the consent of the Borrower and the Administrative Agent (which consent shall not be unreasonably withheld), elects to become a "Tranche D LC Lender" under this Agreement in connection with any transaction described in Section 3.1(d) shall execute a New Tranche D LC Lender Supplement (each, a "New Tranche D LC Lender Supplement"), substantially in the form of Exhibit I-3, whereupon such bank, financial institution or other entity (a "New Tranche D LC Lender") shall become a Tranche D LC Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

3.2. Procedure for Issuance of Letter of Credit. The Borrower may from time to time request that the Issuing Lender issue a Letter of Credit by delivering to the Issuing Lender at its address for notices specified herein an Application therefor, completed to the satisfaction of the Issuing Lender, and such other certificates, documents and other papers and information as the Issuing Lender may request. Upon receipt of any Application, the Issuing Lender will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall the Issuing Lender be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by the Issuing Lender and the Borrower. The Issuing Lender shall furnish a copy of such Letter of Credit to the Borrower promptly following the issuance thereof. The Issuing Lender shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof).

3.3. Fees and Other Charges. (a) The Borrower will pay a Letter of Credit fee (i) in the case of RC Letters of Credit, calculated at a per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Revolving Facility and payable on the face amount of all outstanding RC Letters of Credit, or (ii) in the case of Tranche D Letters of Credit, calculated at a per annum rate equal to 2.75% and payable on the Total Tranche D Credit-Linked Deposit, in each case shared ratably among the Lenders under the relevant Facility and payable quarterly in arrears on each LC Fee Payment Date. In addition, the Borrower shall pay to the Issuing Lender for its own account a

fronting fee of 0.25% per annum on the undrawn and unexpired amount of each Letter of Credit, payable quarterly in arrears on each LC Fee Payment Date.

(b) In addition to the foregoing fees, the Borrower shall pay or reimburse the Issuing Lender for such normal and customary costs and expenses as are incurred or charged by the Issuing Lender in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

3.4. RC LC Participations. (a) The Issuing Lender irrevocably agrees to grant and hereby grants to each RC LC Participant, and, to induce the Issuing Lender to issue RC Letters of Credit hereunder, each RC LC Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Lender, on the terms and conditions hereinafter stated, for such RC LC Participant's own account and risk an undivided interest equal to such RC LC Participant's Revolving Percentage in the Issuing Lender's obligations and rights under each RC Letter of Credit issued hereunder and the amount of each draft paid by the Issuing Lender thereunder. Each RC LC Participant unconditionally and irrevocably agrees with the Issuing Lender that, if a draft is paid under any RC Letter of Credit for which the Issuing Lender is not reimbursed in full by the Borrower in accordance with the terms of this Agreement, such RC LC Participant shall pay to the Issuing Lender upon demand at the Issuing Lender's address for notices specified herein an amount equal to such RC LC Participant's Revolving Percentage of the amount of such draft, or any part thereof, that is not so reimbursed.

(b) If any amount required to be paid by any RC LC Participant to the Issuing Lender pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by the Issuing Lender under any RC Letter of Credit is paid to the Issuing Lender within three Business Days after the date such payment is due, such RC LC Participant shall pay to the Issuing Lender on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal Funds Effective Rate during the period from and including the date such payment is required to the date on which such payment is immediately available to the Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any RC LC Participant pursuant to Section 3.4(a) is not made available to the Issuing Lender by such RC LC Participant within three Business Days after the date such payment is due, the Issuing Lender shall be entitled to recover from such RC LC Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to ABR Loans under the Revolving Facility. A certificate of the Issuing Lender submitted to any RC LC Participant with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after the Issuing Lender has made payment under any RC Letter of Credit and has received from any RC LC Participant its pro rata share of such payment in accordance with Section 3.4(a), the Issuing Lender receives any payment related to such RC Letter of Credit (whether directly from the Borrower or otherwise, including proceeds of collateral applied thereto by the Issuing Lender), or any payment of interest on account thereof, the Issuing Lender will distribute to such RC LC Participant its pro rata share thereof; provided, however, that in the event that any such payment received by the Issuing Lender shall be required to be returned by the Issuing Lender, such RC LC Participant shall return to the Issuing Lender the portion thereof previously distributed by the Issuing Lender to it.

(d) Each RC LC Participant's obligation to purchase participating interests pursuant to Section 3.4(a) shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such RC LC Participant or the Borrower may have against the Issuing Lender, the Borrower or any other Person for any reason

whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5; (iii) any adverse change in the condition (financial or otherwise) of the Borrower; (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

3.5. Tranche D LC Participations. (a) The Issuing Lender irrevocably agrees to grant and hereby grants to each Tranche D LC Lender, and each Tranche D LC Lender irrevocably agrees to accept and purchase and hereby accepts and purchases from the Issuing Lender, on the terms and conditions hereinafter stated, for such Tranche D LC Lender's own account and risk an undivided interest equal to its Tranche D LC Percentage in the Issuing Lender's obligations and rights with respect to the Tranche D Letters of Credit (as to each Tranche D LC Lender, its "Tranche D LC Participation"). The purchase price for the Tranche D LC Participation of each Tranche D LC Lender (each, a "Tranche D Credit-Linked Deposit") shall equal the amount set forth opposite such Tranche D LC Lender's name in Schedule 1.1A or the amount agreed upon pursuant to Section 3.1(d), as applicable. Each Tranche D LC Lender shall pay to the Administrative Agent its Tranche D Credit-Linked Deposit in full on the Restatement Effective Date or the relevant Increased Tranche D LC Facility Closing Date, as applicable. Each Tranche D LC Lender unconditionally and irrevocably agrees with the Administrative Agent and the Issuing Lender that, if a draft is paid under any Tranche D Letter of Credit that is not reimbursed in full by the Borrower in cash (the amount of the reimbursement by the Borrower required in respect thereof, the "Tranche D LC Reimbursement Amount"), the Administrative Agent is hereby authorized to reimburse to the Issuing Lender for such draft solely from such Tranche D LC Lender's Tranche D Credit-Linked Deposit. If the Tranche D Credit-Linked Deposit Account is charged by the Administrative Agent to reimburse the Issuing Lender for a draft paid under a Tranche D Letter of Credit that has not been reimbursed by the Borrower in cash, the Borrower shall have the right but not the obligation, prior to the Tranche D LC Termination Date, to pay over to the Administrative Agent an amount equal to the amount so charged for deposit in the Tranche D Credit-Linked Deposit Account (a "Borrower Deposit Payment"), which payment shall, to the extent relating to a Tranche D LC Equivalent Loan, constitute a prepayment of such Loan (subject to the applicable requirements of this Agreement). It is understood that application of the Tranche D Credit-Linked Deposit to reimburse the Issuing Lender shall not reduce the Tranche D LC Reimbursement Amount or satisfy the Borrower's reimbursement obligation under Section 3.6. Each Tranche D LC Lender's obligations under this Section 3.5 shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such Tranche D LC Lender or the Borrower may have against the Issuing Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 5; (iii) any adverse change in the condition (financial or otherwise) of the Borrower; (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(b) The Tranche D Credit-Linked Deposits shall be held by the Administrative Agent in the Tranche D Credit-Linked Deposit Account and invested by the Administrative Agent as set forth in this Section 3.5 and no party other than the Administrative Agent shall have a right of withdrawal from the Tranche D Credit-Linked Deposit Account nor any other right or power with respect to the Tranche D Credit-Linked Deposits, except as expressly provided in Section 2.10 or this Section 3.5. Notwithstanding anything in this Agreement to the contrary, the sole funding obligation of each Tranche D LC Lender in respect of its Tranche D LC Participation shall be satisfied upon funding of its Tranche D Credit-Linked Deposit.

(c) The Borrower hereby acknowledges and agrees that each Tranche D LC Lender is funding its Tranche D Credit-Linked Deposit to the Administrative Agent for application in the manner contemplated by this Section 3.5 and that the Administrative Agent has agreed to invest the Tranche D Credit-Linked Deposits so as to earn a return (until such time as such Tranche D Credit-Linked Deposits are used to cover drawings under any Tranche D Letter of Credit) for the Tranche D LC Lenders at a rate per annum, reset daily on each Business Day for the period until the next following Business Day, equal to (i) the rate for one month LIBOR deposits (the "Benchmark LIBOR Rate") minus (ii) 0.05%. Such interest will be paid to the Tranche D LC Lenders by the Administrative Agent quarterly in arrears on each LC Fee Payment Date. In addition to the foregoing payments by the Administrative Agent, the Borrower agrees to make payments to the Administrative Agent for the account of the Tranche D LC Lenders quarterly in arrears on each LC Fee Payment Date in an amount equal to the difference between the rate of return earned by the Tranche D LC Lenders on the Tranche D Credit-Linked Deposits and the rate of return that would have been earned by the Tranche D LC Lenders thereon had the interest rate applicable thereto been equal to the Benchmark LIBOR Rate. The Administrative Agent shall compute all amounts due under this paragraph (c) and shall notify the Borrower and such Tranche D LC Lender of each such amount due.

(d) The Administrative Agent shall return any remaining Tranche D Credit-Linked Deposits to the Tranche D LC Lenders following the occurrence of the Tranche D LC Termination Date.

3.6. Reimbursement Obligation of the Borrower. Drafts drawn under each Letter of Credit shall be deemed to be drafts drawn under Tranche D Letters of Credit for so long as there are any undrawn Tranche D Letters of Credit and thereafter shall be deemed to be drafts drawn under RC Letters of Credit. The Borrower agrees to reimburse the Issuing Lender in accordance with this Section upon notification of the Borrower of the date and amount of a draft presented under any Letter of Credit and paid by the Issuing Lender for the amount of (a) such draft so paid and (b) any taxes, fees, charges or other costs or expenses incurred by the Issuing Lender in connection with such payment. In the case of RC Letters of Credit, if the Borrower is notified as provided in the immediately preceding sentence by 2:00 P.M., New York City time, on any day, then the Borrower shall so reimburse the Issuing Lender by 12:00 Noon, New York City time, on the next succeeding Business Day, and, if so notified after 2:00 P.M., New York City time, on any day, the Borrower shall so reimburse the Issuing Lender by 12:00 Noon, New York City time, on the second succeeding Business Day. In the case of Tranche D Letters of Credit, the Tranche D LC Reimbursement Amount shall be reimbursed by the Borrower no later than the Tranche D LC Termination Date, provided that any taxes, fees, charges or other costs or expenses incurred by the Issuing Lender in connection with the relevant draft shall be payable to the Issuing Lender on demand. Each such payment shall be made to the Issuing Lender at its address for notices specified herein in lawful money of the United States and in immediately available funds. Interest shall be payable on any and all amounts remaining unpaid by the Borrower under this Section from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until payment in full (i) in the case of RC Letters of Credit, at the rate set forth in (x) until the second Business Day following the date of payment of the applicable drawing, Section 2.14(b) and (y) thereafter, Section 2.14(c), in each case payable on demand, and (ii) in the case of Tranche D Letters of Credit, (x) until the Borrower has given a Loan Equivalent Notice with respect to the relevant portion of the Tranche D LC Reimbursement Amount, the ABR plus 1.75%, payable quarterly in arrears on each LC Fee Payment Date, and (y) thereafter, with respect to any such portion, at the applicable rate set forth in Section 2.14. Payment by the Borrower of any Tranche D LC Reimbursement Amount and interest thereon shall be made (a) directly to the Issuing Lender for its own account to the extent the Tranche D Credit-Linked Deposit has not been applied to reimburse the Issuing Lender for the relevant drawing or (b) ratably to the Tranche D LC Lenders, otherwise.

3.7. Obligations Absolute. The Borrower's obligations under this Section 3 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower may have or have had against the Issuing Lender, any beneficiary of a Letter of Credit or any other Person. The Borrower also agrees with the Issuing Lender that the Issuing Lender shall not be responsible for, and the Borrower's Reimbursement Obligations under Section 3.6 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. The Issuing Lender shall not be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions constituting gross negligence or willful misconduct of the Issuing Lender. The Borrower agrees that any action taken or omitted by the Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct and in accordance with the standards of care specified in the Uniform Customs and, to the extent not inconsistent therewith, the Uniform Commercial Code of the State of New York, shall be binding on the Borrower and shall not result in any liability of the Issuing Lender to the Borrower.

3.8. Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the Issuing Lender shall promptly notify the Borrower of the date and amount thereof. The responsibility of the Issuing Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are substantially in conformity with such Letter of Credit.

3.9. Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

4.1. Financial Condition. (a) The audited consolidated balance sheet of the Borrower as at December 31, 2001, and the related consolidated statements of operations, stockholder's equity and cash flows for the fiscal year ended on such date, reported on by and accompanied by an unqualified report from Grant Thornton, present fairly the consolidated financial condition of the Borrower as at such date, and the consolidated results of its operations and its consolidated cash flows for the fiscal year then ended. Such financial statements have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). The Borrower and its Subsidiaries do not have any material Guarantee Obligations, contingent liabilities and liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the financial statements referred to in this paragraph.

4.2. No Change. Since December 31, 2001 there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

4.3. Corporate Existence; Compliance with Law. Each of the Borrower and its Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the corporate power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to be so qualified and in good standing could not, in the aggregate, reasonably be expected to have a Material Adverse Effect, and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4. Corporate Power; Authorization; Enforceable Obligations. Each Loan Party has the corporate power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and, in the case of the Borrower, to borrow hereunder. Each Loan Party has taken all necessary corporate action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of the Borrower, to authorize the borrowings on the terms and conditions of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Loan Documents, except (i) consents, authorizations, filings and notices described in Schedule 4.4, which consents, authorizations, filings and notices have been obtained or made and are in full force and effect and (ii) the filings referred to in Section 4.19. Each Loan Document has been duly executed and delivered on behalf of each Loan Party party thereto. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of each Loan Party party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5. No Legal Bar. The execution, delivery and performance of this Agreement and the other Loan Documents, the issuance of Letters of Credit, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or any material Contractual Obligation of the Borrower or any of its Subsidiaries and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents). No Requirement of Law or Contractual Obligation applicable to the Borrower or any of its Subsidiaries could reasonably be expected to have a Material Adverse Effect.

4.6. Litigation. Except as set forth on Schedule 4.6, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its Subsidiaries or against any of their respective properties or revenues (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby, or (b) that could reasonably be expected to have a Material Adverse Effect.

4.7. No Default. Neither the Borrower nor any of its Subsidiaries is in default under or with respect to any of its Contractual Obligations in any respect that could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.8. Ownership of Property; Liens. Each of the Borrower and its Subsidiaries has title in fee simple to, or a valid leasehold interest in, all its material real property, and good title to, or a valid leasehold interest in, all its other material property, and none of such property is subject to any Lien except as permitted by Section 7.3.

4.9. Intellectual Property. The Borrower and each of its Subsidiaries owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. No material claim has been asserted and is pending by any Person challenging or questioning the use of any Intellectual Property or the validity or effectiveness of any Intellectual Property, nor does the Borrower know of any valid basis for any such claim. The use of Intellectual Property by the Borrower and its Subsidiaries does not infringe on the rights of any Person in any material respect.

4.10. Taxes. Each of the Borrower and each of its Subsidiaries has filed or caused to be filed all Federal, state and other material tax returns that are required to be filed and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority to the extent due and payable (other than any the amount or validity of that are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or its Subsidiaries, as the case may be); no material tax Lien has been filed, and, to the knowledge of the Borrower, no claim is being asserted, with respect to any such tax, fee or other charge.

4.11. Federal Regulations. No part of the proceeds of any Loans will be used for "buying" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the Regulations of the Board. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

4.12. Labor Matters. Except as set forth on Schedule 4.6 and as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against the Borrower or any of its Subsidiaries pending or, to the knowledge of the Borrower, threatened; (b) hours worked by and payment made to employees of the Borrower and its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from the Borrower or any of its Subsidiaries on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the Borrower or the relevant Subsidiary.

4.13. ERISA. Neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. No termination of a Single Employer Plan has occurred, and no Lien against the Borrower or any Commonly Controlled Entity and in favor of the PBGC or a Plan has arisen, during such five-year period. The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by a material amount. Neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or could reasonably be expected to result in a material liability under ERISA, and neither the Borrower nor any

Commonly Controlled Entity would become subject to any material liability under ERISA if the Borrower or any such Commonly Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made. No such Multiemployer Plan is in Reorganization or Insolvent.

4.14. Investment Company Act; Other Regulations. No Loan Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. No Loan Party is subject to regulation under any Requirement of Law (other than Regulation X of the Board) that limits its ability to incur Indebtedness.

4.15. Subsidiaries. Except as disclosed to the Administrative Agent by the Borrower in writing from time to time after the Restatement Effective Date, (a) Schedule 4.15 sets forth the name and jurisdiction of incorporation of each Subsidiary and, as to each such Subsidiary, the percentage of each class of Capital Stock owned by any Loan Party and (b) there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of the Borrower or any Subsidiary, except as created by the Loan Documents.

4.16. Use of Proceeds. The proceeds of the Revolving Loans and the Swingline Loans, and the Letters of Credit, shall be used for general corporate purposes.

4.17. Environmental Matters. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

(a) the facilities and properties owned, leased or operated by the Borrower or any of its Subsidiaries (the "Properties") do not contain, and have not previously contained, any Materials of Environmental Concern in amounts or concentrations or under circumstances that constitute or constituted a violation of, or could give rise to liability under, any Environmental Law;

(b) neither the Borrower nor any of its Subsidiaries has received or is aware of any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the business operated by the Borrower or any of its Subsidiaries (the "Business"), nor does the Borrower have knowledge or reason to believe that any such notice will be received or is being threatened;

(c) Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location that could give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could give rise to liability under, any applicable Environmental Law;

(d) no judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which the Borrower or any Subsidiary is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business;

(e) there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of the Borrower or

any Subsidiary in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws;

(f) the Properties and all operations at the Properties are in compliance, and have in the last five years been in compliance, with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the Business; and

(g) neither the Borrower nor any of its Subsidiaries has assumed any liability of any other Person under Environmental Laws.

4.18. Accuracy of Information, etc. No statement or information contained in this Agreement, any other Loan Document, the Confidential Information Memorandum or any other document, certificate or statement furnished by or on behalf of any Loan Party to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement or the other Loan Documents, contained as of the date such statement, information, document or certificate was so furnished (or, in the case of the Confidential Information Memorandum, as of the Closing Date or the Restatement Effective Date, as the case may be), any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein not misleading. The projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount. There is no fact known to any Loan Party that could reasonably be expected to have a Material Adverse Effect that has not been expressly disclosed herein, in the other Loan Documents, in the Confidential Information Memorandum or in any other documents, certificates and statements furnished to the Administrative Agent and the Lenders for use in connection with the transactions contemplated hereby and by the other Loan Documents.

4.19. Security Documents. (a) The Guarantee and Collateral Agreement is effective to create in favor of the Administrative Agent, for the benefit of the Lenders, a legal, valid and enforceable security interest in the Collateral described in paragraphs (a) through (k), inclusive, (m) and (n) of Section 3 thereof and proceeds of such Collateral. In the case of the Pledged Stock described in the Guarantee and Collateral Agreement, when stock certificates representing such Pledged Stock are delivered to the Administrative Agent, and in the case of the other Collateral described in the Guarantee and Collateral Agreement, when financing statements and other filings specified on Schedule 4.19(a) (or otherwise notified to the Administrative Agent) in appropriate form are filed in the offices specified on Schedule 4.19(a) (or otherwise notified to the Administrative Agent), the Guarantee and Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and the proceeds thereof, as security for the Obligations (as defined in the Guarantee and Collateral Agreement), in each case prior and superior in right to any other Person (except, in the case of Collateral other than Pledged Stock, Liens permitted by Section 7.3).

(b) Each of the Mortgages is effective to create in favor of the Administrative Agent, for the benefit of the Lenders, a legal, valid and enforceable Lien on the Mortgaged Properties described therein and proceeds thereof and constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Mortgaged Properties and the proceeds thereof, as security for the Obligations (as defined in the relevant Mortgage), in each case prior and superior in right to any other Person except Liens permitted by Section 7.3.

4.20. Solvency. Each Loan Party is on the Restatement Effective Date (after giving effect to the effectiveness of the Tranche D LC Facility), and will continue to be, Solvent.

4.21. Senior Indebtedness. The Obligations constitute "Senior Indebtedness" of the Borrower under and as defined in the Senior Subordinated Note Indenture. The obligations of each Subsidiary Guarantor under the Guarantee and Collateral Agreement constitute "Guarantor Senior Indebtedness" of such Subsidiary Guarantor under and as defined in the Senior Subordinated Note Indenture.

4.22. Regulation H. No Mortgage encumbers improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968.

SECTION 5. CONDITIONS PRECEDENT

5.1. Conditions to Effectiveness. The effectiveness of this Agreement is subject to the satisfaction of the following conditions precedent:

(a) Credit Agreement; Addenda; Security Documents. The Administrative Agent shall have received (i) this Agreement, executed and delivered by the Agents and the Borrower, (ii) an Addendum, executed and delivered by the Required Lenders and each Tranche D Term Lender and (iii) a confirmation of the Security Documents, executed and delivered by the Borrower and each Subsidiary Guarantor.

(b) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid by the Borrower, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel to the Administrative Agent only), on or before the Restatement Effective Date. All such amounts may be paid with proceeds of Loans made on the Restatement Effective Date and, to the extent paid in such manner, will be reflected in the funding instructions given by the Borrower to the Administrative Agent on or before the Restatement Effective Date.

(c) Closing Certificate. The Administrative Agent shall have received, with a counterpart for each Lender, a certificate of the Borrower, dated the Restatement Effective Date, substantially in the form of Exhibit C, with appropriate insertions and attachments.

(d) Legal Opinion. The Administrative Agent shall have received the executed legal opinion of Winstead Sechrest & Minick P.C., counsel to the Borrower, substantially in the form of Exhibit F.

5.2. Conditions to Each Extension of Credit. The agreement of each Lender to make any extension of credit requested to be made by it on any date (including its initial extension of credit) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date (unless such

representations expressly relate to an earlier date, in which case they shall be true and correct in all material respects on and as of such earlier date).

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

Each borrowing by and issuance of a Letter of Credit on behalf of the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such extension of credit that the conditions contained in this Section 5.2 have been satisfied.

SECTION 6. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as any Revolving Commitment remains in effect, any Letter of Credit remains outstanding or any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall and shall cause each of its Subsidiaries to:

6.1. Financial Statements. Furnish to the Administrative Agent with sufficient copies for each Lender:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by Grant Thornton LLP or other independent certified public accountants of nationally recognized standing; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments and the absence of notes thereto).

All such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein).

6.2. Certificates; Other Information. Furnish to the Administrative Agent with sufficient copies for each Lender (or, in the case of clause (g), to the relevant Lender):

(a) concurrently with the delivery of the financial statements referred to in Section 6.1(a), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of any financial statements pursuant to Section 6.1, (i) a certificate of a Responsible Officer stating that, to the best of each such Responsible Officer's knowledge, each Loan Party during such period has observed or performed all of its covenants and other agreements, and satisfied every condition, contained in this Agreement and the other Loan Documents to which it is a party to be observed, performed or satisfied by it, and that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate and (ii) in the case of quarterly or annual financial statements, (x) a Compliance Certificate containing all information and calculations necessary for determining compliance by the Borrower and its Subsidiaries with the provisions of this Agreement referred to therein as of the last day of the fiscal quarter or fiscal year of the Borrower, as the case may be, and (y) to the extent not previously disclosed to the Administrative Agent, a report describing each new Subsidiary of any Loan Party, any change in the name or jurisdiction of organization of any Loan Party and any new fee owned real property or material Intellectual Property acquired by any Loan Party since the date of the most recent report delivered pursuant to this clause (y);

(c) as soon as available, and in any event no later than 45 days after the end of each fiscal year of the Borrower, a detailed consolidated budget for the following fiscal year (including a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year, the related consolidated statements of projected cash flow, projected changes in financial position and projected income and a description of the underlying assumptions applicable thereto), and, as soon as available, significant revisions, if any, of such budget and projections with respect to such fiscal year (collectively, the "Projections"), which Projections shall in each case be accompanied by a certificate of a Responsible Officer stating that such Projections are based on reasonable estimates, information and assumptions and that such Responsible Officer has no reason to believe that such Projections are incorrect or misleading in any material respect;

(d) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a narrative discussion and analysis of the financial condition and results of operations of the Borrower and its Subsidiaries for such fiscal quarter and for the period from the beginning of the then current fiscal year to the end of such fiscal quarter, as compared to the portion of the Projections covering such periods and to the comparable periods of the previous year; provided that delivery of the Report on Form 10-Q filed with the SEC with respect to such fiscal quarter shall be deemed to satisfy the foregoing requirement;

(e) no later than five Business Days prior to the effectiveness thereof, copies of substantially final drafts of any proposed amendment, supplement, waiver or other modification with respect to the Senior Subordinated Note Indenture if the effectiveness thereof requires the approval of any percentage of the holders of Indebtedness thereunder;

(f) within five Business Days after the same are sent, copies of all financial statements and reports that the Borrower sends to the holders of any class of its debt securities or public equity securities and, within five Business Days after the same are filed, copies of all financial statements and reports that the Borrower may make to, or file with, the SEC; and

(g) promptly, such additional financial and other information as any Lender may from time to time reasonably request.

6.3. Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature,

except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be.

6.4. Maintenance of Existence; Compliance. (a) (i) Preserve, renew and keep in full force and effect its corporate existence and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by Section 7.4 and except, in the case of clause (ii) above, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (b) comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.5. Maintenance of Property; Insurance. (a) Keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted and (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption expense coverage) as are usually insured against in the same general area by companies engaged in the same or a similar business.

6.6. Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) subject to the provisions of Section 10.14, permit representatives of any Lender, upon reasonable prior notice, to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Borrower and its Subsidiaries with officers and employees of the Borrower and its Subsidiaries and with its independent certified public accountants.

6.7. Notices. Promptly give notice to the Administrative Agent with sufficient copies for each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of the Borrower or any of its Subsidiaries or (ii) litigation, investigation or proceeding that may exist at any time between the Borrower or any of its Subsidiaries and any Governmental Authority, that in either case, if not cured or if reasonably expected to be adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting the Borrower or any of its Subsidiaries in which the amount claimed is \$5,000,000 or more and not covered by insurance or in which injunctive or similar relief is sought which could reasonably be expected to be granted and which, if granted, could reasonably be expected to have a Material Adverse Effect;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any

Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Single Employer Plan or Multiemployer Plan; and

- (e) any development or event that has had or could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section 6.7 shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Borrower or the relevant Subsidiary proposes to take with respect thereto.

6.8. Environmental Laws. Except as could not reasonably be expected to have a Material Adverse Effect:

(a) Comply with, and contractually require compliance by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply with and maintain, and contractually require that all tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws.

6.9. Interest Rate Protection. In the case of the Borrower, maintain, through the third anniversary of the Closing Date, Hedge Agreements to the extent necessary to provide that at least 50% of the aggregate principal amount of the Term Loans is subject to either a fixed interest rate or interest rate protection, which Hedge Agreements shall have terms and conditions reasonably satisfactory to the Administrative Agent.

6.10. Additional Collateral, etc. (a) With respect to any property acquired after the Closing Date by the Borrower or any of its Subsidiaries (other than (w) any vehicles and any immaterial inventory and equipment, (x) any property described in paragraph (b), (c) or (d) below, (y) any property subject to a Lien expressly permitted by Section 7.3(g) or (j) and (z) property acquired by any Excluded Foreign Subsidiary) as to which the Administrative Agent, for the benefit of the Lenders, does not have a perfected Lien, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement or such other documents as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a security interest in such property and (ii) take all actions necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in such property, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent.

(b) With respect to any fee interest in any real property having a value (together with improvements thereof) of at least \$750,000 acquired after the Closing Date by the Borrower or any of its Subsidiaries (other than (x) any such real property subject to a Lien expressly permitted by Section 7.3(g) or (j) and (z) real property acquired by any Excluded Foreign Subsidiary), promptly (i) execute and deliver a first priority Mortgage, in favor of the Administrative Agent, for the benefit of the Lenders, covering such real property, (ii) if requested by the Administrative Agent, provide the Lenders with (x) title and extended coverage insurance covering such real property in an amount at least equal to the purchase price of such real property (or such other amount as shall be reasonably specified by the Administrative Agent) as well as a current ALTA survey thereof, together with a surveyor's certificate and (y) any consents or estoppels reasonably deemed necessary or advisable by the Administrative Agent

in connection with such mortgage or deed of trust, each of the foregoing in form and substance reasonably satisfactory to the Administrative Agent and (iii) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(c) With respect to any new Subsidiary (other than an Excluded Foreign Subsidiary) created or acquired after the Closing Date by the Borrower (which, for the purposes of this paragraph (c), shall include any existing Subsidiary that ceases to be an Excluded Foreign Subsidiary), the Borrower or any of its Subsidiaries, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned by the Borrower or any of its Subsidiaries, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the Borrower or such Subsidiary, as the case may be, and (iii) cause such new Subsidiary (A) to become a party to the Guarantee and Collateral Agreement, (B) to take such actions necessary or advisable to grant to the Administrative Agent for the benefit of the Lenders a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement with respect to such new Subsidiary, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent and (C) to deliver to the Administrative Agent a certificate of such Subsidiary, substantially in the form of Exhibit C, with appropriate insertions and attachments.

(d) With respect to any new Excluded Foreign Subsidiary created or acquired after the Closing Date by the Borrower or any of its Subsidiaries, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned by the Borrower or any of its Subsidiaries (provided that in no event shall more than 65% of the total outstanding Capital Stock of any such new Subsidiary be required to be so pledged), and (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the Borrower or such Subsidiary, as the case may be, and take such other action as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the Administrative Agent's security interest therein.

6.11. Permitted Acquisitions. (a) Deliver to the Lenders, within ten Business Days following the closing date of any Permitted Acquisition involving a Purchase Price less than \$20,000,000 (other than any such acquisition that, together with any related acquisition, involves less than fifteen stores), each of the following: (i) a description of the property, assets and/or equity interest being purchased, in reasonable detail; and (ii) a copy of the purchase agreement pursuant to which such acquisition is to be consummated or a term sheet or other description setting forth the essential terms and the basic structure of such acquisition.

(b) Deliver to the Lenders, (i) within ten Business Days following the closing date of any Permitted Acquisition involving a Purchase Price greater than or equal to \$20,000,000 but less than \$30,000,000 and (ii) not less than five Business Days prior to the closing date of any Permitted Acquisition involving a Purchase Price greater than or equal to \$30,000,000, each of the following: (A) a description of the property, assets and/or equity interest being purchased, in reasonable detail; (B) a copy of the purchase agreement pursuant to which such acquisition is to be consummated or a term sheet or other description setting forth the essential terms and the basic structure of such acquisition; (C) projected statements of income for the entity that is being acquired (or the assets, if an acquisition of assets) for at

least a two-year period following such acquisition (including a summary of assumptions or pro forma adjustments for such projections); (D) to the extent made available to the Borrower, historical financial statements for the entity that is being acquired (or the assets, if an acquisition of assets) (including balance sheets and statements of income, retained earnings and cash flows for at least a two-year period prior to such acquisition); and (E) confirmation, supported by detailed calculations, that the Borrower and its Subsidiaries would have been in compliance with all the covenants in Section 7.1 for the fiscal quarter ending immediately prior to the consummation of such acquisition, with such compliance determined on a pro forma basis as if such acquisition had been consummated on the first day of the Reference Period ending on the last day of such fiscal quarter.

SECTION 7. NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as the Revolving Commitments remain in effect, any Letter of Credit remains outstanding or any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

7.1. Financial Condition Covenants.

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as at the last day of any period of four consecutive fiscal quarters of the Borrower ending with any fiscal quarter during any period set forth below to exceed the ratio set forth below opposite such period:

Consolidated	
Period	
Leverage	
Ratio -----	
- - - - -	

Fiscal	
quarter	
ending	
12/31/01	
4.25 to	
1.00 Fiscal	
year 2002	
3.75 to	
1.00 Fiscal	
year 2003	
and	
thereafter	
3.00 to	
1.00	

(b) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio for any period of four consecutive fiscal quarters of the Borrower ending with any fiscal quarter during any period set forth below to be less than the ratio set forth below opposite such period:

Consolidated	
Period	
Interest	
Coverage	
Ratio -----	
- - - - -	

--- Fiscal	
quarter	
ending	
12/31/01	
2.50 to	
1.00 Fiscal	
year 2002	
3.00 to	
1.00 Fiscal	
year 2003	
3.50 to	
1.00 Fiscal	
year 2004	
and	

thereafter
4.00 to
1.00

(c) Consolidated Fixed Charge Coverage Ratio. Permit the Consolidated Fixed Charge Coverage Ratio for any period of four consecutive fiscal quarters of the Borrower ending on or after December 31, 2001 to be less than 1.30 to 1.00.

7.2. Indebtedness. Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except:

- (a) Indebtedness of any Loan Party pursuant to any Loan Document;
- (b) Indebtedness of the Borrower to any Subsidiary and of any Wholly Owned Subsidiary Guarantor to the Borrower or any other Subsidiary;
- (c) Guarantee Obligations incurred in the ordinary course of business by the Borrower or any of its Subsidiaries of obligations of any Wholly Owned Subsidiary Guarantor;
- (d) Indebtedness outstanding on the Restatement Effective Date and listed on Schedule 7.2(d) and any refinancings, refundings, renewals or extensions thereof (without increasing, or shortening the maturity of, the principal amount thereof);
- (e) Indebtedness (including, without limitation, Capital Lease Obligations) secured by Liens permitted by Section 7.3(g) in an aggregate principal amount not to exceed \$15,000,000 at any one time outstanding;
- (f) (i) Indebtedness of the Borrower in respect of the Senior Subordinated Notes in an aggregate principal amount not to exceed \$275,000,000 and (ii) Guarantee Obligations of any Subsidiary Guarantor in respect of such Indebtedness, provided that such Guarantee Obligations are subordinated to the same extent as the obligations of the Borrower in respect of the Senior Subordinated Notes;
- (g) Assumed Indebtedness incurred pursuant to Permitted Acquisitions;
- (h) Guarantee Obligations of the Borrower in respect of Indebtedness of franchisees not to exceed \$75,000,000 at any one time outstanding; and
- (i) additional Indebtedness of the Borrower or any of its Subsidiaries in an aggregate principal amount (for the Borrower and all Subsidiaries) not to exceed \$25,000,000 at any one time outstanding.

7.3. Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except for:

- (a) Liens for taxes not yet due or that are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;
- (b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings;
- (c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;
- (d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;
- (e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, are not substantial in amount and that do

not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(f) Liens in existence on the Restatement Effective Date listed on Schedule 7.3(f), securing Indebtedness permitted by Section 7.2(d), provided that no such Lien is spread to cover any additional property after the Restatement Effective Date (other than "products" and "proceeds" thereof, as each such term is defined in the Uniform Commercial Code of the State of New York) and that the amount of Indebtedness secured thereby is not increased;

(g) Liens securing Indebtedness of the Borrower or any other Subsidiary incurred pursuant to Section 7.2(e) to finance the acquisition of fixed or capital assets, provided that (i) such Liens shall be created substantially simultaneously with the acquisition of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness (including the "products" and "proceeds" thereof, as each such term is defined in the Uniform Commercial Code of the State of New York) and (iii) the amount of Indebtedness secured thereby is not increased;

(h) Liens created pursuant to the Security Documents;

(i) any interest or title of a lessor under any lease entered into by the Borrower or any other Subsidiary in the ordinary course of its business and covering only the assets so leased;

(j) Liens securing Assumed Indebtedness, provided that such Liens (i) were not incurred in contemplation of the Permitted Acquisition consummated in conjunction with the assumption of such Assumed Indebtedness and (ii) do not encumber any property other than the property acquired pursuant to such acquisition; and

(k) Liens not otherwise permitted by this Section so long as neither (i) the aggregate outstanding principal amount of the obligations secured thereby nor (ii) the aggregate fair market value (determined as of the date such Lien is incurred) of the assets subject thereto exceeds (as to the Borrower and all Subsidiaries) \$10,000,000 at any one time.

7.4. Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of, all or substantially all of its property or business, except that:

(a) any Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with or into any Wholly Owned Subsidiary Guarantor (provided that the Wholly Owned Subsidiary Guarantor shall be the continuing or surviving corporation);

(b) any Subsidiary of the Borrower may Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any Wholly Owned Subsidiary Guarantor; and

(c) any Permitted Acquisition may be structured as a merger with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with or into any Wholly Owned Subsidiary Guarantor (provided that such Wholly Owned Subsidiary Guarantor shall be the continuing or surviving corporation).

7.5. Disposition of Property. Dispose of any of its property, whether now owned or hereafter acquired, or, in the case of any Subsidiary, issue or sell any shares of such Subsidiary's Capital Stock to any Person, except:

- (a) the Disposition of obsolete or worn out property in the ordinary course of business;
- (b) the sale of inventory in the ordinary course of business;
- (c) Dispositions permitted by Section 7.4(b);
- (d) the sale or issuance of any Subsidiary's Capital Stock to the Borrower or any Wholly Owned Subsidiary Guarantor;
- (e) the Disposition of other property having a fair market value not to exceed \$20,000,000 for any fiscal year of the Borrower; provided, that the requirements of Section 2.11(c) are complied with in connection therewith; and
- (f) Dispositions referred to in Section 7.8(f).

7.6. Restricted Payments. Declare or pay any dividend (other than dividends payable solely in (i) common stock of the Person making such dividend or (ii) the same class of Capital Stock of the Person making such dividend on which such dividend is being declared or paid) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of the Borrower or any Subsidiary, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Borrower or any Subsidiary (collectively, "Restricted Payments"), except that:

- (a) any Subsidiary may make Restricted Payments to the Borrower or any Wholly Owned Subsidiary Guarantor;
- (b) so long as no Default or Event of Default shall have occurred and be continuing, the Borrower may purchase the Borrower's common stock or common stock options, provided, that the aggregate amount of payments under this paragraph (b) after the Restatement Effective Date shall not exceed \$1,000,000;
- (c) so long as no Default or Event of Default shall have occurred and be continuing, the Borrower may declare and pay dividends on the Preferred Stock on and after August 5, 2003; and
- (d) in addition, so long as no Default or Event of Default shall have occurred and be continuing, the Borrower may repurchase its common stock or redeem fractional shares of its preferred stock for cash upon conversion thereof to shares of its common stock in accordance with the Certificate of Designations with respect to such preferred stock so long as (i) the aggregate amount expended in connection therewith pursuant to this paragraph (d), when added to the aggregate amount expended to repurchase Senior Subordinated Notes pursuant to clause (ii) of the proviso contained in Section 7.9(a), does not exceed 25% of the Consolidated Net Income Amount, (ii) within three Business Days after the date of such repurchase, the Borrower shall prepay the Term Loans pursuant to Section 2.10 in an amount equal to 100% of the amount

being expended to make such repurchase, and (iii) the aggregate amount expended in cash for the redemption of fractional shares of preferred stock shall not exceed \$100,000.

7.7. Capital Expenditures. (a) Make or commit to make any Capital Expenditure (Maintenance), except (i) Capital Expenditures (Maintenance) of the Borrower and its Subsidiaries not exceeding \$50,000,000 in the aggregate during each fiscal year; provided, that (A) up to \$10,000,000 of any such amount, if not so expended in the fiscal year for which it is permitted, may be carried over for expenditure in the next succeeding fiscal year and (B) Capital Expenditures (Maintenance) made pursuant to this clause (i) during any fiscal year shall be deemed made, first, in respect of amounts permitted for such fiscal year as provided in clauses (x) and (y) above and, second, in respect of amounts carried over from the prior fiscal year pursuant to subclause (A) above and (ii) Capital Expenditures (Maintenance) made with the proceeds of any Reinvestment Deferred Amount.

(b) Make or commit to make any Capital Expenditure (Expansion), except (i) Capital Expenditures (Expansion) of the Borrower and its Subsidiaries not exceeding in the aggregate for any fiscal year \$25,000,000; provided, that (A) up to \$10,000,000 of such amount, if not so expended in the fiscal year for which it is permitted, may be carried over for expenditure in the next succeeding fiscal year and (B) Capital Expenditures (Expansion) made pursuant to this clause (i) during any fiscal year shall be deemed made, first, in respect of the \$25,000,000 initially permitted for such fiscal year as provided above and, second, in respect of amounts carried over from the prior fiscal year pursuant to subclause (A) above and (ii) Capital Expenditures (Expansion) made with the proceeds of any Reinvestment Deferred Amount.

7.8. Investments. Make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any other investment in, any other Person (all of the foregoing, "Investments"), except:

- (a) extensions of trade credit in the ordinary course of business;
- (b) investments in Cash Equivalents;
- (c) Guarantee Obligations permitted by Section 7.2;
- (d) loans and advances to employees of the Borrower or any Subsidiary of the Borrower in the ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount for the Borrower and its Subsidiaries not to exceed \$5,000,000 at any one time outstanding;
- (e) intercompany Investments in the ordinary course of business by the Borrower or any of its Subsidiaries in the Borrower or any Person that, prior to such investment, is a Wholly Owned Subsidiary Guarantor;
- (f) in addition to Investments otherwise expressly permitted by this Section, Investments by the Borrower or any of its Subsidiaries in an aggregate amount (valued at cost) not to exceed \$10,000,000 (net of the amount of any Net Cash Proceeds received by the Borrower and its Subsidiaries in respect of a Disposition of any such Investment; provided, that such amount shall not exceed the original amount of such Investment) during the term of this Agreement; and
- (g) additional Investments constituting Permitted Acquisitions.

7.9. Payments and Modifications of Certain Debt Instruments and Preferred Stock. (a) Make or offer to make any payment, prepayment, repurchase or redemption of or otherwise defease or segregate funds with respect to the Senior Subordinated Notes, other than interest payments expressly required by the terms thereof, provided, that, so long as no Default or Event of Default shall have occurred and be continuing, (i) the Borrower may repurchase Senior Subordinated Notes so long as the aggregate amount so expended pursuant to this clause (i) does not exceed \$54,000,000, and (ii) in addition, the Borrower may repurchase Senior Subordinated Notes so long as (x) such repurchase is made after the basket set forth in clause (i) above has been fully utilized, (y) the aggregate amount so expended pursuant to this clause (ii), when added to the aggregate amount expended to repurchase common stock of the Borrower pursuant to Section 7.6(d), does not exceed 25% of the Consolidated Net Income Amount and (z) within three Business Days after the date of such repurchase, the Borrower shall prepay the Term Loans pursuant to Section 2.10 in an amount equal to 100% of the amount being expended to make such repurchase, (b) amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Senior Subordinated Notes (other than any such amendment, modification, waiver or other change that (i) would extend the maturity or reduce the amount of any payment of principal thereof or reduce the rate or extend any date for payment of interest thereon and (ii) does not involve the payment of a consent fee) (it being understood that amendments designed to permit an additional issuance of Senior Subordinated Notes incurred in accordance with Section 7.2(f) shall not be restricted by this clause (b)), (c) amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Preferred Stock if the effect thereof is to bring forward the scheduled redemption date or increase the amount of any scheduled redemption payment or increase the rate or bring forward any date for payment of dividends thereon or (d) designate any Indebtedness (other than obligations of the Loan Parties pursuant to the Loan Documents) as "Designated Senior Indebtedness" for the purposes of the Senior Subordinated Note Indenture.

7.10. Transactions with Affiliates. Enter into any transaction, including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than the Borrower or any Wholly Owned Subsidiary Guarantor) unless such transaction is (a) otherwise permitted under this Agreement, (b) in the ordinary course of business of the Borrower or such Subsidiary, as the case may be, and (c) upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary, as the case may be, than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate.

7.11. Sales/Leaseback Transactions. Enter into any Sale/Leaseback Transaction, except for any Sale/Leaseback Transaction with respect to the Acquired Vehicles pursuant to which such Acquired Vehicles are leased under an operating lease.

7.12. Changes in Fiscal Periods. Permit the fiscal year of the Borrower to end on a day other than December 31 or change the Borrower's method of determining fiscal quarters.

7.13. Negative Pledge Clauses. Enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of the Borrower or any of its Subsidiaries to create, incur, assume or suffer to exist any Lien upon any of its property or revenues, whether now owned or hereafter acquired, other than (a) this Agreement and the other Loan Documents and (b) any agreements governing any purchase money Liens or Capital Lease Obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby).

7.14. Clauses Restricting Subsidiary Distributions. Enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Borrower to (a) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or

pay any Indebtedness owed to, the Borrower or any other Subsidiary of the Borrower, (b) make loans or advances to, or other Investments in, the Borrower or any other Subsidiary of the Borrower or (c) transfer any of its assets to the Borrower or any other Subsidiary of the Borrower, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Loan Documents, (ii) restrictions in effect on the Restatement Effective Date and listed on Schedule 7.14, (iii) in the case of clause (c) above, customary non-assignment clauses in leases and other contracts entered into in the ordinary course of business and (iv) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Subsidiary.

7.15. Lines of Business. Enter into any business, either directly or through any Subsidiary, except for those businesses in which the Borrower and its Subsidiaries are engaged on the Restatement Effective Date or that are reasonably related or incidental thereto.

SECTION 8. EVENTS OF DEFAULT

If any of the following events shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of any Loan or Reimbursement Obligation when due in accordance with the terms hereof; or the Borrower shall fail to pay any interest on any Loan or Reimbursement Obligation, or any other amount payable hereunder or under any other Loan Document, within five days after any such interest or other amount becomes due in accordance with the terms hereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made; or

(c) any Loan Party shall default in the observance or performance of any agreement contained in clause (i) or (ii) of Section 6.4(a) (with respect to the Borrower only), Section 6.7(a) or Section 7 of this Agreement or Section 5.7(b) of the Guarantee and Collateral Agreement; or

(d) any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days after notice to the Borrower from the Administrative Agent or the Required Lenders; or

(e) the Borrower or any of its Subsidiaries shall (i) default in making any payment of any principal of any Indebtedness (including any Guarantee Obligation, but excluding the Loans) on the scheduled or original due date with respect thereto; or (ii) default in making any payment of any interest on any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (iii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf

of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable; provided, that a default, event or condition described in clause (i), (ii) or (iii) of this paragraph (e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred and be continuing with respect to Indebtedness the outstanding principal amount of which exceeds in the aggregate \$10,000,000; or

(f) (i) the Borrower or any of its Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Borrower or any of its Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or any of its Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or any of its Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) any Person shall engage in any non-exempt "prohibited transaction" (as defined in Section 406 and 408 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence under Title IV of ERISA to have a trustee appointed, or a trustee shall be appointed under Title IV of ERISA, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate in a "distress termination" or an "involuntary termination", as such terms are defined in Title IV of ERISA, (v) the Borrower or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could, in the sole judgment of the Required Lenders, reasonably be expected to have a Material Adverse Effect; or

(h) one or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance as to which the relevant insurance company has acknowledged coverage) of \$10,000,000 or more, and

all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof;
or

(i) any of the Security Documents shall cease, for any reason, to be in full force and effect, or any Loan Party or any Affiliate of any Loan Party shall so assert, or any Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby; or

(j) the guarantee contained in Section 2 of the Guarantee and Collateral Agreement shall cease, for any reason (other than, with respect to the guarantee of a Subsidiary, (i) as a result of a merger of such Subsidiary into the Borrower in accordance with the terms of this Agreement or (ii) as a result of a release pursuant to Section 8.15(b) of the Guarantee and Collateral Agreement), to be in full force and effect or any Loan Party or any Affiliate of any Loan Party shall so assert; or

(k) (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), excluding the Permitted Investors, shall at any time become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d) 3 and 13(d) 5 under the Exchange Act), directly or indirectly, of a percentage (the "Third Party Stock Percentage") equal to 33-1/3% or more of the Voting Stock of the Borrower unless at such time (x) the percentage of outstanding Voting Stock of the Borrower beneficially owned by the Permitted Investors (determined on a fully diluted basis) is equal to or greater than the Third Party Stock Percentage and (y) the Sponsor owns of record and beneficially at least 35% of the Voting Stock of the Borrower then owned by the Permitted Investors; (ii) the Sponsor at any time shall cease to own of record and beneficially an amount of Voting Stock of the Borrower equal to at least 50% of the amount of Voting Stock of the Borrower owned by the Sponsor of record and beneficially as of the Closing Date immediately after giving effect to the Acquisition (as defined in the Existing Credit Agreement); or (iii) a Specified Change of Control shall occur;
or

(l) the Senior Subordinated Notes or the guarantees thereof shall cease, for any reason, to be validly subordinated to the Obligations or the obligations of the Subsidiary Guarantors under the Guarantee and Collateral Agreement, as the case may be, as provided in the Senior Subordinated Note Indenture, or any Loan Party, any Affiliate of any Loan Party, the trustee in respect of the Senior Subordinated Notes or the holders of at least 25% in aggregate principal amount of the Senior Subordinated Notes shall so assert;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to the Borrower, automatically the Revolving Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of LC Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Revolving Commitments to be terminated forthwith, whereupon the Revolving Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of LC Obligations, whether or not the beneficiaries of the then

outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit (except, in the case of Tranche D Letters of Credit, to the extent of the Tranche D Credit-Linked Deposit). Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrower hereunder and under the other Loan Documents. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrower hereunder and under the other Loan Documents shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto). Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind (other than notices expressly required pursuant to this Agreement and any other Loan Document) are hereby expressly waived by the Borrower.

SECTION 9. THE AGENTS

9.1. Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

9.2. Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

9.3. Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its

obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party.

9.4. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

9.5. Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender, the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

9.6. Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereinafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its extensions of credit hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent

hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

9.7. Indemnification. The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Revolving Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Revolving Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

9.8. Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent was not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

9.9. Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 10 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8(a) or Section 8(f) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 10 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

9.10. Authorization to Release Guarantees and Liens.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each of the Lenders (without requirement of notice to or consent of any Lender except as expressly required by Section 10.1) to take any action requested by the Borrower having the effect of releasing any Collateral or guarantee obligations to the extent necessary to permit consummation of any transaction not prohibited by any Loan Document or that has been consented to in accordance with Section 10.1.

9.11. Documentation Agent and Syndication Agent. Neither the Documentation Agent nor the Syndication Agent shall have any duties or responsibilities hereunder in its capacity as such.

SECTION 10. MISCELLANEOUS

10.1. Amendments and Waivers. Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders and each Loan Party party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and each Loan Party party to the relevant Loan Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Term Loan, reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof, increase the amount or extend the expiration date of any Lender's Revolving Commitment or increase any Lender's obligation to make a Tranche D Credit-Linked Deposit, in each case without the consent of each Lender directly affected thereby; (ii) amend, modify or waive any provision of this Section 10.1 or reduce any percentage specified in the definition of Required Lenders or Required Prepayment Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release all or substantially all of the Subsidiary Guarantors from their obligations under the Guarantee and Collateral Agreement, in each case without the written consent of all Lenders; (iii) reduce the percentage specified in the definition of Majority Facility Lenders with respect to any Facility without the written consent of all Lenders under such Facility; (iv) amend, modify or waive any provision of Section 9 without the written consent of the Administrative Agent; (v) amend, modify or waive any provision of Section 2.3 or 2.6 without the written consent of the Swingline Lender; or (vi) amend, modify or waive any provision of Section 3 without the written consent of the Issuing Lender. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4. Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

10.5. Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Administrative Agent and filing and recording fees and expenses, with statements with respect to the foregoing to be submitted to the Borrower prior to the Restatement Effective Date (in the case of amounts to be paid on the Restatement Effective Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (b) to pay or reimburse each Lender and the Administrative Agent (in the case of each Lender, after the occurrence and during the continuance of an Event of Default) for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel (but not both outside and in-house counsel)) to each Lender and of counsel to the Administrative Agent, (c) to pay, indemnify, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender and the Administrative Agent and their respective officers, directors, trustees, employees, affiliates, agents and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower any of its Subsidiaries or any of the Properties and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against any Loan Party under any Loan Document (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities arise from the gross negligence or willful misconduct of such Indemnitee. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to so waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. All amounts due under this Section 10.5 shall be payable not later than 10 Business Days after written demand therefor. Statements payable by the Borrower pursuant to this Section 10.5 shall be submitted to Robert D. Davis (Telephone No. 972-801-1204) (Telecopy No. 972-943-0113), at the address of the Borrower set forth in Section 10.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the

Administrative Agent. The agreements in this Section 10.5 shall survive repayment of the Loans and all other amounts payable hereunder.

10.6. Successors and Assigns; Participations and Assignments.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, all future holders of the Loans and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender may, without the consent of the Borrower, in accordance with applicable law, at any time sell to one or more banks, financial institutions or other entities (each, a "Participant") participating interests in any Loan owing to such Lender, any Revolving Commitment of such Lender, any Tranche D Credit-Linked Deposit of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees payable hereunder, or postpone the date of the final maturity of the Loans, in each case to the extent subject to such participation. The Borrower agrees that if amounts outstanding under this Agreement and the Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 10.7(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.18, 2.19 and 2.20 with respect to its participation in the Revolving Commitments and the Loans outstanding from time to time as if it was a Lender; provided that, in the case of Section 2.19, such Participant shall have complied with the requirements of said Section and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender (an "Assignor") may, in accordance with applicable law, at any time and from time to time assign to any Lender, any affiliate thereof or an Approved Fund with respect thereto or, with the consent of the Borrower and the Administrative Agent (which, in each case, shall not be unreasonably withheld or delayed), to an additional bank, financial institution or other entity (an "Assignee") all or any part of its rights and obligations under this Agreement pursuant to an Assignment and Acceptance, executed by such Assignee, such Assignor and any other Person whose consent is required pursuant to this paragraph, and delivered to the Administrative Agent for its acceptance and recording in the Register; provided that no such assignment to an Assignee (other than any Lender, any affiliate thereof or an Approved Fund with respect thereto) shall be in an aggregate principal amount of less than \$5,000,000 (or, in the case of the Term Loans, any unreimbursed Tranche D LC Reimbursement Amount or the Tranche D Credit-Linked Deposit, \$1,000,000), in each case other than in the case of an assignment of all of a Lender's interests under this Agreement, unless otherwise agreed by the Borrower

and the Administrative Agent. Any such assignment need not be ratable as among the Facilities. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment and/or Loans as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto, provided that such Assignor shall continue to be entitled to the benefits of the indemnity provisions hereunder for the period prior to the assignment). Notwithstanding any provision of this Section 10.6, the consent of the Borrower shall not be required for any assignment that occurs when an Event of Default pursuant to Section 8(f) shall have occurred and be continuing with respect to the Borrower. Unless otherwise agreed by the Administrative Agent, the Tranche D Credit-Linked Deposit funded by any Tranche D LC Lender shall not be released in connection with any assignment of its Tranche D Credit-Linked Deposit, but shall instead be purchased by the relevant Assignee and continue to be held for application pursuant to Section 3.5 in respect of such Assignee's obligations under the Tranche D Credit-Linked Deposit assigned to it.

(d) The Administrative Agent shall, on behalf of the Borrower, maintain at its address referred to in Section 10.2 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Revolving Commitment of, the principal amount of the Loans owing to, and the Tranche D Credit-Linked Deposit of, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, each other Loan Party, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as the owner of the Loans and any Notes evidencing the Loans recorded therein for all purposes of this Agreement. Any assignment of any Loan, whether or not evidenced by a Note, shall be effective only upon appropriate entries with respect thereto being made in the Register (and each Note shall expressly so provide).

(e) Upon its receipt of an Assignment and Acceptance executed by an Assignor, an Assignee and any other Person whose consent is required by Section 10.6(c), together with payment to the Administrative Agent of a registration and processing fee of \$3,500, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) record the information contained therein in the Register on the effective date determined pursuant thereto; provided, however, that no such fee shall be payable in the case of an assignment by a Lender to an affiliate of such Lender or an Approved Fund with respect to such Lender; and provided, further, that, in the case of contemporaneous assignments by a Lender to more than one fund managed by the same investment advisor (which funds are not then Lenders hereunder), only a single such fee shall be payable for all such contemporaneous assignments.

(f) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section 10.6 concerning assignments of Loans and Notes relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including any pledge or assignment by a Lender of any Loan or Note to any Federal Reserve Bank in accordance with applicable law.

(g) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (f) above.

10.7. Adjustments; Setoff. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or to the Lenders under a particular Facility, if any Lender (a "Benefitted Lender") shall, at any time after the Loans and other amounts payable

hereunder shall immediately become due and payable pursuant to Section 8, receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by setoff, pursuant to events or proceedings of the nature referred to in Section 8(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.8. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

10.9. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10. Integration. This Agreement and the other Loan Documents represent the agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

10.11. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.12. Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

10.13. Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders.

10.14. Confidentiality. Each of the Administrative Agent and each Lender agrees to keep confidential all non-public information provided to it by any Loan Party pursuant to this Agreement that is designated by such Loan Party as confidential; provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such information (a) to the Administrative Agent, any other Lender or any affiliate or Approved Fund of any Lender, (b) to any Transferee or prospective Transferee that agrees to comply with the provisions of this Section, (c) to its employees, directors, trustees, agents, attorneys, accountants, investment advisors and other professional advisors or those of any of its affiliates, (d) upon the request or demand of any Governmental Authority, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (f) if requested or required to do so in connection with any litigation or similar proceeding, provided that in the case of any such request or requirement, the Administrative Agent or Lender (as applicable) so requested or required to make such disclosure shall as soon as practicable notify the Borrower thereof, (g) that has been publicly disclosed, (h) to the National

Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, or (i) in connection with the exercise of any remedy hereunder or under any other Loan Document.

10.15. WAIVERS OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

RENT-A-CENTER, INC.

By: /s/ ROBERT D. DAVIS

Name: Robert D. Davis
Title: Senior Vice President-Finance,
Chief Financial Officer and
Treasurer

JPMORGAN CHASE BANK, as Administrative Agent

By: /s/ ALLEN KING

Name: Allen King
Title: Vice President

PRICING GRID

Applicable
 Margin for
 Applicable
 Margin for
 Eurodollar
 Loans ABR
 Loans
 Consolidated

 Commitment
 Leverage
 Ratio RC B
 C RC B C
 Fee Rate --

 - ---- ----
 ---- ---- -
 ---- ---- --

 Greater
 than or
 2.50% 2.75%
 3.00% 1.50%
 1.75% 2.00%
 0.500%
 equal to
 4.00 to 1.0
 Greater
 than or
 2.25% 2.50%
 2.75% 1.25%
 1.50% 1.75%
 0.375%
 equal to
 3.50 to 1.0
 and less
 than 4.00
 to 1.0
 Greater
 than or
 2.00% 2.50%
 2.75% 1.00%
 1.50% 1.75%
 0.375%
 equal to
 3.00 to 1.0
 and less
 than 3.50
 to 1.0
 Greater
 than or
 1.75% 2.25%
 2.50% 0.75%
 1.25% 1.50%
 0.300%
 equal to
 2.50 to 1.0
 and less
 than 3.00
 to 1.0 Less
 than 1.50%
 2.00% 2.25%
 0.50% 1.00%
 1.25%
 0.250% 2.50
 to 1.0

As used above, "RC" refers to Revolving Credit Loans and Swing Line Loans, "B" refers to Tranche B Term Loans and "C" refers to Tranche C Term

Changes in the Applicable Margin resulting from changes in the Consolidated Leverage Ratio shall become effective on the date (the "Adjustment Date") on which financial statements are delivered to the Lenders pursuant to Section 6.1 (but in any event not later than the 45th day after the end of each of the first three quarterly periods of each fiscal year or the 90th day after the end of each fiscal year, as the case may be) and shall remain in effect until the next change to be effected pursuant to this paragraph. If any financial statements referred to above are not delivered within the time periods specified above, then, until such financial statements are delivered, the Consolidated Leverage Ratio as at the end of the fiscal period that would have been covered thereby shall for the purposes of this definition be deemed to be greater than 4.00 to 1.0. In addition, at all times while an Event of Default shall have occurred and be continuing, the Consolidated Leverage Ratio shall for the purposes of this definition be deemed to be greater than 4.00 to 1.0. Each determination of the Consolidated Leverage Ratio pursuant to this pricing grid shall be made with respect to (or, in the case of Consolidated Funded Debt, as at the end of) the period of four consecutive fiscal quarters of the Borrower ending at the end of the period covered by the relevant financial statements.