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 June 30, 1998

Commission File Number 0-25370

RENTERS CHOICE, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	48-1024367
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

13800 Montfort Drive, Suite 300
Dallas, Texas 75240
(972) 701-0489
(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
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 11, 1998:

Class	Outstanding
Common stock, $.01 par value per shares	25,035,058

RENTERS CHOICE, INC. AND SUBSIDIARIES

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RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands Of Dollars)	June 30, 1998 Unaudited	December 31, 1997
ASSETS		
Cash and cash equivalents	$ 23,347	$ 4,744
Rental merchandise, net		
On rent	116,659	89,007
Held for rent	31,773	23,752
Accounts receivable, trade	1,799	2,839
Prepaid expenses and other assets	2,440	3,164
Property assets, net	21,479	17,700
Deferred income taxes	6,479	6,479
Intangible assets, net	131,862	61,183
	$335,838	$208,868
LIABILITIES		
Revolving credit agreement	$127,500	$ 26,280
Accounts payable - trade	14,193	11,935
Accrued liabilities	23,067	17,008
Other debt	735	892
	165,495	56,115
COMMITMENTS AND CONTINGENCIES	--	--
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value; 5,000,000 shares authorized; none issued	--	--
Common stock, $.01 par value; 50,000,000 shares authorized; 25,020,508 and 24,850,571 shares issued and outstanding in 1998 and 1997, respectively	250	249
Additional paid-in capital	100,585	99,381
Retained earnings	69,508	53,123
	170,343	152,753
	$335,838	$208,868

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In Thousands Of Dollars, except for per share data)	Six months ended June 30, 1998	1997
	Unaudited	
STORE REVENUE		
Rentals and fees	$ 163,443	$ 130,150
Merchandise sales	10,513	7,457
Other	281	339
	174,237	137,946
FRANCHISE REVENUE		
Franchise merchandise sales	17,061	15,461
Royalty income and fees	2,248	1,982
TOTAL REVENUE	193,546	155,389
OPERATING EXPENSES		
Direct store expenses		
Depreciation of rental merchandise	33,839	27,510
Cost of merchandise sold	8,301	5,607
Salaries and other expenses	95,287	77,144
Franchise operation expenses		
Cost of franchise merchandise sales	16,386	14,726
	153,813	124,987
General and administrative expenses	7,194	6,773
Amortization of intangibles	3,271	2,649
TOTAL OPERATING EXPENSES	164,278	134,409
OPERATING PROFIT	29,268	20,980
INTEREST INCOME	(238)	(432)
INTEREST EXPENSE	1,555	1,021
EARNINGS BEFORE INCOME TAXES	27,951	20,391
INCOME TAX EXPENSE	11,566	8,622
NET EARNINGS	$ 16,385	$ 11,769
BASIC EARNINGS PER SHARE	$ 0.66	$ 0.47
DILUTED EARNINGS PER SHARE	$ 0.65	$ 0.47

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In Thousands Of Dollars, except for per share data)	Three months ended June 30, 1998	1997
	Unaudited	
STORE REVENUE		
Rentals and fees	$ 88,017	$ 68,348
Merchandise sales	4,551	3,198
Other	163	168
	92,731	71,714
FRANCHISE REVENUE		
Franchise merchandise sales	9,440	8,072
Royalty income and fees	1,142	1,017
TOTAL REVENUE	103,313	80,803
OPERATING EXPENSES		
Direct store expenses		
Depreciation of rental merchandise	18,333	14,401
Cost of merchandise sold	3,748	2,531
Salaries and other expenses	50,790	40,021
Franchise operation expenses		
Cost of franchise merchandise sales	9,043	7,646
	81,914	64,599
General and administrative expenses	3,969	3,644
Amortization of intangibles	1,883	1,218
TOTAL OPERATING EXPENSES	87,766	69,461
OPERATING PROFIT	15,547	11,342
INTEREST INCOME	(124)	(252)
INTEREST EXPENSE	1,105	548
EARNINGS BEFORE INCOME TAXES	14,566	11,046
INCOME TAX EXPENSE	6,037	4,689
NET EARNINGS	$ 8,529	$ 6,357
BASIC EARNINGS PER SHARE	$ 0.34	$ 0.25
DILUTED EARNINGS PER SHARE	$ 0.34	$ 0.25

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands Of Dollars)	Six months ended June 30,	
	1998	1997
	Unaudited	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ 16,385	$ 11,769
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of rental merchandise	33,839	27,510
Depreciation of property assets	3,276	2,509
Amortization of intangibles	3,271	2,649
Other	--	(5)
Changes in operating assets and liabilities, net of effects of acquisitions		
Rental merchandise	(43,549)	(35,682)
Accounts receivable	1,040	1,325
Prepaid expenses and other assets	728	242
Accounts payable - trade	2,258	(5,056)
Accrued liabilities	6,059	5,737
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,307	10,998
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property assets	(5,758)	(4,755)
Proceeds from sale of property assets	408	129
Acquisitions of businesses	(101,616)	(26,349)
NET CASH USED IN INVESTING ACTIVITIES	(106,966)	(30,975)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of options	1,205	410
Proceeds from debt	162,222	48,132
Repayments of debt	(61,165)	(28,039)
NET CASH PROVIDED BY FINANCING ACTIVITIES	102,262	20,503
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,603	526
Cash and cash equivalents at beginning of period	4,744	5,920
Cash and cash equivalents at end of period	$ 23,347	6,446

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. The interim financial statements of Renters Choice, Inc. (the "Company") included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997 and its Quarterly Report on Form 10-Q for the three months ended March 31, 1998. In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly the Company's results of operations and cash flows for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

2. On May 28, 1998, the Company completed its acquisition of 176 rent-to-own stores from Central Rents, Inc. and certain of its affiliates for approximately $100.0 million (the "Central Acquisition"). The Company acquired the assets of five rent-to-own stores in three separate transactions during the three months ended March 31, 1998 for approximately $832,000. During 1997, the Company acquired the assets of 71 stores in eighteen separate transactions for approximately $30.5 million in cash. All acquisitions have been accounted for as purchases and the operating results of the acquired stores have been included in the financial statements of the Company since the acquisitions. The following pro forma information combines the results of operations as if the acquisitions had been consummated as of the beginning of each of the six and three month periods ending June 30, 1998 and 1997, after including the impact of adjustment for amortization of intangibles and interest expense on acquisition borrowings.

(In Thousands of Dollars, except per share data)

	Six months ended June 30,		Three months ended June 30,	
	1998	1997	1998	1997
Revenue	$ 234,493	$ 216,344	$ 119,056	$ 109,921
Net Earnings	$ 14,772	$ 12,019	$ 7,563	$ 6,468
Basic earnings per common share	$ 0.59	$ 0.48	$ 0.30	$ 0.26
Diluted earnings per common share	$ 0.59	$ 0.48	$ 0.30	$ 0.26

The pro forma financial information is presented for informational purposes only and is not necessarily indicative of operating results that would have occurred had the acquisitions been consummated as of the above dates, nor are they necessarily indicative of future operating results.

3. EARNINGS PER SHARE

Basic and diluted earnings per common share is computed based on the following information:

(In Thousands Of Dollars, except for per share data)

Three Months Ended June 30, 1998

	Net earnings	Shares	Per share
Basic earnings per common share	$ 8,529	24,987	$ 0.34
Effect of dilutive stock options	--	247	
Diluted earnings per share	$ 8,529	25,234	$ 0.34

Three Months Ended June 30, 1997

	Net earnings	Shares	Per share
Basic earnings per common share	$ 6,357	24,817	$ 0.25
Effect of dilutive stock options	--	326	
Diluted earnings per share	$ 6,357	25,143	$ 0.25

Six Months Ended June 30, 1998

	Net earnings	Shares	Per share
Basic earnings per common share	$16,385	24,954	$ 0.66
Effect of dilutive stock options	--	248	
Diluted earnings per share	$16,385	25,202	$ 0.65

Six Months Ended June 30, 1997

	Net earnings	Shares	Per share
Basic earnings per common share	$11,769	24,805	$ 0.47
Effect of dilutive stock options	--	287	
Diluted earnings per share	$11,769	25,092	$ 0.47

RENTERS CHOICE, INC. AND SUBSIDIARIES

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

GENERAL

This report contains forward-looking statements that involve risks and uncertainties. The actual future results of the Company could differ materially from those statements. Factors that could cause or contribute to such differences include, but are not limited to, uncertainties regarding (i) the Company's ability to open new stores, (ii) the ability to acquire additional rent-to-own stores on favorable terms, (iii) the ability to enhance the performance of acquired stores and to integrate acquired stores into the Company's operations, (iv) the passage of legislation adversely affecting the rent-to-own industry, (v) interest rates, and (vi) the ability of the Company to collect on its rental purchase agreements at the current rate.

In April 1995, the Company acquired 72 stores located in 18 states, including nine states in which the Company previously had no operations, from Crown Leasing Corporation and certain of its affiliates (the "Crown Acquisition"), and in September 1995, the Company completed the acquisition of an additional 135 stores located in 10 states, including one state in which the Company previously had no operations, from the shareholders of the parent company of a chain of rent-to-own stores doing business as Magic Rent-to-Own and Kelway Rent-to-Own (the "Magic Acquisition", and together with the Crown Acquisition, the "1995 Acquisitions"). In May 1996, the Company acquired all the issued and outstanding stock of ColorTyme, Inc. ("ColorTyme"), a franchisor of, at the time of closing, 313 rent-to-own stores in 40 states and 7 directly owned rent-to-own stores (the "ColorTyme Acquisition"), one of which was sold after the ColorTyme Acquisition to a third party and the remainder of which were purchased by the Company. The Company acquired 88 stores between May 1 and December 31, 1996 (exclusive of the 6 stores purchased from ColorTyme) in 23 separate transactions (together with the ColorTyme Acquisition, the "1996 Acquisitions"). The Company acquired 71 stores in 18 separate transactions during the twelve months ended December 31, 1997 (the "1997 Acquisitions"). In May 1998, the Company acquried 176 stores located in 20 states, including two states in which the Company previously had no operations, from Central Rents, Inc. and certain of its affiliates (the "Central Acquisition"). All of the aforementioned acquisitions were accounted for as purchases and, accordingly, the operating results of the acquired stores and ColorTyme franchisor operations have been included in the operating results of the Company since their respective dates of acquisition. Because of the significant growth of the Company since its formation, the Company's historical results of operations, its period-to-period comparisons of such results and certain financial data may not be comparable, meaningful or indicative of future results.

RECENT DEVELOPMENTS

ACQUISITION OF THORN AMERICAS, INC. On June 16, 1998, the Company agreed to acquire all of the outstanding stock of Thorn Americas, Inc. for an aggregate purchase price of approximately $900 million in cash, subject to adjustment (the "Thorn Acquisition"). In order to finance the Thorn Acquisition and the retirement of the Company's prior credit facility, the Company obtained commitments from (i) Apollo Management Fund IV, L.P. to purchase approximately $250 million (originally $235 million) of the Company's preferred stock (the "Preferred Stock Issuance"), and (ii) Chase Securities Inc. to provide financing approximating $962 million (the "Chase Financing"). The Thorn Acquisition was completed on August 5, 1998.

RESULTS OF OPERATIONS

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 1998 AND 1997

Total revenue increased by $38.2 million, or 24.6%, to $193.5 million for 1998 from $155.4 million for 1997. The increase in total revenue was primarily attributable to the inclusion of the 71 stores purchased in 1997 as well as the Central Acquisition. Same store revenues increased by $12.1 million, or 9.3% to $143.1 million for 1998

from $131.0 million in 1997. Same store revenues represent those revenues earned in stores that were operated by the Company for the entire six-month periods ending June 30, 1998 and 1997. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent.

Depreciation of rental merchandise increased by $6.3 million, or 23.0%, to $33.8 million for 1998 from $27.5 million for 1997. Depreciation of rental merchandise expressed as a percent of total store rental and fee revenue decreased from 21.2% in 1997 to 20.7% in 1998. The decrease was primarily attributable to higher rental rates on rental merchandise purchased after the 1995 Acquisitions and operational emphasis on increasing the rental life of inventory items.

Salaries and other expenses expressed as a percentage of total store revenue decreased to 54.7% for 1998 from 55.9% for 1997. This decrease is attributable to the increase in store revenues from the Central Acquisition, as well as the same store base, and the Company has experienced some efficiencies in spreading costs over a larger store base, in particular advertising costs and certain service costs. General and administrative expenses expressed as a percent of total revenue decreased from 4.4% in 1997 to 3.7% in 1998. This decrease was the result of increased revenues from the 1997 Acquisitions and the Central Acquisition, allowing us to leverage our fixed and semi-fixed costs over the larger revenue base.

Operating profit increased by $8.3 million, or 39.5%, to $29.3 million for 1998 from $21.0 million for 1997. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent, both in stores acquired before 1995 and in stores acquired in the 1996 and 1997 Acquisitions. Net interest expense increased from $590 thousand of interest expense in 1997 to $1.3 million of interest expense in 1998. The increased interest expense and debt level relates primarily to the acquisition of Central Rents in May 1998. Net earnings increased by $4.6 million, or 39.2%, to $16.4 million in 1998 from $11.8 million in 1997. The improvement was a result of the increase in operating profit described above.

COMPARISON OF THE THREE MONTHS ENDED JUNE 30, 1998 AND 1997

Total revenue increased by $22.5 million, or 27.9%, to $103.3 million for 1998 from $80.8 million for 1997. The increase in total revenue was primarily attributable to the inclusion of the 71 stores acquired in 1997, as well as the Central Acquisitions. Same store revenues increased by 9.4%, from $70.2 million to $76.8 million. Same store revenues represents those revenues earned in stores that were operated by the Company for the entire three-month periods ending June 30, 1997 and 1998. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent.

Depreciation of rental merchandise increased by $3.9 million, or 27.3%, to $18.3 million for 1998 from $14.4 million for 1997. Depreciation of rental merchandise expressed as a percent of total store rental and fee revenue decreased from 21.1% in 1997 to 20.8% in 1998. The decrease was primarily attributable to higher rental rates on rental merchandise and operational emphasis on increasing the rental life of inventory items.

Salaries and other expenses expressed as a percentage of total store revenue decreased to 54.8% for 1998 from 55.8% for 1997 primarily as a result of increased revenues in our 1996 Acquisitions and 1997 Acquisitions, as well as the leveraging of our fixed and semi-fixed costs in these stores. General and administrative expenses expressed as a percent of total revenue decreased from 4.5% in 1997 to 3.8% in 1998. This decrease was primarily the result of increased revenues resulting from the Central Acquisition, allowing us to leverage our fixed and semi-fixed costs over the larger revenue base.

Operating profit increased by $4.2 million, or 37.1% to $15.5 million for 1998 from $11.3 million for 1997. This improvement was attributable to the efficiencies discussed above and the profit contribution from ColorTyme.

Net earnings increased by $2.2 million, or 34.2%, to $8.5 million in 1998 from $6.3 million in 1997. The improvement was a result of the increase in operating profit described above.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary requirements for capital are the acquisition of existing stores, the opening of new stores, the purchase of additional rental merchandise and the replacement of rental merchandise which has been sold, charged-off or is no longer suitable for rent. During the six months ended June 30, 1998, the Company acquired 182 stores for an aggregate purchase price of $101.6, all of which was paid in cash. The Company also opened 1 new store during the first two quarters of 1998.

The Company purchased $54.0 million and $47.9 million of rental merchandise during the six months ended June 30, 1998 and 1997, respectively.

For the six months ended June 30, 1998, cash provided by operating activities increased by $12.3 million, from $11.0 million in 1997 to $23.3 million in 1998, primarily due to increased net earnings and the timing of the payment of various operating expenses. Cash used in investing activities increased by $76.0 million from $31.0 million in 1997 to $107.0 million in 1998, principally related to the greater number of stores acquired in 1998 as compared to the number of stores acquired during the same period for 1997. Cash provided by financing activities was $102.3 million for the six months ended June 30, 1998.

At June 30, 1998, the Company had in place a $140 million credit facility (the "Credit Facility") with a group of banks. Borrowings under the Credit Facility bore interest at a rate equal to the designated prime rate (8-1/2% per annum at June 30, 1998) or 1.10% to 1.4% over LIBOR (5.625% at June 30, 1998) at the Company's option. At June 30, 1998, the average rate on outstanding borrowings was 7.1%, and for the quarter the weighted average interest rate under the Credit Facility was 6.875%. Borrowings were collateralized by a lien on substantially all of the assets of the Company. A commitment fee equal to .20% to .30% of the unused portion of the term loan facility was payable quarterly. The Credit Facility included certain net worth and fixed charge coverage requirements, as well as covenants which restrict additional indebtedness and the disposition of assets not in the ordinary course of business. On June 30, 1998, the outstanding borrowings under this revolving credit agreement were $127.5 million.

As a result of the Thorn Acquisition, the Credit Facility was replaced by a $962 million Senior Secured Credit Facility arranged by Chase Securities, Inc. (the "Senior Credit Facility") and a $175 million Senior Subordinated Credit Facility. The Company intends to retire the Senior Subordinated Credit Facility with the proceeds from the pending issuance of $175 million of Senior Subordinated Notes. The Company believes that the Senior Credit Facility, the proceeds from the Preferred Stock Issuance, the Senior Subordinated Credit Facility (or the proceeds from the Senior Subordinated Notes), along with its cash flows from operations, will adequately fund the Company's operations and expansion plans during 1998 and beyond.

During the next twelve to twenty-four months, the Company's central business strategy is to successfully integrate the Thorn Acquisition and the Central Acquisition into the Renters Choice system. Once completed, the Company intends to resume its strategy to increase its store base and annual revenues and profits through the opening of new stores, as well as opportunistic acquisitions. The Company anticipates ample opportunities to increase its store base through its continued participation in the industry consolidation and the possibility for increased penetration and expansion of its existing customer base.

After the assimilation of the Thorn Acquisition and Central Acquisition, the Company plans to accomplish its future growth through selective and opportunistic acquisitions, with an increasing emphasis on new store development. Typically, a newly opened rental store is profitable on a monthly basis in the sixth to seventh month after its initial opening. Cumulatively, the store will achieve break-even profitability in twelfth or fifteenth month after its initial opening. Total financing requirements of a typical new store approximates $350,000, with roughly 80 to 85% of that amount related to the purchase of rental merchandise inventory (both on-rent and idle). A newly opened store will achieve results consistent with other RCI mature stores (stores that have been operating within the system for greater than two years) by the end of its third year of operation. There can be no assurance that the Company will be able to acquire any additional stores, or that any stores that are acquired will be or will become profitable, nor is there any assurance that the Company will open any new stores in the future, or as to the number, location or profitability thereof.

Management believes that cash flow from operations and its Senior Credit Facility, the proceeds from the Preferred Stock Issuance, the Senior Subordinated Credit Facility (or the proceeds from the Senior Subordinated Notes) will be adequate to fund the operations, integration and expansion plans of the Company during 1998. In addition, to provide any additional funds necessary for the continued pursuit of the Company's growth strategies, the Company may incur from time to time additional short- or long-term bank indebtedness and may issue, in public or private transactions, its 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 the financial condition and performance of the Company, and some of which will be beyond the Company's control such as prevailing interest rates and general economic conditions. There can be no assurance such additional financing will be available, or if available, will be on terms acceptable to the Company.

YEAR 2000 ISSUE

Year 2000 issues exist when dates are recorded using two digits (rather than four) and are then used for arithmetic operations, comparisons or sorting. A two-digit recording may recognize a date using "00" as 1900 rather than 2000, which could cause the Company's computer systems to perform inaccurate computations. The Company has received confirmation from its management information system vendors that the Company's system is Year 2000 compliant. The Company expects that all of the Company's systems will be able to properly handle the rollover to the year 2000 in a timely fashion. The Company's Year 2000 issues relate not only to its own systems but also to those of its suppliers. It is anticipated that systems replacements and modifications will resolve the Year 2000 issue with respect to the Company's suppliers. There is no guarantee, however, that such systems replacements and modifications or the Company's efforts to achieve Year 2000 compliance will be completed successfully and on time, which could have a material adverse effect on the Company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company and ColorTyme are party to various legal proceedings arising in the ordinary course of business. Except as described below, neither the Company nor ColorTyme is currently a party to any material litigation. Although the ultimate outcome of any litigation matter can never be predicted with certainty, management of the Company believes that the Company has established sufficient reserves to cover its reasonable exposure with respect to its outstanding litigation.

GALLAGHER V. CROWN LEASING CORPORATION

On January 3, 1996, the Company was served with a class action complaint adding it as a defendant in this action originally filed in April 1994 against Crown and certain of its affiliates in state court in New Jersey. The class consists of all New Jersey residents who entered into RTO contracts with Crown Leasing Corporation ("Crown") between April 25, 1998 and April 20, 1995. During this period, Crown operated approximately 5 stores in New Jersey. The lawsuit alleges, among other things, that under certain RTO contracts entered into between the plaintiff class and Crown, some of which were purportedly acquired by the Company pursuant to the acquisition of the rent-to-own assets of Crown by the Company in April 1995 (the "Crown Acquisition"), the defendants failed to make the necessary disclosures and charged the plaintiffs fees and expenses that violated the New Jersey Consumer Fraud Act and the New Jersey Retail Installment Sales Act. The plaintiffs seek damages including, among other things, a refund of all excessive fees and/or interest charged or collected by the defendants in violation of such acts, state usury laws and other related statutes and treble damages, as applicable. Pursuant to the Asset Purchase Agreement entered into between Crown, its controlling shareholder and the Company in connection with the Crown Acquisition, the Company did not contractually assume any liabilities pertaining to Crown's RTO contracts for the period prior to the Crown Acquisition. The plaintiffs have obtained class certification and a summary judgment against Crown on the liability issues. Subsequent to these decisions by the New Jersey state court, Crown filed for protection from its creditors under Chapter 11 of the federal bankruptcy laws. The bankruptcy court has allowed the lawsuit to proceed in New Jersey where the state court recently granted summary judgement on the plaintiffs' damages formula against Crown. The plaintiffs calculated actual damages for purposes of their summary judgment motion at approximately $7.6 million. The court ruled that the plaintiffs are entitled to three times actual damages. However, the state courts ruling requires certain minor adjustments pursuant to an accounting. Although the plaintiffs were unsuccessful in their attempt to certify a class against the Company, the plaintiffs have attempted to assert a theory of successor liability against the Company. Management believes there is no basis for a claim of successor liability against the Company. The Company will take appropriate steps to defend the successor liability issues at trial. Due to the uncertainties associated with any litigation, the ultimate outcome of this matter cannot presently be determined.

MICHELLE NEWHOUSE V. RENTERS CHOICE, INC./HANDY BOYKIN V. RENTERS CHOICE, INC.

On November 26, 1997 a class action complaint was filed against the Company by Michelle Newhouse in New Jersey state court alleging, among other things, that under certain RTO contracts entered into between the plaintiffs and the Company, the Company failed to make the necessary disclosures and charged the plaintiffs fees and expenses that violated the New Jersey Consumer Fraud Act and the New Jersey Installment Sales Act. The claims arising from this action are similar to the claims made in Gallagher v. Crown Leasing Corporation. The proposed class consists of all residents of New Jersey who are or have been parties to contracts to RTO merchandise from the Company within the past six years. During this period, the Company operated approximately 17 stores in New Jersey.

The Company removed the case to federal court on January 21, 1998, and was then advised by the plaintiffs' attorney that Michelle Newhouse no longer wished to serve as class representative. A motion to voluntarily dismiss the Newhouse case filed by the plaintiffs' attorney was granted shortly thereafter. However, on May 1, 1998, a new class action complaint against the Company made by Handy Boykin was filed by the plaintiffs' attorney in the Newhouse matter in New Jersey state court alleging the same causes of action with the same proposed class as that of the Newhouse matter. This new filing essentially constitutes a replacement of the named plaintiff in the Newhouse matter with a new named plaintiff, Handy Boykin. Management anticipated such a replacement and intends to defend this matter vigorously. The Company removed the Boykin case to federal court, where Boykin's motion to remand the New Jersey state court is now pending. No motion for class certification has been made; however, due to the uncertainties associated with any litigation, the ultimate outcome of this matter cannot presently be determined. An adverse decision in this case could have a material effect on the Company.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

In connection with the Preferred Stock Issuance, the proceeds of which were utilized to retire the Company's prior credit facility agreement and to finance a portion of the Thorn Acquisition, and are anticipated to be used for the repurchase of $25 million of the Common Stock owned by J. Ernest Talley, the Company filed a Certificate of Designation for each of the Series A and Series B Preferred Stock (the "Certificates"), setting forth the designation, powers, preferences and relative, participating, optional or other special rights and the qualifications, limitations or restrictions of the Series A and the Series B Preferred Stock. These Certificates contain provisions which may limit the rights of the Company's common stockholders, as the Certificates contain certain liquidation and preference rights that are superior to those of the Company's common stockholders. In addition to the foregoing, the Certificates contain provisions prohibiting the Company from taking certain actions without the approval of the majority of the outstanding shares of the Series A and Series B stockholders, voting separately as a class. Such actions requiring the consent of the preferred stockholders include (i) increasing the number of authorized shares of Series A Preferred Stock or authorizing the issuance or issuing any shares of Series A Preferred Stock other than to existing holders of Series A Preferred Stock or holders of Series B Preferred Stock; (ii) issuing any new class or series of equity security; (iii) amending, altering or repealing, in any manner whatsoever, the designations, preferences and relative rights and limitations and restrictions of the Series A Preferred Stock or the Series B Preferred Stock; (iv) amending, altering or repealing any of the provisions of the Amended and Restated Certificate of Incorporation or Amended and Restated By-Laws of the Company in a manner that would negatively impact the holders of the Series A Preferred Stock; (v) except in certain situations, directly or indirectly redeeming, purchasing or otherwise acquiring for value (including through an exchange) or setting apart money or other property for any mandatory purchase or other analogous fund for the redemption, purchase or acquisition of any shares of common stock, declare or pay any dividend or make any distribution (whether in cash, shares of capital stock of the Company, or other property) on shares of common stock; (vi) causing the number of directors of the Company to be greater than seven (7); (vii) entering into any agreement or arrangement with or for the benefit of any person who is an affiliate of the Company with a value in excess of $5 million in a single transaction or a series of related transactions; (viii) effecting a voluntary liquidation, dissolution or winding up of the Company; (ix) except in certain situations, selling or agreeing to sell all or substantially all of the assets of the Company; or (x) except in certain situations, entering into any merger or consolidation or other business combination involving the Company (except a merger of a wholly-owned subsidiary of the Company into the Company in which the Company's capitalization is unchanged as a result of such merger). The Company anticipates issuing another $10 million worth of Series A and Series B Preferred Stock.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

CURRENT REPORTS ON FORM 8-K

1. Current Report on Form 8-K dated May 28, 1998, relating to the acquisition of Central Rents, Inc.

2. Current Report on Form 8-K/A dated May 28, 1998, filed on August 7, 1998, filing the required financial statements of the Company and Central Rents, Inc.

EXHIBITS

EXHIBIT NUMBER		DESCRIPTION
2.1(1)	-	Asset Purchase Agreement dated April 20, 1995 among Renters Choice, Inc., Crown Leasing Corporation, Robert White, individually and Robert White Company, a sole proprietorship owned by Robert White
2.2(2)	-	Stock Purchase Agreement dated as of August 27, 1995 among Renters Choice, Inc., Starla J. Flake, Rance D. Richter, Bruce S. Johnson and Pro Rental, Inc.
2.3(3)	-	Stock Purchase Agreement dated September 29, 1995 between the Company and Terry N. Worrell
2.4(4)	-	Partnership Interest Purchase Agreement dated September 29, 1995 among the Company, Worrell Investors, Inc., The Christy Ann Worrell Trust and The Michael Neal Worrell Trust
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2.6(6)	-	Agreement and Plan of Reorganization dated May 15, 1996, among Renters Choice, Inc., ColorTyme, Inc., and CT Acquisition Corporation
2.7(7)	-	Asset Purchase Agreement, dated May 1, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc.
2.8(8)	-	Letter Agreement, dated as of May 26, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc.
2.9*	-	Stock Purchase Agreement, dated as of June 16, 1998, among Renters Choice, Inc., Thorn International BV and Thorn plc
2.10*	-	Stock Purchase Agreement, dated August 5, 1998, among Renters Choice, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
3.1(9)	-	Amended and Restated Certificate of Incorporation of the Company
3.2(10)	-	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company
3.3*	-	Amended and Restated Bylaws of the Company
4.1(11)	-	Form of Certificate evidencing Common Stock
4.2*	-	Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.
4.3*	-	Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc.

EXHIBIT NUMBER		DESCRIPTION
10.1(12)	-	Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan
10.2(13)	-	Revolving Credit Agreement dated as of November 27, 1996 between Comerica Bank, as agent, Renters Choice, Inc. and certain other lenders
10.3(14)	-	Consulting Agreement dated April 1, 1993, by and between Bob A. Hardesty and Brenda K. Hardesty and Renters Choice, L.P.
10.4(15)	-	Non-Competition Agreement dated April 1, 1993, by and between Bob A. Hardesty and Brenda K. Hardesty and Renters Choice, L.P.
10.5(16)	-	Noncompetition Agreement dated as of April 20, 1995, between Renters Choice, Inc. and Patrick S. White
10.6(17)	-	Consulting Agreement dated as of April 20, 1995 between Renters Choice, Inc. and Jeffrey W. Smith
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10.8(19)	-	Noncompetition Agreement dated as of August 27, 1995 between Renters Choice, Inc. and Bruce S. Johnson
10.9(20)	-	Noncompetition Agreement dated as of August 27, 1995 between Renters Choice, Inc. and Rance D. Richter
10.10(21)	-	Option Agreement dated August 27, 1995 between the Company and Terry N. Worrell
10.11(22)	-	Option Agreement dated August 27, 1995 among the Company, Worrell Investors, Inc., The Christy Ann Worrell Trust and The Michael Neal Worrell Trust
10.15(23)	-	Portfolio Acquisition Agreement dated May 15, 1996, by and among Renters Choice, Inc., ColorTyme Financial Services, Inc., and STI Credit Corporation
10.16(24)	-	Employment Agreement, dated March 28, 1997, by and between Renters Choice, Inc. and Danny Z. Wilbanks
10.17(25)	-	Stock Option Agreement, dated April 1, 1997, by and between Renters Choice, Inc. and Danny Z. Wilbanks
10.18*	-	Credit Agreement, dated August 5, 1998, among Renters Choice, Inc., Comerica Bank, as Documentation Agent, NationsBank N.A., as Syndication Agent, and The Chase Manhattan Bank, as Administrative Agent, and certain other lenders
10.19*	-	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
10.20*	-	$175,000,000 Senior Subordinated Credit Agreement, dated as of August 5, 1998, among Renters Choice, Inc., certain other lenders and The Chase Manhattan Bank
10.21*	-	Stockholders Agreement, dated as of August 5, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Renters Choice, Inc., and certain other persons
10.22*	-	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

EXHIBIT NUMBER		DESCRIPTION
10.23*	-	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 B Convertible Preferred Stock
27*	-	Financial Data Schedule

* Filed herewith.

(1) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated May 4, 1995

(2) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated August 27, 1995

(3) Incorporated herein by reference to Exhibit 10.19 to the registrant's Registration Statement on Form S-1 (File No. 33-97012)

(4) Incorporated herein by reference to Exhibit 10.20 to the registrant's Registration Statement on Form S-1 (File No. 33-97012)

(5) Incorporated herein by reference to Exhibit 2.7 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1995

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(10) 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

(11) Incorporated herein by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-1 (File No. 33-86504)

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(24) Incorporated herein by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997

(25) Incorporated herein by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997

SIGNATURES

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

RENTERS CHOICE, INC.

By: /s/ DANNY Z. WILBANKS

Danny Z. Wilbanks
Senior Vice President-Finance
and Chief Financial Officer

Date: August 14, 1998
Renters Choice, Inc.

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EXHIBIT 2.9

STOCK PURCHASE AGREEMENT

among

RENTERS CHOICE, INC.,

Buyer

and

THORN INTERNATIONAL BV,

Seller

and

THORN plc

Dated as of: June 16, 1998

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4.17(a)	-	Intellectual Property
4.17(b)	-	Intellectual Property
4.20	-	Insurance
4.22	-	Rental Purchase Agreements
4.23	-	Warranty
5.6	-	Commitment Letters
6.1	-	Conduct of Business of the Company
6.1(j)	-	Roll Out
6.7	-	Continuation of Employee Benefits
6.16	-	Employee Payments
6.17	-	Indemnified Litigations
6.19	-	Intellectual Property
12.1.1(e)	-	Certain Closing Date Employees
12.1.1(g)	-	Distribution Centers
12.1.1(q)	-	Knowledge
12.1.1(t)	-	Certain Claims

Exhibits

A	-	Form of Company and Subsidiary Release
B	-	Form of Officer, Director and Closing Date Employee Release
C	-	Form of Escrow Agreement

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of June 16, 1998 (the "AGREEMENT") among Renters Choice, Inc., a Delaware corporation ("BUYER"), Thorn International BV, a Netherlands corporation ("SELLER"), and Thorn plc, a company incorporated under the laws of England and Wales ("THORN"), for the purchase and sale of all of the issued and outstanding shares of capital stock of Thorn Americas, Inc., a Delaware corporation (the "COMPANY").

The Seller is the beneficial and record owner of all of the issued and outstanding shares of common stock, par value $1.00 per share (the "COMMON STOCK") of the Company (the "SHARES"). The Seller wishes to sell to the Buyer, and the Buyer wishes to purchase from the Seller, all of the Shares upon the terms and subject to the conditions of this Agreement. Capitalized terms used herein without definition have the meanings ascribed to them in Section 12.1.

Accordingly, in consideration of the foregoing and the respective representations, warranties, covenants and agreements herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1

TERMS OF THE TRANSACTION

1.1 Sale of Shares. The Seller shall, on the Closing Date, sell, transfer and assign to the Buyer all of the right, title and interest to the Shares by delivering to the Buyer, against payment therefor as provided in Section 1.3, certificates representing all of the Shares, duly endorsed in blank or accompanied by stock powers duly executed in blank, in proper form for transfer, with all necessary stock transfer stamps paid and affixed by the Buyer.

1.2 Repayment of Company Debt. The Buyer shall, on the Closing Date, repay on behalf of the Company, or cause the Company to repay, to Thorn Finance plc, a company incorporated under the laws of England and Wales ("THORN FINANCE"), as provided below, (i) all amounts outstanding on the Closing Date under the Promissory Note dated March 31, 1998 issued by the Company in favor of Thorn Finance in the principal amount of $710,817,697 (the "THORN NOTE"), including accrued and unpaid interest thereon up to and including the Closing Date and (ii) all amounts, if any, owed to Thorn Finance by the Company or any of its Subsidiaries set forth in the certificate referred to in Section 6.6 (the amounts referred to in clauses (i) and (ii) shall be collectively referred to herein as the "DEBT REPAYMENT AMOUNT"). The Debt Repayment Amount shall be paid by the Buyer on behalf of the Company, or by the Company, in cash at the Closing by wire transfer of immediately available funds to an account designated in writing by Thorn Finance.

1.3 Purchase Price and Payment. The aggregate purchase price (the "PURCHASE PRICE") for the Shares shall be an amount equal to the sum of (x) $900,000,000 plus (y) the amount, if any, owed to the Company or any of its Subsidiaries by Thorn Finance set forth in the certificate referred to in Section 6.6 minus (z) the sum of (i) the Debt Repayment Amount and (ii) the Estimated Amount. The Purchase Price shall be paid by the Buyer at the Closing as follows:

(a) the Buyer shall deliver to an account designated by the Seller cash, by wire transfer of immediately available funds, in an aggregate amount equal to the Purchase Price less the Escrow Amount, if any; and

(b) in the event the Escrow Amount is greater than zero, the Buyer shall deliver to an escrow agent mutually satisfactory to the Buyer and the Seller (the "ESCROW AGENT") cash, by wire transfer of immediately available funds, in an aggregate amount equal to the Escrow Amount to be held in accordance with the terms of the Escrow Agreement. After the Closing, the Purchase Price shall be subject to adjustment in accordance with Section 1.4.

1.4 PURCHASE PRICE ADJUSTMENT.

(a) Determination of Net Worth. As used herein, the "NET WORTH" of the Company and its Subsidiaries as of any particular date shall mean an amount equal to the total assets less the total liabilities of the Company and its Subsidiaries on a consolidated basis and shall be determined as set forth below.

(b) Preparation of Closing Adjusted Net Worth Schedule. As soon as practicable, but in any event within 30 days after the Closing Date, the Seller

or its designee shall prepare (based on data and financial statements supplied by the Company) on a basis consistent with the preparation of the Balance Sheet and as contemplated by Schedule 1.4, and deliver to Ernst & Young LLP, a consolidated balance sheet of the Company and its Subsidiaries as of the close of business on the day preceding the Closing Date (the "PRELIMINARY CLOSING BALANCE SHEET"). Within 30 days after receipt thereof, the Preliminary Closing Balance Sheet shall be audited by Ernst & Young LLP (the "AUDITED CLOSING BALANCE SHEET") and such firm shall deliver (i) an audit opinion stating that the Audited Closing Balance Sheet presents fairly, in all material respects, the financial position of the Company and its Subsidiaries on a consolidated basis at such date in accordance with GAAP consistently applied and (ii) a procedures opinion stating that the Closing Adjusted Net Worth Schedule has been derived from the Audited Closing Balance Sheet. The Audited Closing Balance Sheet shall include a schedule (the "CLOSING ADJUSTED NET WORTH SCHEDULE"), prepared by Ernst & Young LLP, calculating the Net Worth of the Company and its Subsidiaries as of the close of business on the day preceding the Closing Date (the "CALCULATION DATE"), as adjusted in accordance with the provisions of Schedule 1.4 (as so adjusted and as set forth on the Closing Adjusted Net Worth Schedule, the "CLOSING ADJUSTED NET WORTH"). The Audited Closing Balance Sheet and the Closing Adjusted Net Worth Schedule shall be provided to the Buyer promptly upon the availability thereof. The Buyer will (and will cause the Company and its Subsidiaries to) provide the Seller or its designee (and their respective representatives, including employees, officers and directors) and Ernst & Young LLP full access to the

books, ledgers, files, reports and operating records of the Company and its Subsidiaries and the then current employees of the Company and its Subsidiaries and will fully cooperate in preparing and reviewing the Preliminary Closing Balance Sheet, the Audited Closing Balance Sheet and the Closing Adjusted Net Worth Schedule.

(c) Buyer's Review. Upon receipt of the Audited Closing Balance Sheet and the Closing Adjusted Net Worth Schedule, the Buyer and its independent accountants shall have the right during the succeeding 30-day period to examine the Audited Closing Balance Sheet, the Closing Adjusted Net Worth Schedule and all books and records used to prepare the Audited Closing Balance Sheet and the Closing Adjusted Net Worth Schedule. The Seller shall use its commercially reasonable efforts to cause Ernst & Young LLP to provide access to the work papers used to prepare, audit and review the Audited Closing Balance Sheet and the Closing Adjusted Net Worth Schedule and supporting their opinion referred to above, and the Seller shall provide the Buyer with access to the books and records used in, and employees involved with, the preparation of the Audited Closing Balance Sheet and the Closing Adjusted Net Worth Schedule.

If the Buyer does not agree that the Closing Adjusted Net Worth has been calculated on the basis set forth in Section 1.4(b), the Buyer shall so notify the Seller in writing (such notice, the "DISAGREEMENT NOTICE") on or before the last day of the 30-day period after delivery to the Buyer of the Audited Closing Balance Sheet and Closing Adjusted Net Worth Schedule, setting forth a specific description of the Buyer's objections and the amount of the adjustment which the Buyer believes should

be made to each item of its objection. If the Buyer does not deliver a Disagreement Notice within such 30-day period, the Audited Closing Balance Sheet, the Closing Adjusted Net Worth Schedule and the Closing Adjusted Net Worth shall be deemed to have been accepted by Buyer.

(d) Dispute Resolution. In the event that the Buyer delivers a Disagreement Notice in accordance with Section 1.4(c), the Seller and the Buyer shall attempt to resolve the objections set forth therein within 30 days of the Seller's receipt of such Disagreement Notice. The objections set forth on the Disagreement Notice that are resolved by the Buyer and the Seller in accordance with this Section 1.4(d) shall collectively be referred to herein as the "RESOLVED OBJECTIONS."

(e) If the Seller and the Buyer are unable to resolve all the objections set forth on the Disagreement Notice within such 30-day period, they shall jointly appoint Price Waterhouse LLP (or any successor thereof) within five days of the end of such 30-day period (the "CPA FIRM"). The CPA Firm, acting as experts and not as arbitrators, shall review the objections set forth on the Disagreement Notice which have not been resolved prior to such date by the Buyer and the Seller (collectively, the "DIFFERENCES") and determine, based on the requirements set forth in Section 1.4(b) (including, without limitation, the provisions set forth in Schedule 1.4) and only with respect to Differences submitted to the CPA Firm, whether and to what extent the Closing Adjusted Net Worth Schedule requires adjustments; provided, however, that in no event shall any determination by the CPA Firm of any Difference result in an adjustment greater than the amount of the adjustment requested with respect

to such Difference in the Disagreement Notice. The Buyer and Seller shall each pay 50% of the fees and disbursements of the CPA Firm. The Seller and the Buyer shall (and shall cause the Company and its Subsidiaries to) provide to the CPA Firm full cooperation. The CPA Firm's resolution of the Differences shall be conclusive and binding upon the parties. The Differences as resolved by the CPA Firm in accordance with this Section 1.4(d) shall collectively be referred to herein as the "CPA-DETERMINED DIFFERENCES."

(f) Adjustment. On the fifth Business Day following the earliest to occur of (such fifth Business Day, the "ADJUSTMENT PAYMENT DATE") (x) the acceptance by the Buyer of the Audited Closing Balance Sheet, Closing Adjusted Net Worth and Closing Adjusted Net Worth Schedule, (y) the resolution by the Buyer and the Seller of all objections set forth on the Disagreement Notice, if any, and (z) the resolution by the CPA Firm of all Differences, as an adjustment to the Purchase Price either (i) the Buyer shall pay to the Seller an amount equal to the excess, if any, of the Closing Adjusted Net Worth (as increased or decreased, as the case may be, by the Resolved Objections and, subject to the proviso below, the CPA-Determined Differences) over $492.7 million or (ii) the Seller shall pay to the Buyer an amount equal to the excess, if any, of $492.7 million over the Closing Adjusted Net Worth (as increased or decreased, as the case may be, by the Resolved Objections and, subject to the proviso below, the CPA-Determined Differences); provided, however, that no adjustment to the Closing Adjusted Net Worth shall be made pursuant to this Section 1.4(e) for any CPA-Determined Differences unless the aggregate amount of

such CPA-Determined Differences is greater than $3 million in which case the adjustment shall be made for the aggregate amount of such CPA-Determined Differences. In either case, such amount shall be payable on the Adjustment Payment Date, with interest, based upon a year of 360 days for the actual number of days elapsed, accrued from the Closing Date until, but not including, the Adjustment Payment Date at a rate equal to the rate publicly announced by The Chase Manhattan Bank N.A. as its prime rate on the Closing Date. Such payment shall be made by wire transfer of immediately available funds to a bank account or accounts designated by the Seller or the Buyer, as the case may be.

ARTICLE 2

CLOSING

2.1 Closing; Closing Date. The closing of the transactions contemplated hereby (the "CLOSING") shall take place in New York City at the offices of Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019-6064, 10:00 a.m., New York City time on the Designated Date; provided, that on the Designated Date all conditions to the Closing set forth in Articles 10 and 11 have been satisfied or waived by the party entitled to waive the same. If on the Designated Date all conditions to the Closing set forth in Articles 10 and 11 have not been satisfied or waived by the party entitled to waive the same, the Closing shall occur on the first Business Day following the satisfaction or waiver by the party entitled to waive the same of all such conditions. It being understood by the

parties hereto that the date, time and place of the Closing may be at such other date, time and place as the parties may mutually agree in writing. The Designated Date or such other date on which the Closing occurs is hereinafter referred to as the "CLOSING DATE."

For purposes of this Agreement, "DESIGNATED DATE" shall mean the date (or if such date is not a Business Day, the next following Business Day) that is the later of (x) the date that is the 45th day following the date hereof and (y) the date that is the fifth day after the date upon which all of the conditions to the Closing set forth in Sections 10.4, 10.9, 11.3 and 11.5 are satisfied plus a number of days equal to the lesser of (i) the Closing Date Number and (ii) the number set forth in a written notice of the Buyer that is delivered to the Seller on the date upon which all of the conditions set forth in Sections 10.4, 10.9, 11.3 and 11.5 are satisfied (which shall not be less than zero). For purposes of this Agreement, "CLOSING DATE NUMBER" means an aggregate number (which shall not be less than zero) equal to the lesser of (A) 10 and (B) a number equal to (x) the number of days (including the first day but excluding the last day) in the period commencing on June 17, 1998 and ending on the date the circular referred to in Section 6.13(c) is mailed by or on behalf of Thorn to the shareholders of Thorn minus (y) five.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF
THE SELLER AS TO THE SELLER

The Seller represents and warrants to the Buyer as follows:

3.1 Corporate Organization. The Seller is a corporation duly organized and validly existing under the laws of the Netherlands and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

3.2 Title to the Shares. The Seller owns beneficially and of record, free and clear of any Lien, the Shares, and, upon delivery of and payment for the Shares at the Closing as herein provided, such Seller will convey such Shares to the Buyer pursuant to Article 1, free and clear of any Lien.

3.3 Authority to Execute and Perform Agreement. The Seller has all requisite corporate power and authority required to enter into, execute and deliver this Agreement and each and every agreement and instrument contemplated hereby to which the Seller is or will be a party and to perform its obligations hereunder and thereunder. This Agreement has been duly executed and delivered by the Seller and (assuming the due execution and delivery hereof by the other parties hereto) this Agreement constitutes a valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms. Except for filings and other applicable requirements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR ACT"), the execution and delivery by the Seller of this Agreement, the consummation of

the transactions contemplated hereby (the "CONTEMPLATED TRANSACTIONS") and the performance by the Seller of this Agreement in accordance with its terms and conditions (a) is duly authorized by the Board of Directors and, if applicable, the Board of Supervisory Directors, of the Seller and, except as set forth on Schedule 3.3 (collectively, the "SELLER CONSENTS"), no other corporate action on the part of the Seller is required for the authorization, execution, delivery and performance by the Seller of this Agreement and the consummation of the Contemplated Transactions; and (b) will not (i) violate any provision of the Articles of Association or any other charter document or governing document of the Seller; (ii) require the Seller to obtain any consent, approval, authorization or action of, or make any filing with or give any notice to, any Governmental Entity or any other Person, except for the Seller Consents; (iii) if the Seller Consents are obtained, violate, conflict with or result in the breach of any of the terms and conditions of, result in a material modification of the effect of, otherwise cause the termination of or give any other contracting party the right to terminate, or constitute (or with notice or lapse of time or both constitute) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any Contracts and Other Agreements to which the Seller is a party or by or to which the Seller or the Shares is or may be bound or subject; (iv) if the Seller Consents are obtained, violate any Law or Order applicable to the Seller or to the Shares; or (v) result in the creation of any Lien on the Shares.

ARTICLE 3.A

REPRESENTATIONS AND WARRANTIES OF THORN

Thorn represents and warrants to the Buyer as follows:

3.A.1 Corporate Organization. Thorn is a company duly organized and validly existing under the laws of England and Wales and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

3.A.2. Authority to Execute and Perform Agreement. Thorn has all requisite corporate power and authority required to enter into, execute and deliver this Agreement and each and every agreement and instrument contemplated hereby to which Thorn is or will be a party and to perform its obligations hereunder and thereunder. This Agreement has been duly executed and delivered by Thorn and (assuming the due execution and delivery hereof by the other parties hereto) this Agreement constitutes a valid and binding obligation of Thorn enforceable against Thorn in accordance with its terms. Except for filings and other applicable requirements under the HSR Act, the execution and delivery by Thorn of this Agreement, the consummation of the Contemplated Transactions and the performance by Thorn of this Agreement in accordance with its terms and conditions (a) is duly authorized by the directors of Thorn and, except for the Seller Consents, no other corporate action on the part of Thorn is required for the authorization, execution, delivery and performance by Thorn of this Agreement and the consummation of the Contemplated Transactions; and (b) will not (i) violate any provision of any charter documents or other governing

documents of Thorn; (ii) require Thorn to obtain any material consent, approval, authorization or action of, or make any filing with or give any notice to, any Governmental Entity or any other Person, except for the Seller Consents; (iii) if the Seller Consents are obtained, violate, conflict with or result in the breach of any of the terms and conditions of, result in a material modification of the effect of, otherwise cause the termination of or give any other contracting party the right to terminate, or constitute (or with notice or lapse of time or both constitute) a default (or give rise to any rights of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any material Contracts and Other Agreements to which Thorn is a party or by or to which Thorn is or may be bound or subject; or (iv) if the Seller Consents are obtained, violate any Law or Order applicable to Thorn.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE SELLER AS TO THE COMPANY

The Seller represents and warrants to the Buyer as follows:

4.1 Corporate Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. The Company is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to

be so qualified and in good standing, as the case may be, would not, individually or in the aggregate, have a Material Adverse Effect on the Company. The Seller has previously delivered or made available to the Buyer correct and complete copies of the certificate of incorporation and by-laws, each as currently in effect, of the Company.

4.2 Capitalization. The authorized Capital Stock of the Company consists of 1,000 shares of Common Stock, all of which shares are owned of record by the Seller. 1,000 shares of Common Stock are issued and outstanding. All issued and outstanding shares of Common Stock have been duly authorized and are validly issued, fully paid and nonassessable. No other class of Capital Stock or other ownership interests of the Company is authorized or outstanding. There is no outstanding right, subscription, warrant, call, option or other agreement of any kind to purchase or otherwise to receive from the Company, any of its Subsidiaries or the Seller any shares of Capital Stock of the Company or any of its Subsidiaries, and there is no outstanding security of any kind of the Company or any of its Subsidiaries convertible into any such Capital Stock.

4.3 Subsidiaries. Except as described on Schedule 4.3, the Company has no direct or indirect equity interest in any other Person. Set forth on Schedule 4.3 is a list of all Subsidiaries of the Company, setting forth as to each such Subsidiary its jurisdiction of incorporation or formation and the percentage of each class of Capital Stock of such Subsidiary owned by the Company or a Subsidiary of the Company. All of the outstanding Capital Stock of each such Subsidiary that is a corporation has been duly authorized and is validly issued, fully paid and non-assessable and is owned, by

the Company or one or more of its Subsidiaries, free and clear of all Liens. The Company or a Subsidiary of the Company owns the percentage of Capital Stock listed on Schedule 4.3 of each Subsidiary that is not a corporation free and clear of all Liens and such percentage interest has been validly issued in accordance with such Subsidiary's operating agreement. Each such Subsidiary (a) is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation; (b) is duly qualified to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of business conducted by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not have a Material Adverse Effect on the Company; and (c) has all requisite corporate power and authority, or power under its enabling statute and operating agreement, as the case may be, to own, lease and operate its properties and to carry on its business as now being conducted. The Seller has previously made available to the Buyer, correct and complete copies of the certificate or articles of incorporation, bylaws, articles of organization, operating agreements and organizational documents, each as in effect as of the date hereof, of each Subsidiary of the Company.

4.4 Noncontravention. Except for filings and other applicable requirements under the HSR Act, the execution, delivery and performance by the Seller of this Agreement and the consummation of the Contemplated Transactions will not (a) violate any provision of the certificate of incorporation or by-laws (or other comparable organizational documents) of the Company or any of its Subsidiaries;

(b) except as set forth on Schedule 4.4 (the "COMPANY CONSENTS"), require the Company or any of its Subsidiaries to obtain any consent, approval, authorization or action of, or make any filing with or give any notice to any Governmental Entity or any other Person, other than pursuant to any Real Property Lease relating to a Store or any Franchise Agreement or Development Agreement; (c) if the Company Consents are obtained, require any consent, approval or notice under or violate, conflict with or result in the breach of any of the terms and conditions of, result in a material modification of the effect of or otherwise cause the termination of or give any other contracting party the right to terminate, or constitute (or with notice or lapse of time or both constitute) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any Contracts and Other Agreements to which the Company or any of its Subsidiaries is a party or by or to which the Company, any of its Subsidiaries or any of their respective assets or properties is bound or subject, other than pursuant to any Real Property Lease relating to a Store or any Franchise and Development Agreement; (d) if the Company Consents are obtained, violate any Law or Order applicable to the Company or any of its Subsidiaries or their respective assets or properties; or (e) result in the creation of any Lien upon any of the assets or properties of the Company or any of its Subsidiaries, other than (A) in the case of clause (b) above, any consent, approval, authorization, action, filing or notice the absence of which, individually or in the aggregate, would not have a Material Adverse Effect on the Company, (B) in the case of clauses (c) and (d) above, any violation, conflict, breach, modification, termination, default,

cancellation or acceleration which, individually or in the aggregate, would not have a Material Adverse Effect on the Company and (C) in the case of clause (e), any Lien which, individually or in the aggregate, would not have a Material Adverse Effect, on the Company.

4.5 Financial Statements. The Seller has furnished Buyer with a complete and accurate copy of the audited consolidated balance sheets of the Company as of March 31, 1998, 1997 and 1996 and the related consolidated statements of operations, stockholder's equity and cash flows for the years then ended (including the notes thereto), accompanied by the reports thereon of Ernst & Young LLP (all such financial statements, including the notes thereto, are hereinafter referred to as the "AUDITED FINANCIAL STATEMENTS"). The Audited Financial Statements have been prepared in accordance with GAAP consistently applied for the periods covered thereby and present fairly in all material respects the consolidated financial position of the Company and its Subsidiaries at March 31, 1998, March 31, 1997 and March 31, 1996 and the consolidated results of operations and cash flows of the Company and its Subsidiaries for the years then ended. The consolidated balance sheet of the Company as of March 31, 1998 is hereinafter referred to as the "BALANCE SHEET" and March 31, 1998 is hereinafter referred to as the "BALANCE SHEET DATE"). Except as set forth on Schedule 4.5, as of the date hereof, there are no liabilities of the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, that are material to the Company and its Subsidiaries considered as a whole and that are required to be disclosed in an audited

balance sheet (or in the notes thereto) prepared in accordance with GAAP, other than (i) liabilities reflected on the Audited Financial Statements (together with the related notes thereto) and (ii) any liabilities that have occurred in the ordinary course of business since the Balance Sheet Date.

4.6 Real Property.

(a) Schedule 4.6(a) hereto sets forth a complete list of all real property owned by the Company and its Subsidiaries (each an "OWNED REAL PROPERTY"). The Company and its Subsidiaries have good and marketable fee title to the Owned Properties, free and clear of all mortgages, Liens, easements, restrictive covenants, rights-of-way and other encumbrances ("ENCUMBRANCES") other than (i) Encumbrances that are disclosed on the title insurance policies referred to in Schedule 4.6(a), copies of which have been provided to Buyer; (ii) Liens for taxes, fees, levies, duties or other governmental charges of any kind which are not yet delinquent or are being contested in good faith by appropriate proceedings which suspend the collection thereof; (iii) Liens for mechanics, material, laborers, employees, suppliers or similar liens arising by operation of law for sums which are not yet delinquent or which are being contested in good faith by appropriate proceedings or with respect to which arrangements for payment and/or release have been made; (iv) platting, subdivision, zoning, building and other similar legal requirements which do not materially detract from the value of the real property subject thereto or impair in any material respect the operation of the businesses of the Company or any of its Subsidiaries; and (v) easements, restrictive covenants, rights-of-way, reservations of

mineral or oil and gas interests, encroachments and other similar encumbrances, whether or not of record, which do not materially detract from the value of the real property subject thereto or impair in any material respect the operation of the businesses of the Company or any of its Subsidiaries (the Encumbrances described in clauses (i) through (v) above are hereinafter referred to collectively as "PERMITTED ENCUMBRANCES").

(b) Leased Properties. Schedule 4.6(b) is a true, correct and complete schedule of all leases, subleases, licenses and other agreements (collectively, the "REAL PROPERTY LEASES") under which the Company or any of its Subsidiaries uses or occupies or has the right to use or occupy, now or in the future, any real property that is not Owned Real Property (the land, buildings and other improvements covered by the Real Property Leases being herein called the "LEASED REAL PROPERTY"). Except as set forth in Schedule 4.6(b), each Real Property Lease is valid, binding and in full force and effect, no notice of default or termination under any Real Property Lease is outstanding, and no termination event or condition or uncured default on the part of the Company, any of its Subsidiaries or, to the Knowledge of the Seller, the landlord, exists under any Real Property Lease, except, in each case, as would not have a Material Adverse Effect on the Company. The Company or any of its Subsidiaries, whichever is applicable, holds the leasehold estate and interest in each Real Property Lease free and clear of all Encumbrances other than Permitted Encumbrances. The Seller, the Company and the Company's Subsidiaries have no ownership, financial or other interest in the landlord under any Real Property Lease.

(c) Entire Premises. All of the land, buildings, structures and other improvements used by the Company or any of its Subsidiaries in the conduct of their businesses are included in the Owned Real Property and the Leased Real Property. The Leased Real Property and the Owned Real Property are hereinafter collectively referred to as the "REAL PROPERTY."

(d) Except as set forth on Schedule 4.6(d), to the Knowledge of the Seller, there are no eminent domain proceedings pending or threatened against any Real Property.

(e) (i) All the Real Property, taken as a whole, has been reasonably maintained and (ii) with respect to the Wichita Headquarters and the Distribution Centers only (and not the Stores), except as set forth on Schedule 4.6(e), there are no material structural defects relating to the Real Property.

4.7 Compliance with Laws. Other than with respect to Environmental Laws, which are dealt with exclusively in Section 4.12, employee benefit and ERISA matters, which are dealt with exclusively in Section 4.14, Real Property matters, which are dealt with exclusively in Section 4.6, and Taxes, which are dealt with exclusively in Section 4.11, except as set forth on Schedule 4.7, neither the Company nor any of its Subsidiaries is in violation of any Law or Order applicable to the Company or any of its Subsidiaries or any of their respective properties or assets, other than violations that, individually or in the aggregate, would not have a Material Adverse Effect on the Company.

4.8 Permits. Except as set forth on Schedule 4.8, the Company and its Subsidiaries have such licenses, permits, exemptions, consents, waivers, authorizations, orders and approvals from appropriate Governmental Entities ("PERMITS") as are necessary to own, lease or operate their properties and to conduct their businesses as currently owned and conducted and all such Permits are valid and in full force and effect, except such Permits that the failure to have or to be in full force and effect would not, individually or in the aggregate, have a Material Adverse Effect on the Company. No action by the Company or any of its Subsidiaries outside the normal course of business is required in order that all material Permits will remain in full force and effect following the consummation of the Contemplated Transactions.

4.9 Litigation. Except as set forth on Schedule 4.9, as of the date hereof, no claim, action, litigation, or legal, administrative or arbitral proceeding or investigation ("CLAIM") is pending or, to the Knowledge of the Seller, threatened by or before any Governmental Entity against or involving the Company, any of its Subsidiaries or any of their respective assets or properties other than Claims that, individually or in the aggregate, would not have a Material Adverse Effect on the Company. Except as set forth on Schedule 4.9, as of the date hereof, neither the Company nor any of its Subsidiaries is subject to any outstanding Order other than those that, individually or in the aggregate, would not have a Material Adverse Effect on the Company. There is no pending, or to the Knowledge of the Seller, threatened Claim by or before any Governmental Entity to restrain or prevent the consummation of the Contemplated Transactions. Except as set forth on Schedule 4.9, to the Knowledge

of the Seller, without inquiry or investigation, as of the date hereof, there is no written Claim pending or threatened by any employee of the Company or any of its Subsidiaries against the Company or any of its Subsidiaries other than Claims that, individually or in the aggregate, would not have a Material Adverse Effect on the Company.

4.10 Absence of Certain Changes or Events. Except (x) as set forth in Schedule 4.10 or (y) to the extent arising out of or relating to the Contemplated Transactions, since the Balance Sheet Date, (a) the Company and its Subsidiaries have operated their respective businesses in the ordinary course consistent with past practice; (b) there has not been any condition, event or occurrence that, individually or in the aggregate, would have a Material Adverse Effect on the Company; (c) there has not been any damage to, or destruction or loss of, any tangible property of the Company or any of its Subsidiaries, taking into account any insurance coverage and proceeds therefrom, that would have a Material Adverse Effect on the Company; and (d) the Company has not made any material change in accounting methods, principles or practices, except as required by a change in Law or in GAAP.

4.11 Taxes. Except as set forth on Schedule 4.11: (a) all United States federal income Tax Returns required by law to be filed by the Company and its Subsidiaries have been timely filed, and all such Tax Returns are true and complete in all material respects, and all Taxes shown on such returns have been timely paid; and (b) all other Tax Returns required to be filed by the Company and its Subsidiaries pursuant to applicable federal, foreign, state, local or other law have been filed, except

insofar as the failure to file such Tax Returns would not have a Material Adverse Effect on the Company and all such Tax Returns are true and complete in all material respects, and all Taxes shown on such Tax Returns and all other Taxes due or claimed to be due, whether by proposed assessment or otherwise, by any taxing authority have been timely paid, except for such Taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with GAAP. The Company has not been notified of a claim by any taxing authority in a jurisdiction where the Company does not file Tax Returns that the Company is required to file Tax Returns in such jurisdiction. Each of the Company and its Subsidiaries has made all required estimated Tax payments sufficient to avoid any underpayment penalties. Except as set forth on Schedule 4.11, there are no outstanding agreements, waivers or arrangements extending the statutory period of limitations applicable to any claim for, or the period for the collection or assessment of, Taxes due from the Company or any of its Subsidiaries for any taxable period. Except as set forth on Schedule 4.11, no audit or other proceeding by any Governmental Entity is pending, and neither the Company nor any of its Subsidiaries have received any notification that such an audit or proceeding may be commenced, with respect to any Taxes due from the Company or any of its Subsidiaries. No consent to the application of Section 341(f)(2) of the Code (or any predecessor provision) has been made or filed by or with respect to the Company or its Subsidiaries or any of their respective properties or assets. None of the assets of the Company or its Subsidiaries is an asset or property that is or will be required to be treated as being owned by any person (other than the Company or its

Subsidiaries) pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately before the enactment of the Tax Reform Act of 1986. Except as set forth on Schedule 4.11, neither the Company nor any of its Subsidiaries has agreed to or is required to make any adjustment with respect to taxable periods ending after the Closing Date pursuant to Section 481(a) of the Code (or any predecessor provision) by reason of any change in any accounting method of such corporation or any closing agreement as described in Section 7121 of the Code (or any corresponding provision of state, local or foreign income tax laws), there is no application pending with any taxing authority requesting permission for any such change in any accounting method and the IRS has not proposed any such adjustment or change in accounting method. The Company and each of its Subsidiaries has duly and timely withheld from employee salaries, wages, and other compensation and paid over to the appropriate taxing authorities all material amounts required to be so withheld and paid over for all periods under all applicable Laws. Except for the TENA-Remco Agreement and the TEMINAH-Thorn Americas Agreement, neither the Company nor any of its Subsidiaries is a party to, or bound by, any tax indemnity, tax sharing or tax allocation agreement with any other Person that would be reasonably likely to result in liabilities to the Company or any of its Subsidiaries in excess of $20,000 in the aggregate.

4.12 Environmental Matters. Except as set forth on Schedule 4.12, (a) the Company and its Subsidiaries are and have been in compliance with all applicable Laws and Orders relating to pollution or protection of the environment

(collectively, "ENVIRONMENTAL LAWS"); (b) there is no civil, criminal or administrative Order, demand, Claim, hearing, notice of violation, notice or demand letter pending or, to the Knowledge of the Seller, threatened against the Company or any of its Subsidiaries pursuant to Environmental Laws; and (c) neither the Company nor any of its Subsidiaries has any liabilities (known or unknown) for any remediation or clean-up under any Environmental Laws; provided that no representation or warranty is made in the foregoing clauses (a), (b) and (c) with respect to matters that, individually or in the aggregate, would not have a Material Adverse Effect on the Company.

4.13 Contracts.

(a) Schedule 4.13 sets forth, as of the date hereof, a list of all of the following Contracts and Other Agreements to which the Company or any of its Subsidiaries is a party or by which any of them or any material portion of the properties or assets of the Company and its Subsidiaries taken as a whole are bound or subject (other than those set forth on any other Schedule): (i) Contracts and Other Agreements with any current officer, director, consultant, agent or other representative or any person who was an officer of the Company or any of its Subsidiaries within the two years preceding the date hereof; (ii) partnership or joint venture agreements; (iii) Contracts and Other Agreements relating to the borrowing of money in excess of $1 million; (iv) Contracts and Other Agreements for the purchase of inventory, supplies, merchandise or other property requiring aggregate annual payments by the Company or any of its Subsidiaries in excess of $1 million; (v) Contracts and Other Agreements containing covenants of the Company or any of its Subsidiaries not to

compete with any Person in any line of business or in any geographical area or covenants of any other Person not to compete with the Company or any of its Subsidiaries in any line of business or in any geographical area; (vi) Contracts and Other Agreements relating to the acquisition or disposition by the Company or any of its Subsidiaries of any operating business or the capital stock of any other Person, which acquisition or disposition was consummated at any time within the two years preceding the date hereof and pursuant to which the purchase price was in excess of $1 million; and (vii) any other Contracts and Other Agreements pursuant to the terms of which there is a current obligation or right of the Company or any of its Subsidiaries to make annual payments in excess of $1 million or to receive annual payments in excess of $1 million.

(b) There have been delivered or made available to the Buyer true and complete copies of all Contracts and Other Agreements set forth on Schedule 4.13. All of such Contracts and Other Agreements are as of the date hereof in full force and effect and, to the Knowledge of the Seller, are valid and binding upon the Company or its Subsidiaries, as the case may be, in accordance with their terms. Except as set forth on Schedule 4.13, as of the date hereof, neither the Company nor any of its Subsidiaries is, and, to the Knowledge of the Seller, no other Person is, in default under any Contracts or Other Agreements listed on Schedule 4.13 which default has not been cured or waived, except for such defaults as would not, individually or in the aggregate, have a Material Adverse Effect on the Company. As of the date hereof, neither the Company nor any of its Subsidiaries has waived any rights under any

Contract or Other Agreement set forth in Schedule 4.13 that would have a Material Adverse Effect on the Company. Except as listed on Schedule 4.13(b), the Designated Terms of the Franchise Agreements materially conform to the Designated Terms of either the form of franchise agreement attached to the Company's UFOC, dated September 6, 1996 or the form of franchise agreement attached to the Company's UFOC dated July 15, 1994. Set forth on Schedule 4.13(b) is a true and complete list in all material respects, as of the date hereof, (i) with respect to each Franchise Agreement, the Approved Location (as defined in each Franchise Agreement) and (ii) with respect to each Development Agreement, the Assigned Area (as defined in each Development Agreement).

4.14 Employee Benefit Plans.

(a) For purposes of this Agreement:

(i) "BENEFIT PLAN" means any employee benefit plan, arrangement, policy or commitment, including, without limitation, any employment, consulting, severance or deferred compensation agreement, executive compensation, bonus, incentive, pension, profit-sharing, savings, retirement, stock option, stock purchase or severance pay plan, any life, health, disability or accidental death and dismemberment insurance plan, any holiday and vacation practice or any other employee benefit plan within the meaning of section 3(3) of ERISA, that is maintained, administered or contributed to by the Company or any of its ERISA Affiliates.

(ii) "CODE" means the Internal Revenue Code of 1986, as amended;

(iii) "EMPLOYEE" means any individual employed by the Company or any of its ERISA Affiliates;

(iv) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended;

(v) "ERISA AFFILIATE" means any Person with which the Company or any of its Subsidiaries is required to be aggregated pursuant to Code Section 414(b), (c), (m) or (o);

(vi) "IRS" means the United States Internal Revenue Service; and

(vii) "PBGC" means the Pension Benefit Guaranty Corporation.

(b) Schedule 4.14 lists all Benefit Plans. With respect to each such plan, the Company has delivered or made available to the Buyer correct and complete copies of (i) all plan texts and agreements and related trust agreements; (ii) all summary plan descriptions and material Employee communications; (iii) the most recent annual report (including all schedules thereto); (iv) the most recent annual audited financial statement; (v) if the plan is intended to qualify under Code section 401(a) or 403(a), the most recent determination letter, if any, received from the IRS; and (vi) all material communications with any Governmental Entity (including, without limitation, the PBGC and the IRS).

(c) Except as set forth on Schedule 4.14, and as specifically indicated with respect to each of the following, there are no Benefit Plans that (i) are

subject to any of Code section 412, ERISA section 302 or Title IV of ERISA; (ii) are intended to qualify under Code Section 401(a) or 403(a); or (iii) are welfare plans within the meaning of and subject to ERISA section 3(1) that provide benefits to current or former Employees beyond their retirement or other termination of service (other than coverage mandated by Code Section 4980B and Part 6 of Title I of ERISA), or are self-insured "multiple employer welfare arrangements," as such term is defined in Section 3(40) of ERISA.

(d) Each Benefit Plan conforms in all material respects to, and its administration is in all material respects in compliance with, all applicable Laws, except for such failures to conform or comply that, individually or in the aggregate, would not result in a Material Adverse Effect on the Company.

(e) Except as set forth on Schedule 4.14, the consummation of the Contemplated Transactions will not (i) entitle any current or former Employee to severance pay, unemployment compensation or any similar payment; or (ii) accelerate the time of payment or vesting, or increase the amount of any compensation due to, any current or former Employee.

(f) Except as set forth on Schedule 4.14, no Benefit Plan is a "MULTIPLE EMPLOYER PLAN" or a "MULTIEMPLOYER PLAN" within the meaning of the Code or ERISA.

(g) In the six years preceding the date hereof, (i) no Benefit Plan that is or was subject to Title IV of ERISA has been terminated; (ii) no reportable event within the meaning of Section 4043 of ERISA has occurred; (iii) no filing of a

notice of intent to terminate such a Benefit Plan has been made; and (iv) the PBGC has not initiated any proceeding to terminate any such Benefit Plan.

(h) Except as set forth on Schedule 4.14(h), neither the Company nor any of its Subsidiaries is a party to any agreement that has resulted, or would result, in the payment of any compensation to any employee which would constitute a "parachute payment" as defined in Section 280G of the Code.

(i) The Company has no existing arrangements with any of its employees providing for an excise tax gross up in respect of any excise taxes imposed by Section 4999 of the Code.

(j) No employee of the Company or any of its Subsidiaries is a "covered employee" within the meaning of Section 162(m) of the Code.

4.15 Title to Properties. Except as set forth on Schedule 4.15, the Company or the Subsidiaries, as applicable, own and have good and valid title to all of their properties, including all of the assets reflected on the Balance Sheet (but not including, however, the Owned Real Property, which is addressed in Section 4.6), in each case free and clear of any Lien, except for (a) Liens specifically described in the notes to the Audited Financial Statements; (b) properties disposed of, or subject to purchase or sales orders, in the ordinary course of business since the Balance Sheet Date; (c) Liens securing current Taxes, which are not yet due and payable or Taxes the validity of which are being contested in good faith; and (d) assessments, governmental charges or levies, or the claims of materialmen, carriers, landlords and like persons

which have arisen in the ordinary course of business and which do not involve any substantial danger of the sale, forfeiture or loss of any assets.

4.16 Employee Relations. Except as set forth on Schedule 4.16, (a) neither the Company nor any of its Subsidiaries is a party to, or bound by, any collective bargaining agreement or any Contract or Other Agreement with a labor union or labor organization; and (b) neither the Company nor any of its Subsidiaries has at any time during the last two years had, nor to the Knowledge of the Seller, is there now threatened any strike, picket, boycott, work stoppage or slowdown or other labor dispute. To the Knowledge of the Seller (without investigation or inquiry), there exists no fact or circumstance that could reasonably be likely to give rise to any Claim by Thorn or the Seller for willful misconduct or fraud against any officer or director or former officer or director (in their capacity as such) of the Company or any of its Subsidiaries, or any Person employed by the Company or any of its Subsidiaries on the date hereof.

4.17 Intellectual Property. Schedule 4.17(a) hereto sets forth the true and correct list of all registered patents, trademarks and copyrights (or applications therefor) held by the Company or any of its Subsidiaries other than the name "Thorn" or any combination of words included in the name "Thorn." Except as set forth on Schedule 4.17(b), the Company or its Subsidiaries possess ownership or have the right to use all patents, copyrights, trademarks, service marks, trade secrets and other proprietary intellectual property rights other than the name "Thorn" or any combination of words included in the name "Thorn" (the "INTELLECTUAL PROPERTY") necessary for the

operation of its business, except where the failure of the Company or its Subsidiaries to own or have such right to use any Intellectual Property would not have a Material Adverse Effect on the Company. Neither the Company nor any of its Subsidiaries is (a) to the Knowledge of the Seller, infringing upon the intellectual property rights of others in connection with its business; or (b) has received any notice of conflict with respect to the intellectual property rights of any other Person, except, in each case, as would not have a Material Adverse Effect on the Company.

4.18 Finders and Investment Bankers. Except for Credit Suisse First Boston ("CSFB"), no broker, finder, agent or similar intermediary (a "BROKER") has acted on behalf of the Company or any of the Subsidiaries in connection with this Agreement or the Contemplated Transactions, and that, except for the fees and expenses of CSFB, all of which shall be borne by the Seller, there are no brokerage commissions, finders' fees or similar fees or commissions payable in connection therewith based on any agreement, arrangement or understanding with the Company or any of its Subsidiaries or any action taken by the Company or any of its Subsidiaries.

4.19 Inventory. All inventory of the Company and its Subsidiaries was purchased, acquired or ordered in the ordinary course of business and consistent with past practice. The Company's rental merchandise in the aggregate is of a quality useable and merchantable, except for items of obsolete merchandise or merchandise below standard quality, which have been in the aggregate written down to the lower of cost or realizable market value, or for which adequate reserves have been provided.

4.20 Insurance. The Company maintains fire and casualty and general liability, business interruption, product liability, workers compensation and automobile policies with insurance carriers. A complete list of such policies in effect on the date hereof is set forth on Schedule 4.20. Neither the Company nor any of its Subsidiaries has received any notice of any material premium increase or cancellation with respect to any such insurance policy. During the last two years, neither the Company nor any of its Subsidiaries has been refused any basic insurance coverage sought or applied for.

4.21 Usage of Thorn Name. Neither the Company nor any of its Subsidiaries use the name "Thorn" or any variant thereof or the "Thorn" logo in the Stores, other than with respect to the operations of Thorn Leasing Concepts.

4.22 Rental Purchase Agreements. Except as set forth on Schedule 4.22, to the Knowledge of the Seller, (i) all Rental Purchase Agreements, taken as a whole, were entered into by the Company in the ordinary course of business in a manner consistent with the Company's business practices and (ii) the Rental Purchase Agreements, taken as a whole, which by their terms have not terminated, expired or otherwise lapsed prior to the date hereof are valid and binding upon the Company in accordance with their terms.

4.23 Product Liability. Schedule 4.23 sets forth the Company's general warranty policy with respect to products rented or sold by the Company or its Subsidiaries at any Store. Other than as described on Schedule 4.23, the Company has not provided any written or, to the Knowledge of Seller, without inquiry and

investigation, oral express warranties with respect to products rented or sold by the Company or its Subsidiaries at any Store.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Seller as follows:

5.1 Corporate Organization. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. The Buyer is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, that would not, individually or in the aggregate, have a Material Adverse Effect on the Buyer. The Buyer has previously delivered or made available to the Seller correct and complete copies of the certificate of incorporation and by-laws, each as currently in effect, of the Buyer.

5.2 Power and Authority. This Agreement has been duly authorized, executed and delivered by the Buyer and (assuming due execution and delivery hereof by the other parties hereto) this Agreement constitutes a valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms. Except for filings and other applicable requirements under the HSR Act, the execution and

delivery by the Buyer of this Agreement, the consummation of the Contemplated Transactions and the performance by the Buyer of this Agreement in accordance with its terms and conditions (a) is duly authorized by the Board of Directors of the Buyer and no other corporate action on the part of the Buyer is required for the authorization, execution, delivery and performance by the Buyer of this Agreement and the consummation of the Contemplated Transactions; and (b) will not (i) violate any provision of the certificate of incorporation of the Buyer; (ii) require the Buyer to obtain any consent, approval, authorization or action of, or make any filing with or give any notice to, any Governmental Entity or any other Person; (iii) violate, conflict with or result in the breach of any of the terms and conditions of, result in a material modification of the effect of, otherwise cause the termination of or give any other contracting party the right to terminate, or constitute (or with notice or lapse of time or both constitute) a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any Contracts and Other Agreements to which the Buyer is a party or by or to which the Buyer may be bound or subject; or (iv) violate any Law or Order of any Governmental Entity applicable to the Buyer.

5.3 Investment Intent. The Buyer is purchasing the Shares for its own account for investment and not with a view to, or for sale in connection with, any distribution of any of the Shares. The Buyer acknowledges that the sale of the Shares hereunder has not been registered under the Securities Act of 1933, as amended, or any applicable state securities laws and that the Shares may only be sold, transferred,

offered for sale or otherwise disposed of under an effective registration statement under the Securities Act of 1933, as amended, or under an exemption therefrom and pursuant to state securities laws and regulations as applicable. The Buyer has no contract, undertaking, agreement or arrangement with any Person to sell, hypothecate, pledge, donate, or otherwise transfer (with or without consideration) to any such Person any of the Shares, and the Buyer has no present plans or intention to enter into any such contract, undertaking, agreement, or arrangement.

5.4 Pending Actions. There is no pending or, to the knowledge of the Buyer, threatened Claim before any Governmental Entity to restrain or prevent the consummation of the Contemplated Transactions or which would reasonably be expected to materially impair or delay the ability of the Buyer to consummate the Contemplated Transactions.

5.5 Finders and Investment Bankers. Except for Bear, Stearns & Co. Inc., no Broker has acted on behalf of the Buyer in connection with this Agreement or the Contemplated Transactions, and, except for the fees and expenses of Bear, Stearns & Co. Inc., all of which shall be borne by the Buyer, there are no brokerage commissions, finders' fees or similar fees or commissions payable in connection therewith based on any agreement, arrangement or understanding with the Buyer, or any action taken by the Buyer.

5.6 Financial Capability. The Buyer has received commitment letters (the "COMMITMENT LETTERS") from financing sources enabling the Buyer to obtain financing for the Contemplated Transactions which, in accordance with the terms

thereof, are in an amount necessary to fund the Purchase Price and all fees and expenses of the Buyer in connection with the Contemplated Transactions. True and correct copies of the Commitment Letters have been provided to the Seller and are set forth on Schedule 5.6. As of the date hereof, the Buyer is not aware of any facts or circumstances with respect to the Buyer or the lenders under the Commitment Letters that create a reasonable basis for the Buyer to believe that the Buyer will not be able to obtain financing in accordance with the terms of the Commitment Letters. The Buyer agrees to promptly notify the Seller if the statements in the immediately proceeding sentence are no longer true and correct.

ARTICLE 6

COVENANTS

6.1 Conduct of Business of the Company. Except as contemplated by this Agreement or as set forth on Schedule 6.1, during the period from the date hereof to the Closing Date, the Seller shall cause the Company and its Subsidiaries to conduct their respective businesses in the ordinary course of business consistent with past practice. Except as otherwise contemplated by this Agreement or as set forth on Schedule 6.1, during the period from the date hereof to the Closing Date the Seller shall cause the Company and its Subsidiaries not to, without the prior written consent of the Buyer (which consent shall not be unreasonably withheld or delayed):

(a) amend or propose to amend its certificate of incorporation or by-laws (or comparable organizational documents) other than to change the name of any of its Subsidiaries;

(b) authorize for issuance, issue, sell, pledge, deliver or agree or commit to issue, sell, pledge or deliver (whether through the issuance or granting of any options, warrants, calls, subscriptions, stock appreciation rights or other rights or other agreements) any Capital Stock of the Company or any of its Subsidiaries or any securities convertible into or exchangeable for Capital Stock of the Company or any of its Subsidiaries;

(c) split, combine, redeem or reclassify any class of Capital Stock of the Company or any of its Subsidiaries;

(d) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries;

(e) increase in any manner the compensation payable or to become payable by the Company or any of its Subsidiaries to any of their respective directors, officers or employees, other than in the ordinary course of business consistent with past practice or as required under any Contract and Other Agreement in existence on the date hereof, or grant any severance or termination pay to any director, officer or employee of the Company or any of its Subsidiaries, other than in accordance with existing policies or as required under any Contract and Other Agreement in existence on the date hereof;

(f) enter into any Contracts and Other Agreements or oral contracts and other agreements (other than Contracts and Other Agreements of the types permitted under clauses (h) and (m) below) that are material to the Company and its Subsidiaries taken as a whole, other than (x) in connection with any Indemnified Litigation (provided, that (i) such Contract and Other Agreement does not contain an admission of liability on the part of the Company or its Subsidiaries or any restrictions on the future operations of the Buyer or the Company or its Subsidiaries and (ii) the Buyer shall have consented thereto, which consent shall not be unreasonably withheld or delayed) or (y) in the ordinary course of business consistent with past practice, or otherwise make any material change in any Contract and Other Agreement in existence on the date hereof that is material to the Company and its Subsidiaries taken as a whole, other than in connection with any Indemnified Litigation (provided, that (i) such material change does not include an admission of liability on the part of the Company or its Subsidiaries or any restrictions on the future operations of the Buyer or the Company or its Subsidiaries and (ii) the Buyer shall have consented thereto, which consent shall not be unreasonably withheld or delayed);

(g) except as may be required as a result of a change in Law or in GAAP, change any of the accounting principles or practices used by the Company and its Subsidiaries from those set forth in the Audited Financial Statements;

(h) except for inventory in the ordinary course of business, sell abandon or make any other disposition of any asset that is material to the Company

and its Subsidiaries taken as a whole or purchase or otherwise acquire any asset which would be material to the Company and its Subsidiaries taken as a whole;

(i) enter into or amend any Contract or Other Agreement with any Affiliate of the Company, other than any such Contract or Other Agreement that may be terminated, without penalty or any further obligation on the part of any party, upon no more than 10 days notice or on the Closing Date;

(j) except with respect to the scheduled roll out of computer hardware associated with the Store point-of-sale-system (IRIS System) consistent with Schedule 6.1(j), the Company will not make or commit to make (i) capital expenditures for fixed assets or real property with respect to the Company's automotive business in an aggregate amount in excess of $10,000, (ii) other capital expenditures in aggregate amount of the product of (x) the number of complete months since the date of this Agreement to the Closing Date and (y) $4 million or (iii) any capital expenditures outside the ordinary course of business;

(k) enter into any industry which the Company or any of its Subsidiaries is not engaged in as of the date hereof or which is not reasonably incidental to any business the Company or any of its Subsidiaries is engaged in as of the date hereof;

(l) sell, abandon, transfer or make any other disposition of any Store, other than any sales, transfers or other dispositions to the Company or to any Subsidiary of the Company;

(m) enter into any Contract and Other Agreement with any Person pursuant to which such Person agrees to be employed by the Company or any of its Subsidiaries, other than pursuant to which the Person is employed by the Company or its Subsidiaries on "at will" basis and such Person's entitlement, if any, to severance benefits is not greater than the severance benefits provided under the severance policies of the Company and its Subsidiaries in effect as of the date hereof, or amend in any material respect any employment agreement in existence on the date hereof, with any officer, director or employee of the Company or its Subsidiaries; or

(n) agree, commit or arrange to do any of the foregoing.

6.2 Access and Information. Between the date of this Agreement and the Closing, the Seller shall afford the Buyer and its authorized representatives (including its employees, officers, directors, Affiliates, accountants, financial advisors, legal counsel and potential financing sources) (collectively, the "BUYER REPRESENTATIVES") reasonable access during normal business hours and upon reasonable prior notice to all of the properties, personnel, Contracts and Other Agreements, books and records of the Company and its Subsidiaries and shall promptly deliver or make available to the Buyer information concerning the business, properties, assets and personnel of the Company and its Subsidiaries as the Buyer may from time to time reasonably request; provided, however, that nothing herein shall require the Seller, the Company or any of its Subsidiaries to disclose any information to the Buyer or any Buyer Representative if such disclosure would be in violation of applicable Law or the provisions of any confidentiality agreement to which the Company or any of its

Subsidiaries is a party or otherwise bound. The Seller shall, and shall cause the Company and each of its Subsidiaries to, use all commercially reasonable efforts to obtain any and all necessary consents so that it may disclose any such information without violating any applicable Law or the provisions of any such confidentiality agreement. The Buyer shall hold, and shall cause each Buyer Representative to hold, all Evaluation Material (as defined in the Confidentiality Agreement dated March 10, 1998, between the Seller, Thorn and the Buyer (the "CONFIDENTIALITY AGREEMENT") in confidence in accordance with the terms of the Confidentiality Agreement and, in the event of the termination of this Agreement for any reason, the Buyer promptly shall return or destroy all Evaluation Material in accordance with the terms of the Confidentiality Agreement. Notwithstanding the foregoing sentence, in connection with the financings contemplated by the Commitment Letters, the Buyer may include such information regarding the Company and its Subsidiaries in any prospectus, offering memoranda or other documentation to the extent that the inclusion therein is customary with financings of the type contemplated thereby; provided, that the Seller shall consent to the inclusion of such Evaluation Material, which consent shall not be unreasonably withheld or delayed. The Seller shall cause the Company to deliver to the Buyer, as promptly as practicable following the receipt thereof by Thorn, the monthly financial reports known as the "M Reports" which the Company provides as of the date hereof to Thorn; provided, however, that in no event shall the Company be required to create or furnish any new report or data that the Company does not as of the date hereof create or furnish to Thorn.

6.3 Government Filings. As soon as practicable, but in any event within seven Business Days after the date hereof, the parties shall, and shall cause their Affiliates to, make any and all filings and submissions to any Governmental Entity which are required to be made in connection with the Contemplated Transactions, including all notification and report forms required for compliance with the HSR Act.

6.4 Public Announcements. No party hereto will issue or cause the publication of any press release or similar public announcement or communication concerning the execution or performance of this Agreement without the prior written consent of the other parties hereto; provided, however, that nothing herein will prohibit any party from issuing or causing publication of any such press release or similar public announcement or communication to the extent that such action is required by Law, or the rules and regulations of each stock exchange upon which the securities of one of the parties (or any Affiliate thereof) is listed, in which case the party making such determination will, if practicable in the circumstances, use reasonable efforts to allow the other party reasonable time to comment on such release or announcement in advance of its issuance.

6.5 Indemnification of Brokerage. The Buyer agrees to pay the fees and expenses of Bear, Stearns & Co. Inc. and indemnify and hold harmless the Seller from any Claim or demand for commission or other compensation by any Broker claiming to have been employed by or on behalf of the Buyer, and to bear the cost of legal expenses incurred in defending against any such Claim. The Seller agrees to pay the fees and expenses of CSFB and indemnify and hold harmless the Buyer and the

Company from any Claim or demand for commission or other compensation by any Broker claiming to have been employed by or on behalf of the Seller, the Company or any Subsidiary thereof, and to bear the cost of legal expenses incurred in defending against any such Claim.

6.6 Intercompany Accounts. At the Closing, Thorn shall cause Thorn Finance to repay to the Company and its Subsidiaries all amounts, if any, owed to the Company and its Subsidiaries by Thorn Finance, calculated as of the Closing Date (immediately prior to consummation of the Contemplated Transactions). Two Business Days prior to the Closing, the Seller shall cause the Company to deliver to the Buyer a certificate signed by an officer of the Company indicating the amount calculated as of the Closing Date (immediately prior to consummation of the Contemplated Transactions) owed by the Company or any of its Subsidiaries to Thorn Finance or owed by Thorn Finance to the Company or any of its Subsidiaries, as the case may be.

6.7 Continuation of Employment Benefits and Credit For Past Service.

(a) After the Closing, except the employees listed on the Schedule 6.7, the Buyer shall cause the Company and its Subsidiaries to employ the Closing Date Employees on terms consistent with Buyer's current employment practices. Notwithstanding the foregoing, such employment shall be at will and neither the Buyer, the Company nor its Subsidiaries shall be under any obligation to employ

any individual and nothing herein shall require the Company or any Subsidiary to provide and maintain any particular benefit arrangement.

(b) The Buyer agrees that the Closing Date Employees shall be given credit for all service with the Company or any of its Subsidiaries to the extent credited under the Company benefit plans for purposes of eligibility, vesting and benefit accrual under any employee benefit plans of the Buyer or new employee benefit plans of the Company and its Subsidiaries in which the Closing Date Employees become participants following the Closing Date.

6.8 Transfer Taxes. The Buyer agrees to pay all sales, transfer, recording, deed, documentary, stamp and other similar taxes due to any federal, state or local United States jurisdiction arising from the sale of the Shares, including, but not limited to, any Real Property transfer taxes.

6.9 New Zealand Asset Disposition. Prior to the Closing, the Seller shall cause the Company to sell, assign or otherwise transfer all of the assets and liabilities of Thorn Rentals Trading, Inc. relating to the business of Thorn Rentals Trading, Inc. conducted in New Zealand (collectively, the "NEW ZEALAND OPERATIONS") to a Person other than the Company or a Subsidiary of the Company.

6.10 Company Consents. The Seller shall, and shall cause the Company to, use commercially reasonable efforts, at the Seller's expense, to obtain or make, prior to or at the Closing, all Company Consents.

6.11 Indemnification of Directors and Officers. The Buyer agrees that all rights to indemnification for acts or omissions occurring prior to the Closing Date

now existing in favor of the current or former directors or officers of the Company and its Subsidiaries as provided in their respective certificates of incorporation or by-laws (or other comparable organizational documents) shall survive the Closing Date.

6.12 Expenses. The parties to this Agreement shall, except as otherwise specifically provided herein, bear their respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the Contemplated Transactions, including, without limitation, all fees and expenses of agents, representatives, counsel and accountants. Without limiting the generality of the foregoing, (i) all legal, accounting and other fees, costs and expenses of professional advisors (including public relations advisors) incurred by the Company, the Seller, Thorn or any Affiliate thereof in connection with the preparation, negotiation and execution of this Agreement, the Contemplated Transactions or any other transaction in respect of the sale of the Company shall be paid by the Seller and (ii) the Buyer shall pay all filing fees under the HSR Act.

6.13 Further Assurances.

(a) General. Each of the parties shall execute such documents, certificates, notices and other instruments and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the Contemplated Transactions. Each such party shall use commercially reasonable efforts to fulfill or obtain the fulfillment of the conditions to the Closing set forth in Articles 10 and 11.

(b) Governmental Approvals. Without limiting the provisions set forth in paragraph (a) above, (i) the Buyer, the Seller and their respective Affiliates shall use commercially reasonable efforts to take or cause to be taken all actions necessary, proper or advisable to obtain any consent, waiver, approval or authorization relating to any statute, rule, regulation, order, decree, administrative and judicial doctrine, and other Laws which are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade ("COMPETITION LAWS") that is required for the consummation of the Contemplated Transactions, which efforts shall include, without limitation: (x) the proffer by the Buyer of its willingness to accept an Order that will not have a materially adverse impact on the economics of the Contemplated Transactions providing for the divestiture by the Buyer of such of the assets of the Company (or in lieu thereof assets and businesses of the Buyer), the licensing of any Intellectual Property rights of the Company and/or entry into tolling agreements by the Company, in each case as may be necessary for the Buyer to forestall any Order (whether preliminary, temporary or permanent) or the taking of any other action by any Governmental Entity to restrain, enjoin or otherwise prohibit the consummation of the Contemplated Transactions; and (y) an offer to hold separate such assets and businesses pending such divestiture and/or the entry into such licensing or tolling agreements, as the case may be. In the event that despite the Buyer's compliance in all respects with the obligation in the preceding sentence, an Order is sought to be imposed that would prevent, delay or make unlawful the consummation of the Contemplated Transactions, the Buyer agrees to contest and

resist any action seeking to have any such Order imposed, to use commercially reasonable efforts to take promptly any and all steps (including the appeal thereof, the posting of a bond or the taking of the steps set forth in this paragraph (b)) necessary to vacate, modify or suspend any such Order so as to permit such consummation as promptly as practicable after the date hereof. In the event that regulatory authorities require the divestiture or the holding separate by the Buyer following the Closing of any of the assets or entities of the Company or its Subsidiaries, or the entry into any licensing or tolling arrangements, no adjustment shall be made to the Purchase Price and the Buyer shall be required to hold such assets or entities separate and, if ordered, divest them following the Closing and enter into such licensing or tolling agreements.

The parties hereto will consult and cooperate with one another, and consider in good faith the views of one another in connection with any analysis, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto in connection with a proceeding under or relating to the HSR Act or any other Competition Law. The Buyer and the Seller agree that the other party's legal counsel may, if such other party so wishes, participate in any meeting with any Governmental Entity with jurisdiction over the enforcement of any applicable Law regarding this Agreement or the Contemplated Transactions to the extent permitted by such Governmental Entity and to advise each other in advance of any such meeting.

(c) Thorn Shareholder Approval. Thorn will, within 21 days after the date hereof, subject to the existence of an Event of Force Majeure, dispatch a

circular to the shareholders of Thorn so as to inform them of this Agreement and the Contemplated Transactions and so as to convene the General Meeting of Thorn referred to in Section 11.5 on or before the 18th day after the date such circular was dispatched to the shareholders of Thorn, or, if such 18th day is not a Business Day, the next following Business Day. Thorn agrees with the Buyer that, provided it is not inconsistent with their fiduciary duties and good faith obligation under English law, the directors of Thorn will recommend to Thorn's shareholders approval of the resolution referred to in Section 11.5 and, if such recommendation is given and not withdrawn, will vote any shares held beneficially by them in Thorn in favor of such resolution. Notwithstanding the foregoing, nothing herein shall in any way prohibit any director of Thorn from not giving, amending, withdrawing, or modifying in any respect his recommendation with respect to this Agreement and the Contemplated Transactions if such director, in his sole discretion, reasonably determines that he cannot give the recommendation in good faith or that giving the recommendation is not consistent with his fiduciary duties.

(d) Franchise Assistance. The Seller shall, and shall cause the Company to, cooperate with the Buyer and provide such reasonable assistance to the Buyer as it may, from time to time, reasonably request regarding the sale, transfer or other disposition of the stores of the Company and its Subsidiaries operated pursuant to the Franchise and Development Agreements or the modification or amendment of any Franchise and Development Agreement; provided, that the foregoing shall not impose any obligation on the Seller, Thorn or the Company to incur any expense, liability or

other obligation other than expenses, liabilities or other obligations, which in the aggregate, are de minimis.

6.14 Change of Name. Within 5 Business Days following the Closing, the Buyer shall cause the Company and each of its Subsidiaries to amend their respective certificates of incorporation (and other organizational documents) and take all other reasonable actions requested by the Seller, to change the Company's or such Subsidiary's name to a name that does not include the word "Thorn" or any variant thereof. The name "Thorn" and the "Thorn" logo shall remain the exclusive property of the Seller and its Affiliates after the Closing, and except as provided in the following sentence, neither the Buyer nor the Company nor any of its respective Subsidiaries or Affiliates shall have any right for any purpose whatsoever to the use of such name or logo or any other form, combination or usage thereof which might reasonably be confused with such name or logo. Notwithstanding the foregoing sentence, the Company and its Subsidiaries may, for a period of six months following the Closing Date, continue using the property and assets of the Company and its Subsidiaries on which the name "Thorn" or any variant thereof or the "Thorn" logo appears; provided, however, that the Buyer shall cause the Company and its Subsidiaries not to expand the use of such name or logo to any property or assets of the Company and its Subsidiaries acquired after, or which did not bear such name or logo on, the Closing Date, and the Buyer shall cause the Company and its Subsidiaries to use its commercially reasonable efforts to cease using such name or logo on its respective properties and assets as soon as possible following the Closing. Following the termination of such six month period,

neither the Buyer nor the Company nor any of its respective Subsidiaries or Affiliates shall have any rights whatsoever to (i) the use of the name "Thorn" or any variant thereof or the "Thorn" logo and (ii) the use of any property or asset which has the name "Thorn" or any variant thereof or the "Thorn" logo thereon.

6.15 Tax Returns.

(a) The Seller shall cause the Company and its Subsidiaries to prepare and timely file all Tax Returns of the Company and its Subsidiaries required to be filed by any of them for the periods ending on or prior to March 31, 1998. The Seller shall (i) prepare such Tax Returns in a manner consistent with past practices; (ii) consult in good faith with the Buyer and its agents as to the contents of such Tax Returns; (iii) make the relevant books, records, other materials (including accountants' working papers) and documents available to the Buyer or its agents; and (iv) cooperate fully with them in connection therewith. Seller shall cause the Company and its Subsidiaries to pay when due all Taxes payable prior to the Closing Date for periods ending on or before and including the Closing Date.

(b) If any Tax Return described in Section 6.15(a) has not been filed on or before the Closing Date, the Buyer shall be responsible for the timely filing of such Tax Return. If the preparation of any such Tax Return has not been completed by the Seller prior to the Closing Date, the Buyer shall complete the preparation of such Tax Return in accordance with the principles set forth in Section 6.15(a) and shall present it to the Seller no later than 60 days before the final due date for such Tax Return (including extensions). Thereafter, the Buyer, unless the Seller

objects to any item included in such Tax Return within 30 days after receipt thereof, shall timely file such Tax Return. If the Seller does so object to any item, the Buyer shall not file such Tax Return without Seller's consent, which shall not be unreasonably withheld or delayed. Buyer shall cause the Company to pay when due all Taxes payable after the Closing Date for periods ending on or before the Closing Date.

(c) The Buyer shall cause the Company to prepare and file all Tax Returns of the Company and its Subsidiaries required to be filed by them subsequent to the Closing Date for periods beginning after March 31, 1998. With respect to periods beginning after March 31, 1998, and ending on or before the Closing Date, the Seller shall (i) make available to the Buyer or its agents, relevant books, records, other materials (including accountants' working papers) and documents and (ii) cooperate fully with the Buyer and its agents in connection with the preparation of such Tax Returns. To the extent any such Tax Return filed subsequent to the Closing Date includes any period prior to the Closing Date, and may give rise to any obligation of the Seller to indemnify the Buyer under Section 8.1, the Buyer shall (i) prepare such Tax Return in a manner consistent with past practices; (ii) consult in good faith with the Seller and its agents as to the contents of such Tax Returns; (iii) make the relevant books, records, other materials (including accountants' working papers) and documents available to the Seller or its agents; (iv) cooperate fully with them in connection therewith; and (v) shall not file such Tax Return without the Seller's consent, which shall not be unreasonably withheld or delayed.

(d) Neither the Company nor any Subsidiary shall file any amended Tax Return for any period ending on or before the Closing Date without the consent of the Seller, which consent shall not be unreasonably withheld or delayed.

(e) The Buyer will provide the Seller with such cooperation and information as may be reasonably requested in preparing and filing the Tax Return, amended Tax Return or claim for refund, determining a liability for Taxes or a right to a refund of Taxes, or participating in or conducting any audit or other proceeding in respect of Taxes. The Buyer shall make its employees available on a basis convenient to the Seller to provide explanations of any documents or information provided hereunder.

(f) To the extent not accrued on the Audited Closing Balance Sheet or otherwise accounted for through any adjustment procedure under Section 1.4, any refund of Taxes for any period ending on or before the Closing Date, other than a refund of Taxes resulting from a carryback of a loss from a taxable year of the Company and its Subsidiaries ending after the Closing Date, shall be for the account of the Seller.

6.16 Employee Payments.

(a) Effective as of the Closing, the Seller shall cause the Company and the Company's Subsidiaries to terminate their respective employees' participation in the following incentive compensation programs: (i) the Thorn Senior Executive Share Rights Plan (sometimes referred to as the Thorn Senior Executive Share Option Plan), (ii) the Thorn Share Option Plan, (iii) the Thorn Share Purchase

Plan, (iv) the Thorn Americas Inc. Middle Management Incentive Plan, (v) the Thorn Senior Executive Incentive Plan and (vi) the Thorn Long Term Incentive Plan (collectively, the "INCENTIVE PLANS").

(b) The Buyer shall, or shall cause the Company to, pay (i) all amounts due to employees of the Company and its Subsidiaries in respect of the Incentive Plans to the extent such amounts are payable in cash, at such time as such amounts are determinable and due under the terms of the respective Incentive Plans, and (ii) within ten (10) Business Days following the Closing, all amounts set forth on Schedule 6.16 hereto and all amounts payable pursuant to Section 3.4(iv) of the Employment Agreement referred to in item No. 5 on Schedule 4.13(a)(i).

(c) The Buyer shall, or shall cause the Company to, provide all amounts and benefits and all other severance and other payments due with respect to any employee of the Company or any of its Subsidiaries who becomes entitled to any payment or benefits as a result of such employee's termination of employment on or after the Closing pursuant to the letters and agreements listed on Schedule 4.14.

(d) The estimated aggregate amount of the payments to be made by the Buyer or the Company pursuant to Section 6.16(b) (collectively, the "EMPLOYEE PAYMENTS") is $28.9 million (the "ESTIMATED AMOUNT"). To the extent the aggregate amount of the payments actually made by the Buyer or the Company pursuant to section 6.16(b) (the "ACTUAL AMOUNT") exceeds the Estimated Amount, the Seller shall pay to the Buyer an amount equal to the excess of the Actual Amount over the Estimated Amount. To the extent the Estimated Amount exceeds the Actual

Amount, the Buyer shall pay to the Seller an amount equal to the excess of the Estimated Amount over the Actual Amount. The foregoing amounts shall be determined by Ernst & Young LLP (the "ACCOUNTING FIRM"). The determination of the Accounting Firm will be completed as soon as practicable following the last Employee Payment. Any amount payable under this Section 6.16(d) by the Buyer to the Seller or the Seller to the Buyer, as the case may be, other than a payment made in connection with a Tax Benefit (described below), shall be paid within 10 days of such determination of the Accounting Firm. The Buyer and Seller shall fully cooperate with the Accounting Firm to develop the information necessary to give effect to this Section 6.16(d) and the determination of the Accounting Firm shall be conclusive and binding on both Buyer and Seller. If payment by the Buyer or the Company of the Actual Amount caused, directly or indirectly, a reduction (a "TAX BENEFIT") in the amount of the Company's or any of its Subsidiaries' liability for Taxes ("TAX LIABILITY") in a taxable year or years ending after the Closing Date, then the Buyer shall pay to the Seller the amount of such Tax Benefit within 30 days of the date such reduction occurs. The Tax Benefit shall be deemed to occur, for purposes of this Section 6.16(d), on the date on which the Company files a Tax Return, including, without limitation, an amended Tax Return, for a taxable year ending after the Closing Date reflecting a Tax Liability reduced by reason of the aforesaid payment by the Buyer or the Company of the Actual Amount.

(e) If, at any time after the Closing Date, the IRS or any other taxing authority disallows, or proposes to disallow, any Tax Benefit for which the

Buyer has paid the Seller pursuant to Section 6.16(d) hereof, the Buyer will promptly give written notice to the Seller that such issue has been raised and information in reasonable detail relating thereto. The Buyer shall not concede or settle any issue with respect to any Tax Benefit without the prior written consent of the Seller, which shall not be unreasonably withheld. If any Tax Benefit described in this Section 6.16(e) is ultimately disallowed, or the amount thereof is reduced by any final administrative or judicial determination, or as a result of any settlement or agreement with respect to the liability of the Buyer, the Company or its Subsidiaries, or if the amount of any such Tax Benefit is otherwise reduced, then the Seller will repay to the Buyer the amount of such Tax Benefit previously paid over to the Seller (or the portion thereof that has been disallowed or reduced, as the case may be), with applicable interest.

6.17 Certain Existing Claims.

(a) Subject to Sections 6.17(b) and 6.17(c), the Seller shall indemnify, defend and hold harmless the Buyer from and against all losses, liabilities, damages, deficiencies, judgments, assessments, fines, settlements, costs and expenses (including without limitation interest, penalties and reasonable fees and disbursements of external counsel, experts and consultants) (collectively, the "INDEMNIFIED LITIGATION LOSSES") incurred by the Company in respect of any Claim listed on Schedule 6.17 (each, an "INDEMNIFIED LITIGATION").

(b) The Seller's indemnification obligation under Section 6.17 shall be subject to the Buyer causing the Company to (i) appropriately defend each Indemnified Litigation, (ii) retain counsel with respect to each Indemnified Litigation

reasonably acceptable to the Seller, (iii) keep the Seller and, at the Seller's request, its Representatives informed of all material developments with respect to each Indemnified Litigation, (iv) provide, on a prompt and timely basis, such information as is reasonably requested by the Seller and its Representatives with respect to each Indemnified Litigation and (v) not settle or compromise any Indemnified Litigation without the Seller's prior written consent, which shall not be unreasonably withheld or delayed. Other than as provided in the immediately prior sentence, following the Closing, the Company shall manage and control each Indemnified Litigation.

(c) The Seller's indemnification obligation under Section 6.17 shall also be subject to the Buyer causing the Company to deliver to the Seller documentation reasonably satisfactory to the Seller setting forth the following information: (i) the Indemnified Litigation to which the Indemnified Litigation Loss relates; and (ii) the aggregate amount of such Indemnified Litigation Loss and supporting invoices and other related documentation in connection therewith. Upon receipt by the Seller of the documentation referred to in the immediately prior sentence in accordance therewith and fulfillment of the Buyer's obligations under Section 6.17(b), the Seller shall fulfill its obligations under Section 6.17(a) within ten (10) Business Days.

(d) All amounts paid by the Seller under this Section 6.17 shall be treated for all Tax purposes as adjustments to the Purchase Price.

6.18 Confidentiality, Use of Information.

(a) Except as provided in Section 6.2, the Buyer shall and, after the Closing, shall cause the Company, and the respective officers, directors, employees, agents, legal counsel, financial advisors and Affiliates (collectively, "REPRESENTATIVES") of the Buyer and the Company, to hold in strict confidence all information concerning the business, assets, properties and operations of Thorn and its Affiliates (other than, after the Closing, the Company and its Subsidiaries), other than (i) information that has become generally available to the public other than as a result of a disclosure by the Buyer, the Company or any of their respective Representatives and (ii) information that becomes available to the Buyer, the Company or their respective Representatives on a nonconfidential basis from a third party having no obligation of confidentiality to the Seller and which has not itself received such information directly or indirectly in breach of any such obligation of confidentiality (collectively, "THORN NON-PUBLIC INFORMATION"), unless the Buyer, the Company or any of their respective Representatives are required by applicable Law, judicial order or pursuant to any listing agreement with, or the rules or regulations of, any securities exchange of which securities of the Buyer or the Company are listed or traded to disclose such Thorn Non-Public Information. If the Buyer, the Company or any of their respective Representatives become legally compelled to disclose any Thorn Non-Public Information, the Buyer or the Company shall provide the Seller with immediate notice before such disclosure so that the Seller and its Affiliates may seek a protective order or other appropriate remedy and the Buyer and the Company will cooperate with the Seller

and its Affiliates in any effort to obtain a protective order or other appropriate remedy. If such protective order or other remedy is not obtained and the Buyer or the Company is compelled to disclose any Thorn Non-Public Information, the Buyer shall, and shall cause the Company to, exercise commercially reasonable efforts to obtain reliable assurance that confidential treatment, to the extent available, shall be accorded the information. The Buyer shall not, and shall cause the Company not to, oppose any action by the Seller or any of its Affiliates to obtain an appropriate protective order or other reliable assurance that such confidential treatment will be so accorded. Further, the Buyer shall not, and shall cause the Company and the Representatives not to, directly or indirectly, use for any purpose whatsoever any of the Thorn Non-Public Information.

(b) If the Closing occurs, following the Closing Date, the Seller shall, and shall cause its Representatives to, hold in strict confidence all information concerning the Business, the assets, properties and operations of the Company and its Subsidiaries, other than (i) information that has become generally available to the public other than as a result of a disclosure by the Seller or any of its Representatives or (ii) information that becomes available to the Seller on a nonconfidential basis from a third party having no obligation of confidentiality to the Buyer and which has not itself received such information directly or indirectly in breach of any such obligation of confidentiality (collectively, "SELLER NON-PUBLIC INFORMATION"), unless the Seller or any of its Representatives are required by applicable Law, judicial order or pursuant to any listing agreement with, or the rules or

regulations of, any securities exchange of which securities of the Seller or any of its Affiliates are listed or traded to disclose such Seller Non-Public Information. If the Seller or its Representatives become legally compelled to disclose any Seller Non-Public Information, the Seller shall provide the Buyer with immediate notice before such disclosure so that the Buyer may seek a protective order or other appropriate remedy and the Seller will cooperate with the Buyer in any effort to obtain a protective order or other appropriate remedy. If such protective order or other remedy is not obtained and the Seller is compelled to disclose any Seller Non-Public Information, the Seller shall exercise commercially reasonable efforts to obtain reliable assurance that confidential treatment, to the extent available, shall be accorded the information. The Seller shall not oppose any action by the Buyer to obtain an appropriate protective order or other reliable assurance that such confidential treatment will be so accorded. Further, the Seller shall not, and shall use its reasonable commercial efforts to cause its Representatives not to, directly or indirectly, use, for any purpose whatsoever any Seller Non-Public Information. The parties hereto hereby acknowledge and agree that "Seller Non-Public Information" shall not include any information that relates, directly or indirectly, to any business conducted by Thorn or any of its Affiliates in any jurisdiction other than the United States or Puerto Rico.

(c) The parties hereto acknowledge and agree, without prejudice to any other rights or remedies they may have, that (i) a breach of any of the terms or provisions of this Section 6.18 would cause irreparable damage to the non-breaching party for which adequate remedy at law is not available and (ii) the

non-breaching party will be entitled as a matter of right to obtain, without posting any bond whatsoever, an injunction, restraining order, or other equitable relief to restrain any threatened or further breach of this Section 6.18, which right will not be exclusive but will be cumulative and in addition to any other rights and remedies available at law or in equity.

(d) At the Closing, the Seller will assign to the Buyer the non-exclusive right to enforce the rights of the Seller and its Affiliates under the confidentiality agreements entered into between CSFB, as agent for the Seller and Thorn, and the prospective purchasers of the Company.

6.19 Certain Intellectual Property. On or prior to the Closing, Thorn shall cause Thorn (I.P.) Ltd. to transfer to the Company all of its right, title and interest in and to the trademarks and trademark applications listed on Schedule 6.19.

6.20 Thorn Guaranty. Thorn hereby irrevocably, unconditionally and completely guarantees the full and timely payment and performance of all of the Seller's obligations under this Agreement, subject to the provisions and limitations set forth herein. The obligations and liabilities under this guaranty constitute primary obligations and liabilities of Thorn and shall not be affected by the absence of any action to enforce obligations of, or proceedings first against, the Seller.

6.21 Replacement of Letters of Credit. On or prior to the Closing, the Buyer shall replace (a) the Letters of Credit issued by Midland Bank plc on behalf of the Company in favor of (i) Travelers Insurance Company and (ii) TKC III LLC, on behalf of Shaftesbury Insurance Company in favor of Chubb & Sons, Inc., and on

behalf of Remco America, Inc. in favor of National Union Fire Insurance Company; (b) the Letters of Credit issued by Barclays Bank plc on behalf of Shaftesbury Insurance Company in favor of (i) Employer's Insurance of Wausau, (ii) Travelers Indemnity Company of Illinois and (iii) Pacific Employers Insurance Company and (c) all other letters of credit that may be issued in connection with the business of the Company and its Subsidiaries following the date hereof. Such replacement letters of credit shall be satisfactory in all respects to the beneficiaries thereof. Notwithstanding the foregoing, the aggregate amounts under the letters of credit referred to in this Section 6.21 (other than letters of credit issued in connection with any Claim) and the guaranties referred to in Section 6.22 (other than any guaranty issued in connection with any Claim) shall not exceed $28 million.

6.22 Replacement of Guaranties. On or prior to the Closing, the Buyer shall replace, or provide substitute credit support in lieu of, (a) the guaranty dated August 2, 1996 executed by Thorn in favor of The First National Bank of Maryland; (b) the guaranty dated July 23, 1996 executed by Thorn in favor of The Chase Manhattan Bank; (c) the guaranty dated July 23, 1996 executed by Thorn in favor of Societe General and (d) all other guaranties that may be issued in connection with the business of the Company and its Subsidiaries following the date hereof. Such replacement guaranties or substitute credit support shall be satisfactory in all respects to the beneficiaries thereof. Notwithstanding the foregoing, the aggregate amounts under the letters of credit referred to in Section 6.21 (other than any letters of credit issued in

connection with any Claim) and the guaranties referred to in this Section 6.22 (other than any guaranty issued in connection with any Claim) shall not exceed $28 million.

6.23 Replacement of Litigation Bonds. On or prior to the Closing, the Buyer shall either (i) replace the Appeal Bond No. MO80000 posted with the Superior Court of New Jersey in connection with Robinson v. Thorn Americas et al. (Docket No. L-O3697-94) (together with any amendments, replacements or modifications thereof, the "NEW JERSEY BOND") with a replacement bond not to exceed $163 million satisfactory to the Superior Court of New Jersey which does not include a guaranty thereof by Thorn or any Affiliate of Thorn or (ii) provide substitute credit support with respect to the New Jersey Bond such that the Counter Indemnity dated November 26, 1997 executed by Thorn in respect thereof and the Letter of Credit from Barclays Bank plc dated December 5, 1997 in respect thereof (together with any amendments, replacements or modifications thereof, the "NEW JERSEY GUARANTY") may be terminated on the Closing Date. The Seller shall not enter into any material amendment or modification to the New Jersey Bond, other than an increase thereof up to $163 million, without the Buyer's consent, which consent shall not be unreasonably withheld or delayed. On or prior to the Closing, the Buyer shall also either (i) replace any bond posted following the date hereof with respect to any Claim with a new bond which does not include a guaranty by Thorn or any Affiliate of Thorn or (ii) provide substitute credit support with respect to any such bond such that any guaranty or other credit support provided by Thorn with respect thereto may be terminated on the Closing Date. Any costs or expenses incurred by the Buyer in fulfilling its obligations under this

Section 6.23 shall be borne solely by the Buyer and shall not be considered Indemnified Litigation Losses or Losses for any purposes of this Agreement.

6.24 Covenant Not to Compete.

(a) For a period of five years after the Closing Date, each of Thorn and the Seller covenant and agree that they will not, and will not permit any Affiliate of Thorn, without the prior written consent of the Buyer, to directly or indirectly (i) engage in the business of renting-to-own or renting-to-rent consumer household durable goods, including, without limitation, televisions, video cassette recorders, stereos, furniture, appliances, accessories or other like merchandise to the public anywhere within the United States of America or Puerto Rico; (ii) solicit any current renting-to-own or renting-to-rent customer of the Company in the United States or Puerto Rico for the purpose of the activities described in (i) above; (iii) solicit employees of the Company or any of its Subsidiaries as of the Closing Date; (iv) have any ownership or similar economic interest in any Person, whether as a security holder or investor, that engages in the business of renting-to-own or renting-to-rent consumer household durable goods within the United States of America or Puerto Rico, other than any ownership or similar economic interest in any such Person which does not provide Thorn, the Seller or any Affiliate of Thorn with the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise; (v) act as a creditor (other than a trade creditor), consultant, advisor, representative or agent of or to any Person that engages in the business of

renting-to-own or renting-to-rent consumer household durable goods within the United States of America or Puerto Rico.

(b) Thorn and the Seller acknowledge and agree, without prejudice to any other rights or remedies the Buyer may have, that (i) a breach of any of the terms or provisions of this Section 6.24 would cause irreparable damage to the Buyer and the Company for which adequate remedy at law is not available and (ii) the Buyer and the Company will be entitled as a matter of right to obtain, without posting any bond whatsoever, an injunction, restraining order, or other equitable relief to restrain any threatened or further breach of this Section 6.24, which right will not be exclusive but will be cumulative and in addition to any other rights and remedies available at law or in equity.

6.25 Exclusive Dealing.

(a) The Seller and Thorn shall not, and shall not authorize or permit any of their respective Representatives to, directly or indirectly, solicit (including by way of furnishing confidential information solely regarding the Company) or take other action to facilitate any inquiries or the making of any proposal which constitutes an Acquisition Proposal from any Person other than the Buyer or its Representatives (a "THIRD PARTY"), or engage in any discussions or negotiations relating thereto or in furtherance thereof or accept any Acquisition Proposal. The Seller shall promptly notify the Buyer orally (which notice shall promptly be confirmed in writing) of any Acquisition Proposal or any inquiry or request for confidential information with respect thereto which the Seller or any of its Representatives may

receive. For purposes of this Agreement, (x) none of the Seller, Thorn or any of their respective Representatives shall be deemed to have engaged in "discussions" if such Person only advises another Person that the Seller, Thorn and their respective Representatives, as applicable, are precluded from taking any action that would constitute a violation of this Section 6.25 and (y) none of the Seller, Thorn or any of their respective Representatives shall be deemed to have "furnished information" to any other Person if such information is public information or is furnished in the ordinary course of the investor relations program of the Seller, Thorn or any of their respective Affiliates, is required by applicable Law, judicial order or pursuant to any listing agreement with, or the rules or regulations of, any securities exchange of which securities of the Seller, Thorn or any of their respective Affiliates are listed or traded.

(b) The Seller has terminated and has caused its Representatives to terminate, all solicitations, encouragement, activities, discussions and negotiations with any Person conducted heretofore by the Seller or any of its Representatives with respect to any Acquisition Proposal.

(c) As used in this Agreement, "ACQUISITION PROPOSAL" shall mean any proposal or offer, other than a proposal or offer by the Buyer or any of its Representatives, with respect to (i) any merger, consolidation, share exchange, stock purchase, business combination or other similar transaction in which the Company would be acquired by any Person, (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of the assets of the Company, in a single transaction or series of transactions (whether related or unrelated), other than in the ordinary course

of business and other than in respect of the New Zealand Operations or (iii) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing. It being understood that in no event shall "Acquisition Proposal" include, for any purpose of this Agreement, any proposal or offer with respect to (i) any merger, consolidation, share exchange, business combination, tender or exchange offer (including a self tender offer) or other similar transaction involving Thorn, (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of the assets of Thorn, in a single transaction or series of transactions, unless the assets being sold, leased, exchanged, mortgaged, pledged or transferred in such transaction or series of transactions include the Company and not substantially all of the other assets of Thorn, (iii) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

6.26 Notification of Certain Matters. During the period from the date hereof to the Closing Date, each party shall give prompt written notice to the other of (a) the occurrence, or failure to occur, of any event of which it becomes aware that has caused or that would be reasonably likely to cause any representation or warranty of such party contained in this Agreement (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time) to be untrue or inaccurate in any material respect, (b) the occurrence, or failure to occur, of any event of which it becomes aware that has caused or that would be reasonably likely to cause any representation or warranty of such party contained in this

Agreement that addresses matters only as of a particular date or only with respect to a specific period of time to be untrue or inaccurate in any material respect as of such date or with respect to such period, (c) the existence of any Claim that, had it existed on the date hereof, would have been required to be disclosed on Schedule 4.9 and (d) the failure of such party to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it hereunder. In the event the Buyer consummates the Contemplated Transactions, (i) any information regarding any inaccuracy or breach of any representation, warranty or covenant of the Seller or Thorn contained in this Agreement delivered to the Buyer pursuant to this Section 6.26 or disclosed on the Seller's certificate delivered pursuant to Section 10.1, shall, for purposes of Section 8.1, be deemed not to be a breach of the relevant representation, warranty or covenant hereunder, and (ii) the Seller shall have no liability for any Losses arising out of or resulting from the specified inaccuracy or breach; provided that nothing in this sentence shall, if the Contemplated Transactions are not consummated, affect any rights the Buyer may have pursuant to Section 9.2.

6.27 Certain Payments. (a) On the 120th day following the date hereof (the "Trigger Date"), if the waiting period under the HSR Act has not expired or been terminated or any investigation or other inquiry concerning the Contemplated Transactions by any Attorney General is continuing on such 120th day, the Buyer shall pay to the Seller $10 million by wire transfer of immediately available funds; provided, that if such 120th day is not a Business Day, the first Business Day thereafter.

(b) On the seventh day of each 7-day period following the Trigger Date, if the waiting period under the HSR Act has not expired or been terminated or any investigation or other inquiry concerning the Contemplated Transactions by any Attorney General is continuing on such seventh day, the Buyer shall pay to the Seller $625,000 by wire transfer of immediately available funds; provided, that if such seventh day is not a Business Day, the first Business Day thereafter.

(c) In the event the Closing of the Contemplated Transaction occurs, the Purchase Price paid pursuant to Section 1.3 shall be reduced by the amount of the aggregate payments paid to the Seller pursuant to this Section 6.27. Any amounts paid to the Seller pursuant to this Section 6.27 shall not be refunded to the Buyer for any reason whatsoever; provided, however, if the Agreement is terminated by the Buyer pursuant to Section 9.1(c), the Seller shall refund to the Buyer all amounts paid to it pursuant to this Section 6.27 within 15 days of such termination.

(d) Notwithstanding the provisions of Sections 6.27(a) and 6.27(b), in the event that the Thorn Shareholder Condition has not been satisfied on the Trigger Date or any date on which an amount would be due and owing by the Buyer to the Seller pursuant to Section 6.27(b) but for this Section 6.27(d), the Buyer shall not be required to make the payment described in Section 6.27(a) or 6.27(b), as applicable, unless and until the Thorn Shareholder Condition has been satisfied. If, on the date that the Thorn Shareholder Condition is satisfied, the waiting period under the HSR Act has not expired or been terminated or any investigation or other inquiry by any Attorney

General concerning the Contemplated Transactions is continuing, the Buyer shall pay to the Seller on such date the amount described in Section 6.27(a) or 6.27(b), as the case may be, by wire transfer of immediately available funds.

6.28 Delivery of Marketing Materials to Lenders. The Buyer shall deliver to the appropriate lenders under the Commitment Letters preliminary offering memoranda, preliminary prospectuses and other marketing materials relating to the financings contemplated by the Commitment Letters within a time frame reasonably satisfactory to such lenders, which offering memoranda, prospectuses and marketing materials shall be reasonably satisfactory to such lenders.

ARTICLE 7

SURVIVAL

7.1 Survival of Representations and Warranties.

(a) All representations and warranties of the Seller set forth in this Agreement shall survive the Closing. The representations and warranties of the Seller shall terminate and expire on (a) the first anniversary of the Closing Date with respect to any General Claim based upon, arising out of or otherwise in respect of any fact, circumstance or Claim of which the Buyer prior to that date shall not have given a Claims Notice to the Seller and (b) the expiration of the applicable statute of limitations, including any extensions or waivers thereof, with respect to any Tax Claim.

(b) All representations and warranties of the Buyer set forth in this Agreement shall survive the Closing. The representations and warranties of the

Buyer set forth in this Agreement shall terminate and expire on the first anniversary of the Closing Date with respect to any Claim based upon, arising out of or otherwise in respect of any fact, circumstance or Claim of which the Seller prior to that date shall not have given a Claims Notice to the Buyer.

ARTICLE 8

INDEMNIFICATION

8.1 Obligation of the Seller to Indemnify. Subject to the limitations contained in Article 7 and Section 8.4, the Seller agrees to indemnify, defend and hold harmless the Buyer (and its directors, officers, employees, Affiliates, successors and assigns) (collectively, the "SELLER INDEMNIFIED PARTIES") from and against all Claims, losses, liabilities, damages, deficiencies, judgments, assessments, fines, settlements, costs or expenses (including interest, penalties and reasonable fees and disbursements of external counsel, experts, and consultants incurred by the indemnified party in any action or proceeding between the indemnified party and any third party, or otherwise) ("LOSSES") based upon, arising out of or otherwise in respect of (i) any inaccuracy in or any breach of any representation or warranty of the Seller set forth in this Agreement (it being agreed that any representation or warranty of the Seller that is subject to materiality or Material Adverse Effect (other than with respect to Section 4.5) shall be deemed not to be so qualified for purposes of establishing an inaccuracy or breach of such representation or warranty pursuant to this Section 8.1(i) and any claim for indemnification as a result of such inaccuracy or breach), (ii) any breach of any

covenant or agreement of the Seller set forth in this Agreement; (iii) all Taxes of the Company and its Subsidiaries with respect to any taxable year of the Company and its Subsidiaries ending on or before the Closing Date in excess of the aggregate amounts provided therefor on the Audited Closing Balance Sheet; (iv) the TENA-Remco Agreement in excess of the aggregate amounts provided therefor on the Audited Closing Balance Sheet; (v) the TEMINAH-Thorn Americas Agreement in excess of the aggregate amounts provided therefor on the Audited Closing Balance Sheet; and (vi) the assets and liabilities of the New Zealand Operations and the disposal thereof by the Company prior to the Closing as contemplated by Section 6.1, including, without limitation, Taxes resulting from such disposal in excess of the aggregate amounts provided therefor on the Audited Closing Balance Sheet.

8.2 Obligation of the Buyer to Indemnify. Subject to the limitations contained in Article 7, the Buyer agrees to indemnify, defend and hold harmless the Seller (and its directors, officers, employees, Affiliates, successors and assigns) (collectively, the "BUYER INDEMNIFIED PARTIES" and, together with the Seller Indemnified Parties, the "INDEMNIFIED PARTIES") from and against all Losses based upon, arising out of or otherwise in respect of (i) any inaccuracy in or any breach of any representation, warranty, covenant or agreement of the Buyer set forth in this Agreement and (ii) for greater certainty and without in any way limiting the rights of the Seller, any Claim listed on Schedule 4.9 (other than the Claims that are also listed on Schedule 6.17).

8.3 Indemnification Procedures.

(a) All claims for indemnification by any Indemnified Party hereunder shall be asserted and resolved as set forth in this Section 8.3; provided, that the provisions of Section 8.3(b) shall apply solely to Asserted Liabilities involving a Claim by a third Person ("THIRD PARTY ASSERTED LIABILITIES"). Promptly, but no more than 15 days, after receipt by the Indemnified Party of notice of a Claim or circumstances which, with the lapse of time, would or might give rise to an indemnification obligation by a party (the "INDEMNIFYING PARTY") under Section 8.1 or 8.2 hereof, or the commencement (or threatened commencement) of a Claim including any action, proceeding or investigation that may result in a Loss indemnified under Section 8.1 or 8.2 hereof (an "ASSERTED LIABILITY") the Indemnified Party shall give notice thereof to the Indemnifying Party (the "CLAIMS NOTICE"). The Claims Notice shall describe the Asserted Liability in reasonable detail and shall indicate the amount (estimated, if necessary and to the extent feasible) of the Loss that has been or may be suffered by the Indemnified Party.

(b) The Indemnifying Party shall have 30 days from the delivery of the Claims Notice (the "NOTICE PERIOD") to notify the Indemnified Party whether or not it desires to defend the Indemnified Party against the Third Party Asserted Liability. All costs and expenses incurred by the Indemnified Party in defending such claim or demand shall be considered Losses of the Indemnified Party for purposes of Sections 8.1 and 8.2. Except as hereinafter provided, in the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that it

desires to defend the Indemnified Party against such claim or demand, the Indemnifying Party shall have the right to defend the Indemnified Party by appropriate proceedings and shall have the sole power to direct and control such defense. If any Indemnified Party desires to participate in any such defense it may do so at its sole cost and expense. The Indemnified Party shall not settle a claim or demand for which it is indemnified by the Indemnifying Party without the written consent of the Indemnifying Party. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle, compromise or offer to settle or compromise any such claim or demand on a basis which would result in the imposition of a consent order, injunction or decree which would restrict the future activity or conduct of the Indemnified Party. If the Indemnifying Party elects not to defend the Third Party Asserted Liability, whether by failing to give the Indemnified Party timely notice as provided above or otherwise, then the amount of such Third Party Asserted Liability, or, if the same is contested by the Indemnified Party, then that portion thereof as to which such defense is unsuccessful (including the reasonable costs and expenses pertaining to such defense) shall be the liability of the Indemnifying Party hereunder, subject to the limitations set forth in Section 8.4 hereof. To the extent the Indemnifying Party shall direct, control or participate in the defense or settlement of any Third Party Asserted Liability, the Indemnified Party will provide the Indemnifying Party and its counsel access to, during normal business hours, relevant business records and other documents, and shall permit them to consult with the employees and counsel of the Indemnified Party. The Indemnified Party shall use its best efforts to defend all such

claims. The Indemnifying Party shall have the right to participate in the defense or settlement of any Third Party Asserted Liability.

8.4 Limitations on Indemnification. From and after the consummation of the Contemplated Transactions, the indemnification provided for in Section 8.1 shall be subject to the following limitations:

(a) The Seller shall not be obligated to pay any amounts for indemnification under Section 8.1(i), until the aggregate amounts for indemnification under Section 8.1(i) equals $5 million (the "BASKET AMOUNT"), whereupon the Seller shall be obligated to pay in full all such amounts for such indemnification, including, without limitation, the Basket Amount, provided that no indemnity shall be recoverable by the Seller Indemnified Parties with respect to any individual Loss or group of related Losses under Section 8.1(i) unless the amount thereof exceeds $100,000 and no such Losses shall count towards the Basket Amount.

(b) The Seller shall not be obligated to make any payment for indemnification under this Article 8 in excess of $100 million in the aggregate (the "CAP AMOUNT"); provided, that this Section 8.4(b) shall not apply to indemnification payments to be made as a result of the Seller's obligations under Section 6.17 and indemnification payments to be made as a result of a breach of Section 3.2 or 9.3. Notwithstanding anything to the contrary contained herein, the Cap Amount shall be reduced by all amounts distributed to the Buyer from the Escrow Fund (as defined in the Escrow Agreement) pursuant to the Escrow Agreement other than amounts distributed with respect to Indemnified Litigation Losses.

(c) If the amount of any Loss or Indemnified Litigation Loss for which indemnification is provided by an Indemnifying Party under Article 6, Article 8 or otherwise in this Agreement causes, directly or indirectly, a Tax Benefit in a taxable year or years following the Closing Date, then the Buyer shall pay to the Seller the amount of such Tax Benefit within 30 days of the date such Tax Benefit occurs. The Tax Benefit shall be deemed to occur, for purposes of this Section 8.4(c), on the date on which the Company files a Tax Return for a taxable year ending after the Closing Date reflecting a Tax Liability reduced by reason of the aforesaid Loss or Indemnified Litigation Loss. The parties agree that Losses or Indemnified Litigation Losses, as the case may be, hereunder shall be limited to actual damages only and shall not include any consequential or punitive damages other than any punitive or consequential damages that comprise part of the judgment in a Third Party Asserted Liability.

(d) If, at any time after the Closing Date, the IRS or any other taxing authority disallows, or proposes to disallow, any Tax Benefit for which the Buyer has paid the Seller pursuant to Section 8.4(c) hereof, the Buyer will promptly give written notice to the Seller that such issue has been raised and information in reasonable detail relating thereto. The Buyer shall not concede or settle any issue with respect to any Tax Benefit without the prior written consent of the Seller, which shall not be unreasonably withheld. If any Tax Benefit described in this Section 8.4(d) is ultimately disallowed, or the amount thereof is reduced by any final administrative or judicial determination, or as a result of any settlement or agreement with respect to the

liability of the Buyer, the Company or its Subsidiaries, or if the amount of any such Tax Benefit is otherwise reduced, whether by reason of a carryforward of any losses or credits, or otherwise, then the Seller will repay to the Buyer the amount of such Tax Benefit previously paid over to the Seller (or the portion thereof that has been disallowed or reduced, as the case may be), with applicable interest.

(e) To the extent that a deduction or credit arising out of a payment made by the Company in connection with a Loss or Indemnified Litigation Loss for which indemnification is provided by an Indemnifying Party results in a net operating loss or net capital loss that can be carried back to any period ending on or before the Closing Date, the Buyer agrees to elect to carryback such loss to such period and that any resulting refund shall be for the account of the Seller.

8.5 Exclusive Remedy. In the event the Contemplated Transactions are consummated, except with respect to claims under Section 6.17 and for equitable remedies or specific performance pursuant to Sections 6.18 and 6.24 and relating to actual fraud, the indemnity provided in this Article 8 as it relates to this Agreement and the Contemplated Transactions shall be the sole and exclusive remedy of the Indemnified Parties with respect to any and all claims for Losses sustained, incurred or suffered directly or indirectly relating to or arising out of this Agreement and the Buyer on behalf of the Buyer Indemnified Parties and the Seller on behalf of the Seller Indemnified Parties waive any and all rights, legal or equitable, to pursue any other remedies.

8.6 Escrow Fund. Notwithstanding anything to the contrary contained herein, during the Escrow Period (as defined in the Escrow Agreement), the Buyer shall, with respect to any claim for Indemnified Litigation Losses or Losses hereunder, proceed first against the Escrow Fund in accordance with the terms of the Escrow Agreement before proceeding against the Seller under Section 6.17 or Article 8, respectively (or Thorn pursuant to Section 6.20). Only in the event that (i) the amount in the Escrow Fund is insufficient to satisfy claims for Losses or Indemnified Litigation Losses or (ii) the Escrow Fund has been terminated as provided in the Escrow Agreement, shall the Buyer be entitled to proceed against the Seller or Thorn with respect to any claims for Indemnified Litigation Losses or Losses hereunder in accordance with Section 6.17 or this Article 8, respectively.

8.7 Characterization of Indemnification Payment. All amounts paid by the Seller or the Buyer under this Article 8, including without limitation, any amounts distributed to the Buyer or the Seller pursuant to the Escrow Agreement, shall be treated for all Tax purposes as adjustments to the Purchase Price.

ARTICLE 9

TERMINATION OF AGREEMENT

9.1 Termination. This Agreement and the Contemplated Transactions may be terminated or abandoned at any time before the Closing Date only as provided below:

(a) the Seller and the Buyer may terminate this Agreement by mutual written consent at any time prior to the Closing;

(b) the Seller may terminate this Agreement if the Buyer has materially breached any representation, warranty, covenant or agreement contained in this Agreement and such breach is either not capable of being cured prior to the Closing or, if such breach is capable of being cured, is not so cured within a reasonable amount of time (and in any event prior to the Closing);

(c) the Buyer may terminate this Agreement if the Seller has breached a representation or warranty contained in this Agreement that is qualified by reference to a Material Adverse Effect or breached any other representation or warranty contained in this Agreement to the extent reasonably likely to have a Material Adverse Effect on the Company, or materially breached any covenant or agreement contained in this Agreement and such breach is either not capable of being cured prior to the Closing or if such breach is capable of being cured, is not so cured within a reasonable amount of time (and in any event prior to the Closing);

(d) the Buyer or the Seller may terminate this Agreement if consummation of the Closing would violate any non-appealable final Order, or if the Federal Trade Commission or the Antitrust Division of the United States Department of Justice or any Attorney General shall have initiated proceedings to enjoin the Contemplated Transactions or to take any other action to prevent the consummation thereof;

(e) the Seller may terminate this Agreement if the Closing has not occurred on or before December 31, 1998 (other than a failure of the Closing to occur due to a breach of this Agreement by the Seller);

(f) the Buyer may terminate this Agreement if the Closing has not occurred on or before December 31, 1998 (other than a failure of the Closing to occur due to a breach of this Agreement by the Buyer);

(g) the Seller or the Buyer may terminate this Agreement immediately upon the resolution referred to in Section 11.5 not being approved by the shareholders of Thorn; or

(h) the Buyer may terminate this Agreement if the directors of Thorn (a) do not recommend to the shareholders of Thorn the approval of the Contemplated Transactions, or withdraw, modify or amend in any adverse respect their recommendation to the Thorn shareholders to approve the Contemplated Transactions, (b) approve, endorse or enter into or cause to be entered into an agreement to consummate an Acquisition Proposal, or (c) with respect to any Acquisition Proposal, make any recommendation to the shareholders of Thorn other than to reject such Acquisition Proposal.

9.2 Procedure for and Effect of Termination. In the event that this Agreement is terminated and the Contemplated Transactions are abandoned by the Seller on the one hand, or by the Buyer on the other hand, pursuant to Section 9.1, written notice of such termination and abandonment shall forthwith be given to the other parties and this Agreement shall terminate and the Contemplated Transactions

shall be abandoned without any further action. If this Agreement is terminated as provided herein, no party hereto shall have any liability or further obligation to any other party under the terms of this Agreement except that any such termination shall be without prejudice to the rights of any party on account of the nonsatisfaction of the conditions set forth in Articles 10 and 11 resulting from the willful or intentional breach of the representations, warranties, covenants or agreements of another party under this Agreement. Notwithstanding anything in this Agreement to the contrary, the provisions of this Section 9.2, the third sentence of Section 6.2, the provisions of Sections 6.4, 6.5, 6.12, 6.20 and 9.3 and the provisions of Article 12 shall survive the termination of this Agreement.

9.3 Payments Required Upon Termination in Certain Circumstances.

(a) The Seller agrees that if this Agreement shall be terminated pursuant to Section 9.1(g) or 9.1(h), then the Seller will pay to the Buyer (i) a fee equal to the Break-Up Fee (provided that the Buyer was not in material breach of any of its representations, warranties, covenants or agreements hereunder at the time of termination) and (ii) an amount equal to the Break-Up Expenses (provided that the Buyer was not in material breach of any of its representations, warranties, covenants or agreements hereunder at the time of termination). Payment of any of such amounts shall be made, as directed by the Buyer, by wire transfer of immediately available funds promptly, but in no event later than two Business Days after such termination.

(b) The "BREAK-UP EXPENSES" shall be an amount equal to the lesser of (i) the Buyer's out-of-pocket expenses and fees incurred in connection with

this Agreement and the Contemplated Transactions and the financing thereof and (ii) $5,000,000.

(c) The "BREAK-UP FEE" shall be an amount equal to $25,000,000.

ARTICLE 10

CONDITIONS PRECEDENT TO THE
OBLIGATION OF BUYER TO CLOSE

The obligation of the Buyer to consummate the Contemplated Transactions is subject to the satisfaction on or prior to the Closing Date of the following conditions, any one or more of which may be waived by the Buyer:

10.1 Accuracy of Representations and Warranties, Performance of Covenants. The representations and warranties of the Seller contained in this Agreement including, without limitation, those contained in Section 4.10, shall be true in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true in all material respects as of such date or with respect to such period). The Seller shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it on or prior to the Closing Date. The Buyer shall have received a certificate, dated the Closing Date and signed by the Seller, to the foregoing effect.

10.2 No Material Judgment or Order. There shall not be on the Closing Date any Orders or Law restraining, enjoining, or prohibiting the consummation of the Contemplated Transactions.

10.3 Delivery of Shares. The Seller shall have delivered to the Buyer certificates for the Shares, duly endorsed for transfer or with duly executed stock powers attached.

10.4 HSR Act. The waiting period specified in the HSR Act, including any accelerations or extensions thereof, shall have expired or been terminated.

10.5 Director Resignations. All resignations of the members of the Board of Directors of the Company and each of its Subsidiaries which have been previously requested in writing by the Buyer shall have been delivered to the Buyer.

10.6 Cancellation of Debt and Affiliate Agreements. The Buyer shall have received evidence, in a form reasonably satisfactory to the Buyer, that the Thorn Note, along with all other amounts, if any, owed by the Company or any of its Subsidiaries to Thorn Finance, Thorn or any of their respective Affiliates (other than Subsidiaries of the Company) shall have been repaid in full. All Contracts and Other Agreements and oral contracts and other agreements between the Company or any of its Subsidiaries, on the one hand, and the Seller or any Affiliate of the Seller, on the other hand, shall have been terminated. Each of the Seller, Thorn and Thorn Finance shall have delivered to the Company a release, substantially in form of Exhibit A, releasing any and all claims, liabilities and obligations (other than under this Agreement or any

Contract and Other Agreement executed in connection herewith) that each such Person may have on the Closing Date against the Company or any of its Subsidiaries. Each of the Seller, Thorn and Thorn Finance shall have delivered to the Company, on behalf of the officers, directors and Closing Date Employees, a release substantially in form of Exhibit B, releasing each of the officers, directors and Closing Date Employees of the Company and its Subsidiaries from such claims, liabilities and obligations that the Seller, Thorn or Thorn Finance may have on the Closing Date against such Persons to the extent such Persons are indemnified by the Company or its Subsidiaries pursuant to their respective charter or bylaws (or other governing documents) for such claims, liabilities or obligations; provided, that in no event shall such Persons be released from fraud or willful misconduct.

10.7 Deed of General Indemnity. The Company shall have executed the Disposed Entity Undertaking pursuant to the Deed of General Indemnity dated July 22, 1996 among THORN EMI plc and Thorn in the form of Schedule 5 to such Deed of General Indemnity.

10.8 Company Consents. All Company Consents shall have been obtained and be in full force and effect, except where the failure to have obtained any such Company Consent would not have a Material Adverse Effect on the Company.

10.9 Thorn Shareholder Approval. The passing at a General Meeting of Thorn of a resolution to approve the Contemplated Transactions.

10.10 Opinion of Counsel. The Buyer shall have received the opinions, dated the Closing Date, of Paul, Weiss, Rifkind, Wharton & Garrison, special counsel

to Thorn, the Seller and the Company, and other special counsel reasonably satisfactory to the Buyer and/or in-house counsel to Thorn, the Seller and the Company, in each case, in form and substance reasonably satisfactory to the Buyer.

10.11 Certified Resolutions. The Seller shall have delivered to the Buyer, a true, correct and complete copy of the resolutions, which shall be in full force and effect, adopted by the Board of Directors of the Seller, authorizing and approving this Agreement and the Contemplated Transactions certified as of the Closing Date by a Director of the Seller and Thorn shall have delivered to the Buyer, a true, correct and complete copy of the resolutions, which shall be in full force and effect, adopted by (i) the Board of Directors of Thorn and (ii) the shareholders of Thorn, each authorizing and approving this Agreement and the Contemplated Transactions and each certified as of the Closing Date by Thorn's Company Secretary or Assistant Company Secretary.

10.12 Financing. The Financing Sources shall have funded amounts, to enable the Buyer to close the Contemplated Transactions in accordance with the Commitment Letters.

10.13 Escrow Agreement. In the event the Escrow Amount is greater than zero, the Buyer, the Seller and the Escrow Agent shall have executed and delivered an escrow agreement, substantially in the form of Exhibit C hereto, with such changes therein as are reasonably requested by the Escrow Agent; provided, that such changes do not materially adversely affect the rights of the parties thereunder (the "ESCROW AGREEMENT").

ARTICLE 11

CONDITIONS PRECEDENT TO THE
OBLIGATION OF SELLER TO CLOSE

The obligation of the Seller to consummate the Contemplated Transactions is subject to the satisfaction of the following conditions, any one or more of which may be waived by the Seller:

11.1 Accuracy of Representations and Warranties, Performance of Covenants. The representations and warranties of the Buyer contained in this Agreement shall be true in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date (other than those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time, which need only be true in all material respects as of such date or with respect to such period). The Buyer shall have performed and complied with, in all material respects, all covenants and agreements required by this Agreement to be performed or complied with by it on or prior to the Closing Date. The Seller shall have received a certificate, dated the Closing Date and signed by the Buyer, to the foregoing effect.

11.2 No Material Judgment or Order. There shall not be on the Closing Date any Order or Law restraining, enjoining, or prohibiting the consummation of the Contemplated Transactions.

11.3 HSR Act. The waiting period specified in the HSR Act, including any accelerations or extensions thereof, shall have expired or been terminated.

11.4 Payment of Purchase Price and Debt Repayment Amount. The Buyer shall have paid the Purchase Price to the Seller pursuant to Section 1.3 and the Buyer shall have paid on behalf of the Company, or caused the Company to have paid, the Debt Repayment Amount to Thorn Finance (or its designee) in each case in cash by wire transfer of immediately available funds on the Closing Date.

11.5 Thorn Shareholder Approval. The passing at a General Meeting of Thorn of a resolution to approve the Contemplated Transactions.

11.6 Termination of Letters of Credit and Guaranties. The Buyer shall have arranged for replacement letters of credit, guaranties and bonds or other credit support to replace the letters of credit and guaranties described in Sections 6.21, 6.22 and 6.23, respectively. The letters of credit and guaranties described in Sections 6.21, 6.22 and 6.23, respectively, shall have been terminated.

11.7 Opinion of Counsel. The Seller shall have received an opinion, dated the Closing Date, from Winstead Sechrest & Minick, P.C., counsel to the Buyer, in form and substance reasonably satisfactory to the Seller.

11.8 Certified Resolutions. The Buyer shall have delivered to the Seller, a true, correct and complete copy of the resolutions, which shall be in full force and effect, adopted by the Board of Directors of the Buyer, authorizing and approving

this Agreement and the Contemplated Transactions certified as of the Closing Date by the Buyer's secretary or assistant secretary.

ARTICLE 12

MISCELLANEOUS

12.1 Certain Definitions.

12.1.1 As used in this Agreement, the following terms have the following meanings unless the context otherwise requires:

(a) "AFFILIATE" means, with respect to any Person, any Person controlling, controlled by, or under common control with, such other Person at the time at which the determination of affiliation is being made. The term "CONTROL" (including, with correlative meanings, the terms "CONTROLLED BY" and "UNDER COMMON CONTROL WITH"), as applied to any Person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other ownership interests, by contract or otherwise.

(b) "BUSINESS DAY" means any day other than a Saturday, Sunday or a day on which banks in New York City or London, England are authorized or obligated by Law to close.

(c) "BUSINESS" means the businesses and operations of the Company and its Subsidiaries as of the date hereof, other than the New Zealand Operations.

(d) "CAPITAL STOCK" means any and all shares, interests, participations or other equivalents of or interests in (however designated) corporate stock, partnership interests or limited liability company interests, including, without limitation, shares of preferred stock.

(e) "CLOSING DATE EMPLOYEES" means (x) all active employees of the Company and its Subsidiaries as of the Closing Date (immediately prior to the consummation of the Contemplated Transactions) and (y) upon their return to active employment, any employees of the Company or any of its Subsidiaries who are, as of the Closing Date (immediately prior to the consummation of the Contemplated Transactions), on disability, medical leave or other authorized leave that are set forth on Schedule 12.1.1(e).

(f) "CONTRACTS AND OTHER AGREEMENTS" means any written contract, indenture, note, bond, instrument, lease, mortgage, license, commitment or other binding agreement.

(g) "DESIGNATED TERM" means, with respect to each Franchise Agreement, (i) the territory in which the Company or any of its Subsidiaries is restricted from operating Stores, (ii) obligations, including, without limitation, with respect to Intellectual Property, of the Company or its Subsidiaries upon termination thereof, (iii) any guarantee by the Company or any of its Subsidiaries of any obligation of the franchisee and (iv) any express right of the franchisee thereunder to a remedy of specific performance.

(h) "DEVELOPMENT AGREEMENT" means any development agreement to which the Company or any of its Subsidiaries is a party.

(i) "ESCROW AMOUNT" means $40,000,000 minus the sum of (I) $30,000,000, if on or before the Closing Date, (i) the Seller or any of its Affiliates has received a favorable ruling from the IRS with respect to the ruling request submitted on behalf of the Company on April 16, 1998 (the "FAVORABLE RULING") and (ii) with respect to the litigation described in item No. 1 on Schedule 6.17, the Seller shall have delivered to the Buyer on or prior to the Closing Date a certificate executed by the Seller certifying that (a) a judgment in respect of such litigation has been satisfied and discharged or (b) a settlement with respect to such litigation has been approved by a court of competent jurisdiction and the amount required to be paid under such settlement has been paid in full and (II) $10,000,000, if on or before the Closing Date, the Company has received the Favorable Ruling and, with respect to the litigations described in item Nos. 2, 3 and 4 on Schedule 6.17, the Seller shall have delivered to the Buyer on or prior to the Closing Date a certificate executed by the Seller certifying that (a) a judgment in respect of such litigation has been satisfied and discharged or (b) a settlement with respect to such litigation has been approved by a court of competent jurisdiction and the amount required to be paid under such settlement has been paid in full.

(j) "DISTRIBUTION CENTERS" means the Distribution Centers of the Company and its Subsidiaries listed on Schedule 12.1.1(j).

(k) "EVENT OF FORCE MAJEURE" means Thorn's inability to dispatch the circular referred to in Section 6.13(c) to its shareholders within 21 days after the date hereof as a direct result of an event that is unforeseeable and of which the occurrence and consequences cannot be prevented or avoided, such as earthquake, typhoon, flood, fire and other natural disasters, war, insurrection and similar military actions, civil unrest and strikes, slowdowns, and other labor actions, embargos, injunctions or other restraints and actions of governments, delays of carriers or failure of power or other utilities.

(l) "FRANCHISE AGREEMENT" means any franchise agreement to which the Company or any of its Subsidiaries is a party (other than those agreements where the other party thereto is either the Company or any of its Subsidiaries).

(m) "FRANCHISE AND DEVELOPMENT AGREEMENT" means any franchise and development agreement to which the Company or any of its Subsidiaries is a party or by or to which the Company, any of its Subsidiaries or any of their respective assets or properties is bound or subject.

(n) "GAAP" means generally accepted accounting principles in the United States of America then in effect, consistently applied.

(o) "GENERAL CLAIM" means any claim (other than a Tax Claim) based upon, arising out of or otherwise in respect of any inaccuracy in or any breach of any representation and warranty of the Seller set forth in this Agreement.

(p) "GOVERNMENTAL ENTITY" means any government or political subdivision thereof, whether federal, state, local or foreign, or any agency or instrumentality of any such government or political subdivision thereof, or any federal or state court, arbitrator or other tribunal.

(q) "KNOWLEDGE," means the actual knowledge of those persons set forth on Schedule 12.1.1(q) hereto after reasonable inquiry and investigation.

(r) "LAW" means any law, statute, code, ordinance, regulation or other requirement of any Governmental Entity.

(s) "LIENS" means any liens, claims, charges, encumbrances or security interests.

(t) "MATERIAL ADVERSE EFFECT" means (a) a material adverse effect on the consummation of the Contemplated Transactions and (b) with respect to any Person, a material adverse effect on the business, assets, properties, financial condition or results of operations of such Person and its Subsidiaries taken as a whole, but shall exclude, as applicable, (i) any change or development resulting from events adversely affecting the rent-to-own industry generally, (ii) any change in Law applicable to the Business as presently conducted and (iii) any change in the general economy. For purposes of Section 10.1 only, the occurrence of any of the following events shall not be deemed to constitute a Material Adverse Effect on the Company: (i) after the date hereof, the filing with any Governmental Entity, or the threat thereof, of any Claim by any Person containing allegations against the Company or any of its

Subsidiaries similar or analogous to the allegations raised in any of the Claims listed on Schedules 6.17 and 8.2 (other than item no. 3 thereon); (ii) the entry of any interlocutory or final Order in any Claim listed on Schedules 6.17 and 8.2 (other than item no. 3 thereon), which is subject to an appeal; or (iii) any other condition, event or occurrence regarding any Claim listed on Schedules 6.17 and 8.2 (other than item no. 3 thereon).

(u) "ORDER" means any order, judgment, injunction, award, decree or writ of any Governmental Entity.

(v) "PERSON" shall mean and include an individual, a partnership, a joint venture, a limited liability company, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

(w) "RENTAL PURCHASE AGREEMENTS" means the Company and its Subsidiaries' customer lease contracts, including any rent-to-own, lease-purchase and rent-to-rent contracts relating to the Business conducted at the Stores.

(x) "STORE" means an individual retail outlet where the Company and its Subsidiaries operate their retail rent-to-own or rent-to-rent operations.

(y) "SUBSIDIARY," with respect to any Person, shall mean any corporation 50% or more of the outstanding voting power of which, or any partnership, joint venture, limited liability company or other entity 50% or more of the total equity interest of which, is directly or indirectly owned by such person.

(z) "TAX CLAIM" means any claim based upon, arising out of or otherwise in respect of any inaccuracy in or any breach of the representation and warranty of the Seller contained in Section 4.11 and any claim arising under Section 8.1(iii), (iv) or (v).

(aa) "TAXES" means any federal, state, local, foreign or other net income, gross income, property, sales, use, license, franchise, employment, payroll, withholding, transfer, stamp or other tax, custom, duty or other governmental charge, together with any interest, penalty or addition to tax with respect thereto.

(bb) "TAX RETURN" means any return, report, statement, form or other information required to be filed with respect to any Tax.

(cc) "TEMINAH-THORN AMERICAS AGREEMENT" means the TEMINAH-Thorn Americas Tax Sharing and Indemnification Agreement entered into on July 17, 1996 among THORN EMI plc, Thorn, Thorn EMI North America Holdings, Inc., and Thorn Americas, Inc. (and its subsidiaries).

(dd) "TENA-REMCO AGREEMENT" means the TENA-Remco Tax Sharing and Indemnification Agreement entered into on July 17, 1996 among THORN EMI plc, Thorn, Thorn EMI North America, Inc., and Remco America, Inc. (and its subsidiaries).

(ee) "THORN SHAREHOLDER CONDITION" means the condition to Closing set forth in Sections 10.9 and 11.5.

(ff) "WICHITA HEADQUARTERS" means the Company's headquarters located at 8200 East Thorn Drive, Wichita, Kansas.

12.1.2

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Disagreement Notice	1.4(c)
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Incentive Plans	6.16(a)
Indemnified Litigation	6.17(a)
Indemnified Litigation Losses	6.17(a)
Indemnified Parties	8.2
Indemnifying Party	8.3(a)

Term	Section
Thorn	Preamble
Thorn Finance	1.2
Thorn Non-Public Information	6.18(a)
Thorn Note	1.2
Trigger Date	6.27(a)

12.2 Consent to Jurisdiction and Service of Process. Any Claim arising out of or relating to this Agreement or the Contemplated Transactions may be instituted in any Federal court of the Southern District of New York or any state court located in New York County, State of New York, and each party agrees not to assert, by way of motion, as a defense or otherwise, in any such Claim, any Claim that it is not subject personally to the jurisdiction of such court, that the Claim is brought in an inconvenient forum, that the venue of the Claim is improper or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court. Each party further irrevocably submits to the jurisdiction of such court in any such Claim. Each party hereby appoints NCR-National Research, Ltd. (the "SERVICE AGENT"), at the Service Agent's offices at 225 West 34th Street, Suite 2110, New York, NY 10122-0032 or its office at such other address in New York, New York, as it hereafter furnishes to the other parties, as such party's authorized agent to accept and acknowledge on such party's behalf service of any and all process that may be served in any such Claim. Any and all service of process and any other notice in any such Claim shall be effective against any party if given personally or by registered or certified mail,

return receipt requested, or by any other means of mail that requires a signed receipt, postage prepaid, mailed to such party as herein provided or by personal service on the Service Agent with a copy of such process mailed to such party by first class mail or registered or certified mail, return receipt requested, postage prepaid. Nothing herein contained shall be deemed to affect the right of any party to serve process in any manner permitted by law or to commence legal proceedings or otherwise proceed against any other party in any other jurisdiction.

12.3 Waivers and Amendments. This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties hereto or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or in equity.

12.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, by telecopier (with a confirmed receipt thereof) or registered or certified mail (postage prepaid, return receipt requested), and on the next business day when sent by overnight

courier service, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to the Buyer, to:

Renters Choice, Inc.
13800 Montfort Drive
Suite 300
Dallas, Texas 75240
Attention: J. Ernest Talley, Chief Executive Officer
Telecopier: (214) 385-1625

with a copy to:

Winstead Sechrest & Minick P.C.
5400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270-2199
Attention: Thomas W. Hughes
Telecopier: (214) 745-5390

(b) if to the Seller, to:

Thorn International BV
"Rivierstaete" Building
Amsteldijk 166
1079 LH Amsterdam
The Netherlands
Attention: Managing Director
Telecopier: 011-3120-404-1881

with copies to:

Thorn plc
Thorn House
124 Bridge Road
Chertsey, Surrey KT16 8L2
United Kingdom
Attention: Company Secretary
Telecopier: 011-44-193-257-3729

and

Paul, Weiss, Rifkind, Wharton & Garrison
1285 Avenue of the Americas
New York, New York 10019-6064
Attention: Peter L. Felcher
Valerie E. Radwaner
Telecopier: (212) 757-3990

12.5 Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties; provided, however, the Buyer may assign its rights and/or obligations hereunder (i) to a wholly-owned direct or indirect Subsidiary of the Buyer without the Seller's or Thorn's consent if the Buyer irrevocably and unconditionally guarantees the performance of all of the assignee's obligations under this Agreement and (ii) to any lenders or agents thereof to the Buyer as security for obligations to such lenders or agents thereof pursuant to the financing agreements referred to in the Commitment Letters pursuant to documentation in form and substance reasonably satisfactory to the Seller.

12.6 Governing Law. This Agreement shall be governed by the laws of the State of New York, applicable to agreements made and to be performed entirely within such State without regard to conflict of law principles; provided, however, that the fiduciary and other obligations of the directors of Thorn set forth in this Agreement shall be governed by and interpreted solely in accordance with the laws of England.

12.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.8 Headings; Disclosure. The Article and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement. The disclosure of any item on any Schedule to this Agreement or in any other Section of this Agreement shall constitute disclosure of such item in respect of all Sections of this Agreement to which it is relevant. The inclusion of any item in any Schedule to this Agreement shall not be deemed nor construed as an admission or concession that such item is material or would have a Material Adverse Effect on the Company or the Seller.

12.9 Entire Agreement. This Agreement (including the Schedules, exhibits, documents or instruments referred to herein) and the Confidentiality Agreement embody the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof and supersede all prior agreements and understandings, both written and oral, among the parties, or between any of them, with respect to the subject matter hereof and thereof.

12.10 Usage. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require. All terms defined in this Agreement in their singular or plural forms have correlative meanings when used herein in their plural or singular forms, respectively. Unless otherwise

expressly provided, the words "include," "includes" and "including" do not limit the preceding words or terms and shall be deemed to be followed by the words "without limitation."

12.11 Interpretation. The parties acknowledge and agree that: (a) each party and its counsel reviewed and negotiated the terms and provisions of this Agreement and have contributed to its revision; (b) the rule of construction to the effect that any ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement; and (c) the terms and provisions of this Agreement shall be construed fairly as to all parties hereto, regardless of which party was generally responsible for the preparation of this Agreement.

12.12 Severability of Provisions.

(a) If any provision or any portion of any provision of this Agreement shall be held invalid or unenforceable, the remaining portion of such provision and the remaining provisions of this Agreement shall not be affected thereby.

(b) If the application of any provision or any portion of any provision of this Agreement to any person or circumstance shall be held invalid or unenforceable, the application of such provision or portion of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby.

12.13 No Third Party Beneficiaries. This Agreement is not intended to, and does not, create any rights or benefits of any Person other than the parties hereto except the Indemnified Parties.

12.14 Withholding. Any payments made hereunder that are subject to withholding tax shall be made net of such withheld amounts.

IN WITNESS WHEREOF, the Buyer and Seller have caused this Agreement to be duly executed as of the date first above written.

Buyer:

RENTERS CHOICE, INC.

By

Name:
Title:

Seller:

THORN INTERNATIONAL BV

By

Name:
Title:

THORN plc

By

Name:
Title:

EXHIBIT 2.10

STOCK PURCHASE AGREEMENT

among

RENTERS CHOICE, INC.,
a Delaware corporation

and

APOLLO INVESTMENT FUND IV, L.P.,
a Delaware limited partnership

and

APOLLO OVERSEAS PARTNERS IV, L.P.,
an exempted limited partnership
registered in the Cayman Islands

Dated

August 5, 1998

TABLE OF CONTENTS
(Not Part of Agreement)

SCHEDULES

EXHIBITS

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made as of August 5, 1998, by and between Renters Choice, Inc., a Delaware corporation (the "Company"), and Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (each a "Purchaser," and together the "Purchasers").

NOW, THEREFORE, the parties hereto hereby agree as follows.

ARTICLE I

DEFINITIONS

(a) As used in this Agreement, the following terms shall have the following meanings:

"Acquisition" means the acquisition of the stock of Thorn Americas pursuant to the Acquisition Agreement.

"Acquisition Agreement" means the Stock Purchase Agreement, dated as of June 16, 1998, by and among Thorn International, Thorn and the Company.

"Acquisition Documents" shall mean (i) the Commitment Letter, (ii) this Agreement, (iii) the Acquisition Agreement, (iv) the Financing Documents and (v) all other documents and agreements referred to in Section 7.2(j) that have been executed on or prior to the date hereof.

"Affiliate" with respect to any person means any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such person. For the purposes of this definition, "control" when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" shall have the meaning set forth in the Preamble.

"Applicable Law" means, with respect to any person, any law, statute, rule, regulation, order, writ, injunction, judgment or decree of any Governmental Authority to which such person or any of its subsidiaries is bound or to which any of their respective properties is subject.

"Certificate" means the Amended and Restated Certificate of Incorporation,

as amended, of the Company in the form attached as Exhibit A to the Stockholders Agreement.

"Charter" with respect to any corporation means the certificate of incorporation or articles of incorporation of such corporation.

"Commission" means the United States Securities and Exchange Commission.

"Commitment Letter" means the letter agreement, dated June 15, 1998, by and between Apollo Management IV, L.P. and the Company.

"Common Stock" means the Common Stock, par value $.01 per share, of the Company.

"Company" shall have the meaning set forth in the Preamble.

"Credit Facilities" means the Senior Secured Credit Facility, the Revolving Credit Facility, the Letter of Credit and the Subordinated Facility.

"Designated Term" means, with respect to each Franchise Agreement, (i) the territory in which the Renters Choice Entity is restricted from operating Stores, (ii) obligations, including, without limitation, with respect to Intellectual Property, of the applicable Renters Choice Entity upon termination thereof, (iii) any guarantee by any Renters Choice Entity of any obligation of the franchisee and (iv) any express right of the franchisee thereunder to a remedy of specific performance.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means with respect to any person (within the meaning of section 3(9) of ERISA) any other person that would be regarded together with such person as a single employer under section 414(b), (c), (m) or (o) of the Code.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Financing" means (i) the extension of credit under the Senior Secured Credit Facility , (ii) the extension of credit under the Revolving Credit Facility, (iii) the extension of credit under the Letter of Credit and (iv) the issuance of notes or extension of credit, as applicable, under the Subordinated Facility.

"Financing Documents" means the agreements relating to the Financing including, without limitation, (i) the Senior Secured Credit Facility, (ii) the Revolving Credit Facility, (iii) the Letter of Credit and (iv) the Subordinated Facility.

"GAAP" means generally accepted accounting principles consistently applied.

"Governmental Authority" means any Federal, state or local court or governmental or regulatory authority.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and applicable rules and regulations and any similar state acts.

"Letter of Credit" means that certain letter of credit facility in the amount of One Hundred Sixty-Three Million Dollars ($163,000,000) to support obligations relating to the New Jersey judgment with respect to Robinson vs. Thorn Americas, Inc.

"Lien" means any pledge, lien, claim, restriction, charge or encumbrance of any kind.

"Material Adverse Effect" means, a material adverse effect (i) on the business, operations, prospects, properties, earnings, assets, liabilities or condition (financial or other) of the Company and its Subsidiaries and the Thorn Entities, taken as a whole, or (ii) on the ability of the Company or any of its Subsidiaries to perform its obligations hereunder or under any of the Acquisition Documents, or (iii) on the value of the Purchasers' investment in the Shares.

"Permitted Liens" means any Liens arising as a result of the Credit Facilities.

"person" means any individual, partnership, corporation, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or agency or political subdivision thereof, or other entity.

"Preferred Stock" shall mean the preferred stock, par value $.01 per share, of the Company.

"Preliminary Offering Memorandum" means that certain Renters Choice, Inc. Preliminary Offering Memorandum with respect to $200,000,000 Senior Subordinated Notes due 2008.

"Purchasers" shall have the meaning set forth in the Preamble.

"Renters Choice Entities" means the Company and its Subsidiaries.

"Revolving Credit Facility" means that certain revolving credit facility in the amount of One Hundred Twenty Million Dollars ($120,000,000) available for general corporate purposes.

"Senior Secured Credit Facility" means that/those certain term loan(s) in the amount of Seven Hundred Twenty Million Dollars ($720,000,000).

"Series A Preferred Stock" means the Series A Preferred Stock, $.01 par value

per share, of the Company.

"Series B Preferred Stock" means the Series B Preferred Stock, $.01 par value per share, of the Company.

"Series A Registration Rights Agreement" means the Registration Rights Agreement relating to the Series A Preferred Stock to be entered into by and among the Company, the Purchasers and certain other stockholders of the Company concurrently with the Closing, substantially in the form attached as Exhibit A hereto.

"Series B Registration Rights Agreement" means the Registration Rights Agreement relating to the Series B Preferred Stock to be entered into by and among the Company, the Purchasers and certain other stockholders of the Company concurrently with the Closing, substantially in the form attached as Exhibit B hereto.

"Shares" means the shares of Series A Preferred Stock and Series B Preferred Stock to be issued and sold by the Company to the Purchasers under Section 2.1(b) hereof.

"Stockholders Agreement" means the Stockholders Agreement to be entered into among the Company and its stockholders concurrently with the Closing, together with the exhibits thereto, substantially in the form attached as Exhibit C hereto.

"Stores" means all of the individual retail outlets where the Company and its Subsidiaries operate their retail rent-to-own or rent-to-rent operations.

"Subordinated Facility" means either of (i) senior subordinated unsecured notes of the Company issued in a public offering or Rule 144A private placement in the amount of One Hundred Seventy-Five Million Dollars ($175,000,000) or (ii) a subordinated credit facility in the amount of One Hundred Seventy-Five Million Dollars ($175,000,000).

"subsidiary" means, with respect to any person (a) a corporation a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such person, by a subsidiary of such person, or by such person and one or more subsidiaries of such person, (b) a partnership in which such person or a subsidiary of such person is, at the date of determination, a general partner of such partnership, or (c) any other person (other than a corporation) in which such person, a subsidiary of such person or such person and one or more subsidiaries of such person, directly or indirectly, at the date of determination thereof, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of the directors or other governing body of such person.

"Subsidiary" means a subsidiary of the Company as of the time immediately before the closing of the Acquisition.

"Taxes" means all taxes, however denominated, including any interest,

penalties or additions to tax that may become payable in respect thereof, imposed by any governmental body, which taxes shall include, without limiting the generality of the foregoing, all income taxes, payroll and employee withholding taxes, unemployment insurance, social security, sales and use taxes, excise taxes, franchise taxes, gross receipts taxes, occupation taxes, real and personal property taxes, stamp taxes, transfer taxes, workmen's compensation taxes and other obligations of the same or a similar nature, whether arising before, on or after the Closing Date.

"Tax Returns" means any return, report, information return or other document (including any related or supporting information) filed or required to be filed with any governmental body in connection with the determination, assessment, collection or administration of any Taxes.

"Thorn" means Thorn plc, a company incorporated under the laws of England and Wales.

"Thorn Americas" means Thorn Americas, Inc., a Delaware corporation.

"Thorn Entities" means Thorn Americas and its subsidiaries.

"Thorn International" means Thorn International BV, a Netherlands corporation

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any applicable state or local law with regard to "plant closings" or mass layoffs" as such terms are defined in the WARN Act or applicable state or local law.

(b) As used in this Agreement, the following terms shall have the meanings given thereto in the Sections set forth opposite such terms:

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ARTICLE II

SALE AND PURCHASE

SECTION 1. Sale and Issuance of Shares.

(a) On or before the Closing, the Company shall adopt and file with the Secretary of State of Delaware (i) the Certificate of Designations, Preferences, and Relative Rights and Limitations relating to the Series A Preferred Stock ("Series A Certificate of Designations"), substantially in the form attached as Exhibit D hereto, and (ii) the Certificate of Designations, Preferences, and Relative Rights and Limitations relating to the Series B Preferred Stock ("Series B Certificate of Designations"), substantially in the form attached as Exhibit E hereto.

(b) On the Closing Date, and upon the terms and subject to the conditions set forth in this Agreement, the Company shall issue and sell to Purchasers, and Purchasers shall purchase and accept from the Company in the relative amounts set forth on Schedule 2.1 hereto, (i) One Hundred Thirty Four Thousand Four Hundred Fourteen (134,414) shares of the Company's Series A Preferred Stock, par value $.01 per share and (ii) One Hundred Fifteen Thousand Five Hundred Eighty Six (115,586) shares of the Company's Series B Preferred Stock, par value $.01 per share, for the aggregate purchase price of Two Hundred Fifty Million Dollars ($250,000,000).

SECTION 2. Closing. The closing of the purchase and sale of the Series A Preferred Stock and the Series B Preferred Stock (the "Closing") shall take place at 8:00 a.m., local time, on August 5, 1998, or such other date as promptly thereafter as of which all of the conditions set forth in Article VII hereof shall have been satisfied or duly waived or at such other time and date as the

parties hereto shall agree in writing (the "Closing Date"), at the offices of Paul Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, NY or at such other place as the parties hereto shall agree in writing.

On the Closing Date (i) each of the Purchasers shall deposit into a bank account designated by the Company, by wire transfer of immediately available funds, an amount equal to its share of the aggregate purchase price of the Shares, and (ii) the Company shall deliver to the Purchasers, against payment of the purchase price therefor, certificates representing, in the aggregate, One Hundred Thirty Four Thousand Four Hundred Fourteen (134,414) shares of the Company's Series A Preferred Stock and One Hundred Fifteen Thousand Five Hundred Eighty Six (115,586) shares of the Company's Series B Preferred Stock.

The Shares shall be in definitive form and registered in the name of the respective Purchaser or its nominee or designee and in such denominations (including fractional shares) as each Purchaser shall request not later than one business day prior to the Closing Date.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Purchasers as follows:

SECTION 1. Organization and Standing. The Company is duly incorporated, validly existing and in good standing as a domestic corporation under the laws of the State of Delaware and has all requisite corporate power and authority to own its properties and assets and to carry on its business as it is now being conducted and as proposed to be conducted. The Company is duly qualified to transact business as a foreign corporation and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or the nature of its business makes such qualification necessary, except where the failure to so qualify or be in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 2. Capital Stock. Immediately following the Closing, (a) the authorized capital stock of the Company will

consist solely of (i) Fifty Million (50,000,000) shares of Common Stock, of which (A) Twenty Five Million Thirty Three Thousand Three Hundred Eight (25,033,308) shares will be issued and outstanding and (B) Sixteen Million (16,000,000) will be reserved for issuance upon the conversion of the Series A Preferred Stock and the Series B Preferred Stock and (ii) Five Million (5,000,000) shares of Preferred Stock, of which (A) One Hundred Thirty Four Thousand Four Hundred Fourteen (134,414) shares of Series A Preferred Stock will be issued and outstanding, (B) One Hundred Fifteen Thousand Five Hundred Eighty Six (115,586) shares of Series B Preferred Stock will be issued and outstanding, (C) Four Hundred Thousand (400,000) will be reserved for issuance of the Series A Preferred Stock and (D) Four Hundred Thousand (400,000) will be reserved for issuance of the Series B Preferred Stock, and (b) each share of capital stock of the Company that is issued and outstanding will be duly authorized, validly issued, fully paid and nonassessable. Upon conversion of the Series A Preferred Stock and the Series B Preferred Stock in accordance with their terms, all of the Common Stock and the Non-Voting Common Stock (as defined in the Series B Certificate of Designations), as the case may be, will be duly authorized, validly issued, fully paid and nonassessable. Except as set forth on Schedule 3.2, at the date hereof there are and immediately following the Closing there will be (i) no outstanding options, warrants, agreements, conversion rights, preemptive rights or other rights to subscribe for, purchase or acquire any issued or unissued shares of capital stock of the Company and (ii) no restrictions upon the voting or transfer of any shares of capital stock of the Company pursuant to its Charter, By-Laws or other governing documents or any agreement or other instruments to which it is a party or by which it is bound.

The holders of the Series A Preferred Stock will, upon issuance thereof, have the rights set forth in the Series A Certificate of Designations. The holders of the Series B Preferred Stock will, upon issuance thereof, have the rights set forth in the Series B Certificate of Designations.

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SECTION 3. Subsidiaries.

(a) Schedule 3.3 sets forth a complete and correct list of each Subsidiary, including the respective percentage of the fully diluted capital stock of each such Subsidiary owned, directly or indirectly, by the Company. Immediately following the Acquisition, Thorn Americas shall be a direct wholly-owned subsidiary of the Company.

(b) Each of the Subsidiaries is duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to own its properties and assets and to conduct its business as now conducted and as proposed to be conducted. Each Subsidiary is duly qualified to do business as a foreign corporation in every jurisdiction in which the character of the properties owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to so qualify could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) The outstanding shares of capital stock of each of the Subsidiaries and of each of the Thorn Entities have been duly authorized and validly issued and are fully paid and nonassessable. Except as set forth on Schedule 3.3, immediately following the Acquisition, (i) all of the shares of each of the Subsidiaries and, to the best knowledge of the Company after due inquiry, of each of the Thorn Entities will be owned of record and beneficially, directly or indirectly, by the Company, free and clear of all Liens (other than Permitted Liens) and (ii) there will be no outstanding options, warrants, agreements, conversion rights, preemptive rights or other rights to subscribe for, purchase or otherwise acquire any issued or unissued shares of capital stock of the Subsidiaries (or, to the best knowledge of the Company, after due inquiry, any of the Thorn Entities).

SECTION 4. Authorization; Enforceability. Each of the Company and its Subsidiaries has the corporate power to execute, deliver and perform the terms and provisions of each of the Acquisition Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of the Acquisition Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. No other corporate proceedings on the part of the Company or any Subsidiary is necessary therefor. The Company has duly executed and delivered this Agreement and each of the Renters Choice Entities has duly executed and

delivered each of the Acquisition Documents to which it is a party. This Agreement constitutes, and each of the Acquisition Documents to which the Company or any Subsidiary is a party, when executed and delivered by each of the Renters Choice Entities which is a party thereto and, assuming due execution by the other parties hereto and thereto, constitute legal, valid and binding obligations of the each of the Renters Choice Entities enforceable against each of them in accordance with their 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 principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

SECTION 5. No Violation; Consents.

(a) The execution, delivery and performance by the each of the Renters Choice Entities of each of the Acquisition Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby does not and will not contravene any Applicable Law, except for any such contraventions that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.5, the execution, delivery and performance by each of the Renters Choice Entities of each of the Acquisition Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby (i) will not (after giving effect to all amendments or waivers obtained on or prior to the Closing Date) (x) violate, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contract, lease, loan agreement, mortgage, security agreement, trust indenture or other agreement or instrument to which any of them is a party or by which any of them is bound or to which any of their respective properties or assets is subject (except with respect to any indebtedness that will be repaid in full at the Closing), except for such violations, breaches or defaults that could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect, or (y) result in the creation or imposition of any Lien (other than Permitted Liens) upon any of the properties or assets of any of them, except for any such defaults or Liens that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and (ii) will not violate any provision of the Charter or By-Laws of any of them.

(b) Except as set forth on Schedule 3.5, no consent, authorization or order

of, or filing or registration with, any Governmental Authority or other person is required to be obtained or made by any of the Renters Choice Entities for the execution, delivery and performance of any of the Acquisition Documents to which any of them is a party, or the consummation of any of the transactions contemplated hereby or thereby, except (i) for those consents or authorizations that will have been obtained or made on or prior to the Closing Date or (ii) where the failure to obtain such consents, authorizations or orders, or make such filings or registrations, could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 6. Permits. Each of the Company and its Subsidiaries has such licenses, permits, exemptions, consents, waivers, authorizations, orders and approvals from appropriate Governmental Authorities ("Permits") as are necessary to own, lease or operate their properties and to conduct their businesses as currently owned and conducted and all such Permits are valid and in full force and effect, except such Permits that the failure to have or to be in full force and effect would not, individually or in the aggregate, have a Material Adverse Effect on the Company. No action by the Company or any of its Subsidiaries outside the normal course of business is required in order that all material Permits shall remain in full force and effect following the consummation of the Acquisition Agreement and this Agreement.

SECTION 7. Litigation. Except as set forth on Schedule 3.7, there are no pending or, to the best knowledge of the Renters Choice Entities, threatened claims, actions, suits, labor disputes, grievances, administrative or arbitration or other proceedings or, to the best knowledge of the Renters Choice Entities, investigations against the Renters Choice Entities or their respective assets or properties before or by any Governmental Authority or before any arbitrator that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. None of the transactions contemplated by any of the Acquisition Documents is restrained or enjoined (either temporarily, preliminarily or permanently), and no material adverse conditions have been imposed thereon by any Governmental Authority or arbitrator. None of the Renters Choice Entities or any of their

respective assets or properties, is subject to any order, writ, judgment, award, injunction or decree of any Governmental Authority or arbitrator, that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 8. SEC Documents; Financial Statements.

(a) The Company has provided to the Purchasers copies of the audited consolidated balance sheets of the Company and its consolidated Subsidiaries as of December 31, 1997, together with the related audited consolidated statements of operations, stockholders' equity and cash flows for the fiscal year then ended, and the notes thereto, accompanied by the reports thereon of Grant Thornton LLP (the "Financial Statements"). Each of the Financial Statements, including the respective notes thereto, were prepared in accordance with GAAP and present fairly the consolidated financial position of the Company as of such dates and for the periods then ended.

(b) Except as set forth on Schedule 3.8, as of the date hereof the Company has no assets or liabilities that would have been required to be reflected in consolidated financial statements of the Company prepared in accordance with GAAP, including notes thereto and that are not reflected in the Financial Statements.

(c) The Company has filed all required forms, reports and documents with the Commission since August 1, 1996, including all exhibits thereto (collectively, the "SEC Documents"), each of which complied in all material respects with all applicable requirements of the Securities Act and, the Exchange Act as in effect on the dates so filed. None of (i) the SEC Documents (as of their respective filing dates) contained or will contain any untrue statement of a material fact or omitted or will omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Company has heretofore furnished to the Purchasers copies of each of the SEC Documents.

(d) The pro forma financial statements contained in the SEC Documents have been prepared on a basis consistent with the Financial Statements and in accordance with the applicable requirements of Regulation S-X promulgated under the Exchange Act and have been properly computed on the bases described therein, the assumptions used in the preparation thereof are reasonable, and the adjustments used therein are appropriate to give effect to the transactions contemplated by the Acquisition Documents and all other transactions and circumstances referred to therein. The other pro forma

financial information included in the SEC Documents has been derived from such pro forma financial statements. Such pro forma financial statements fairly present, on a pro forma basis, the financial position and results of operations of the Company on the dates and for the periods specified therein, assuming that the events and assumptions specified therein had actually occurred or been true, as the case may be.

(e) No representation or warranty of the Renters Choice Entities contained in any document, certificate or written statement furnished to the Purchasers by or at the direction of any Renters Choice Entity for use in connection with the transactions contemplated by this Agreement, including, without limitation, the Preliminary Offering Memorandum, contains any untrue statement of a material fact or omits to state any material fact (known to any of the Renters Choice Entities, in the case of information not furnished by them) necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. There are no facts known (or which should upon the reasonable exercise of diligence be known) to any of the Company or its Subsidiaries (other than matters of a general economic nature) that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and that have not been disclosed in the SEC Documents, this Agreement or in such other documents, certificates and statements furnished to the Purchasers for use in connection with the transactions contemplated by the Acquisition Documents.

SECTION 9. Change in Condition.

(a) Since March 31, 1998, there has been no material adverse change in the business, operations, properties, prospects or condition (financial or other) of the Company or any Subsidiary, whether or not arising in the ordinary course of business except as contemplated by the Acquisition Documents (including the schedules hereto or thereto).

(b) Except as set forth on Schedule 3.9, to the best knowledge of the Renters Choice Entities, there is no event, condition, circumstance or prospective development which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 10. Employee Benefit Plans and Labor Matters.

(a) For purposes of this Agreement:

(i) "Benefit Plan" means any employee benefit plan, arrangement, policy or commitment, including, without limitation, any employment,

consulting, severance or deferred compensation agreement, executive compensation, bonus, incentive, pension, profit-sharing, savings, retirement, stock option, stock purchase or severance pay plan, any life, health, disability or accidental death and dismemberment insurance plan, any holiday and vacation practice or any other employee benefit plan within the meaning of section 3(3) of ERISA, that is maintained, administered or contributed to by the Company or any of its ERISA Affiliates;

(ii) "Code" means the Internal Revenue Code of 1986, as amended;

(iii) "Employee" means any individual employed by the Company or any of its ERISA Affiliates;

(iv) "IRS" means the United States Internal Revenue Service; and

(v) "PBGC" means the Pension Benefit Guaranty Corporation.

(b) Schedule 3.10 lists all Benefit Plans. With respect to each such plan, the Company has delivered or made available to the Buyer correct and complete copies of (i) all plan texts and agreements and related trust agreements; (ii) all summary plan descriptions and material Employee communications; (iii) the most recent annual report (including all schedules thereto); (iv) the most recent annual audited financial statement; (v) if the plan is intended to qualify under Code section 401(a) or 403(a), the most recent determination letter, if any, received from the IRS; and (vi) all material communications with any Governmental Authority (including, without limitation, the PBGC and the IRS).

(c) Except as set forth on Schedule 3.10, and as specifically indicated with respect to each of the following, there are no Benefit Plans that (i) are subject to any of Code section 412, ERISA section 302 or Title IV of ERISA; (ii) are intended to qualify under Code section 401(a) or 403(a); or (iii) are welfare plans within the meaning of and subject to ERISA section 3(1) that provide benefits to current or former Employees beyond their retirement or other termination of service (other than coverage mandated by Code section 4980B and Part 6 of Title I of ERISA), or are self-insured "multiple employer welfare arrangements," as such term is defined in section 3(40) of ERISA.

(d) Each Benefit Plan conforms in all material respects to, and its administration is in all material respects in compliance with, all Applicable Law, except for such failures to conform or comply that, individually or in the aggregate, would not result in

a Material Adverse Effect on the Company.

(e) Except as set forth on Schedule 3.10, the consummation of the transactions contemplated by this Agreement will not (i) entitle any current or former Employee to severance pay, unemployment compensation or any similar payment; or (ii) accelerate the time of payment or vesting, or increase the amount of any compensation due to, any current or former Employee.

(f) Except as set forth on Schedule 3.10, no Benefit Plan is a "multiple employer plan" or a "multiemployer plan" within the meaning of the Code or ERISA.

(g) In the six years preceding the date hereof, (i) no Benefit Plan that is or was subject to Title IV of ERISA has been terminated; (ii) no reportable event within the meaning of section 4043 of ERISA has occurred; (iii) no filing of a notice of intent to terminate such a Benefit Plan has been made; and (iv) the PBGC has not initiated any proceeding to terminate any such Benefit Plan.

(h) Except as set forth on Schedule 3.10, neither the Company nor any of its Subsidiaries is a party to any agreement that has resulted, or would result, in the payment of any compensation to any Employee which would constitute a "parachute payment" as defined in section 280G of the Code.

(i) Neither the Company nor any of its Subsidiaries has any existing arrangement with any of its Employees providing for an excise tax gross up in respect of any excise taxes imposed by section 4999 of the Code.

(j) No Employee of the Company or any of its Subsidiaries is a "covered employee" within the meaning of section 162(m) of the Code.

(k) No material labor dispute exists with any of the Renters Choice Entities and, to the best knowledge of the Renters Choice Entities, none is threatened. No Renters Choice Entity has experienced any concerted work stoppages during the preceding five years that, individually or in the aggregate, had or could reasonably be expected to have a Material Adverse Effect.

(ii) To the best knowledge of the Renters Choice Entities, there are no union organizing activities or questions of representation taking place

that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(iii) There is no unfair labor practice charge or complaint against any of the Renters Choice Entities which is served and pending, or to the best knowledge of the Renters Choice Entities, otherwise pending or threatened before the National Labor Relations Board that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(iv) To the best knowledge of the Renters Choice Entities, there are no charges or investigations with respect to or relating to any Renters Choice Entity pending before the Equal Employment Opportunity Commission or any state or local agency responsible for the prevention of unlawful employment practices that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(v) To the best knowledge of the Renters Choice Entities, there exists no fact or circumstances that could reasonably be likely to give rise to any claim by the Company for willful misconduct or fraud against any officer or director or former officer or director (in their capacity as such) of the Company or any Subsidiary, or any person employed by the Company or any Subsidiary on the date hereof.

(vi) The Renters Choice Entities have complied with the WARN Act and any similar state or local law. No employee of any Renters Choice Entity has suffered an "employment loss" as that term is defined in the WARN Act since six (6) months prior to the Closing Date.

SECTION 11. Interests in Real Property.

(a) Schedule 3.11 sets forth a true and complete list of all real properties owned and all material real property leased by each of the Renters Choice Entities. Each Renters Choice Entity has good and marketable title in fee simple to all real properties owned by it and valid and enforceable leasehold interests in all real estate leased by it, except where the lack of such title or the invalidity or unenforceability of such leasehold interests could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Immediately following the Acquisition, none of the real properties owned by or the leasehold estates of any Renters Choice Entity will be subject to (i) any Liens other than Permitted Liens or (ii) any easements, rights of way, licenses, grants, building or use restrictions, exceptions, reservations, limitations or other impediments that, in either case (i) or (ii), will materially adversely affect the value thereof for their present use, taken as a whole, or that interfere with or impair the present and continued use thereof, taken as a whole, in the usual and normal conduct of the business of any such person.

(c) To the best knowledge of the Renters Choice Entities, all improvements on such real properties and the operations therein conducted conform in all material respects to all applicable health, fire, environmental, safety, zoning and building laws, ordinances and administrative regulations (whether through grandfathering provisions, permitted use exceptions, variances or otherwise), except for possible nonconforming uses or violations that do not and will not interfere with the present use, operation or maintenance thereof as now used, operated or maintained or access thereto, and that do not and will not materially affect the value thereof for their present use. No Renters Choice Entity has received notice of any violation of or noncompliance with any such laws, ordinances or administrative regulations from any applicable governmental or regulatory authority, except for notices of violations or failures so to comply, if any, that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) Immediately following the Closing and the Acquisition, the Shares will not be a "United States real property interest" within the meaning of section 897 of the Code.

SECTION 12. Leases.

(a) No Renters Choice Entity is in breach of or default (and no event has occurred which, with due notice or lapse of time or both, may constitute a material breach or default) under any lease of the leased real property required to be set forth on Schedule 3.11 (the "Leases") and (ii) no party to any Lease has given any Renters Choice Entity written notice of or made a claim with respect to any breach or default, the consequences of which, in either case (i) or (ii) could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on Schedule 3.12, after taking into account the exercise of any options (which are exercisable solely at the discretion of one of the Renters Choice Entities), none of the Leases terminates by its terms

before January 1, 2000.

(c) None of the Leases require a consent to be obtained for the execution, delivery and performance of any of the Acquisition Documents or the consummation of any of the transactions contemplated hereby or thereby.

(d) None of the Renters Choice Entities have ownership, financial or other interests in the landlords under any of the Leases.

SECTION 13. Compliance with Law. The operations of the Renters Choice Entities have been conducted in accordance with all Applicable Laws, including, without limitation, all such Applicable Laws relating to consumer protection, currency exchange, employment (including, without limitation, equal opportunity and wage and hour), safety and health, environmental protection, conservation, wetlands, architectural barriers to the handicapped, fire, zoning and building, occupation safety, pension and securities, except for violations or failures so to comply, if any, that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Renters Choice Entity has received notice of any violation of or noncompliance with any Applicable Laws except as set forth on Schedule 3.13 and except for notices of violations or failures so to comply, if any, that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 14. Representations and Warranties in the Acquisition Documents. The representations and warranties of the Company in the Acquisition Agreement and the other Acquisition Documents (including, without limitation, those made on the Closing Date both immediately before and immediately after giving effect to the Acquisition and regardless of whether any such representations or warranties survive beyond the Closing Date) were (or will be) true in all material respects as of the date thereof and are true in all material respects on the Closing Date (after giving effect to the Acquisition). To the best knowledge of the Company after due inquiry, the representations and warranties of the Thorn Entities in the Acquisition

Agreement and the other Acquisition Documents (including, without limitation, those made on the Closing Date both immediately before and immediately after giving effect to the Acquisition and regardless of whether any such representations or warranties survive beyond the Closing Date) were (or will be) true in all material respects as of the date thereof and are true in all material respects on the Closing Date (after giving effect to the Acquisition).

SECTION 15. Tax Matters.

(a) Except as set forth on Schedule 3.15, the Renters Choice Entities have duly and properly filed, or will duly and properly file, on a timely basis, all Tax Returns which were or will be required to be filed by them for all periods ending on or before the Closing Date or including the Closing Date. All such Tax Returns of the Renters Choice Entities were (or will be) true, correct and complete in all material respects when filed. The Renters Choice Entities have paid all Taxes required to be paid by them in respect of the periods covered by such filed Tax Returns, whether or not shown as due, other than (i) those being contested in good faith or those currently payable without penalty or interest, in each case for which an adequate reserve or accrual has been established in the Financial Statements in accordance with GAAP, or (ii) where failure so to pay could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) All Taxes payable with respect to Tax Returns for periods ending on or before the Closing Date, or, with respect to the period that ends after the Closing Date, the portion of such period up to and including the Closing Date, have been properly reserved or accrued on the books of the appropriate persons. All Taxes that the Renters Choice Entities are or were required by law to withhold or collect through the Closing Date have been duly withheld or collected and, to the extent required, have been paid to the proper governmental body. There are no Liens with respect to Taxes upon any of the properties or assets, real or personal, tangible or intangible, of any Renters Choice Entity except for statutory liens for Taxes not yet due or delinquent.

(c) Except as set forth on Schedule 3.15, no Renters Choice Entity is currently the beneficiary of any waivers or extensions with respect to any Tax Returns and no such Tax Returns for any taxable year are currently under audit.

(d) The Company and each of its Subsidiaries has duly and timely withheld from employee salaries, wages and other compensation and paid

over to the appropriate taxing authorities all material amounts required to be so withheld and paid over for all periods under applicable laws.

(e) None of the Renters Choice Entities are party to, are bound by or have an obligation under any Tax allocation or Tax sharing agreement or similar contract arrangement. None of the Renters Choice Entities (i) have been a member of an affiliated group filing a consolidated Tax Return (other than a group the common parent of which was the Company) nor (ii) have any liability for the Taxes of any person (other than the Company and its Subsidiaries) under Treasury Regulation 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, agreement to indemnify or otherwise. None of the Renters Choice Entities have any obligation by contract, agreement, arrangement or otherwise to permit any person, other than the Renters Choice Entities, to use the benefit of a refund, credit or offset of Tax of any of the Renters Choice Entities.

(f) No consent to the application of section 341(f)(2) of the Code (or any predecessor provision) has been made or filed by or with respect to any of the Renters Choice Entities or any of their assets or properties.

(g) None of the Renters Choice Entities is obligated to make any payments nor are any of the Renters Choice Entities a party to any written or oral agreement or understanding that obligates or could obligate any of the Renters Choice Entities to make payments under section 280G of the Code.

(h) None of the Renters Choice Entities has been a United States real property holding company within the meaning of section 897(c)(2) of the Code during the period specified in section 897(c)(1)(A)(ii) of the Code.

(i) The unpaid Taxes of the Renters Choice Entities (i) did not, as of the most recent fiscal month end, exceed by a material amount the reserve for Tax liability (rather than any reserve for deferred taxes established to reflect timing differences between book and tax income) set forth on the fact of the most recent balance sheet (rather than in any notes thereto) and (ii) will not exceed by any material amount that reserve as adjusted for operations and transactions through the date of this Agreement, as set forth in the preamble, in accordance with the past custom and practice of the Renters Choice Entities in filing their Tax Returns.

SECTION 16. Environmental Matters.

(a) Each Renters Choice Entity and its operations has obtained and maintained in effect all licenses, permits and other authorizations required under all Applicable Laws relating to pollution or to the protection of the

environment ("Environmental Laws") and is in compliance with all Environmental Laws and with all such licenses, permits and authorizations, except where the failure to obtain and maintain such licenses, permits and other authorizations or any such noncompliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on Schedule 3.16:

(i) no Renters Choice Entity has (A) performed or suffered any act which could give rise to, or has otherwise incurred or expressly assumed by contract or operation of law, liability to any person (governmental or not) under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. or any other Environmental Laws, or (B) received notice of any such liability or any claim therefor or submitted notice pursuant to section 103 of such Act to any governmental agency with respect to any of their respective assets, except for such liability as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(ii) no hazardous substance, hazardous waste, contaminant, pollutant or toxic substance (as such terms are defined in any applicable Environmental Law) and no asbestos containing material has been released, placed, dumped or otherwise come to be located on, at, beneath or near any of the assets or properties owned, leased or otherwise operated by any Renters Choice Entity or any surface waters or groundwaters thereon or thereunder, except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(iii) no Renters Choice Entity owns or operates an underground storage tank containing a regulated substance, as such term is defined in Subchapter IX of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6991 et seq. except as in accordance with Applicable Law; and

(iv) no Renters Choice Entity has Treated, Stored or Disposed of any Hazardous Waste (as such capitalized terms are respectively defined in (A) the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. or (B) Chapter 6.5 (Hazardous Waste Control) of the California Health and Safety Code).

SECTION 17. Intellectual Property.

(a) Immediately following the Closing, the Renters Choice Entities will own or be licensed or have the right to use, free and clear of all Liens (other than Permitted Liens), (i) all letters patent, patent applications, inventions on which patent applications have not been filed, trademarks, service marks, trade names (whether registered or unregistered) and the registrations or applications for registration therefor, logos, symbols, brands, copyrights (whether registered or unregistered) and registrations therefor, both United States and foreign, and all renewals, renewal rights, reissues, modifications or extensions thereof, and know-how, trade secrets, formulae, research and development data, new product research data and manufacturing processes that are material to their business as currently conducted (collectively, the "Intellectual Property"), and (ii) all computer software presently utilized in the operation of their businesses, except where the absence of such software could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) To the best knowledge of the Renters Choice Entities all state registrations, renewals and other filings relating to any of the Intellectual Property (other than the Intellectual Property registered in the United States Patent and Trademark Office) that is material to the business of any Renters Choice Entity each as currently conducted, have been filed in all appropriate state offices.

(c) Except as set forth on Schedule 3.17, to the best knowledge of the Renters Choice Entities (i) no claim has been asserted by any person challenging or questioning the validity or the right of any Renters Choice Entity to use the Intellectual Property, nor is there any valid basis for any such claim, (ii) the use of any item of Intellectual Property by any Renters Choice Entity does not infringe and will not infringe on any right, title or interest held by any other entity or person in any intellectual property and (iii) the use of any intellectual property by any other person or entity does not infringe on the Intellectual Property or on the rights of any Renters Choice Entity in any of the Intellectual Property.

(d) No Renters Choice Entity is a party to any license agreement or any other agreement to use, sell, assign or encumber any of the Intellectual Property that is material to its business as currently conducted except those agreements set forth on Schedule 3.17. Such agreements set forth on Schedule 3.17 are in full force and effect, and, to the best knowledge of the Renters Choice Entities, each party to such agreements has complied with the requirements of such agreements. No notice of termination has been given pursuant to any of such agreements. As of the Closing, (i) all notices required by such agreements in order to renew, or to extend the term of, such agreements have been properly given in accordance with any requirements

relating thereto set forth in such agreements and (ii) to the best knowledge of the Renters Choice Entities (A) there are no existing or threatened bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other similar proceedings relating to any of the parties to any of such agreements, (B) there are no defaults by any party to such agreements and (C) there exist no events, or failures to act, which, with the passage of time or the giving of notice, or both, will constitute an event of default under any of such agreements.

(e) All Intellectual Property in the form of computer software that is utilized by any Renters Choice Entity or any Thorn Entity in the operation of its respective business is capable of processing date data between and within the twentieth and twenty-first centuries.

SECTION 18. Registration Rights. Except as set forth on Schedule 3.18, no Renters Choice Entity is under any obligation to register any of its outstanding securities pursuant to the Securities Act of 1933, as amended (the "Securities Act").

SECTION 19. Insurance. The Renters Choice Entities maintain, with reputable insurers, insurance in such amounts, including deductible arrangements, and of such a character as is usually maintained by reasonably prudent managers of companies engaged in the same or similar business. All policies of title, fire, liability, casualty, business interruption, workers' compensation and other forms of insurance including, but not limited to, directors and officers insurance, held by the Renters Choice Entities as of the date hereof, are in full force and effect in accordance with their terms. No Renters Choice Entity is in default under any provisions of any such policy of insurance and no Renters Choice Entity has received notice of cancellation of any such insurance.

SECTION 20. Contracts. All contracts and other instruments to which any Renters Choice Entity is a party that are material to the business, operations, properties, prospects or financial condition of any of them (collectively, the "Commitments") are in full force and effect on the date hereof. No Renters Choice Entity is in default in respect of any Commitment, and no event has occurred which, with due notice or lapse

of time or both, would constitute such a default, except for any such defaults that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Renters Choice Entities, after due inquiry, no other party to any Commitment is in default in respect thereof, and no event has occurred which, with due notice or lapse of time or both, would constitute such a default.

SECTION 21. Franchising Matters.

(a) The Designated Terms of all franchise agreements to which any Renters Choice Entity is a party ("Franchise Agreements") materially conform to the Designated Terms of the form of franchise agreement attached to the applicable Renters Choice Entity's Uniform Franchise Offering Circular. Set forth on Schedule 3.21 is a true and complete list in all material respects, as of the date hereof, (i) with respect to each Franchise Agreement, the Approved Location (as defined in each Franchise Agreement) and (ii) with respect to each development agreement to which any Renters Choice Entity is a party ("Development Agreement"), the Assigned Area (as defined in each Development Agreement).

(b) Disclosure Documents. Each Renters Choice Entities' past and present franchise disclosure documents and/or franchise offering circulars (collectively "FOCs") for any area franchises, individual franchises, any other type of franchise the Renters Choice Entities offer, and/or, if applicable, any licenses: (i) materially comply with all applicable Federal Trade Commission ("FTC") franchise disclosure regulations, any other applicable foreign or federal laws and regulations, state franchise and business opportunity sales laws and regulations, and local laws and regulations; (ii) include and accurately state all material information (including but not limited to the discussion of litigation matters) set forth in them; (iii) do not omit any required material information; (iv) accurately state the applicable Renters Choice Entity's position that it does not provide to prospective area or individual franchisees "earnings claims" information (as that term is defined in the FTC's franchise disclosure regulations and the North American Securities Administrators Association's current Uniform Franchise Offering Circular Guidelines); (v) have been timely revised to reflect any material changes or developments in the applicable Renters Choice Entity's franchise system, agreements, operations, financial condition, litigation matters, or other matters requiring disclosure under any applicable foreign, federal, state, and/or local law; and (vi) include all material documents (including but not limited to audited financial statements for the applicable Renters Choice

Entity) required by any applicable foreign, federal, state, and/or local law to be provided to prospective area franchisees, individual franchisees and/or, if applicable, any licensees.

(c) Franchise and License Agreements. The Renters Choice Entities' past and present agreements with their area franchisees, individual franchisees, and licenses: (i) materially comply with applicable foreign, federal, state, and/or local laws and regulations; (ii) do not include provisions that would prevent or otherwise impair the applicable Renters Choice Entity's ability to undergo a change in ownership or control or require the applicable Renters Choice Entity to notify any area franchisees, individual franchisees, and/or licensees of such a change in ownership or control; (iii) do not obligate the Renters Choice Entities to buy back or otherwise acquire the stock, assets, or contractual rights of area franchisees, individual franchisees, and/or licensees; (iv) do not impose on the Renters Choice Entities an obligation to guarantee the lease obligations, third party financing obligations, or other material obligations to third parties of the area franchisees, individual franchisees, and/or licensees; (v) impose on area franchisees, individual franchisees, and licensees an obligation to comply with all applicable federal, state, and local laws and regulations; and (vi) impose on area franchisees, individual franchisees, and licensees an obligation to maintain commercially reasonable insurance that names the applicable Renters Choice Entity as an additional insured, requires the insurer to notify the applicable Renters Choice Entity before it terminates any such insurance policy for nonpayment, and permits the applicable Renters Choice Entity to make such payments to maintain such insurance coverage on behalf of any non-paying area franchisee, individual franchisee, or licensee.

(d) Registration and Disclosure Compliance. All of the area franchises, individual franchises, and licenses of the Renters Choice Entities have been sold in material compliance with applicable foreign, federal, state, and/or local franchise disclosure and registration requirements. As a result,

(i) each prospective area franchisee, individual franchisee, and, if applicable, licensee was provided with any required FOC at the earlier of (A) the first personal face-to-face meeting between the applicable Renters Choice Entity and the then prospect for the purposes of discussing the acquisition of an area franchise, individual franchise, or, if applicable, license, (B) at least ten business days before the execution of any agreement with the applicable Renters Choice Entity or the payment of any funds to the applicable Renters Choice Entity by the prospective area franchisee, individual franchisee, or, if applicable, licensee, or (C) within any other minimum time period imposed by law;

(ii) at least five business days before execution of any agreements with the Renters Choice Entities, each prospective area franchisee, individual franchisee, and, if applicable, licensee was provided with a completed execution copy of the applicable Renters Choice Entity's area franchise agreement, individual franchise agreement, or, if applicable, license agreement, respectively, together with any related documents (e.g., spousal consent form, phone transfer agreement, software license, security agreement, equipment lease, national account agreement) with all pertinent specific information for such prospective area franchisee, individual franchisee, or, if applicable, licensee set forth in those agreements and documents;

(iii) each FOC provided to a prospective area franchisee, individual franchisee, or, if applicable, licensee complied in all material respects at the time of the delivery of such FOC with applicable foreign, federal, state, and/or local laws regarding such franchise offering circulars;

(iv) each of the Renters Choice Entities' required FOCs were either properly registered with appropriate franchise regulatory authorities, covered by a proper notice filing with appropriate franchise regulatory authorities, or qualified for an exemption from such registration or notice filing requirements;

(v) each of the Renters Choice Entities' offerings were, where applicable, either properly registered with appropriate business opportunity sales authorities or qualified for an exemption from such registration requirements;

(vi) the Renters Choice Entities obtained signed acknowledgments of receipt for the delivery of each FOC to prospective area franchisees, individual franchisees, and, if applicable, licensees;

(vii) to the extent that any of the Renters Choice Entities may have experienced lapses in one or more jurisdictions for its registrations for area franchise offerings, individual franchise offerings, and/or, if applicable, license offerings, the applicable Renters Choice Entity did not offer or sell during the period of any such lapses any such area franchises, individual franchises, or, if applicable, licenses for franchises (A) in those jurisdictions, (B) to be operated outside those jurisdictions by residents of those jurisdictions, or (C) the sale of which might otherwise have triggered the application of the franchise registration laws of those jurisdictions during the periods of any such

lapse;

(viii) to the extent required by foreign, federal, state, and/or local law, the Renters Choice Entities have complied with all applicable franchise advertising filing requirements;

(ix) to the best of its knowledge, the Renters Choice Entities are not aware of any instances in which any of their employees, sales agents, or sales brokers for area franchises, individual franchises, or, if applicable, licenses provided information to prospective area franchisees, individual franchisees, or, if applicable, individual licensees, that materially differed from the information contained in the FOCs provided to such prospects (including but not limited to "earnings claim" information);

(x) where required, the Renters Choice Entities properly filed with appropriate franchise regulatory authorities amendments to their FOCs to reflect any material changes or developments in the applicable Renters Choice Entity's franchise system, agreements, operations, financial condition, litigation or other matters requiring disclosure;

(xi) where required, the Renters Choice Entities complied with foreign, federal, state, and/or local laws (including in particular those of California and North Dakota) requiring registration, disclosure, and/or other compliance activities associated with any "material modifications" made to the applicable Renters Choice Entity's then current area franchises, individual franchises, or, if applicable, licenses; and

(xii) the Renters Choice Entities properly and timely converted the format of their FOCs from the prior format prescribed by the Uniform Franchise Offering Circular guidelines to the so-called "plain English" guidelines currently in effect for FOCs prepared in accordance with Uniform Franchise Offering Circular guidelines.

(e) Franchise and Related Litigation. The Renters Choice Entities' April 1997 FOCs for their universal area franchise agreement and universal individual franchise agreement set forth accurate summary information about

(i) any governmental regulatory, criminal, and/or material civil actions pending against the applicable Renters Choice Entity alleging

a violation of a foreign and/or United States franchise, antitrust or securities law, fraud, unfair or deceptive practices, or comparable allegations as well as actions other than ordinary routine litigation incidental to the applicable Renters Choice Entity's business which are significant in the context of the number of the applicable Renters Choice Entity's franchisees and the size, nature or financial condition of the franchise system or its business operations;

(ii) any convictions of a felony, nolo contendre pleas to a felony charge, and adverse final judgments in a civil action in foreign countries and/or the United States since April 1987 as well as all material actions since April 1987 involving violation of a franchise, antitrust or securities law, fraud, unfair or deceptive practices, or comparable allegations; and

(iii) all currently effective injunctive or restrictive orders or decrees relating to the franchise area under a foreign, federal, state, or local franchise, securities, antitrust, trade regulation, or trade practices law resulting from a concluded or pending action or proceeding brought by a public agency.

In addition, the Renters Choice Entities have not received notice of any threatened administrative, criminal and/or material civil action against them and/or any persons disclosed in Item II of the Renters Choice Entities' April 1997 FOCs for their Universal Area Franchise Agreement and Universal Individual Franchise Agreement where such threatened administrative, criminal and/or material civil action alleges a violation of a foreign and/or United States franchise, antitrust law, or securities law, fraud, unfair or deceptive practices, or comparable allegations as well as actions other than ordinary routine litigation incidental to the applicable Renters Choice Entity's business which are significant in the context of the number of the applicable Renters Choice Entity's franchisees and the size, nature, or financial condition of the franchise system or its business operations.

(f) Franchisee Relations and Operations. In each of the Renters Choice Entities' communications with its area franchisees, individual franchisees, licensees, and representative groups of those area franchisees, individual franchisees, and/or licensees, the applicable Renters Choice Entity is not aware of any material misstatements regarding its operations, franchise system, agreements, financial condition, litigation matters, or plans that could be used as a basis for a successful fraud, misrepresentation, or franchise law violation

claim against the applicable Renters Choice Entity. Each of the Renters Choice Entities have taken and continue to take commercially reasonable efforts to protect the confidentiality of their current Operations Manual.

(g) Franchise Terminations. The Renters Choice Entities' termination of or effort to terminate or refusal to renew any area franchisee, individual franchisee, or, if applicable, licensee, has complied with applicable federal, state, and/or local franchise termination laws and regulations including, in particular, but not limited to, having provided any such area franchisee, individual franchisee, or, if applicable, licensee involved in such a nonrenewal or termination any statutorily required notice and opportunity to cure. The Renters Choice Entities have complied with all other applicable foreign, federal, state, and/or local laws and/or regulations relating to ongoing franchise relationships, the termination of such relationships, and/or the non-renewal of such relationships.

SECTION 22. Ordinances, Regulations and Condition of Stores. The Stores and the operation and maintenance thereof, as now operated or maintained, do not contravene any material zoning ordinances or other administrative regulations (either because the Store is in compliance with such material zoning ordinances or other administrative regulations or because compliance with such material zoning ordinances or other administrative regulations is not required due to a prior nonconforming use) or violate in any material respect any existing restrictive covenant or any provision of existing and applicable law, the effect of which in any respect would have a Material Adverse Effect on (i) the continued use of the properties for the purposes for which they are now being used or (ii) the value of the properties. The Stores and other facilities, taken as a whole, are in good condition and repair, ordinary wear and tear excepted.

SECTION 23. Inventory. All inventory of the Renters Choice Entities was purchased, acquired or ordered in the ordinary course of business and consistent with past practice. The Renters Choice Entities' rental merchandise in the aggregate is of a quality useable and merchantable, except for items of obsolete merchandise or merchandise below standard quality,

which have been in the aggregate written down to the lower of cost or realizable market value, or for which adequate reserves have been provided.

SECTION 24. Product Liability. Schedule 3.24 sets forth the Company's general warranty policy with respect to products rented or sold by the Company or its Subsidiaries at any Stores. Other than as described on Schedule 3.24, none of the Company or the Subsidiaries have provided any written or, to the knowledge of the Company, oral express warranties with respect to products rented or sold by the Company or its Subsidiaries at any Stores. No Renters Choice Entity has knowledge of any fact or event forming the basis of a claim against any Renters Choice Entity for product liability on account of any express warranty which is not fully covered by insurance.

SECTION 25. Questionable Payments. No Renters Choice Entity nor to the Company's knowledge any employee, agent, representative or shareholder of any Renters Choice Entity has, directly or indirectly, made any bribes, kickbacks, illegal payments or illegal political contributions using corporate funds of any Renters Choice Entity or made any illegal payments to obtain or retain business using corporate funds of any Renters Choice Entity.

SECTION 26. Solvency. No Renters Choice Entity is, or after giving effect to the transactions contemplated by the Acquisition Documents and other obligations in connection therewith, will be, (a) "insolvent" (as defined in section 101(31) of the Bankruptcy Code of 1978, as amended (the "Bankruptcy Code")), (b) engaged in business with unreasonably small capital or assets (as contemplated by the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, as amended, the Uniform Fraudulent Transfer Act, as amended, or other similar laws) or (c) unable to pay or provide for the payment of such liabilities and obligations as and when due.

SECTION 27. Use of Financing. The proceeds received under or as

a result of the Acquisition Documents will solely be used directly or indirectly for the consummation of the transactions contemplated by the Acquisition Documents, including the payment of related fees and expenses, and for working capital of the Renters Choice Entities.

SECTION 28. Accuracy of Information. None of the representations, warranties or statements of the Company contained in this Agreement or in the exhibits hereto contains any untrue statement of a material fact or, taken as a whole together with the SEC Documents, omits to state any material fact necessary in order to make any of such representations, warranties or statements not misleading. All information relating to the Renters Choice Entities that may be material to a purchaser for value of the Shares has been disclosed to the Purchasers and any such information arising on or before the Closing Date will forthwith be disclosed to the Purchasers.

SECTION 29. HSR Act Filings. With respect to the Acquisition, each of the Company and its Subsidiaries has filed all reports and documents as may be necessary to comply with the HSR Act and the Company is in full compliance with Section 6.3 of the Acquisition Agreement. The HSR waiting period with respect to the Acquisition has expired.

SECTION 30. Private Offering. Based, in part, on the Purchasers' representations in Section 4.3, the sale of the Shares by the Company to the Purchasers is exempt from the registration and prospectus delivery requirements of the Securities Act. None of the Renters Choice Entities, nor anyone acting on their respective behalf, has offered or sold or will offer or sell any securities, or has taken or will take any other action, which would subject the offer, issuance or sale of the Shares or Common Stock as contemplated hereby to the registration provisions of the Securities Act.

SECTION 31. Related Party Transactions. Except as set forth on Schedule 3.31, no Renters Choice Entity or Thorn

Entity is, or immediately following the Closing and the Acquisition will be, a party to any agreement or arrangement (which will continue to be in effect after giving effect to the transactions contemplated by the Acquisition Documents) with or for the benefit of any person who is a holder of 5% or more of the outstanding equity securities of the Company (other than employees who are not Affiliates of the Company) or any officer, director, partner or Affiliate of any such person.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser severally as to itself only, and not jointly, hereby represents and warrants to the Company as follows:

SECTION 1. Authorization; Enforceability; No Violations.

(a) Each Purchaser is duly organized and validly existing, in each case, in good standing as a partnership under the laws of its jurisdiction of organization or registration and has all requisite corporate or partnership power and authority to own its properties and assets and to carry on its business as it is now being conducted. Each Purchaser has the partnership power to execute, deliver and perform the terms and provisions of the Acquisition Documents to which it is a party and has taken all necessary partnership action to authorize the execution, delivery and performance by it of such Acquisition Documents and to consummate the transactions contemplated hereby and thereby. No other partnership proceedings on the part of any such Purchaser is necessary therefor.

(b) The execution, delivery and performance by such Purchaser of the terms and provisions of the Acquisition Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby do not and will not violate, in any material respect, any provision of the partnership agreement or other governing documents of such Purchaser, or of any other agreement or instrument to which such Purchaser is a party or by which it is bound, or to which any of its properties or assets is subject, or of any Applicable Law. Each such Purchaser has duly executed and delivered this Agreement and, at the Closing, will have duly executed and delivered the Acquisition Documents to which it is a party. This Agreement constitutes, and the Acquisition Documents to which each such Purchaser is a party when

executed and delivered by such Purchaser, and, assuming the due execution by the other parties hereto and thereto, will constitute the legal, valid and binding obligations of such Purchaser, enforceable against such Purchaser in accordance with their 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 principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

SECTION 2. Consents. No consent, authorization or order of, or filing or registration with, any Governmental Authority or other person is required to be obtained or made by such Purchaser for the execution, delivery and performance by such Purchaser of this Agreement or any Acquisition Documents to it is a party or the consummation of any of the transactions contemplated hereby or thereby other than those that will have been made or obtained on or prior to the Closing Date.

SECTION 3. Private Placement.

(a) Such Purchaser understands that (i) the offering and sale of the Shares by the Company to the Purchasers are intended to be exempt from registration under the Securities Act pursuant to section 4(2) thereof, and (ii) there is no existing public or other market for the Shares.

(b) The Shares to be acquired by such Purchaser pursuant to this Agreement are being acquired for its own account and without a view to making a distribution thereof in violation of the Securities Act.

(c) Such Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Shares and such Purchaser is capable of bearing the economic risks of such investment, including a complete loss of its investment in the Shares.

(d) Such Purchaser is an "accredited investor" as such term is defined in Regulation D under the Securities Act.

(e) Such Purchaser acknowledges that the Company and, for purposes of the opinions to be delivered to the Purchasers pursuant to Section 7.2(t) hereof, Winstead Sechrest & Minick P.C. will rely on the accuracy and truth of its representations in this Section 4.3, and such Purchaser hereby consents

to such reliance.

ARTICLE V

COVENANTS OF THE COMPANY

SECTION 1. Amendment or Modification of or Waivers under Acquisition Agreement. The Company agrees that, without the prior written consent of the Purchasers, it will not consent to any amendment or modification to, or waive any of its rights under, the Acquisition Agreement, which amendment, modification or waiver would have a Material Adverse Effect on the rights of the Company or the Purchasers with respect to the business, assets, operations and properties of the Company, the Subsidiaries and the Thorn Entities.

SECTION 2. Notices Under the Acquisition Agreement. The Company shall promptly provide the Purchasers with such notices and reports as any Renters Choice Entity may send to or receive from Thorn Americas or Thorn International pursuant to the terms of or relating to the Acquisition Agreement.

SECTION 3. Agreement to Take Necessary and Desirable Actions. The Company shall, and shall cause each Subsidiary, to execute and deliver the Acquisition Documents to which each shall be a party and such other documents, certificates, agreements and other writings and to take such other actions as may be necessary, desirable or reasonably requested by the Purchasers in order to consummate or implement expeditiously the transactions contemplated hereby.

SECTION 4. Compliance with Conditions; Best Efforts. The Company shall use its best efforts to cause all of the obligations imposed upon it in this Agreement to be duly complied with and to cause all conditions precedent to the obligations of the Company and the Purchasers to be satisfied. Upon the terms and subject to the conditions of this Agreement, the Company shall use its best efforts to take, or cause to be taken,

all action, and to do, or cause to be done, all things necessary, proper or advisable consistent with applicable law to consummate and make effective in the most expeditious manner practicable the transactions contemplated hereby.

SECTION 5. Consents and Approvals. The Company (a) shall use its best efforts to obtain all necessary consents, waivers, authorizations and approvals of all Governmental Authorities and of all other persons, firms or corporations required in connection with the execution, delivery and performance by them of this Agreement, any other Acquisition Document or any of the transactions contemplated hereby or thereby, and (b) shall diligently assist and cooperate with the Purchasers in preparing and filing all documents required to be submitted by the Purchasers to any Governmental Authority in connection with such transactions and in obtaining any governmental consents, waivers, authorizations or approvals which may be required to be obtained by the Purchasers in connection with such transactions (which assistance and cooperation shall include, without limitation, timely furnishing to the Purchasers all information concerning the Renters Choice Entities that counsel to the Purchasers determines is required to be included in such documents or would be helpful in obtaining any such required consent, waiver, authorization or approval).

SECTION 6. Stockholder Approval. The Company shall (i) on or before the twentieth (20) day following the Closing, file a proxy statement with the Commission with respect to the holding of a special stockholders' meeting for the purpose of obtaining stockholder approval of a proposal to allow the Series B Preferred Stock to be converted into shares of the Series A Preferred Stock, (ii) promptly notice such a meeting following the Commission's clearance of such proxy statement and (iii) on or before the fortieth (40) day following the Commission's clearance of such proxy statement, hold such meeting. The Company shall use its best efforts to obtain such stockholder approval, including, but not limited to, recommending the

transactions contemplated by this Agreement to the stockholders of the Company and responding promptly to the Commission's comments in order to obtain clearance.

SECTION 7. Rights of Holders of Preferred Stock. The Company covenants and agrees that, unless otherwise agreed to by a majority of the holders of the Series A Preferred Stock, the designations, powers, preferences, rights, qualifications, limitations and restrictions of the Series A Preferred Stock shall be as set forth in the Series A Certificate of Designations, and the Company covenants and agrees not to amend, without the consent of a majority of the holders of Series A Preferred Stock, (i) the Company's Certificate or By-laws in a manner that would impact the holders of the Series A Preferred Stock, or (ii) the Series A Certificate of Designations. The Company covenants and agrees that, unless otherwise consented to by a majority of the holders of the Series B Preferred Stock, the designations, powers, preferences, rights, qualifications, limitations and restrictions of the Series B Preferred Stock shall be as set forth in the Series B Certificate of Designations, and the Company covenants and agrees not to amend, without the consent of a majority of the holders of Series B Preferred Stock, (i) the Company's Certificate or By-laws in a manner that would impact the holders of the Series B Preferred Stock, or (ii) the Series B Certificate of Designations.

SECTION 8. Other Activities of Purchasers. Nothing contained in this Agreement or any other agreement of the Company shall be deemed to prohibit the Purchasers or any of their respective Affiliates from forming or investing in other entities engaged in activities similar to those of the Company.

SECTION 9. HSR Act Filings. The Company has filed, or caused to be filed, all reports and documents as may be necessary to comply with the HSR Act.

ARTICLE VI

COVENANTS OF THE PURCHASERS

SECTION 1. Agreement to Take Necessary and Desirable Actions. Each of the Purchasers agrees to execute and deliver each of the Acquisition Documents to which it shall be a party and such other documents, certificates, agreements and other writings and to take such other actions as may be necessary, desirable or reasonably requested by the Company in order to consummate or implement expeditiously the transactions contemplated hereby.

SECTION 2. Compliance with Conditions; Best Efforts. Each of the Purchasers will use its best efforts to cause all of the obligations imposed upon it in this Agreement to be duly complied with, and to cause all conditions precedent to the obligations of the Company and the Purchasers to be satisfied. Upon the terms and subject to the conditions of this Agreement, each of the Purchasers shall use its best efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable consistent with applicable law to consummate and make effective in the most expeditious manner practicable the transactions contemplated hereby.

SECTION 3. HSR Act Filings. Each of the Purchasers has filed, or caused to be filed, all reports and documents as may be necessary to comply with the HSR Act.

ARTICLE VII

CONDITIONS PRECEDENT TO CLOSING

SECTION 1. Conditions to the Company's Obligations. The obligations of the Company hereunder required to be performed on the Closing Date shall be subject, at its election, to the satisfaction or waiver (which waiver, if so requested by the Purchasers, shall be made in writing), at or prior to the Closing, of the following conditions:

(a) The representations and warranties of the Purchasers contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date.

(b) The Purchasers shall have performed in all material respects all obligations and agreements, and complied in all material respects with all covenants, contained in this Agreement, to be performed and complied with by the Purchasers at or prior to the Closing Date.

(c) All conditions precedent to the consummation of the transactions contemplated by the Acquisition Documents shall have been satisfied or waived.

(d) The Purchasers shall have delivered to the Company a certificate, executed by each Purchaser or on its behalf by a duly authorized representative, dated as of the Closing Date, certifying that each of the conditions specified in this Section 7.1 has been satisfied with respect to the Purchasers.

(e) Morgan, Lewis & Bockius LLP, counsel to the Purchasers, shall have delivered to the Company an opinion, dated the Closing Date, addressed to the Company, substantially in the form attached as Exhibit F hereto.

(f) Akin, Gump, Strauss, Hauer & Feld, L.L.P., counsel to the Purchasers, shall have delivered to the Company an opinion, dated the Closing Date, addressed to the Company, substantially in the form attached as Exhibit G hereto.

(g) W.S. Walker & Company, counsel to the Purchasers, shall have delivered to the Company an opinion, dated the Closing Date, addressed to the Company, substantially in the form attached as Exhibit H hereto.

SECTION 2. Conditions to Purchasers' Obligations. The obligations of the Purchasers hereunder required to be performed at the Closing shall be subject, at their joint election, to the satisfaction or waiver (which waiver, if so requested by the Company, shall be made in writing), at or prior to the Closing, of the following conditions:

(a) The representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date (after giving effect to the transactions contemplated hereby). Any waiver by the Purchasers of this condition to the Purchasers' obligations

shall be solely for the purposes of effecting the Closing and shall not constitute a waiver of the Purchasers' or any other Indemnified Party's right to indemnification for the Company's failure to satisfy this condition.

(b) The Company shall have performed in all material respects all obligations and agreements, and complied in all material respects with all covenants, contained in this Agreement, to be performed and complied with by it at or prior to the Closing Date.

(c) All conditions precedent to the transactions contemplated by the Acquisition Documents shall have been satisfied; provided that no waiver of any of the conditions of, or amendment to, any of the Acquisition Documents shall have occurred except such as shall have been consented to in writing by the Purchasers, and, with respect to any conditions thereunder the fulfillment of which is or may be determined in the judgment or discretion of any party to an Acquisition Document other than the Purchasers, such conditions shall not be deemed fulfilled unless each of the Purchasers, in its sole judgment, shall also be satisfied that such conditions are fulfilled.

(d) The Company, Thorn and Thorn International shall have executed the Acquisition Agreement, and the consummation of the Acquisition contemplated thereby shall occur concurrently with the Closing.

(e) The Company and Chase Securities, Inc., The Chase Manhattan Bank, NationsBank, N.A., NationsBanc Montgomery Securities LLC, Comerica Bank and/or NationsBridge, L.L.C. shall have entered into definitive agreements with respect to the Credit Facilities in form and substance reasonably satisfactory to the Purchasers, and all amounts shall have been funded to the Company pursuant to the terms of the Credit Facilities as described herein.

(f) Simultaneously with the receipt of the proceeds of the sale of the Shares hereunder, the Renters Choice Entities shall receive proceeds under or as a result of the Credit Facilities which shall be sufficient to consummate the Acquisition, including payment of fees and expenses in respect thereof.

(g) In connection with the issuance of the Series A Preferred Stock and the Series B Preferred Stock, (i) the charter and By-laws and other governing documents of the Company shall have been amended as the Purchasers deem appropriate to effect the understandings described in the Commitment Letter, (ii) each of such agreements and documents shall be in full force and effect and (iii) all existing shareholders' agreements or similar agreement relating to the Company or Thorn Americas shall have been terminated.

(h) The Purchasers and the Company shall have entered into or caused to become effective the Stockholders Agreement.

(i) [intentionally omitted]

(j) All documents, instruments, agreements and arrangements relating to the transactions contemplated by the Acquisition Documents shall be satisfactory to the Purchasers, shall have been executed and delivered by the parties thereto and no party to any of the foregoing shall have breached any of its material obligations thereunder.

(k) (i) Since March 31, 1998, no change, occurrence or development shall have occurred, been threatened or become known to the Purchasers that could reasonably be expected to have a Material Adverse Effect on the business, operations, prospects, properties or condition (financial or other) of the Company, Thorn Americas and their subsidiaries, taken as a whole which, in the reasonable judgment of the Purchasers, is or may be materially adverse to the Company, Thorn Americas and their respective subsidiaries, taken as a whole, and (ii) the Purchasers shall not have become aware of any information or other matter that in its sole judgement was inconsistent in a material and adverse manner with any information or other matter disclosed to the Purchasers prior to June 15, 1998; provided, however, that the following events shall not be deemed to constitute a materially adverse change, occurrence or development (all defined terms in the remainder of this paragraph are as set forth in the Acquisitions Agreement): (i) transactions contemplated by the Acquisition Documents; (ii) following the closing of the Acquisition Agreement, the filing with any Governmental Entity, or the threat thereof, of any Claim by any Person containing allegations against the Company or any of its Subsidiaries similar or analogous to the allegations raised in any of the Claims listed on Schedules 6.17 and 8.2 (other than item no. 3 thereon) to the Acquisition Agreement, (ii) the entry of any interlocutory or final Order in any Claims listed on Schedules 6.17 and 8.2 (other than item no. 3 thereon) to the Acquisition Agreement, which is subject to any appeal, or (iii) any other condition, event or occurrence regarding any Claim listed on Schedules 6.17 and 8.2 (other than item no. 3 thereon) to the Acquisition Agreement.

(l) Since March 31, 1998, the business of the Company shall have been operated in compliance with all federal, state and local laws and other regulations, except where the failure to do so would have a Material Adverse Effect on the Company and their subsidiaries taken as a whole.

(m) The Purchasers shall have received a copy of the letter delivered in connection with the Acquisition and the Financing with respect to the

solvency and financial condition of Thorn Americas after giving effect to the Acquisition and the transactions contemplated by the Acquisition Documents and other obligations in connection therewith, which letter need not be addressed to the Purchasers.

(n) There shall be no action continuing, and no statute, rule, regulation, judgment, administrative interpretation, order or injunction shall have been enacted, promulgated, entered or enforced, and there shall be no action deemed applicable to the sale of the Shares to the Purchasers, which would (i) make illegal or otherwise restrict or prohibit the consummation of the sale of the Shares to the Purchasers or the Acquisition, (ii) result in a significant delay in the consummation of the Acquisition or (iii) materially restrict the ability of the Purchasers, or render the Purchasers unable, to effect the purchase of the Shares from the Company.

(o) There shall be no litigation, proceeding or other action (including, without limitation, relating to environmental and pension matters) pending or threatened against the Company, Thorn Americas or their respective subsidiaries which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(p) (i) During the seven-calendar-day period ending on the Closing Date, (A) trading in securities generally on the New York Stock Exchange or the American Stock Exchange or the over-the-counter market shall not have been suspended and minimum prices shall not have been established on either of such exchanges or such market by such exchange or by the Commission, (B) a general banking moratorium shall not have been declared by Federal or New York or California authorities, and (C) no change (or any condition, event or development involving a prospective change) shall have occurred or be threatened that, in the reasonable judgment of the Purchasers, has had or could, individually or in the aggregate, reasonably be expected to have a material adverse effect upon the prices or trading of securities generally traded on financial markets in the United States, and (ii) the Dow Jones Industrial Average (the "Dow") on the business day immediately preceding the Closing Date shall not be more than 20% lower than the Dow on the date of this Agreement (the "Opening Dow") and the Dow on any business day between the date of this Agreement and the Closing Date shall not have been more than 20% lower than the Opening Dow.

(q) All corporate and other proceedings taken or to be taken by the parties to the Acquisition Documents in connection with the transactions contemplated thereby shall be in form and substance reasonably satisfactory to the Purchasers as being consistent with satisfaction of the foregoing conditions.

(r) All governmental and regulatory approvals and clearances and all third-party consents necessary for the consummation of the transactions contemplated by the Acquisition Documents shall have been obtained and shall be in full force and effect, including (without limitation) expiration of the applicable waiting periods under the HSR Act, and the Purchasers and the Company shall be reasonably satisfied that the consummation of such transactions does not and will not contravene any Applicable Law, except to the extent any contravention or contraventions, individually or in the aggregate, could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(s) The Company shall have delivered to the Purchasers a certificate, executed by it or on its behalf by a duly authorized representative, dated as of the Closing Date, certifying that each of the conditions (other than any condition the fulfillment of which is subject to the reasonable satisfaction of the Purchasers) specified in this Section 7.2 has been satisfied.

(t) Winstead Sechrest & Minick P.C., counsel to the Company, shall have delivered to the Purchasers an opinion, dated the Closing Date, addressed to the Purchasers, substantially in the form attached as Exhibit I hereto.

(u) Arnold & Porter, counsel to the Company, shall have delivered to the Purchasers an opinion, dated the Closing Date, addressed to the Purchasers, substantially in the form attached as Exhibit J hereto.

(v) The Purchasers shall have received copies of in form and substance reasonably satisfactory to each of the Purchasers, dated the Closing Date, addressed to the Purchasers with respect to:

(i) opinion of Winstead Sechrest & Minick P.C. delivered pursuant to Section 11.7 of the Acquisition Agreement;

(ii) opinion of Paul, Weiss, Rifkind, Wharton & Garrison and any additional legal opinions of special and/or in house counsel to Thorn and Thorn International delivered pursuant to Section 10.10 of the Acquisition Agreement; and

(iii) any opinions of legal counsel delivered pursuant to any of the Credit Facilities.

(w) All proceeds received by the Company

on the Closing Date under or as a result of the transactions contemplated by the Acquisition Documents shall be used (or shall be usable) solely to consummate the transactions contemplated by the Acquisition Documents, including payment of fees and expenses thereof, and to provide working capital to the Renters Choice Entities.

(x) The Purchasers shall have received delivery of the Shares as set forth hereunder.

(y) The Purchasers shall have received such other certificates, instruments and documents in furtherance of the transactions contemplated by this Agreement as it may reasonably request.

ARTICLE VIII

MISCELLANEOUS

SECTION 1. Survival; Indemnification.

(a) All representations, warranties, covenants and agreements (except covenants and agreements which are expressly required to be performed and are performed in full on or before the Closing Date) contained in this Agreement shall be deemed made at the Closing as if made at such time and shall survive the Closing for two years, except that (i) with respect to claims asserted pursuant to this Section 8.1 before the expiration of the applicable representation or warranty, such claims shall survive until the date they are finally liquidated or otherwise resolved, (ii) Sections 3.15 and 3.16 shall survive until the end of the applicable statute of limitations, and (iii) Section 3.2 and this Section 8.1 shall survive indefinitely. All statements as to factual matters contained in any certificate executed and delivered by the parties pursuant hereto shall be deemed to be representations, warranties and covenants by such party hereunder. No claim may be commenced under this Section 8.1 (or otherwise) following expiration of the applicable period of survival, and upon such expiration the Indemnifying Party shall be released from all liability with respect to claims under each such section not theretofore made by the Indemnified Party. No right of indemnity against any claim of a third party shall arise from any representation, warranty or covenant of an Indemnifying Party herein contained, unless such third-party claim is filed or lodged against the Indemnified Party on or prior to the expiration of the applicable period of survival provided above, and all other conditions hereunder are satisfied. A claim shall be made or commenced

hereunder by the Indemnified Party delivering to the Indemnifying Party a written notice specifying in reasonable detail the nature of the claim, the amount claimed (if known or reasonably estimable), and the factual basis for the claim.

(b) (i) The Company agrees to indemnify and hold harmless each of the Purchasers and its respective partners, affiliates, officers, directors, employees and duly authorized agents and each of their affiliates and each other person controlling such Purchaser or any of their affiliates within the meaning of either section 15 of the Securities Act or section 20 of the Exchange Act and any partner of any of them from and against all losses, claims, damages or liabilities resulting from any claim, lawsuit or other proceeding by any person to which any party indemnified under this clause may become subject which is related to or arises out of (A) any breach or failure of any of the representations, warranties, covenants or agreements made in any of the Acquisition Documents by the Company or (B) any action or omission of the Company or in connection with the transactions contemplated hereby or by the other Acquisition Documents, and will reimburse each of the Purchasers and any other party indemnified under this clause for all reasonable out-of-pocket expenses (including reasonable counsel fees and disbursements) incurred by the Purchasers or any such other party indemnified under this clause and further agrees that the indemnification and reimbursements commitments herein shall apply whether or not the Purchasers or any such other party indemnified under this clause is a formal party to any such lawsuits, claims or other proceedings. The foregoing provisions are expressly intended to cover reimbursement of legal and other expenses incurred in a deposition or other discovery proceeding.

(ii) Notwithstanding the foregoing clause (i), the Company shall not be liable to any party otherwise entitled to indemnification pursuant thereto: (A) in respect of any loss, claim, damage, liability or expense to the extent the same is determined, in final judgment by a court having jurisdiction, to have resulted primarily from the gross negligence or willful misconduct of such party or (B) for any settlement effected by such party without the written consent of the Company, which consent shall not be unreasonably withheld.

(c) (i) The Purchasers agree to indemnify and hold harmless each of the Company and its partners, affiliates, officers, directors, employees and duly authorized agents and each of their affiliates and each other person controlling the Company or any of their affiliates within the meaning of either section 15 of the Securities Act or section 20 of the Exchange Act and any partner of any of them from and against all losses, claims, damages or liabilities resulting from any claim, lawsuit or other proceeding by any person to which any party indemnified under this clause may become subject which is related to or arises out of (A) any breach or failure of any of the

representations, warranties, covenants or agreements made in any of the Acquisition Documents by such Purchaser, or (B) any action or omission of such Purchaser in connection with the transactions contemplated hereby or by the other Acquisition Documents, and will reimburse the Company and any other party indemnified under this clause for all reasonable out-of-pocket expenses (including reasonable counsel fees and disbursements) incurred by the Company or any such other party indemnified under this clause and further agrees that the indemnification and reimbursements commitments herein shall apply whether or not the Company or any such other party indemnified under this clause is a formal party to any such lawsuits, claims or other proceedings. The foregoing provisions are expressly intended to cover reimbursement of legal and other expenses incurred in a deposition or other discovery proceeding.

(ii) Notwithstanding the foregoing clause (i), the Purchasers shall not be liable to any party otherwise entitled to indemnification pursuant thereto: (A) in respect of any loss, claim, liability, cost, expense or damage to the extent the same is determined, in final judgment by a court having jurisdiction, to have resulted primarily from the gross negligence or willful misconduct of such party or (B) for any settlement effected by such party without the written consent of the Purchasers, which consent shall not be unreasonably withheld.

(d) If a person entitled to indemnity hereunder (an "Indemnified Party") asserts that any party hereto (the "Indemnifying Party") has become obligated to the Indemnified Party pursuant to Section 8.1(b) or (c), or if any suit, action, investigation, claim or proceeding is begun, made or instituted as a result of which the Indemnifying Party may become obligated to the Indemnified Party hereunder, the Indemnified Party agrees to notify the Indemnifying Party promptly and to cooperate with the Indemnifying Party, at the Indemnifying Party's expense, to the extent reasonably necessary for the resolution of such claim or in the defense of such suit, action or proceeding, including making available any information, documents and things in the possession of the Indemnified Party which are reasonably necessary therefor.

Notwithstanding the foregoing notice requirement, the right to indemnification hereunder shall not be affected by any failure to give, or delay in giving, notice unless, and only to the extent that, the rights and remedies of the Indemnifying Party shall have been prejudiced as a result of such failure or delay.

(e) In fulfilling its obligations under this Section 8.1, after providing each Indemnified Party with a written acknowledgment of any liability under this Section 8.1 as between such Indemnified Party and the Indemnifying Party, the Indemnifying Party shall have the right to investigate, defend, settle or otherwise handle, with the aforesaid cooperation, any claim, suit, action or

proceeding brought by a third party in such manner as the Indemnifying Party may in its sole discretion deem appropriate; provided, however, that (i) counsel retained by the Indemnifying Party is reasonably satisfactory to the Indemnified Party and (ii) the Indemnifying Party will not consent to any settlement imposing any material obligations on any other party hereto other than financial obligations for which such party will be indemnified hereunder, unless such party has consented in writing to such settlement. Notwithstanding anything to the contrary contained herein, the Indemnifying Party may retain one firm of counsel to represent all Indemnified Parties in such claim, action or proceeding; provided, however, that in the event that the defendants in, or targets of, any such claim, action or proceeding include more than one Indemnified Party, and any Indemnified Party shall have reasonably concluded, based on the opinion of its own counsel, that there may be one or more legal defenses available to it which are in conflict with those available to any other Indemnified Party, then such Indemnified Party may employ separate counsel to represent or defend it or any other person entitled to indemnification and reimbursement hereunder with respect to any such claim, action or proceeding in which it or such other person may become involved or is named as defendant and the Indemnifying Party shall pay the reasonable fees and disbursement of such counsel. Notwithstanding the Indemnifying Party's election to assume the defense or investigation of such claim, action or proceeding, the Indemnified Party shall have the right to employ separate counsel and to participate in the defense or investigation of such claim, action or proceeding at the expense of the Indemnifying Party, if (i) in the written opinion of counsel to the Indemnified Party use of counsel of the Indemnifying Party's choice could reasonably be expected to give rise to a conflict of interest, (ii) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the assertion of any such claim or institution of any such action or proceeding or (iii) if the Indemnifying Party shall authorize the Indemnified Party to employ separate counsel at the Indemnifying Party's expense.

(f) If for any reason (other than the gross negligence or willful misconduct referred to in subclause (b)(ii) above) the foregoing indemnification by the Company is unavailable to any Indemnified Party or is insufficient to hold it harmless as and to the extent contemplated by subclauses (b), (d) and (e) above, then the Company shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by the Company and its affiliates, on the one hand, and the Purchasers and any other applicable Indemnified Party, as the case may be, on the other hand, as well as any other relevant equitable considerations.

SECTION 2. Notices. All notices, demands, requests, consents, approvals or other communications (collectively, "Notices") required or permitted to be given hereunder or which are given with respect to this Agreement shall be in writing and shall be personally served, delivered by reputable air courier service with charges prepaid, or transmitted by hand delivery, telegram, telex or facsimile, addressed as set forth below, or to such other address as such party shall have specified most recently by written notice. Notice shall be deemed given on the date of service or transmission if personally served or transmitted by telegram, telex or facsimile. Notice otherwise sent as provided herein shall be deemed given on the next business day following delivery of such notice to a reputable air courier service.

To the Company:

Renters Choice, Inc.
13800 Montfort Drive, Suite 300
Dallas, Texas 75240
Attention: J. Ernest Talley, Chief Executive Officer
Facsimile: (214)385-1625

with a copy (which shall not constitute notice) to:

Winstead Sechrest & Minick P.C.
5400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270-2199
Attn: Thomas W. Hughes, Esq.
Facsimile: (214)745-5390

To the Purchasers:

Apollo Investment Fund IV, L.P. and/or
Apollo Overseas Partners IV, L.P.
c/o Apollo Management IV, L.P.
1999 Avenue of the Stars, Suite 1900
Los Angeles, California 90067
Attn: Michael D. Weiner
Facsimile: (310)201-4166

with a copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP
300 South Grand Avenue
Suite 2200
Los Angeles, California 90071
Attn: John F. Hartigan, Esq.
Facsimile: (213) 612-2554

SECTION 3. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, INTERPRETED UNDER, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED WITHIN THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CHOICE-OF-LAW PROVISIONS THEREOF, AND EACH PARTY HERETO SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS WITHIN THE STATE OF NEW YORK.

SECTION 4. Entire Agreement. This Agreement (including all agreements entered into pursuant hereto and all certificates and instruments delivered pursuant hereto and thereto) constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, understandings, negotiations and discussions between the parties, whether oral or written, with respect to the subject matter hereof other than the provisions set forth in Sections 6, 8 and 9 of the Commitment Letter which remain in full force and effect.

SECTION 5. Modifications and Amendments. No amendment, modification or termination of this Agreement shall be binding upon any other party unless executed in writing by the parties hereto intending to be bound thereby.

SECTION 6. Waivers and Extensions. Any party to this Agreement may waive any right, breach or default which such party has the right to waive, provided that such waiver will not be effective against the waiving party unless it is in writing, is signed by such party,

and specifically refers to this Agreement. Waivers may be made in advance or after the right waived has arisen or the breach or default waived has occurred. Any waiver may be conditional. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof nor of any other agreement or provision herein contained. No waiver or extension of time for performance of any obligations or acts shall be deemed a waiver or extension of the time for performance of any other obligations or acts.

SECTION 7. Titles and Headings. Titles and headings of sections of this Agreement are for convenience only and shall not affect the construction of any provision of this Agreement.

SECTION 8. Exhibits and Schedules. Each of the annexes, exhibits and schedules referred to herein and attached hereto is an integral part of this Agreement and is incorporated herein by reference.

SECTION 9. Expenses; Brokers. The Company shall pay or cause to be paid all reasonable out-of-pocket fees and expenses incurred by the Purchasers and their respective Affiliates on or after April 1, 1998, in connection with the transactions contemplated by this Agreement, the Commitment Letter, the Acquisition Documents and all matters related thereto (including, without limitation, HSR Act filing fees, and reasonable fees and disbursements of counsel and consultants). In addition, if the event that the Company is paid any Break-Up Fee (as defined in the Acquisition Agreement), the Company shall promptly pay to the Purchasers an amount equal to Three Million Five Hundred Thousand Dollars ($3,500,000). Each of the parties represents to the others that neither it nor any of its affiliates has used a broker or other intermediary, in connection with the transactions contemplated by this Agreement for whose fees or expenses any other party will be liable and respectively agrees to indemnify and hold the others harmless from and against any and all claims, liabilities or obligations with respect to any such fees

or expenses asserted by any person on the basis of any act or statement alleged to have been made by such party or any of its affiliates.

SECTION 10. Press Releases and Public Announcements. All public announcements or disclosures relating to the transactions contemplated by the Acquisition Documents shall be made only if mutually agreed upon by the Company and the Purchasers, except to the extent that such disclosure is, in the opinion of counsel, required by law or by stock exchange regulation, provided that any such required disclosure shall only be made, to the extent consistent with law, after consultation with the Purchasers.

SECTION 11. Assignment; No Third Party Beneficiaries. This Agreement and the rights, duties and obligations hereunder may not be assigned or delegated by either the Company or the Purchasers without the prior written consent of the other; provided that either of the Purchasers may assign or delegate its rights, duties and obligations hereunder to a Permitted Transferee (as defined in the Stockholder Agreement). Except as provided in the preceding sentence, any assignment or delegation of rights, duties or obligations hereunder made without the prior written consent of the other party hereto shall be void and of no effect. This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of each of the parties and their respective successors and permitted assigns. This Agreement is not intended to confer any rights or benefits on any persons that are not party hereto other than as expressly set forth in Sections 8.1 and 8.12.

SECTION 12. Severability. This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible

and be valid and enforceable.

SECTION 13. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

SECTION 14. Further Assurances. Each party hereto, upon the request of any other party hereto, shall do all such further acts and execute, acknowledge and deliver all such further instruments and documents as may be necessary or desirable to carry out the transactions contemplated by this Agreement, including, in the case of the Company, such acts, instruments and documents as may be necessary or desirable to convey and transfer to each Purchaser the Shares to be purchased by it hereunder.

SECTION 15. Remedies Cumulative. The remedies provided herein shall be cumulative and shall not preclude the assertion by any party hereto of any other rights or the seeking of any remedies against the other party hereto.

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMPANY

RENTERS CHOICE, INC.
a Delaware corporation

By: _____
Name: _____
Title: _____

PURCHASERS

APOLLO INVESTMENT FUND IV., L.P.
a Delaware limited partnership

By: Apollo Advisors IV, L.P.
its General Partner

By: Apollo Capital Management IV, Inc.
its General Partner

By: _____
Name: _____
Title: _____

APOLLO OVERSEAS PARTNERS IV, L.P.
an exempted limited partnership registered
in the Cayman Islands

By: Apollo Advisors IV, L.P.
its General Partner

By: Apollo Capital Management IV, Inc.
its Managing General Partner

By: _____
Name: _____
Title: _____

SCHEDULE 2.1

ALLOCATION OF SHARES/PURCHASE PRICE

	Series A Preferred Stock	Series B Preferred Stock
Apollo Investment Fund IV, L.P.	127,569 shares	109,700 shares
Apollo Overseas Partners IV, L.P.	6,845 shares	5,886 shares
Total	134,414 shares	115,586 shares

EXHIBIT 3.3

RENTERS CHOICE, INC.

AMENDED AND RESTATED BYLAWS

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. ff 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. ff 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 stock-holders 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 or 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, 0 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. The Board of Directors of the Corporation shall consist of seven directors. 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, 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. Towers 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 confer-red 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. The Chairman of the Board shall also be the Chief Executive Officer of the Corporation and shall have 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, Indemnitee 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 Indemnitee 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. 'Me 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 per son is or was serving i 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 Indemnitee 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.

EXHIBIT 4.2

CERTIFICATE OF DESIGNATIONS, PREFERENCES
AND RELATIVE RIGHTS AND LIMITATIONS
OF
SERIES A PREFERRED STOCK
OF
RENTERS CHOICE, INC.

Pursuant to Section 151
of the General Corporation Law of the State of Delaware

Renters Choice, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware, does by its Assistant Secretary hereby certify that pursuant to the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors, at a meeting held on August 4, 1998, duly adopted the following resolution establishing, the rights, preferences, privileges and restrictions of a series of preferred stock of the corporation which resolution remains in full force and effect as of the date hereof:

"WHEREAS, the Board of Directors of Renters Choice, Inc. (the "Corporation") is authorized, within the limitations and restrictions stated in its Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), to fix by resolution or resolutions adopted prior to the issuance of any shares of each particular series of preferred stock and incorporated in a certificate of designation filed with the Secretary of State of the State of Delaware, the designation, powers (including voting powers and voting rights), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as may be fixed from time to time by the Board of the Directors in the resolution or resolutions adopted pursuant to the authority granted under the Certificate of Incorporation; and

WHEREAS, it is the desire of the Board of Directors of the Corporation, pursuant to its authority as aforesaid, to authorize and fix the terms of a series of preferred stock and the number of shares constituting such series;

NOW, THEREFORE, BE IT RESOLVED, that pursuant to Paragraph Fourth, Section 1 of the Certificate of Incorporation, there is hereby authorized such series of preferred stock on the terms and with the provisions herein set forth:

1. Certain Definitions.

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings specified (with terms defined in the singular having comparable meanings when used in the plural).

Affiliate. The term "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and, in the case of a Person who is an individual, shall include (i) members of such specified Person's immediate family (as defined in Instruction 2 of Item 404(a) of Regulation S-K under the Securities Act) and (ii) trusts, the trustee and all beneficiaries of which are such specified Person or members of such Person's immediate family as determined in accordance with the foregoing clause (i). For the purposes of this definition, control when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding the foregoing, the Initial Holders and their Affiliates shall not be deemed Affiliates of the Corporation.

Change of Control. The term "Change of Control" shall mean the occurrence of any one of the following events: (I) the acquisition after the Initial Issue Date, in one or more transactions, of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) by (i) any person or entity (other than any Permitted Holder) or (ii) any group of persons or entities (excluding any Permitted Holders) who constitute a group (within the meaning of Section 13(d)(3) of the Exchange Act), in either case, of any securities of the Corporation such that, as a result

of such acquisition, such person, entity or group beneficially owns (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, 40% or more of the then outstanding voting securities entitled to vote on a regular basis for a majority of the Board of Directors of the Corporation (but only to the extent that such beneficial ownership is not shared with any Permitted Holder who has the power to direct the vote thereof), provided, however, that no such Change of Control shall be deemed to have occurred if (A) the Permitted Holders beneficially own, in the aggregate, at such time, a greater percentage of such voting securities than such other person, entity or group or (B) at the time of such acquisition, the Permitted Holders (or any of them) possess the ability (by contract or otherwise) to elect, or cause the election of, a majority of the members of the Corporation's Board of Directors; (II) the acquisition by any person of all or substantially all of the assets of the Corporation; (III) the determination by the Corporation's Board of Directors to recommend the acceptance of any proposal set forth in a tender offer statement or proxy statement filed by any person with the Securities and Exchange Commission which indicates the intention on the part of that person to acquire, or acceptance of which would otherwise have the effect of that person acquiring, control of the Corporation; or (IV) upon, other than as a result of the death or disability of one or more of the directors within a three-month period, a majority of the members of the Board of Directors of the Corporation for any period of three consecutive months not being persons who (a) had been directors of the Corporation for at least the preceding 24 consecutive months or were elected by the holders of the Series A Preferred Stock, voting separately as a class, or (b) when they initially were elected to the Board of Directors of the Corporation, (x) were nominated (if they were elected by the stockholders) or elected (if they were elected by the directors) with the affirmative concurrence of 66-2/3% of the directors who were Continuing Directors at the time of the nomination or election by the Board of Directors of the Corporation and (y) were not elected as a result of an actual or threatened solicitation of proxies or consents by a person other than the Board or an agreement intended to avoid or settle such a proxy solicitation (the directors described in clauses (a) and (b) of this subsection (IV) being "Continuing Directors"); provided, however, that no Change of Control shall be deemed to have occurred by virtue of any merger of the Corporation with any wholly owned subsidiary of the Corporation or any merger of two wholly owned subsidiaries of the

Corporation if, in any such merger, the proportionate ownership interests of the stockholders of the Corporation remain unchanged.

Common Stock. The term "Common Stock" shall mean the common stock, par value $.01 per share, of the Corporation.

Conversion Date. The term "Conversion Date" shall have the meaning set forth in Sections 8(c) below, as applicable.

Conversion Price. The term "Conversion Price" shall have the meaning set forth in Section 8(d) below.

Convertible Preferred Nominees. The term "Convertible Preferred Nominees" shall have the meaning set forth in Section 4(b)(i) below.

Convertible Securities. The term "Convertible Securities" shall have the meaning set forth in Section 8(f)(iii).

Corporation Notice. The term "Corporation Notice" shall have the meaning set forth in Section 5(b)(ii)(A) below.

Current Market Price. The term "Current Market Price" shall mean the current market price of the Common Stock as computed in accordance with Section 8(f)(xi) below.

Dividend Payment Date. The term "Dividend Payment Date" shall have the meaning set forth in Section 3(a) below.

Dividend Rate. The term "Dividend Rate" shall have the meaning set forth in Section 3(a) below.

Exchange Act. The term "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Initial Holders. The term "Initial Holders" shall mean those holders of Series A Preferred Stock as of the Initial Issue Date.

Initial Issue Date. The term "Initial Issue Date" shall mean the date that shares of Series A Preferred Stock are first issued by the Corporation.

Initial Series A Preferred Shares. The term "Initial Series A Preferred Shares" shall have the meaning set forth in Section 4(b)(i)(B) below.

IRR. The term "IRR" shall have the meaning set forth in Section 4(c)(ix) below.

Junior Stock. The term "Junior Stock" shall mean any stock of the Corporation, other than the Common Stock, ranking junior to the Series A Preferred Stock as to dividends and upon liquidation. Junior Stock shall not include the Series B Preferred Stock.

Liquidation. The term "Liquidation" shall mean any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary; provided, that neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation, nor the consolidation or merger of the Corporation with one or more other entities, shall, by itself, be deemed a Liquidation.

Liquidation Preference Amount. The term "Liquidation Preference Amount" shall mean an amount equal to the sum of (i) $1,000 per share of Series A Preferred Stock, plus (ii) all accrued and unpaid dividends thereon calculated in accordance with Sections 3(a) and 3(b) hereof.

Permitted Holder. The term "Permitted Holder" shall mean (i) Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., or any entity controlled by either of the foregoing or any of the partners of the foregoing, (ii) an employee benefit plan of the Corporation or any subsidiary of the Corporation, or any participant therein, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its subsidiaries or (iv) any Permitted Transferee of any of the foregoing persons.

Permitted Transferee. The term "Permitted Transferee" shall mean, with respect to any Person, (i) any officer, director or partner of, or Person controlling, such Person, (ii) any other Person that is (x) an Affiliate of the general partner(s), investment manager(s) or investment advisor(s) of such Person, (y) an Affiliate of such Person or a Permitted Transferee of an Affiliate or (z) an investment fund, investment account or investment entity whose investment manager, investment advisor or general partner thereof is such Person or

a Permitted Transferee of such Person or (iii) if a Permitted Transferee of a Person set forth in the foregoing clauses (i) and (ii) is an individual, (x) any spouse or issue of such individual, or any trust solely for the benefit of such individual, spouse or issue, and (y) upon such individual's death, any Person to whom Shares are transferred in accordance with the laws of descent and/or testamentary distribution, in each case in a bona fide distribution or other transaction not intended to avoid the provisions of this Agreement.

Person. The term "Person" shall mean an individual or a corporation, limited liability company, partnership, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Quarterly Dividend Period. The term "Quarterly Dividend Period" shall have the meaning set forth in Section 3(a) below.

Redemption Date. The term "Redemption Date" shall have the meaning set forth in Section 5(a)(ii) below.

Redemption Event. A Redemption Event will be deemed to occur at the earliest of (i) the date upon which there is a Change of Control of the Corporation, (ii) the date upon which the Corporation's Common Stock is not listed for trading on a United States national securities exchange or the NASDAQ National Market System, or (iii) the eleventh anniversary of the Initial Issue Date.

Redemption Percentage. The term "Redemption Percentage" shall have the meaning set forth in Section 5(a)(i) below.

Redemption Price. The term "Redemption Price" shall have the meaning set forth in Section 5(a)(i) below.

Repurchase Date. The term "Repurchase Date" shall have the meaning set forth in Section 5(b)(i) below.

Repurchase Price. The term "Repurchase Price" shall have the meaning set forth in Section 5(b)(i) below.

Securities Act. The term "Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Series A Preferred Stock. The term "Series A Preferred Stock" shall mean the Series A Preferred Stock authorized hereby.

Series B Preferred Stock. The term "Series B Preferred Stock" shall mean the Series B Preferred Stock, par value $.01 per share, of the Corporation.

Stockholders Agreement. The term "Stockholders Agreement" shall mean that certain stockholders agreement of the Corporation dated as of August 5, 1998, as in effect on the Initial Issue Date, a copy of which shall be maintained by the Secretary of the Corporation and which shall be available to any stockholder of the Corporation upon request.

Trading Days. The term "Trading Days" shall have the meaning set forth in Section 8(f)(xi) below.

2. Designation.

The series of preferred stock authorized hereby shall be designated as the "Series A Convertible Preferred Stock." The number of shares constituting such series shall initially be Four Hundred Thousand (400,000). The par value of the Series A Preferred Stock shall be $.01 per share.

3. Dividends.

(a) The holders of the shares of Series A Preferred Stock shall be entitled to receive cumulative quarterly dividends at a dividend rate equal to 3 3/4% per annum (the "Dividend Rate") computed on the basis of $1,000 per share, when and as declared by the Board of Directors of the Corporation, out of funds legally available for the payment of dividends; provided, however, for the five-year period commencing with the Initial Issue Date, payments of dividends may be made, at the election of the Corporation, either (i) in cash or (ii) by issuing a number of additional fully paid and nonassessable shares (and/or fractional shares) of Series A Preferred Stock for each such share (or fractional share) of Series A Preferred Stock then outstanding determined by dividing (x) the dividend then payable on each such share (or fractional share) of Series A Preferred Stock (expressed as a dollar amount) by (y) 1,000. Quarterly dividend periods (each a "Quarterly Dividend Period") shall commence on January 1, April 1, July 1 and October 1, in each year, except that the first Quarterly Dividend Period shall commence on the date of issuance of the Series A Preferred Stock, and shall end on and include the day immediately preceding the first day of the next Quarterly Dividend Period. Dividends on the shares of Series A Preferred Stock shall be payable on March 31, June 30, September 30, December 31 of each year (a "Dividend Payment Date"), commencing September 30, 1998. Each such dividend shall be paid to the holders of record of the Series A Preferred

Stock as they shall appear on the stock register of the Corporation on such record date, not exceeding 45 days nor less than 10 days preceding such Dividend Payment Date, as shall be fixed by the Board of Directors of the Corporation or a duly authorized committee thereof.

Notwithstanding the foregoing paragraph, (A) for the four Quarterly Dividend Periods commencing with the ninth Quarterly Divided Period following the Initial Issue Date, no dividend shall be paid or accrued for any Quarterly Dividend Period in which the Current Market Price as of the related Dividend Payment Date is equal to or greater than two (2) times the Conversion Price and (B) for each Quarterly Dividend Period commencing with the thirteenth Quarterly Dividend Period following the Initial Issue Date, no dividend shall be paid or accrued for any Quarterly Dividend Period in which the Current Market Price as of the related Dividend Payment Date is equal to or greater than the Conversion Price accumulated forward to the payment date at a compound annual growth rate of Twenty-Five Percent (25%) per annum compounded quarterly.

If, on any Dividend Payment Date, the full dividends provided for in this Section 3(a) are not declared or paid to the holders of the Series A Preferred Stock, whether in cash or in additional shares of Series A Preferred Stock, then such dividends shall cumulate, with additional dividends thereon, compounded quarterly, at the dividend rate applicable to the Series A Preferred Stock as provided in this Section 3(a), for each succeeding full Quarterly Dividend Period during which such dividends shall remain unpaid. In the event the Corporation elects to pay dividends in additional shares of Series A Preferred Stock, the Corporation shall on the Dividend Payment Date deliver to the holders certificates representing such shares.

Notwithstanding anything to the contrary herein, in the event any conversion, redemption or liquidation occurs as of a date other than on a Dividend Payment Date, the holders of Series A Preferred Stock shall be paid a pro rata dividend equal to the dividend payable for that Quarterly Dividend Period multiplied by a fraction, the numerator of which is the number of days that have elapsed since the last Dividend Payment Date and the denominator of which is the number of days in the Quarterly Dividend Period in which the conversion, redemption or liquidation occurs.

(b) The amount of any dividends accrued on any share of the Series A Preferred Stock on any Dividend Payment Date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such Dividend Payment Date, whether or not earned or declared. The amount of dividends accrued on any share of the Series A Preferred Stock on any date other than a Dividend Payment Date shall be deemed to be the sum of (i) the amount of any unpaid dividends accumulated thereon to and including the last preceding Dividend Payment Date, whether or not earned or declared, and (ii) an amount determined by multiplying (x) the Dividend Rate by (y) a fraction, the numerator of which shall be the number of days from the last preceding Dividend Payment Date to and including the date on which such calculation is made and the denominator of which shall be the full number of days in such Quarterly Dividend Period.

(c) Immediately prior to authorizing or making any distribution in redemption or liquidation with respect to the Series A Preferred Stock (other than a purchase or acquisition of Series A Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series A Preferred Stock), the Board of Directors shall, to the extent of any funds legally available therefor, declare a dividend in cash on the Series A Preferred Stock payable on the distribution date in an amount equal to any accrued and unpaid dividends on the Series A Preferred Stock as of such date.

4. Voting Rights.

(a) Except as otherwise required by law, the shares of Series A Preferred Stock shall be entitled to vote together with the shares of voting Common Stock as one class at all annual and special meetings of stockholders of the Corporation, and to act by written consent in the same manner as the Common Stock, upon the following basis: each holder of Series A Preferred Stock shall be entitled to such number of votes for the Series A Preferred Stock held by the holder on the record date fixed for such meeting, or on the effective date of such written consent, as shall be equal to the number of whole shares of Common Stock into which all of such holder's shares of Series A Preferred Stock are convertible immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent.

(b) (i) The holders of Series A Preferred Stock, voting as a separate class shall have the right to elect such number of directors (the "Convertible Preferred Nominees") of the Corporation as set forth below, in addition to such holders' rights to vote for the election

of directors, generally, in accordance with Section 4(a):

(A) Subject to Section 4(b)(i) (B) below, the number of Convertible Preferred Nominees shall be two (2). One Convertible Preferred Nominee shall be classified as a Class I Director of the Corporation, and the other Convertible Preferred Nominee shall be classified as a Class II Director of the Corporation. Each of the Finance Committee , the Audit Committee and the Compensation Committee of the Board of Directors shall have one Convertible Preferred Nominee as a member; and, in the event the Corporation establishes an Executive Committee of the Board of Directors, at least one Convertible Preferred Nominee shall be a member of such Executive Committee.

(B) At such time as the Initial Holders together with any and all of their Permitted Transferees cease to hold in aggregate 50% or more of the number of the Initial Series A Preferred Shares, the holders of Series A Preferred Stock shall be entitled to elect one Convertible Preferred Nominee under this Certificate; and, at such time as the Initial Holders cease to hold in aggregate 10 % or more of the number of the Initial Series A Preferred Shares, the holders of Series A Preferred Stock shall no longer be entitled to elect any Convertible Preferred Nominees under this Certificate.

(ii) The holders of the Series A Preferred Stock may exercise any right under Section 4(b)(i) to elect directors at a special meeting of the holders of the Series A Preferred Stock, at an annual meeting of the stockholders of the Corporation held for the purpose of electing directors, and in each written consent executed in lieu of any such meetings.

(iii) A director elected in accordance with Section 4(b)(i) will serve until the next annual meeting of stockholders of the Corporation at which other directors of the Corporation of the same class shall be elected and until his or her successor is elected and qualified by the holders of the Series A Preferred Stock, except as otherwise provided in the Corporation's Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws.

(iv) Notwithstanding anything to the contrary contained herein, the provisions of this Section 4(b) shall inure

only to the benefit of the Initial Holders and their Permitted Transferees, and any shares of Series A Preferred Stock subsequently transferred by the Initial Holders to any Person other than one of their Permitted Transferees shall not be entitled to the benefits of this Section 4(b).

(c) While any shares of Series A Preferred Stock are outstanding, the Corporation will not, directly or indirectly, including through a merger or consolidation with any other corporation or otherwise, without approval of holders of at least a majority of the outstanding shares of Series A Preferred Stock, voting separately as a class, (i) increase the number of authorized shares of Series A Preferred Stock or authorize the issuance or issue of any shares of Series A Preferred Stock other than to existing holders of Series A Preferred Stock or holders of Series B Preferred Stock, (ii) issue any new class or series of equity security, (iii) amend, alter or repeal, in any manner whatsoever, the designations, preferences and relative rights and limitations and restrictions of the Series A Preferred Stock or the Series B Preferred Stock; (iv) amend, alter or repeal any of the provisions of the Amended and Restated Certificate of Incorporation or Amended and Restated ByLaws of the Corporation in a manner that would negatively impact the holders of the Series A Preferred Stock, including (but not limited to) any amendment that is in conflict with the approval rights set forth in this Section 4; (v) directly or indirectly, redeem, purchase or otherwise acquire for value (including through an exchange), or set apart money or other property for any mandatory purchase or other analogous fund for the redemption, purchase or acquisition of any shares of Common Stock or Junior

Stock, except for the repurchase by the Corporation of up to $25,000,000 in Common Stock from J. Ernest Talley, declare or pay any dividend or make any distribution (whether in cash, shares of capital stock of the Corporation, or other property) on shares of Common Stock or Junior Stock; (vi) cause the number of directors of the Corporation to be greater than seven (7); (vii) enter into any agreement or arrangement with or for the benefit of any Person who is an Affiliate of the Corporation with a value in excess of $5 million in a single transaction or a series of related transactions; (viii) effect a voluntary liquidation, dissolution or winding up of the Corporation; (ix) sell or agree to sell all or substantially all of the assets of the Corporation, unless such transaction (1) occurs after the fourth anniversary of the Initial Issue Date, (2) is a sale for cash and (3) results in an internal rate of return ("IRR") of 30% compounded quarterly or greater to the holder of the Series A Preferred Stock with respect to each share of Series A Preferred Stock issued on the Initial Issue Date; or (x) enter into any merger or consolidation or other business combination involving the Corporation (except a merger of a wholly-owned subsidiary of the Corporation into the Corporation in which the Corporation's capitalization is unchanged as a result of such merger) unless such transaction (1) occurs after the fourth anniversary of the Initial Issue Date, (2) is for cash and (3) results in an IRR of 30% compounded quarterly or greater to the holder of the Series A Preferred Stock with respect to each share of Series A Preferred Stock issued on the Initial Issue Date.

(d) While any shares of Series A Preferred Stock are outstanding, the Corporation will not, directly or indirectly, without the majority affirmative vote of the Finance Committee, issue debt securities of the Corporation with a value in excess of $10 million (including any refinancing of existing indebtedness).

(e) While any shares of Series A Preferred Stock are outstanding, the Corporation will not, directly or indirectly, without the unanimous affirmative vote of the Finance Committee, issue equity securities of the Corporation with a value in excess of $10 million (including any refinancing of existing indebtedness); provided, however, that the following equity issuances shall require only a majority affirmative vote of the Finance Committee: (A) a Common Stock offering within 24 months of the Initial Issue Date that is equal to or less than $75 million of gross proceeds to the Corporation and the selling price is equal to or greater than the Conversion Price, (B) a Common Stock offering in which the selling price (1) at any time prior to the third anniversary of the Initial Issue Date is equal to or greater than two times the Conversion Price and (2) thereafter, equal to or greater than the price that would imply a 25% or greater IRR compounded quarterly on the Conversion Price and (C) an issuance of equity in connection with an acquisition if the issuance is equal to or less than 10% of the outstanding Common Stock (calculated post-issuance of such shares of Common Stock).

5. Redemption

(a) Optional Redemption.

(i) Optional Redemption by the Corporation. (A) The Series A Preferred Stock may not be redeemed, in whole or in part, at the election of the Corporation prior to the fourth anniversary of the Initial Issue Date. The Corporation by resolution of its Board of Directors may redeem the Series A Preferred Stock, in whole or in part, at any time after the fourth anniversary of the Initial Issue Date. The redemption price per share (the "Redemption Price") for such shares of Series A Preferred Stock so redeemed shall equal 105% of the Liquidation Preference Amount on the Redemption Date (as defined below).

(B) Notwithstanding the forgoing Section 5(a)(i)(A), an Initial Holder shall be entitled to reserve from redemption by the Corporation pursuant to Section 5(a)(i)(A) one share of the Series A Preferred Stock until such time as the Initial Holders and their Permitted Transferees collectively shall own less than 33 1/3% of the Shares issued to the Initial Holders on the Initial Issuance Date as defined below. For the purposes of this Section 5(a)(i)(B), "Shares" shall mean shares of the Common Stock, the Series A Preferred Stock and the Series B Preferred Stock, and the preceding percentage shall be calculated as if each of the Shares had been exchanged or converted into shares of Common Stock immediately prior to each such calculation regardless of the existence of any restrictions on such exchange or conversion.

(C) In the event that at any time less than all of the Series A Preferred Stock outstanding is to be redeemed, the shares to be redeemed will be selected pro rata. Notwithstanding anything to the contrary, the Corporation may not redeem less than all of the Series A Preferred Stock outstanding unless all accrued and unpaid dividends have been paid on all then outstanding shares of Series A Preferred Stock.

(ii) Notice of Redemption. Notice of any redemption pursuant to this

Section 5(a) shall be mailed, postage prepaid, at least 30 days but not more than 60 days prior to the date of redemption specified in such notice (the "Redemption Date") to each holder of record of the Series A Preferred Stock to be redeemed at its address as the same shall appear on the stock register of the Corporation. Each such notice shall state: (A) the Redemption Date, (B) the place or places where certificates for such shares of Series A Preferred Stock are to be surrendered for payment, (C) the Redemption Price and (D) that unless the Corporation defaults in making the redemption payment, dividends on the shares of Series A Preferred Stock called for redemption shall cease to accrue on and after the Redemption Date. If less than all the shares of the Series A Preferred Stock owned by such holder are then to be redeemed, such notice shall also specify the number of shares thereof which are to be redeemed and the numbers of the certificates representing such shares.

(iii) No Preclusion of Conversion. Nothing in this Section 5(a) shall be construed to preclude a holder of Series A Preferred Stock from converting any or all of its shares of Series A Preferred Stock in accordance with Section 8 at any time prior to the Redemption Date.

(b) Mandatory Redemption.

(i) Right to Require Redemption. If at any time there shall occur any Redemption Event of the Corporation, then each holder of Series A Preferred Stock shall have the right, at such holder's option, to require the Corporation to redeem, and upon the exercise of such right the Corporation shall redeem, all or any part of such holder's Series A Preferred Stock on the date (the "Repurchase Date") that is 45 days after the date of the Corporation Notice (as defined below). The redemption price per share (the "Repurchase Price") for such shares of Series A Preferred Stock so redeemed shall equal the Liquidation Preference Amount on the Repurchase Date.

(ii) Notices; Method of Exercising Redemption Right, etc.

(A) Unless the Corporation shall have theretofore called for redemption all the Series A Preferred Stock then outstanding pursuant to Section 5(a) hereof, within 15 days after the occurrence of a Redemption Event, the Corporation shall mail to all holders of record of the Series A Preferred Stock a notice (the "Corporation Notice") of the occurrence of the Redemption Event and of the redemption right set forth herein arising as a result thereof. Each Corporation Notice of a redemption right shall state: (I) the Repurchase Date; (II) the date by which the redemption right must be exercised; (III) the Repurchase Price; (IV) a description of the procedure which a holder must follow to exercise a redemption right including a form of the irrevocable written notice referred to in Section 5(b)(ii)(B) hereof; and (V) the place or places where such Series A Preferred Stock may be surrendered for redemption.

No failure of the Corporation to give the foregoing notices or any defect therein shall limit any holder's right to exercise a redemption right or affect the validity of the proceedings for the redemption of Series A Preferred Stock.

(B) To exercise a redemption right, a holder must deliver to the Corporation on or before the 15th day after the date of the Corporation Notice (i) irrevocable written notice of the holder's exercise of such rights, which notice shall set forth the name of the holder, the amount of the Series A Preferred Stock to be redeemed, a statement that an election to exercise the redemption right is being made thereby, and (ii) the Series A Preferred Stock with respect to which the redemption right is being exercised, duly endorsed for transfer to the Corporation. Such written notice shall be irrevocable. Subject to the provisions of paragraph (D) below, Series A Preferred Stock surrendered for redemption together with such irrevocable written notice shall cease to be convertible from the date of delivery of such notice. If the Repurchase Date falls after the record date and before the following Dividend Payment Date, any Series A Preferred Stock to be redeemed must be accompanied by payment of an amount equal to the dividends thereon which the registered holder thereof is to receive on such Dividend Payment Date, and, notwithstanding such redemption, such dividend payment will be made by the Corporation to the registered holder thereof on the applicable record date; provided that any quarterly payment of dividends becoming due on the Repurchase Date shall be payable to the holders of such Series A Preferred Stock registered as such on the relevant record date subject to the terms of Section 3(b) hereof.

(C) In the event a redemption right shall be exercised in accordance with the terms hereof, the Corporation shall pay or cause to be paid the Repurchase Price in cash, to the holder on the Repurchase Date.

(D) If any Series A Preferred Stock surrendered for redemption shall not be so redeemed on the Repurchase Date, such Series A Preferred Stock shall be convertible at any time from the Repurchase Date until redeemed and, until redeemed, continue to accrue dividends to the extent permitted by applicable law from the Repurchase Date at the same rate borne by such Series A Preferred Stock. The Corporation shall pay to the holder of such Series A Preferred Stock the additional amounts arising from this Section 5(b)(ii)(D) hereof at the time that it pays the Repurchase Price, and if applicable such Series A Preferred Stock shall remain convertible into Common Stock until the Repurchase Price plus any additional amounts owing on such Series A Preferred Stock shall have been paid or duly provided for.

(E) Any Series A Preferred Stock which is to be redeemed only in part shall be surrendered at any office or agency of the Corporation designated for that purpose pursuant to Section 5(b)(ii)(A)(V) hereof and the Corporation shall execute and deliver to the holder of such Series A Preferred Stock without service charge, a new certificate or certificates representing the Series A Preferred Stock, of any authorized denomination as requested by such holder, in aggregate amount equal to and in exchange for the unredeemed portion of the Series A Preferred Stock so surrendered.

6. Priority.

(a) Priority as to Dividends. Holders of shares of the Series A Preferred Stock shall be entitled to receive the dividends provided for in Section 3 hereof in preference to and in priority over any dividends upon any Junior Stock or Common Stock.

(b) Series B Preferred Stock. The Corporation's Series A Preferred Stock shall rank on parity with the Series B Preferred Stock with respect to dividends and redemption.

7. Liquidation Preference.

(a) In the event of any Liquidation, holders of the Series A Preferred Stock will be entitled to receive out of the assets of the Corporation whether such assets are capital or surplus and whether or not any dividends as such are declared, the Liquidation Preference Amount to the date fixed for distribution, and no more, before any distribution shall be made to the holders of Junior Stock or Common Stock with respect to the distribution of assets. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference Amount to the holders of outstanding shares of the Series A Preferred Stock, then the holders of all such shares shall share ratably in such distribution of assets in accordance with the amount which would be otherwise payable on such distribution to the holders of Series A Preferred Stock were such Liquidation Preference Amount paid in full. Except as provided, in this Section 7(a), in the event of any Liquidation of the Corporation, the holders of shares of Series A Preferred Stock shall not be entitled to any additional payments.

(b) The consolidation or merger of the Corporation with or into such corporation or corporations shall not itself be deemed to be a Liquidation of the Corporation within the meaning of this Section 7.

(c) Written notice of any Liquidation of the Corporation, stating a payment date and the place where the distributive amounts shall be payable, shall be given by mail,

postage prepaid, not less than 30 days prior to the payment date stated therein, to the holders of record of the Series A Preferred Stock at their respective addresses as the same shall appear on the books of the Corporation.

(d) The Series A Preferred Stock shall rank on parity with the Series B Preferred Stock with respect to liquidation.

8. Conversion.

(a) Each share of Series A Preferred Stock shall be convertible at any time and from time to time, at the option of the holder thereof into validly issued, fully paid and nonassessable shares of Common Stock, in an amount determined in accordance with Section 8(d) below.

(b) Immediately following the conversion of Series A Preferred Stock into Common Stock on the Conversion Date (i) such converted shares of Series A Preferred Stock shall be deemed no longer outstanding and (ii) the Persons entitled to receive the Common Stock upon the conversion of such converted Series A Preferred Stock shall be treated for all purposes as having become the owners of record of such Common Stock. Upon the issuance of shares of Common Stock upon conversion of Series A Preferred Stock pursuant to this Section 8, such shares of Common Stock shall be deemed to be duly authorized, validly issued, fully paid and nonassessable. Notwithstanding anything to the contrary in this Section 8, any holder of Series A Preferred Stock may convert shares of such Series A Preferred Stock into Common Stock in accordance with Section 8 on a conditional basis, such that such conversion will not take effect unless conditions set forth in Section 8(c) are satisfied, and the Corporation shall make such arrangements as may be necessary or appropriate to allow such conditional conversion and to enable the holder to satisfy such other conditions.

(c) To convert Series A Preferred Stock into Common Stock at the option of the holder pursuant to Section 8(a), a holder must give written notice to the Corporation at its principal office that such holder elects to convert Series A Preferred Stock into Common Stock, and the number of shares to be converted. Such

conversion, to the extent permitted by law, regulation, rule or other requirement of any governmental authority (collectively, "Laws") and the provisions hereof, including but not limited to Section 5(a)(iii), shall be deemed to have been effected as of the close of business on the date on which the holder delivers such notice to the Corporation (such date is referred to herein as the "Conversion Date" for purposes of any conversion of Series A Preferred Stock pursuant to Section 8(a)). Promptly thereafter the holder shall (i) surrender the certificate or certificates evidencing the shares of Series A Preferred Stock to be converted, duly endorsed in a form reasonably satisfactory to the Corporation, at the office of the Corporation or of the transfer agent for the Series A Preferred Stock, (ii) state in writing the name or names in which the certificate or certificates for shares of Common Stock are to be issued, (iii) provide evidence reasonably satisfactory to the Corporation that such holder has satisfied any conditions, contained in any agreement or any legend on the certificates representing the Series A Preferred Stock, relating to the transfer thereof, if shares of Common Stock are to be issued in a name or names other than the holder's, and (iv) pay any transfer or similar tax if required as provided in Section 8(k) below. As soon as practical following receipt of the foregoing, the Corporation shall deliver to such former holder of Series A Preferred Stock, a certificate representing the shares of Common Stock issued upon the conversion, together with a new certificate representing the unconverted portion, if any, of the shares of Series A Preferred Stock formerly represented by the certificate or certificates surrendered for conversion.

(d) For the purposes of the conversion of Series A Preferred Stock into Common Stock pursuant to Section 8(a), each share of Series A Preferred Stock shall be convertible into the number of shares of Common Stock equal to the Liquidation Preference Amount divided by the Conversion Price in effect on the Conversion Date. The number of full shares of Common Stock issuable to a single holder upon conversion of the Series A Preferred Stock shall be based on the aggregate Liquidation Preference Amount of all shares of Series A Preferred

Stock owned by such holder. The Conversion Price initially shall equal $27.935. In order to prevent dilution of the conversion rights granted hereunder, the Conversion Price shall be subject to adjustment from time to time in accordance with Sections 8(f) and 8(i) below.

(e) If the Corporation shall at any time subdivide, by stock split, reclassification or otherwise, the outstanding shares of Common Stock or shall issue a dividend on its outstanding Common Stock payable in capital stock, the Conversion Price in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately decreased, and in case the Corporation shall at any time combine, by stock split, reclassification or otherwise, the outstanding shares of Common Stock, the Conversion Price in effect immediately prior to such combination shall be proportionately increased, effective at the close of business on the date of such subdivision, dividend, combination or other event, as the case may be.

(f) The number of shares issuable upon conversion and the Conversion Price (and each component thereof) are subject to adjustment by the Corporation from time to time upon the occurrence of the events enumerated in this Section 8.

(i) Changes in Capital Stock.

(A) If the Corporation (i) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock, (ii) subdivides its outstanding shares of Common Stock into a greater number of shares, (iii) combines its outstanding shares of Common Stock into a smaller number of shares, (iv) makes a distribution on its Common Stock in shares of its capital stock other than Common Stock or (v) issues by reclassification of its Common Stock any shares of its capital stock, then the Conversion Price (and each component thereof) in effect immediately prior to such action shall be proportionately adjusted so that each holder of shares of Series A Preferred Stock may receive the aggregate number and kind of shares of capital stock of the Corporation which such holder would have owned immediately following such action if such holder had converted all of his shares of Series A Preferred Stock into Common Stock immediately prior to such action.

(B) The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

(C) If after an adjustment a holder of shares of Series A Preferred Stock upon conversion may receive shares of two or more classes of capital stock of the Corporation, the Corporation shall determine the allocation of the adjusted Conversion Price between the classes of capital stock. After such allocation, the conversion privilege and the Conversion Price of each class of capital stock shall thereafter be subject to adjustment on terms comparable to those applicable to Common Stock in this Section 8(f)(i).

(D) Any adjustments made pursuant to this Section 8(f)(i) shall be made successively.

(ii) Common Stock Issue.

(A) If the Corporation issues any additional shares of Common Stock for a consideration per share less than the Current Market Price (as hereinafter defined) on the date the Corporation fixes the offering price of such additional shares, the Conversion Price shall be adjusted as set forth below, such that a holder of shares of Series A Preferred Stock, upon conversion of his shares of Series A Preferred Stock into shares of Common Stock, shall have the right to receive that number of shares of Common Stock which, after giving effect to the following adjustment, such holder would receive if such holder elected to convert his shares of Series A Preferred Stock into Common Stock. The Conversion Price shall be adjusted to the number determined by multiplying the Conversion Price in effect immediately prior to such issuance or sale by a fraction, the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to the issuance or sale of such additional shares of Common Stock plus (ii) the number of such additional shares which the aggregate consideration received (or by express provision hereof deemed to have been received) by the Corporation for such additional shares so issued or sold would purchase at a consideration per share equal to the Current Market Price, and the denominator of which shall be the number of shares of Common Stock outstanding immediately after the issuance or sale of such additional shares of Common Stock. For the purposes of this Section 8(f)(ii), the date as of which the Current Market Price shall be determined shall be the date of the actual issuance or sale of such shares.

(B) The adjustment shall be made successively whenever any such issuance is made, and shall become effective immediately after such issuance.

(C) This Section 8(f)(ii) does not apply to: (i) any of the transactions described in Section 8(f)(iii) and 8(f)(iv); (ii) the conversion of the shares of Series A Preferred Stock; and (iii) any shares issued under the Corporation's Amended and Restated 1994 Long-Term Incentive Plan, and any other such plans adopted by the Board of Directors.

(iii) Rights Issue.

(A) If the Corporation issues or sells any warrants or options or other rights entitling the holders of Common Stock to subscribe for or purchase either any additional shares of Common Stock or evidences of indebtedness, shares of stock or other securities which are

convertible into or exchangeable, with or without payment of additional consideration in cash or property, for additional shares of Common Stock (such convertible or exchangeable evidence of indebtedness, shares of stock or other securities hereinafter being called "Convertible Securities"), and the consideration per share for which additional shares of Common Stock may at any time thereafter be issuable pursuant to such warrants, options or other rights or pursuant to the terms of such Convertible Securities (when added to the consideration per share of Common Stock, if any, received for such warrants, options or other rights), shall be less than the Current Market Price at the time of the issuance of the warrants, options or other rights, then the Conversion Price shall be adjusted as provided below, such that a holder of shares of the Series A Preferred Stock, upon conversion of his shares of Series A Preferred Stock into shares of Common Stock, shall have the right to receive that number of shares of Common Stock which, after giving effect to the following adjustment, such holder would receive if such holder elected to convert his shares of Series A Preferred Stock into Common Stock. The Conversion Price shall be adjusted to the number determined by multiplying the current Conversion Price by a fraction, (A) the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding on the record date plus (ii) the quotient of (x) the number of additional shares of Common Stock covered by such warrants, options or rights, multiplied by the sales price per share of additional shares covered by such warrants, options or other rights, divided by (y) the Current Market Price per share of Common Stock on the record date, and (B) the denominator of which shall be the sum of (i) the number of shares of Common Stock outstanding on the record date and (ii) the number of additional shares of Common Stock covered by such warrants, options or other rights. For purposes of this Section 8(f)(iii), the foregoing adjustment shall be made on the basis that (i) the maximum number of additional shares of Common Stock issuable pursuant to all such warrants, options or other rights or necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued and (ii) the aggregate consideration for such maximum number of additional shares shall be deemed to be the minimum consideration received and receivable by the Corporation for the issuance of such additional shares (plus the consideration, if any, received for such warrants, options or other rights) pursuant to such warrants, options or other rights or pursuant to the terms of such Convertible Securities.

(B) The adjustment shall be made successively whenever any such warrants, options or other rights are issued and shall become effective immediately after the record date for the determination of shareholders entitled to receive the warrants, options or other rights.

(C) This Section 8(f)(iii) does not apply to: (i) the conversion of the shares of Series A Preferred Stock; and (ii) any shares issued under the Corporation's Amended and Restated 1994 Long-Term Incentive Plan, and any other such plans adopted by the Board of Directors.

(iv) Convertible Securities Issue.

(A) If the Corporation issues Convertible Securities (other than securities issued in transactions described in Section 8(f)(iii)) and the consideration per share for which additional shares of Common Stock may at any time thereafter be issuable pursuant to the

terms of such Convertible Securities is less than the Current Market Price on the date of issuance of such securities, the Conversion Price shall be adjusted as provided below, such that a holder of shares of Series A Preferred Stock, upon conversion of his shares of Series A Preferred Stock into shares of Common Stock, shall have the right to receive that number of shares of Common Stock which, after giving effect to the following formula, such holder would receive if such holder elected to convert his shares of Series A Preferred Stock into Common Stock. The Conversion Price shall be adjusted to the number determined by multiplying the current Conversion Price by a fraction, (A) the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to the issuance of such securities and (ii) the quotient of (x) the aggregate consideration received for the issuance of such securities, divided by (y) the Current Market Price per share on the date of issuance of such securities and (B) the denominator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to the issuance of such securities and (ii) the maximum number of shares deliverable upon conversion or in exchange for such securities at the initial conversion or exchange rate. The adjustment shall be made on the basis that (i) the maximum number of additional shares of Common Stock necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued and (ii) the aggregate consideration for such maximum number of additional shares of Common Stock shall be deemed to be the minimum consideration received and receivable by the Corporation for the issuance of such additional shares pursuant to the terms of such Convertible Securities. No adjustment of the Conversion Price shall be made under this Section 8(f)(iv) upon the issuance of any Convertible Securities which are issued pursuant to the exercise of any warrants or other subscription or purchase rights therefor, if such adjustment shall previously have been made upon the issuance of such warrants or other rights pursuant to Section 8(f)(iii).

(B) The adjustment shall be made successively whenever any such issuance is made, and shall become effective immediately after such issuance.

(C). This Section 8(f)(iv) does not apply to: (i) the conversion of the shares of Series A Preferred Stock and (ii) any shares issued under the Corporation's Amended and Restated 1994 Long-Term Incentive Plan, and any other such plans adopted by the Board of Directors.

(v) Conversion Price Date. For purposes of Sections 8(f)(iii) and 8(f)(iv), the date as of which the Conversion Price shall be computed shall be the earliest of (i) the date on which the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive any warrants or other rights referred to in Section 8(f)(iii) or to receive any Convertible Securities, (ii) the date on which the Corporation shall enter into a firm contract for the issuance of such warrants or other rights or Convertible Securities or (iii) the date of the actual

issuance of such warrants or other rights or Convertible Securities.

(vi) No Compound Adjustment. No adjustment of the Conversion Price shall be made under Section 8(f)(ii) upon the issuance of any additional shares of Common Stock which are issued pursuant to the exercise of any warrants or other subscription or purchase rights or pursuant to the exercise of any conversion or exchange rights in any Convertible Securities, if such adjustment shall previously have been made upon the issuance of such warrants or other rights or upon the issuance of such Convertible Securities (or upon the issuance of any warrants or other rights therefor), pursuant to Sections 8(f)(iii).

(vii) Readjustment. If any warrants or other rights (or any portions thereof) which shall have given rise to an adjustment pursuant to Section 8(f)(iii) or conversion rights pursuant to Convertible Securities which shall have given rise to an adjustment pursuant to Section 8(f)(iv) shall have expired or terminated without the exercise thereof and/or if by reason of the terms of such warrants or other rights or Convertible Securities there shall have been an increase or increases, with the passage of time otherwise, in the price payable upon the exercise or conversion thereof, then the Conversion Price hereunder shall be readjusted (but to no greater extent than originally adjusted), taking into account all transactions described in Sections 8(f)(i) through 8(f)(iv) hereof that have occurred in the interim, on the basis of (i) eliminating from the computation any additional shares of Common Stock corresponding to such warrants or other rights or conversion rights as shall have expired or terminated, (ii) treating the additional shares of Common Stock, if any, actually issued or issuable pursuant to the previous exercise of such warrants or other rights or of conversion rights pursuant to any Convertible Securities as having been issued for the consideration actually received and receivable therefor and (iii) treating any of such warrants or other rights or conversion rights pursuant to any Convertible Securities which remain

outstanding as being subject to exercise or conversion on the basis of such exercise or Conversion Price as shall be in effect at the time; provided, however, that any consideration which was actually received by the Corporation in connection with the issuance or sale of such warrants or other rights shall form part of the readjustment computation even though such warrants or other rights shall have expired or terminated without the exercise thereof.

(viii) Consideration Received. To the extent that any additional shares of Common Stock, any warrants, options or other rights to subscribe for or purchase any additional shares of Common Stock, or any Convertible Securities shall be issued for cash consideration, the consideration received by the Corporation therefor shall be deemed to be the amount of the cash received by the Corporation therefor, or, if such additional shares, warrants, options or other rights or Convertible Securities are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price, in any such case excluding any amounts paid or receivable for accrued interest or accrued dividends and without deduction of any compensation, discounts or expenses paid or incurred by the Corporation for and in the underwriting of, or otherwise in connection with, the issuance thereof. If and to the extent that such issuance shall be for a consideration other than cash, then, except as herein otherwise expressly provided, the amount of such consideration shall be deemed to be the fair value of such consideration at the time of such issuance as determined by the Board of Directors of the Corporation. If additional shares of Common Stock shall be issued as part of a unit with warrants or other rights, then the amount of consideration for the warrant or other right shall be deemed to be the amount determined at the time of issuance by the Board of Directors of the Corporation. If the Board of Directors of the Corporation shall not make any such determination, the consideration for the warrant, option or other right shall be deemed to be zero.

(ix) Other Conversions. If a state of facts shall occur which, without being specifically controlled by the provisions of this Section 8, would not fairly protect the conversion rights of the holders of shares of Series A Preferred Stock in accordance with the essential intent and principles of such provisions, then the Board of Directors of the Corporation shall make an adjustment in the application of such provisions, in accordance with such essential intent and principles, so to protect such conversion rights.

(x) De Minimis Adjustment. Anything herein to the contrary notwithstanding, no adjustment in the Conversion Price shall be required unless such adjustment, either by itself or with other adjustments not previously made, would require a change of at least one percent (1%) in the Conversion Price; provided, however, that any adjustment which by reason of this Section 8(f)(x) is not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 8 shall be made to the nearest one-tenth of a cent ($.001) (rounded to the nearest cent ($.01) with respect to any monetary amount to be actually paid) or to the nearest one hundredth (0.01) of a share, as the case may be.

(xi) Current Market Price. For the purpose of any computation hereunder, the "Current Market Price" on any date will be the average of the last reported sale prices per share (the "Quoted Price") of the Common Stock on each of the fifteen consecutive Trading Days (as defined below) preceding the date of the computation. The Quoted Price of the Common Stock on each day will be (A) the last reported sales price of the Common Stock on the principal stock exchange on which the Common Stock is listed, or (B) if the Common Stock is not listed on a stock exchange, the last reported sales price of the Common Stock on the principal automated securities price quotation system on which sale prices of the Common Stock are reported, or (C) if the Common Stock is not listed on a stock exchange and sale prices of the Common Stock are not reported on an automated

quotation system, the mean of the high bid and low asked price quotations for the Common Stock as reported by National Quotation Bureau Incorporated if at least two securities dealers have inserted both bid and asked quotations for the Common Stock on a day will be the Quoted Price of the Common Stock on that day as determined by a member firm of the New York Stock Exchange, Inc. selected by the Board of Directors. If no two securities dealers have inserted such bid and ask quotations, or such Quoted Prices otherwise are not available, the Current Market Price means the fair market value of the Common Stock as of the date prior to the date on which the Current Market Price is determined, which such fair market value shall be determined by the Board of Directors of the Corporation. As used with regard to the Series A Preferred Stock, the term "Trading Day" means (x) if the Common Stock is listed on at least one stock exchange, a day on which there is trading on the principal stock exchange on which the Common Stock is listed, (y) if the Common Stock is not listed on a stock exchange, but sale prices of the Common Stock are reported on an automated quotation system, a day on which trading is reported on the principal automated quotation system on which sales of the Common Stock are reported, or (z) if the Common Stock is not listed on a stock exchange and sale prices of the Common Stock are not reported on an automated quotation system, a day on which quotations are reported by National Quotation Bureau Incorporated.

(g) No fractional shares of Common Stock shall be issued upon the conversion of Series A Preferred Stock. If any fractional interest in a share of Common Stock would, except for the provisions of this subparagraph (g), be deliverable upon the conversion of any Series A Preferred Stock, the Corporation shall, in lieu of delivering the fractional share therefor, adjust such fractional interest by payment to the holder of such converted Series A Preferred Stock of an amount in cash equal (computed to the nearest cent) to the Current

Market Price of such fractional interest as of the end of the Corporation's last fiscal year as determined in good faith in the sole discretion of the Board of Directors of the Corporation.

(h) Whenever the Conversion Price is adjusted, as herein provided, the Corporation shall promptly mail a notice of the adjustment to holders of Series A Preferred Stock by first class mail. The Corporation shall forthwith maintain at its principal executive office and file with the transfer agent, if any, for Series A Preferred Stock, a statement, signed by the Chairman of the Board, or the President, or a Vice President of the Corporation and by its chief financial officer or an Assistant Treasurer, showing in reasonable detail the facts requiring such adjustment and the Conversion Price after such adjustment. Such transfer agent shall be under no duty or responsibility with respect to any such statement except to exhibit the same from time to time to any holder of Series A Preferred Stock desiring an inspection thereof.

(i) If there shall occur any capital reorganization or any reclassification of the capital stock of the Corporation, consolidation or merger of the Corporation with or into another entity, or the conveyance of all or substantially all of the assets of the Corporation to another person or entity, each share of Series A Preferred Stock shall thereafter be convertible into the number of shares or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such Series A Preferred Stock would have been entitled upon such reorganization, reclassification, consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined in good faith in the sole discretion of the Board of Directors of the Corporation) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the Series A Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the Conversion Price) shall be

applicable, as nearly as reasonably may be, in relation to any shares or other property thereafter deliverable upon the conversion of the Series A Preferred Stock.

(j) The Corporation shall at all times reserve and keep available, out of its authorized but unissued shares of Common Stock or treasury shares thereof, solely for the purpose of issuance upon the conversion of Series A Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all Series A Preferred Stock from time to time outstanding. The Corporation shall from time to time, in accordance with the laws of the State of Delaware, increase the authorized amount of its Common Stock if at any time the authorized number of shares of Common Stock remaining unissued shall not be sufficient to permit the conversion of all of the Series A Preferred Stock at the time outstanding.

(k) The Corporation shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon conversion of the Series A Preferred Stock into Common Stock. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of any security in a name other than that in which the Series A Preferred Stock so converted was registered, and no such issue or delivery shall be made unless and until the person requested such issue has paid to the Corporation the amount of any such tax, or has established to the satisfaction of the Corporation that such tax has been paid.

9. Exclusion of Other Rights.

Except as otherwise required by law, shares of Series A Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth in this resolution and in the Certificate of Designations filed pursuant hereto (as such Certificate may be amended from time to time) and in the Certificate of Incorporation. No shares of Series A Preferred Stock shall have any rights of preemption or subscription whatsoever as to any securities of the Corporation, except as expressly provided in any written agreement

among the Corporation and any holder or holders of Series A Preferred Stock.

10. Reissuance of Preferred Stock.

Shares of Series A Preferred Stock that have been issued and reacquired in any manner, including shares purchased or redeemed or exchanged, shall (upon compliance with any applicable provisions of the General Corporation Law of the State of Delaware) be canceled and shall not be reissued.

11. Headings of Subdivisions.

The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

12. Severability of Provisions.

If any right, preference or limitation of the Series A Preferred Stock set forth in this resolution and in the Certificate of Designations for the Series A Preferred Stock (as such Certificate may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule or law or public policy, all other rights, preferences and limitations set forth in such Certificate of Designations (as so amended) which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

13. Notice.

All notices and other communications required or permitted to be given to the Corporation hereunder shall be made by hand delivery or registered or certified mail, return receipt requested, to the Corporation at its principal executive offices (currently located on the date of the adoption of these resolutions at 13800 Montfort Drive, Suite 300, Dallas, Texas 75240, Attention: Secretary. Minor imperfections in any such notice shall not affect the validity thereof.

IN WITNESS WHEREOF, Renters Choice, Inc. has caused this certificate to be signed by _____, its _____, this _____ day of August, 1998.

RENTERS CHOICE, INC.
a Delaware corporation

By:

Name:

Title:

EXHIBIT 4.3

CERTIFICATE OF DESIGNATIONS, PREFERENCES
AND RELATIVE RIGHTS AND LIMITATIONS
OF
SERIES B PREFERRED STOCK
OF
RENTERS CHOICE, INC.

Pursuant to Section 151
of the General Corporation Law of the State of Delaware

Renters Choice, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware, does by its Assistant Secretary hereby certify that pursuant to the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors, at a meeting on August 4, 1998, duly adopted the following resolution establishing, the rights, preferences, privileges and restrictions of a series of preferred stock of the corporation which resolution remains in full force and effect as of the date hereof:

WHEREAS, the Board of Directors of Renters Choice, Inc. (the "Corporation") is authorized, within the limitations and restrictions stated in its Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), to fix by resolution or resolutions adopted prior to the issuance of any shares of each particular series of preferred stock and incorporated in a certificate of designation filed with the Secretary of State of the State of Delaware, the designation, powers (including voting powers and voting rights), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as may be fixed from time to time by the Board of the Directors in the resolution or resolutions adopted pursuant to the authority granted under the Certificate of Incorporation; and

WHEREAS, it is the desire of the Board of Directors of the Corporation, pursuant to its authority as aforesaid, to authorize and fix the terms of a series of preferred stock and the number of shares constituting such series;

NOW, THEREFORE, BE IT RESOLVED, that pursuant to Paragraph Fourth, Section 1 of the Certificate of Incorporation, there is hereby authorized such series of preferred stock on the terms and with the provisions herein set forth:

1. Certain Definitions.

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings specified (with terms defined in the singular having comparable meanings when used in the plural).

Affiliate. The term "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and, in the case of a Person who is an individual, shall include (i) members of such specified Person's immediate family (as defined in Instruction 2 of Item 404(a) of Regulation S-K under the Securities Act) and (ii) trusts, the trustee and all beneficiaries of which are such specified Person or members of such Person's immediate family as determined in accordance with the foregoing clause (i). For the purposes of this definition, control when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding the foregoing, the holders of the Series B Preferred Shares and their Affiliates shall not be deemed Affiliates of the Corporation.

Change of Control. The term "Change of Control" shall mean the occurrence of any one of the following events (i) the acquisition after the Initial Issue Date, in one or more transactions, of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) by (i) any person or entity (other than any Permitted Holder) or (ii) any group of persons or entities (excluding any Permitted Holders) who constitute a group (within the meaning of Section 13(d)(3) of the Exchange Act), in either

case, of any securities of the Corporation such that, as a result of such acquisition, such person, entity or group beneficially owns (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, 40% or more of the then outstanding voting securities entitled to vote on a regular basis for a majority of the Board of Directors of the Corporation (but only to the extent that such beneficial ownership is not shared with any Permitted Holder who has the power to direct the vote thereof); provided, however, that no such Change of Control shall be deemed to have occurred if (A) the Permitted Holders beneficially own, in the aggregate, at such time, a greater percentage of such voting securities than such other person, entity or group or (B) at the time of such acquisition, the Permitted Holders (or any of them) possess the ability (by contract or otherwise) to elect, or cause the election of, a majority of the members of the Corporation's Board of Directors; (II) the acquisition by any person of all or substantially all of the assets of the Corporation; (III) the determination by the Corporation's Board of Directors to recommend the acceptance of any proposal set forth in a tender offer statement or proxy statement filed by any person with the Securities and Exchange Commission which indicates the intention on the part of that person to acquire, or acceptance of which would otherwise have the effect of that person acquiring, control of the Corporation; or (IV) upon, other than as a result of the death or disability of one or more of the directors within a three-month period, a majority of the members of the Board of Directors of the Corporation for any period of three consecutive months not being persons who (a) had been directors of the Corporation for at least the preceding 24 consecutive months or were elected by the holders of the Series B Preferred Stock, voting separately as a class, or (b) when they initially were elected to the Board of Directors of the Corporation, (x) were nominated (if they were elected by the stockholders) or elected (if they were elected by the directors) with the affirmative concurrence of 66-2/3% of the directors who were Continuing Directors at the time of the nomination or election by the Board of Directors of the Corporation and (y) were not elected as a result of an actual or threatened solicitation of proxies or consents by a person other than the Board or an agreement intended to avoid or settle such a proxy solicitation (the directors described in clauses (a) and (b) of this subsection (IV) being "Continuing Directors"); provided, however, that no Change of Control shall be deemed to have occurred by virtue of any merger of the Corporation with any wholly-owned subsidiary of the Corporation or any merger of two wholly-owned subsidiaries of the

Corporation if, in any such merger, the proportionate ownership interests of the stockholders of the Corporation remain unchanged.

Common Stock. The term "Common Stock" shall mean the voting common stock, par value $.01 per share, of the Corporation.

Conversion Date. The term "Conversion Date" shall have the meaning set forth in Sections 3(c) and 9(c) below, as applicable.

Conversion Price. The term "Conversion Price" shall mean the "Conversion Price" as set forth in the Series A Certificate of Designations as adjusted in accordance with Sections 9(d) and 9(e) hereof.

Conversion Release Date. The term "Conversion Release Date" shall have the meaning set forth in Section 9(a) below.

Corporation Notice. The term "Corporation Notice" shall have the meaning set forth in Section 6(a)(ii)(A) below.

Current Market Price. The term "Current Market Price" on any date shall be the average of the last reported sale prices per share (the "Quoted Price") of the Common Stock on each of the fifteen consecutive Trading Days (as defined below) preceding the date of the computation. The Quoted Price of the Common Stock on each day will be (A) the last reported sales price of the Common Stock on the principal stock exchange on which the Common Stock is listed, or (B) if the Common Stock is not listed on a stock exchange, the last reported sales price of the Common Stock on the principal automated securities price quotation system on which sale prices of the Common Stock are reported, or (C) if the Common Stock is not listed on a stock exchange and sale prices of the Common Stock are not reported on an automated quotation system, the mean of the high bid and low asked price quotations for the Common Stock as reported by National Quotation Bureau Incorporated if at least two securities dealers have inserted both bid and asked quotations for the Common Stock on a day will be the Quoted Price of the Common Stock on that day as determined by a member firm of the New York Stock Exchange, Inc. selected by the Board of Directors. If no two securities dealers have inserted such bid and ask quotations, or such Quoted Prices otherwise are not available, the Current Market Price means the fair market value of the Common Stock as of the date prior to the date on which the Current Market

Price is determined, which such fair market value shall be determined by the Board of Directors of the Corporation. As used herein the term "Trading Day" means (x) if the Common Stock is listed on at least one stock exchange, a day on which there is trading on the principal stock exchange on which the Common Stock is listed, (y) if the Common Stock is not listed on a stock exchange, but sale prices of the Common Stock are reported on an automated quotation system, a day on which trading is reported on the principal automated quotation system on which sales of the Common Stock are reported, or (z) if the Common Stock is not listed on a stock exchange and sale prices of the Common Stock are not reported on an automated quotation system, a day on which quotations are reported by National Quotation Bureau Incorporated.

Dividend Payment Date. The term "Dividend Payment Date" shall have the meaning set forth in Section 4(a) below.

Dividend Rate. The term "Dividend Rate" shall have the meaning set forth in Section 4(a) below.

Exchange Act. The term "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Initial Issue Date. The term "Initial Issue Date" shall mean the date that shares of Series B Preferred Stock are first issued by the Corporation.

IRR. The term "IRR" shall have the meaning set forth in Section 5(a)(vi) below.

Junior Stock. The term "Junior Stock" shall mean any stock of the Corporation, other than the Common Stock, ranking junior to the Series B Preferred Stock as to dividends and upon liquidation. Junior Stock shall not include the Series A Preferred Stock.

Liquidation. The term "Liquidation" shall mean any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary; provided, that neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation, nor the consolidation or

merger of the Corporation with one or more other entities, shall, by itself, be deemed a Liquidation.

Liquidation Preference Amount. The term "Liquidation Preference Amount" shall mean at any date a number equal to the product of (i) $1,050 per share of Series B Preferred Stock, plus all accrued and unpaid dividends thereon calculated in accordance with Sections 4(a) and 4(b) hereof, multiplied by (ii) a fraction, the numerator of which shall be the number equal to the Current Market Price as of such date, and the denominator of which shall be the number equal to the Current Market Price as of the Initial Issue Date (adjusted for stock splits, reorganizations, recapitalizations or similar events); provided, however, that in no case shall the Liquidation Preference Amount be an amount less than $1,050 per share of Series B Preferred Stock, plus all accrued and unpaid dividends thereon calculated in accordance with Sections 4(a) and 4(b) hereof.

Non-Voting Common Stock. The term "Non-Voting Common Stock" shall mean the non-voting common stock, par value $.01 per share, of the Corporation.

Permitted Holder. The term "Permitted Holder" shall mean (i) Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., or any entity controlled by either of the foregoing or any of the partners of the foregoing, (ii) an employee benefit plan of the Corporation or any subsidiary of the Corporation, or any participant therein, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its subsidiaries or (iv) any Permitted Transferee of any of the foregoing persons.

Permitted Transferee. The term "Permitted Transferee" shall mean, with respect to any Person, (i) any officer, director or partner of, or Person controlling, such Person, (ii) any other Person that is (x) an Affiliate of the general partner(s), investment manager(s) or investment advisor(s) of such Person, (y) an Affiliate of such Person or a Permitted Transferee of an Affiliate or (z) an investment fund, investment account or investment entity whose investment manager, investment advisor or general partner thereof is such Person or a Permitted Transferee of such Person or (iii) if a Permitted Transferee of a Person set forth in the foregoing clauses (i) and (ii) is an individual, (x) any spouse or issue of such individual, or any trust solely for the benefit of such individual, spouse or issue, and (y) upon such individual's death, any Person to whom Shares are transferred in accordance with the laws of descent and/or testamentary distribution, in each case in a bona fide distribution or other transaction not intended to avoid the provisions of this Agreement.

Person. The term "Person" shall mean an individual or a corporation, limited liability company, partnership, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Quarterly Dividend Period. The term "Quarterly Dividend Period" shall have the meaning set forth in Section 4(a) below.

Redemption Event. A Redemption Event will be deemed to occur at the earliest of (i) the date upon which there is a Change of Control of the Corporation, (ii) the date upon which the Corporation's Common Stock is not listed for trading on a United States national securities exchange or the NASDAQ National Market System, or (iii) the eleventh anniversary of the Initial Issue Date.

Repurchase Date. The term "Repurchase Date" shall have the meaning set forth in Section 6(a)(i) below.

Repurchase Price. The term "Repurchase Price" shall have the meaning set forth in Section 6(a)(i) below.

Securities Act. The term "Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Series A Certificate of Designations. The term "Series A Certificate of Designations" shall mean the Certificate of Designations, Preferences, and Relative Rights and Limitations relating to the Series A Preferred Stock, in the form filed with the Delaware Secretary of State.

Series A Preferred Stock. The term "Series A Preferred Stock" shall mean the Series A Preferred Stock, par value $.01 per share, of the Corporation.

Series B Preferred Stock. The term "Series B Preferred Stock" shall mean the Series B Preferred Stock authorized hereby.

Stockholders Agreement. The term "Stockholders Agreement" shall mean that certain stockholders agreement of the Corporation dated as of August 5, 1998, as in effect on the Initial Issue Date, a copy of which shall be maintained by the Secretary of the Corporation and which shall be available to any stockholder of the Corporation upon request.

2. Designation.

The series of preferred stock authorized hereby shall be designated as the "Series B Preferred Stock." The number of shares constituting such series shall initially be Four Hundred Thousand (400,000). The par value of the Series B Preferred Stock shall be $.01 per share.

3. Conversion to Series A Preferred Stock.

(a) If the stockholders of the Corporation shall on or before the day that is 120 calendar days following the Initial Issue Date approve the proposal to allow the Series B Preferred Stock to be converted into shares of the Series A Preferred Stock (the "Series A-to-B Conversion"), then each outstanding share of Series B Preferred Stock shall, without any action on the part of the holder thereof or the Corporation, be automatically converted into one fully-paid and non-assessable share of Series A Preferred Stock.

ii. If the stockholders of the Corporation shall approve the Series A-to-B Conversion during the period commencing on the date that is 121 calendar days following the Initial Issue Date and continuing up to and including the date that is 150 calendar days following the Initial Issue Date, then each outstanding share of Series B Preferred Stock shall, without any action on the part of the holder thereof or the Corporation, be automatically converted into 1.15 fully-paid and non-assessable shares of Series A Preferred Stock.

iii. If the stockholders of the Corporation shall approve the Series A-to-B Conversion on or after the date that is 151 days following the Initial Issue Date, the conversion of the shares of Series B Preferred Stock into shares of Series A Preferred Stock shall be at the sole option and discretion of each holder of the Series B Preferred Stock, and each outstanding share of Series B Preferred Stock shall be convertible into 1.2 fully-paid and non-assessable shares of Series A Preferred Stock.

(b) Promptly following the conversion of Series B Preferred Stock to Series A Preferred Stock pursuant to Sections 3(a)(i) and (ii) above, the holder of the Series B Preferred Stock shall (i) surrender the certificates or certificates evidencing the shares of Series B Preferred Stock, duly endorsed in a form reasonably satisfactory to the Corporation, at the office of the Corporation or of the transfer agent for the Series B Preferred Stock and (ii) state in writing the name or names in which the certificate or certificates for shares of Series A Preferred Stock are to be issued. As soon as practical following receipt of the foregoing, the Corporation shall deliver to such former holder of Series B Preferred Stock, a certificate or certificates in denominations acceptable to the holders representing the shares of Series A Preferred Stock. Such conversion shall be deemed to have been effected as of the close of business on the date on which the stockholders of the Corporation approved the Series A-to-B Conversion.

(c) To convert Series B Preferred Stock into Series A Preferred Stock at the option of the holder pursuant to Section 3(a)(iii) above, a holder must give written notice to the Corporation at such office that such holder elects to convert Series B Preferred Stock into Series A Preferred Stock, and the number of shares to be converted. Such conversion shall be deemed to have been effected as of the close of business on the date on which the holder delivers such notice to the Corporation (such date is referred to herein as the "Conversion Date" for purposes of any conversion of Series B Preferred Stock pursuant to Section 3(a)(iii)). Promptly thereafter, the holder of the Series B Preferred Stock shall (i) surrender the certificate or certificates evidencing the shares of Series B Preferred Stock to be converted, duly endorsed in a form reasonably satisfactory to the Corporation, at the office of the Corporation or of the transfer agent for the Series B Preferred Stock and (ii) state in writing the name or names in which the certificate or certificates for shares of Series A Preferred Stock are to be issued. As soon as practical

following receipt of the foregoing, the Corporation shall deliver to such former holder of Series B Preferred Stock, a certificate representing the shares of Series A Preferred Stock, together with a new certificate representing the unconverted portion, if any, of the shares of Series B Preferred Stock formerly represented by the certificate or certificates surrendered for conversion.

4. Dividends.

(a) The holders of the shares of Series B Preferred Stock shall be entitled to receive cumulative quarterly dividends at a dividend rate equal to 3 3/4% per annum (the "Dividend Rate") computed on the basis of $1,000 per share, when and as declared by the Board of Directors of the Corporation, out of funds legally available for the payment of dividends; provided, however, on and after the earlier of the day that is 121 calendar days following the Initial Issue Date or the date of a stockholders meeting convened for the purpose of obtaining the approval described in Section 3(a) of this Certificate of Designations, the dividend rate shall be equal to 7% per annum computed on the basis of $1,000 per share. Notwithstanding the foregoing, for the five-year period commencing with the Initial Issue Date, payments of dividends shall be made, at the election of the Corporation, either (i) in cash or (ii) by issuing a number of additional fully paid and nonassessable shares (and/or fractional shares) of Series B Preferred Stock for each such share (or fractional share) of Series B Preferred Stock then outstanding equal to the dividend then payable on each such share (or fractional share) of Series B Preferred Stock (expressed as a dollar amount) divided by 1,000. Quarterly dividend periods (each a "Quarterly Dividend Period") shall commence on January 1, April 1, July 1 and October 1, in each year, except that the first Quarterly Dividend Period shall commence on the date of issuance of the Series B Preferred Stock, and shall end on and include the day immediately preceding the first day of the next Quarterly Dividend Period. Dividends on the shares of Series B Preferred Stock shall be payable on March 31, June 30, September 30, December 31 of each year (a "Dividend Payment Date"), commencing September 30, 1998. Each such dividend shall be paid to the holders of record of the Series B Preferred Stock as they shall appear on the stock register of the Corporation on such record date, not exceeding 45 days nor less than 10 days preceding such Dividend Payment Date, as shall be fixed by the Board of Directors of the Corporation or a duly authorized committee thereof.

If, on any Dividend Payment Date, the full dividends provided for in this Section 4(a) are not declared and paid to the holders of the Series B Preferred Stock, whether in cash or in additional shares of Series B Preferred Stock, then such dividends shall cumulate with additional dividends thereon, compounded quarterly, at the dividend rate applicable to the Series B Preferred Stock as provided in this Section 4(a), for each succeeding full Quarterly Dividend Period during

which such dividends shall remain unpaid. In the event the Corporation elects to pay dividends in additional shares of Series B Preferred Stock, the Corporation shall on the Dividend Payment Date deliver to the holders certificates representing such shares.

Notwithstanding anything to the contrary in this Certificate of Designations, in the event any conversion (including into Series A Preferred Stock or Non-Voting Common Stock), redemption or liquidation occurs as of a date other than on a Dividend Payment Date, the holder of Series B Preferred Stock shall be paid a pro rata dividend equal to the dividend payable for that Quarterly Dividend Period multiplied by a fraction, the numerator of which is the number of days that have elapsed since the last Dividend Payment Date and the denominator of which is the number of days in the Quarterly Dividend Period in which the conversion, redemption or liquidation occurs.

(b) The amount of any dividends accrued on any share of the Series B Preferred Stock on any Dividend Payment Date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such Dividend Payment Date, whether or not earned or declared. The amount of dividends accrued on any share of the Series B Preferred Stock on any date other than a Dividend Payment Date shall be deemed to be the sum of (i) the amount of any unpaid dividends accumulated thereon to and including the last preceding Dividend Payment Date, whether or not earned or declared, and (ii) an amount determined by multiplying (x) the Dividend Rate by (y) a fraction, the numerator of which shall be the number of days from the last preceding Dividend Payment Date to and including the date on which such calculation is made and the denominator of which shall be the full number of days in such Quarterly Dividend Period.

(c) Immediately prior to authorizing or making any distribution in redemption or liquidation with respect to the Series B Preferred Stock (other than a purchase or acquisition of Series B Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series B Preferred Stock), the Board of Directors shall, to the extent of any funds legally available therefor, declare a dividend in cash on the Series B Preferred Stock payable on the distribution date in an amount equal to any accrued and unpaid dividends on the Series B Preferred Stock as of such date.

5. Consent Rights.

(a) Commencing on the day that is 121 calendar days following the Initial Issue Date and for so long as any shares of Series B Preferred Stock are outstanding, the Corporation will not, directly or indirectly, including through a merger or consolidation with any other corporation or otherwise, without the consent of

holders of at least a majority of the outstanding shares of Series B Preferred Stock, (i) increase the number of authorized shares of Series B Preferred Stock or authorize the issuance or issue of any shares of Series B Preferred Stock other than to existing holders of Series B Preferred Stock, (ii) amend, alter or repeal, in any manner whatsoever, the designations, preferences and relative rights and limitations and restrictions of the Series B Preferred Stock or the Series A Preferred Stock; (iii) amend, alter or repeal any of the provisions of the Certificate of Incorporation or By-Laws of the Corporation in a manner that would negatively impact the holders of the Series B Preferred Stock, including (but not limited to) any amendment that is in conflict with the consent rights set forth in this Section 5; (iv) directly or indirectly, redeem, purchase or otherwise acquire for value (including through an exchange), or set apart money or other property for any mandatory purchase or other analogous fund for the redemption, purchase or acquisition of any shares of Common Stock or Junior Stock, except for the repurchase by the Corporation of up to $25,000,000 in Common Stock from J. Ernest Talley, declare or pay any dividend or make any distribution (whether in cash, shares of capital stock of the Corporation, or other property) on shares of Common Stock or Junior Stock; (v) effect a voluntary liquidation, dissolution or winding up of the Corporation; (vi) sell or agree to sell all or substantially all of the assets of the Corporation, unless such transaction (1) occurs after the fourth anniversary of the Initial Issue Date, (2) is a sale for cash and (3) results in an internal rate of return ("IRR") of 30%

compounded quarterly or greater to the holder of the Series B Preferred Stock with respect to each share of Series B Preferred Stock issued on the Initial Issue Date, or (vii) enter into any merger or consolidation or other business combination involving the Corporation (except a merger of a wholly-owned subsidiary of the Corporation into the Corporation in which the Corporation's capitalization is unchanged as a result of such merger) unless such transaction (1) occurs after the fourth anniversary of the Initial Issue Date, (2) is for cash and (3) results in an IRR of 30% compounded quarterly or greater to the holder of the Series B Preferred Stock with respect to each share of Series B Preferred Stock issued on the Initial Issue Date.

(b) While any shares of Series B Preferred Stock are outstanding, the Corporation will not, directly or indirectly, without the majority affirmative vote of the Finance Committee, issue debt securities of the Corporation with a value in excess of $10 million (including any refinancing of existing indebtedness).

(c) While any shares of Series B Preferred Stock are outstanding, the Corporation will not, directly or indirectly, without the unanimous affirmative vote of the Finance Committee, issue equity securities of the Corporation with a value in excess of $10 million (including any refinancing of existing indebtedness); provided, however, that the following equity issuances shall require only a majority affirmative vote of the Finance Committee: (A) a Common Stock offering within 24 months of the Initial Issue Date that is equal to

or less than $75 million of gross proceeds to the Corporation and the selling price is equal to or greater than the Conversion Price, (B) a Common Stock offering in which the selling price (1) at any time prior to the third anniversary of the Initial Issue Date is equal to or greater than two times the Conversion Price and (2) thereafter, equal to or greater than the price that would imply a 25% or greater IRR compounded quarterly on the Conversion Price and (C) an issuance of equity in connection with an acquisition if the issuance is equal to or less than 10% of the outstanding Common Stock (calculated post-issuance of such shares of Common Stock).

6. Redemption

(a) Mandatory Redemption.

(i) Right to Require Redemption. If at any time there shall occur any Redemption Event of the Corporation, then each holder of Series B Preferred Stock shall have the right, at such holder's option, to require the Corporation to redeem, and upon the exercise of such right the Corporation shall redeem, all or any part of such holder's Series B Preferred Stock on the date (the "Repurchase Date") that is 45 days after the date of the Corporation Notice (as defined below). The redemption price per share (the "Repurchase Price") for such shares of Series B Preferred Stock so redeemed shall equal the Liquidation Preference Amount on the Repurchase Date.

(ii) Notices; Method of Exercising Redemption Right, etc.

(A) Within 15 days after the occurrence of a Redemption Event, the Corporation shall mail to all holders of record of the Series B Preferred Stock a notice (the "Corporation Notice") of the occurrence of the Redemption Event and of the redemption right set forth herein arising as a result thereof. Each Corporation Notice of a redemption right shall state: (i) the Repurchase Date; (II) the date by which the redemption right must be exercised; (III) the Repurchase Price; (IV) a description of the procedure which a holder must follow to exercise a redemption right including a form of the irrevocable written notice referred to in Section 6(a)(ii)(B) hereof; and (V) the place or places where such Series B Preferred Stock may be surrendered for redemption.

No failure of the Corporation to give the foregoing notices or any defect therein shall limit any holder's right to exercise a redemption right or affect the validity of the proceedings for the redemption of Series B Preferred Stock.

(B) To exercise a redemption right, a holder must deliver to the Corporation on or before the 15th day after the date of the Corporation Notice (i) irrevocable written notice of the holder's exercise of such rights, which notice shall set forth the name of the holder, the amount of the Series B Preferred Stock to be redeemed, a statement that an election to exercise the redemption right is being made thereby, and (ii) the Series B Preferred Stock with respect to which the redemption right is being exercised, duly endorsed for transfer to the Corporation. Such written notice shall be irrevocable. Subject to the provisions of Section 6(a)(ii)(D) below, Series B Preferred Stock surrendered for redemption together with such irrevocable written notice shall cease to be convertible from the date of delivery of such notice. If the Repurchase Date falls after the record date and before the following Dividend Payment Date, any Series B Preferred Stock to be redeemed must be accompanied by payment of an amount equal to the dividends thereon which the registered holder thereof is to receive on such Dividend Payment Date, and, notwithstanding such redemption, such dividend payment will be made by the Corporation to the registered holder thereof on the applicable record date; provided that any quarterly payment of dividends becoming due on the Repurchase Date shall be payable to the holders of such Series

B Preferred Stock registered as such on the relevant record date subject to the terms of Section 4(b) hereof.

(C) In the event a redemption right shall be exercised in accordance with the terms hereof, the Corporation shall pay or cause to be paid the Repurchase Price in cash, to the holder on the Repurchase Date.

(D) If any Series B Preferred Stock surrendered for redemption shall not be so redeemed on the Repurchase Date, such Series B Preferred Stock shall be convertible at any time from the Repurchase Date until redeemed and, until redeemed, continue to accrue dividends to the extent permitted by applicable law from the Repurchase Date at the same rate borne by such Series B Preferred Stock. The Corporation shall pay to the holder of such Series B Preferred Stock the additional amounts arising from this Section 6(a)(ii)(D) at the time that it pays the Repurchase Price, and if applicable such Series B Preferred Stock shall remain convertible into Non-Voting Common Stock until the Repurchase Price plus any additional amounts owing on such Series B Preferred Stock shall have been paid or duly provided for.

(E) Any Series B Preferred Stock which is to be redeemed only in part shall be surrendered at any office or agency of the Corporation designated for that purpose pursuant to Section 6(a)(ii)(A)(V) hereof and the Corporation shall execute and deliver to the holder of such Series B Preferred Stock without service charge, a new certificate or certificates representing the Series B Preferred Stock, of any authorized denomination as requested by such holder, in aggregate amount equal to and in exchange for the unredeemed portion of the Series B Preferred Stock so surrendered.

7. Priority.

(a) Priority as to Dividends. Holders of the shares of the Series B Preferred Stock shall be entitled to receive the dividends provided for in Section 4 hereof in preference to and in priority over any Junior Stock or Common Stock.

(b) Series A Preferred Stock. The Series B Preferred Stock shall rank on parity with the Series A Preferred Stock with respect to dividends and redemption.

8. Liquidation Preference.

(a) In the event of any Liquidation, holders of the Series B Preferred Stock will be entitled to receive out of the assets of the Corporation whether such assets are capital or surplus and whether or not any dividends as such are declared, the Liquidation Preference Amount to the date fixed for distribution, and no more, (i) pari passu with any distribution to the holders of Series A Preferred Stock with respect to the distribution of assets and (ii) before any distribution shall be made to the holders of Junior Stock or Common Stock with respect to the distribution of assets. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference Amount payable to the holders of outstanding shares of the Series B Preferred Stock, then the holders of all such shares shall share ratably in such distribution of assets in accordance with the amount which would be otherwise payable on such distribution to the holders of Series B Preferred Stock were such Liquidation Preference Amount paid in full. Except as provided, in this Section 8(a), in the event of any Liquidation of the Corporation, the holders of shares of Series B Preferred Stock shall not be entitled to any additional payments.

(b) The consolidation or merger of the Corporation with or into such corporation or corporations shall not itself be deemed to be a Liquidation of the Corporation within the meaning of this Section 8.

(c) Written notice of any Liquidation of the Corporation, stating a payment date and the place where the distributive amounts shall be payable, shall be given by mail, postage prepaid, not less than 30 days prior to the payment date stated therein, to the holders of record of the Series B Preferred Stock at their respective addresses as the same shall appear on the books of the Corporation.

(d) The Series B Preferred Stock shall rank on parity with the Series A Preferred Stock with respect to liquidations.

9. Conversion.

(a) The Series B Preferred Stock shall not be convertible into any other class or series of stock of the Corporation until the earlier to occur of the day that is 121 calendar days following the Initial Issue Date or the date of the first stockholders meeting following the Initial Issue Date, the earlier date of which shall constitute the "Conversion Release Date." After the Conversion Release Date, each share of Series B Preferred Stock shall be convertible at any time and from time to time, at the option of the holder thereof into validly issued, fully paid and nonassessable shares of Non-Voting Common Stock, in an amount determined in accordance with

Section 9(d) below; provided, however, if after the Conversion Release Date any holder of Series B Preferred Stock elects to convert but it is determined that the Corporation cannot issue Non-Voting Common Stock, such holder shall be entitled to receive Common Stock in lieu of Non-Voting Common Stock.

(b) Immediately following the conversion of Series B Preferred Stock into Non-Voting Common Stock on the Conversion Date (i) such converted shares of Series B Preferred Stock shall be deemed no longer outstanding and (ii) the Persons entitled to receive the Non-Voting Common Stock upon the conversion of such converted Series B Preferred Stock shall be treated for all purposes as having become the owners of record of such Non-Voting Common Stock. Upon the issuance of shares of Non-Voting Common Stock upon conversion of Series B Preferred Stock pursuant to this Section 9, such shares of Non-Voting Common Stock shall be deemed to be duly authorized, validly issued, fully paid and nonassessable. Notwithstanding anything to the contrary in this Section 9, any holder of Series B Preferred Stock may convert shares of such Series B Preferred Stock into Non-Voting Common Stock in accordance with Section 9 on a conditional basis, such that such conversion will not take effect unless the conditions set forth in Section 9(c) are satisfied, and the Corporation shall make such arrangements as may be necessary or appropriate to allow such conditional conversion and to enable the holder to satisfy such other conditions.

(c) To convert Series B Preferred Stock into Non-Voting Common Stock at the option of the holder pursuant to Section 9(a), a holder must give written notice to the Corporation at such office that such holder elects to convert Series B Preferred Stock into Non-Voting Common Stock, and the number of shares to be converted. Such conversion, to the extent permitted by law, regulation, rule or other requirement of any governmental authority (collectively, "Laws") and the provisions hereof, shall be deemed to have been effected as of the close of business on the date on which the holder delivers such notice to the Corporation (such date is referred to herein as the "Conversion Date" for purposes of any

conversion of Series B Preferred Stock pursuant to Section 9(a)). Promptly thereafter the holder shall (i) surrender the certificates or certificates evidencing the shares of Series B Preferred Stock to be converted, duly endorsed in a form reasonably satisfactory to the Corporation, at the office of the Corporation or of the transfer agent for the Series B Preferred Stock, (ii) state in writing the name or names in which the certificate or certificates for shares of Non-Voting Common Stock are to be issued, (iii) provide evidence reasonably satisfactory to the Corporation that such holder has satisfied any conditions, contained in any agreement or any legend on the certificates representing the Series B Preferred Stock, relating to the transfer thereof, if shares of Non-Voting Common Stock are to be issued in a name or names other than the holder's, and (iv) pay any transfer or similar tax if required as provided in Section 9(j) below. As soon as practical following receipt of the foregoing, the Corporation shall deliver to such former holder of Series B Preferred Stock, a certificate representing the shares of Non-Voting Common Stock issued upon the conversion, together with a new certificate representing the unconverted portion, if any, of the shares of Series B Preferred Stock formerly represented by the certificate or certificates surrendered for conversion.

(d) For the purposes of the conversion of Series B Preferred Stock into Non-Voting Common Stock pursuant to Section 9(a), the number of shares of Non-Voting Common Stock issuable upon conversion for each share of Series B Preferred Stock shall be determined by dividing (i) the number of shares of Common Stock issuable as if the Series B Preferred Stock had been first converted into Series A Preferred Stock pursuant to Section 3(a)(iii) hereof (whether or not the stockholder approval referenced therein has actually occurred) and then converted into Common Stock by (ii) (A) 1.00, in the event the shares of Series B Preferred Stock are converted during the period commencing on the date that is 121 calendar days following the Initial Issue Date and continuing up to and including the date that is 150 calendar days following the Initial Issue Date, or (B) .75, in the event the shares of Series B Preferred Stock

are converted on or after the date that is 151 calendar days following the Initial Issue Date.

(e) In order to prevent dilution of the conversion rights granted hereunder, the number of shares of Non-Voting Common Stock issuable upon conversion and the Conversion Price shall each be adjusted from time to time in the same manner as the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock and the "Conversion Price" as set forth in the Series A Certificate of Designations are adjusted pursuant to the Series A Certificate of Designations.

(f) No fractional shares of Non-Voting Common Stock shall be issued upon the conversion of Series B Preferred Stock. If any fractional interest in a share of Non-Voting Common Stock would, except for the provisions of this Section 9(f), be deliverable upon the conversion of any Series B Preferred Stock, the Corporation shall, in lieu of delivering the fractional share therefor, adjust such fractional interest by payment to the holder of such converted Series B Preferred Stock of an amount in cash equal (computed to the nearest cent) to the Current Market Price of such fractional interest as of the end of the Corporation's last fiscal year as determined in good faith in the sole discretion of the Board of Directors of the Corporation.

(g) Whenever the Conversion Price is adjusted, as herein provided, the Corporation shall promptly mail a notice of the adjustment to holders of Series B Preferred Stock by first class mail. The Corporation shall forthwith maintain at its principal executive office and file with the transfer agent, if any, for Series B Preferred Stock, a statement, signed by the Chairman of the Board, or the President, or a Vice President of the Corporation and by its chief financial officer or an Assistant Treasurer, showing in reasonable detail the facts requiring such adjustment and the Conversion Price after such adjustment. Such transfer agent shall be under no duty or responsibility with respect to any such statement except to exhibit the same from time to time to any holder of Series B Preferred Stock desiring an inspection thereof.

(h) If there shall occur any capital reorganization or any reclassification of the capital stock of the Corporation, consolidation or merger of the Corporation with or into another entity, or the conveyance of all or substantially all of the assets of the Corporation to another person or entity, each share of Series B Preferred Stock shall thereafter be convertible into the number of shares or other securities or property to which a holder of the number of shares of Non-Voting Common Stock of the Corporation deliverable upon conversion of such Series B Preferred Stock would have been entitled upon such reorganization, reclassification, consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined in good faith in the sole discretion of the Board of Directors of the Corporation) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the Series B Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the Conversion Price) shall be applicable, as nearly as reasonably may be, in relation to any shares or other property thereafter deliverable upon the conversion of the Series B Preferred Stock.

(i) The Corporation shall at all times reserve and keep available, out of its authorized but unissued shares of Series A Preferred Stock and Non-Voting Common Stock or treasury shares thereof, solely for the purpose of issuance upon the conversion of Series B Preferred Stock, the full number of shares of Series A Preferred Stock and Non-Voting Common Stock deliverable upon the conversion of all Series B Preferred Stock from time to time outstanding. In addition, the Corporation shall at all times reserve and keep available, out of its authorized but unissued shares of Common Stock or treasury shares thereof, solely for the purpose of issuance upon the conversion of Series A Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of those shares of Series A Preferred Stock deliverable upon the conversion of all Series B Preferred Stock from time to time outstanding. The Corporation shall from time to time, in accordance with the laws of the State of

Delaware, increase the authorized amount of its Series A Preferred Stock or Non-Voting Common Stock if at any time the authorized number of shares of Series A Preferred Stock or Non-Voting Common Stock remaining unissued shall not be sufficient to permit the conversion of all of the Series B Preferred Stock at the time outstanding.

(j) The Corporation shall pay any documentary, stamp or similar issue or transfer tax due on the issue of (i) shares of Series A Preferred Stock upon conversion of the Series B Preferred Stock into Series A Preferred Stock and (ii) shares of Non-Voting Common Stock upon conversion of the Series B Preferred Stock into Non-Voting Common Stock. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of any security in a name other than that in which the security so converted was registered, and no such issue or delivery shall be made unless and until the person requested such issue has paid to the Corporation the amount of any such tax, or has established to the satisfaction of the Corporation that such tax has been paid.

10. Exclusion of Other Rights.

Except as otherwise required by law, shares of Series B Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth in this resolution and in the Certificate of Designations filed pursuant hereto (as such Certificate may be amended from time to time) and in the Certificate of Incorporation. No shares of Series B Preferred Stock shall have any rights of preemption or subscription whatsoever as to any securities of the Corporation, except as expressly provided in any written agreement among the Corporation and any holder or holders of Series B Preferred Stock.

11. Reissuance of Preferred Stock.

Shares of Series B Preferred Stock that have been issued and reacquired in any manner, including shares purchased or redeemed or exchanged, shall (upon compliance with any applicable

provisions of the General Corporation Law of the State of Delaware) be canceled and shall not be reissued.

12. Headings of Subdivisions.

The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

13. Severability of Provisions.

If any right, preference or limitation of the Series B Preferred Stock set forth in this resolution and in the Certificate of Designations for the Series B Preferred Stock (as such Certificate may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule or law or public policy, all other rights, preferences and limitations set forth in such Certificate of Designations (as so amended) which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

14. Notice.

All notices and other communications required or permitted to be given to the Corporation hereunder shall be made by hand delivery or registered or certified mail, return receipt requested, to the Corporation at its principal executive offices (currently located on the date of the adoption of these resolutions at 13800 Montfort Drive, Suite 300, Dallas, Texas 75240, Attention: Secretary. Minor imperfections in any such notice shall not affect the validity thereof.

IN WITNESS WHEREOF, Renters Choice, Inc. has caused this certificate to be signed by _____, its _____, this ____ day of August, 1998.

RENTERS CHOICE, INC.
a Delaware corporation

By: ----------

Name: ----------

Title: ----------

EXHIBIT 10.18

EXECUTION COPY

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RENTERS CHOICE, INC.

$175,000,000

SENIOR SUBORDINATED
CREDIT AGREEMENT

dated as of August 5, 1998

THE CHASE MANHATTAN BANK,
as Administrative Agent

CHASE SECURITIES INC.,
as Arranger

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SCHEDULES:

EXHIBITS:

SENIOR SUBORDINATED CREDIT AGREEMENT, dated as of August 5, 1998, among RENTERS CHOICE, INC., a Delaware corporation (the "Borrower"), the several lenders from time to time parties hereto (collectively, the "Lenders"; each, individually, a "Lender"), and THE CHASE MANHATTAN BANK, a New York banking corporation, as administrative agent for the Lenders hereunder (in such capacity, the "Administrative Agent").

The parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"ABR Borrowing": a Borrowing comprised of ABR Loans.

"ABR Loan": a Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Section 2.

"Accepting Holder": as defined in Section 2.5(d).

"Acquired Company": Thorn Americas, Inc., a Delaware corporation.

"Acquisition": as defined in Section 4(d)(i).

"Acquisition Agreement": the Stock Purchase Agreement, dated as of June 16, 1998, among the Borrower, the Seller and Thorn plc, in each case as amended, supplemented or otherwise modified from time to time.

"Acquisition Documentation": collectively, the Acquisition Agreement and all schedules, exhibits and annexes thereto and all side letters and agreements affecting the terms thereof or entered into in connection therewith, in each case as amended, supplemented or otherwise modified from time to time.

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

"Adjusted LIBO 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%):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

"Adjusted Margin": with respect to any Loan, 0 basis points during the three month period commencing on the Initial Maturity Date and shall increase by an additional 50 basis points at the beginning of each subsequent three-month period.

"Adjusted Rate": the rate equal to the greatest of (i) 50 basis points plus the interest rate borne by the Loans on the day immediately preceding the Initial Maturity Date, (ii) 600 basis points plus the Treasury Rate (as defined below) on the Initial Maturity Date, (iii) 200

basis points plus the CSI High Yield Index Rate on the Initial Maturity Date and (iv) 10% per annum; for purposes hereof, the "Treasury Rate" means (x) the rate borne by direct obligations of the United States maturing on the tenth anniversary of the Closing Date or (y) if there are no such obligations, the rate determined by linear interpolation between the rates borne by the two direct obligations of the United States maturing closest to, but straddling, the tenth anniversary of the Closing Date, in each case as published by the Board of Governors.

"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.

"Affiliate Transaction": as defined in Section 6.6.

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

"Alternate Base Rate": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) 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 Administrative Agent as its prime rate in effect at its principal office in New York City; and "Federal Funds Effective Rate" shall mean, 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 Administrative Agent from three federal funds brokers of recognized standing selected by it. Any change in the Alternate Base Rate due to a change in the Prime 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 or the Federal Funds Effective Rate, respectively.

"Applicable Margin": with respect to any Loan, 550 basis points during the six (6) month period commencing on the Closing Date and shall increase by (i) 100 basis points commencing on the date which is six months following the Closing Date and (ii) an additional 50 basis points at the end of each successive three month period thereafter until (but excluding) the Initial Maturity Date.

"Apollo Preferred Stock": as defined in Section 4(d)(ii).

"Asset Disposition": any sale, lease, transfer or other disposition of shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Borrower or any of its Restricted Subsidiaries (including any disposition by means of a merger, consolidation or similar transaction) other than (i) a disposition by a Restricted Subsidiary to the Borrower or by the Borrower or a Restricted Subsidiary to a Restricted Subsidiary, (ii) a disposition of inventory, equipment, obsolete assets or surplus personal property in the ordinary

course of business, (iii) the sale of Temporary Cash Investments or Cash Equivalents in the ordinary course of business, (iv) the sale or discount (with or without recourse, and on commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable, (v) the licensing of intellectual property in the ordinary course of business, (vi) for purposes of Section 6.4 only, a disposition subject to Section 6.2, (vii) a disposition of property or assets that is governed by Section 6.8, or (vii) an RTO Facility Swap.

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

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

"Attributable Debt": in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate assumed in making calculations in accordance with FAS 13) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended).

"Average Life": as of any date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (i) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Indebtedness or Preferred Stock multiplied by the amount of such payment by (ii) the sum of all such payments.

"Bank Indebtedness": any and all amounts, whether outstanding on the Closing Date or thereafter incurred, payable under or in respect of the Senior Credit Facility, including, without limitation, principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Borrower or any Restricted Subsidiary whether or not a claim for postfiling interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees, other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

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

"Blockage Notice": as defined in Section 8.3.

"Board of Directors": as to any Person the board of directors of such Person or any committee thereof duly authorized to act on behalf of such board.

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

"Borrowing": a group of Loans of a single Type made or continued by the Lenders on a single date and as to which a single Interest Period is in effect.

"Business": as defined in Section 3.17(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 Stock": as to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligations": an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP; and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease.

"Cash Equivalents": any of the following: (a) securities issued or fully guaranteed or insured by the United States Government or any agency or instrumentality thereof, (b) time deposits, certificates of deposit or bankers' acceptances of (i) any lender under the Senior Credit Agreement or (ii) any commercial bank having capital and surplus in excess of $500,000,000 and the commercial paper of the holding company of which is rated at least "A-2" or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (c) commercial paper rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (d) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 or any successor rule of the Securities and Exchange Commission under the Investment Company Act, (e) 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; (f) 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; and (g) 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.

"Central Acquisition": the Borrower's acquisition of substantially all of the assets of Central Rents, Inc.

"Change in Law": with respect to any Lender, the adoption of any law, rule, regulation, policy, guideline, or directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any Governmental Authority having jurisdiction over such Lender, in each case after the Closing Date.

"Change of Control" means the occurrence of any of the following events:

(i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have "beneficial ownership" of all shares that any such Person has the right to acquire within one year), directly or indirectly, of more than 50% of the Voting Stock of the Borrower or a Successor Company (including, without limitation, through a merger or consolidation or purchase of Voting Stock of the Borrower); provided that the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors; or

(ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Borrower was approved by a vote of a majority of the directors of the Borrower then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office; or

(iii) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Borrower and its Restricted Subsidiaries taken as a whole to any Person or group of related Persons (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) (a "Group") other than a Permitted Holder; or

(iv) the adoption by the stockholders of a plan for the liquidation or dissolution of the Borrower; or

(v) any event described in Section 8(k) of the Senior Credit Agreement.

"Chase": The Chase Manhattan Bank, a New York banking corporation.

"Closing Date": the date on which the conditions precedent set forth in Section 4 shall be satisfied or waived.

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

"Commitment": as to any Lender, its obligation to make a Loan to the Borrower on the Closing Date in an amount equal to the amount set forth opposite such Lender's name in Schedule 1.1 under the heading "Commitment"; collectively, as to all such Lenders, the "Commitments," which aggregate $175,000,000 on the Closing Date.

"Commitment Percentage": as to any Lender at any time, the percentage of the aggregate Commitments then constituted by such Lender's Commitment (or, after the Loans are made on the Closing Date, the percentage of the aggregate Loans then constituted by such Lender's Loans).

"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 I.

"Consolidated Coverage Ratio": as of any date of determination means the ratio of (i) the aggregate amount of EBITDA of the Borrower and its Restricted Subsidiaries for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Borrower are available to (ii) Consolidated Interest Expense for such four fiscal quarters (in each case, determined, for each fiscal quarter (or portion thereof) of the four fiscal quarters ending prior to or including the Closing Date, on a pro forma basis to give effect to the Central Acquisition and the Transactions (including the anticipated disposition of any non-rent-to-own businesses under contract for sale or held for sale following the Closing Date), the offering of the Take- Out Debt and the application of the proceeds thereof as if they had occurred at the beginning of such four-quarter period); provided, however, that (1) if the Borrower or any Restricted Subsidiary (x) has Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, or both, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation shall be computed based on (A) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (B) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation) and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period, or (y) has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of the period that is no longer outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio involves a discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid), EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such discharge had occurred on the first day of such period, (2) if since the beginning of such period the Borrower or any Restricted Subsidiary shall have made any Asset Disposition of any company or any business or any group of assets, the EBITDA for such period shall be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for such period or increased by an amount equal to the EBITDA (if negative) directly attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Borrower or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Borrower and its continuing Restricted Subsidiaries in connection with such Asset Disposition

for such period (and, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Borrower and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale), (3) if since the beginning of such period the Borrower or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company or any business or any group of assets, including any such acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness and including the pro forma expenses and cost reductions calculated on a basis consistent with Regulation S-X under the Act) as if such Investment or acquisition occurred on the first day of such period and (4) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Borrower or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (2) or (3) above if made by the Borrower or a Restricted Subsidiary during such period, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period. For purposes of this definition, whenever pro forma effect is to be given to an Asset Disposition, Investment or acquisition of assets, or any transaction governed by Section 6.8, or the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred or repaid, repurchased, defeased or otherwise discharged in connection therewith, the pro forma calculations in respect thereof shall be determined in good faith by a responsible financial or accounting officer of the Borrower, based on reasonable assumptions. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated at a fixed rate as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of 12 months). If any Indebtedness bears, at the option of the Borrower or a Restricted Subsidiary, a fixed or floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be computed by applying, at the option of the Borrower or such Restricted Subsidiary, either a fixed or floating rate. If any Indebtedness which is being given pro forma effect was Incurred under a revolving credit facility, the interest expense on such Indebtedness shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

"Consolidated Interest Expense": as to any Person, for any period, the total consolidated interest expense of such Person and its Subsidiaries determined in accordance with GAAP, minus, to the extent included in such interest expense, amortization or write-off of financing costs plus, to the extent incurred by such Person and its Subsidiaries in such period but not included in such interest expense, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and the interest component of rent expense associated with Attributable Debt in respect of the relevant lease giving rise thereto, determined as if such lease were a capitalized lease, in accordance with GAAP, (ii) amortization of debt discount, (iii) interest in respect of Indebtedness of any other Person that has been Guaranteed by such Person or any Subsidiary, but only to the extent that such interest is actually paid by such Person or any Restricted Subsidiary, (iv) non-cash interest expense, (v) net costs associated with Hedging

Obligations, (vi) the product of (A) mandatory Preferred Stock cash dividends in respect of all Preferred Stock of Subsidiaries of such Person and Disqualified Stock of such Person held by Persons other than such Person or a Subsidiary multiplied by (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP; and (vii) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest to any Person (other than the referent Person or any Subsidiary thereof) in connection with Indebtedness Incurred by such plan or trust; provided, however, that as to the Borrower, there shall be excluded therefrom any such interest expense of any Unrestricted Subsidiary to the extent the related Indebtedness is not Guaranteed or paid by the Borrower or any Restricted Subsidiary. For purposes of the foregoing, gross interest expense shall be determined after giving effect to any net payments made or received by such Person and its Subsidiaries with respect to Interest Rate Agreements.

"Consolidated Net Income": as to any Person, for any period, the consolidated net income (loss) of such Person and its Subsidiaries before preferred stock dividends, determined in accordance with GAAP; provided, however, that there shall not be included in such Consolidated Net Income: (a) any net income (loss) of any Person if such Person is not (as to the Borrower) a Restricted Subsidiary and (as to any other Person) an unconsolidated Person, except that (A) subject to the limitations contained in clause (d) below, the referent Person's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the referent Person or a Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Subsidiary, to the limitations contained in clause (c) below) and (B) the net loss of such Person shall be included to the extent of the aggregate Investment of the referent Person or any of its Subsidiaries in such Person; (b) any net income (loss) of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition; (c) any net income (loss) of any Restricted Subsidiary (as to the Borrower) or of any Subsidiary (as to any other Person) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Subsidiary, directly or indirectly, to the Borrower, except that (A) subject to the limitations contained in (d) below, such Person's equity in the net income of any such Subsidiary for such period shall be included in Consolidated Net Income up to the aggregate amount of cash that could have been distributed by such Subsidiary during such period to such Person or another Subsidiary as a dividend (subject, in the case of a dividend that could have been made to another Restricted Subsidiary, to the limitation contained in this clause) and (B) the net loss of such Subsidiary shall be included in determining Consolidated Net Income; (d) any charges for costs and expenses associated with the Transactions; (e) any extraordinary gain or loss; and (f) the cumulative effect of a change in accounting principles.

"Consolidated Tangible Assets": as of any date of determination, the total assets, less goodwill and other intangibles (other than patents, trademarks, copyrights, licenses and other intellectual property), shown on the balance sheet of the Borrower and its Restricted Subsidiaries as of the most recent date for which such a balance sheet is available, determined on a consolidated basis in accordance with GAAP, less all write-ups (other than write-ups in connection with acquisitions) subsequent to the Closing Date in the book value of any asset (except any such intangible assets) owned by the Borrower or any of its Restricted Subsidiaries.

"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.

"CSI": Chase Securities Inc., a Delaware corporation.

"CSI High Yield Index Rate": means the average yield to worst of the CSI High Yield Index as published in the Chase High Yield Research Weekly Update Report as published by Chase.

"Currency Agreement": in respect of a Person, any foreign exchange contract, currency swap agreement or other similar agreement or arrangement (including derivative agreements or arrangements) as to which such Person is a party or a beneficiary.

"Default": any event or condition that is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Indebtedness": (i) the Bank Indebtedness and (ii) any other Senior Indebtedness which, at the date of determination, has an aggregate principal amount outstanding of, or under which, at the date of determination, the holders thereof are committed to lend up to, at least $50,000,000 and is specifically designated by the Borrower in the instrument evidencing or governing such Senior Indebtedness as "Designated Senior Indebtedness" for purposes of this Agreement.

"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.

"Disqualified Stock": with respect to any Person, any Capital Stock, excluding Apollo Preferred Stock (so long as the terms thereof are not materially less favorable to the Lenders than those in effect on the Closing Date), that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable for Indebtedness or Disqualified Stock or (iii) is redeemable at the option of the holder thereof, in whole or in part, in the case of clauses (i), (ii) or (iii), on or prior to the 91st day after the Final Maturity Date, provided that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such Final Maturity Date shall be deemed to be Disqualified Stock.

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

"EBITDA": as to any Person, for any period, the Consolidated Net Income for such period, plus the following to the extent included in calculating such Consolidated Net Income: (i) income tax expense, (ii) Consolidated Interest Expense, (iii) depreciation expense (other than depreciation expense relating to rental merchandise), (iv) amortization of intangibles and (v) other non-cash charges or non-cash losses, and minus any gain (but not loss) realized upon the sale or other disposition of any asset of the Borrower or its Restricted Subsidiaries (including pursuant to any Sale/Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business.

"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.

"Eurocurrency Reserves 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, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors 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 of Governors) maintained by a member bank of such system.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined by the Administrative Agent to be the offered rate for deposits in Dollars with a term comparable to such Interest Period that appears on the applicable Telerate Page at approximately 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period; provided, however, that if at any time for any reason such offered rate does not appear on the applicable Telerate Page, "Eurodollar Base Rate" shall mean, with respect to each day during each Interest Period pertaining to a Eurodollar Loan, such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent, or, in the absence of such availability, by the rate per annum equal to the rate at which the Administrative Agent is offered Dollar deposits at or about 11:00 A.M., New York City time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where the eurodollar and foreign currency and exchange operations in respect of its Eurodollar Loans are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

"Eurodollar Borrowing": a Borrowing comprised of Eurodollar Loans.

"Eurodollar Loan": a Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Section 2.

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

"Event of Default": any of the events specified in Section 7, provided that all requirements for the giving of notice, the lapse of time, or both, and any other conditions, have been satisfied.

"Exchange Act": the Securities Exchange Act of 1934, as amended.

"Exchange Note": each note issued under the Indenture delivered pursuant to Section 2.3 and 5.10; collectively, the "Exchange Notes".

"Exchange Request": as defined in Section 5.10(b).

"Existing Credit Agreement": that certain Credit Agreement, dated as of November 27, 1996, as amended, among the Borrower, Comerica Bank, as administrative agent, and others.

"FDIC": the Federal Deposit Insurance Corporation and any Governmental Authority which succeeds to the powers and functions thereof.

"Final Maturity Date": the tenth anniversary of the Closing Date.

"Foreign Subsidiary": any Restricted Subsidiary of the Borrower that is not organized under the laws of the United States of America or any state thereof or the District of Columbia.

"GAAP": generally accepted accounting principles in the United States of America in effect on the date of this Agreement, including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such entity as are approved by a significant segment of the accounting profession.

"Governmental Authority": any nation or government, any state, province or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee": any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other nonfinancial obligation of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or such other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a correlative meaning.

"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.

"Guarantor Senior Indebtedness" means, with respect to a Subsidiary Guarantor, the following obligations, whether outstanding on the Closing Date or thereafter issued, without duplication: (i) any Guarantee of the Senior Credit Facility by such Subsidiary Guarantor and all other Guarantees by such Subsidiary Guarantor of Senior Indebtedness of the Borrower or Guarantor Indebtedness for any other Subsidiary Guarantor; and (ii) all obligations consisting of the principal of and premium, if any, and accrued and unpaid interest (including interest accruing on or after the filling of any petition in bankruptcy or for reorganization relating to the Subsidiary Guarantor regardless of whether post filing interest is allowed in such proceeding) on, and fees and other amounts owing in respect of, all other Indebtedness of the Subsidiary Guarantor, unless, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is expressly provided that the obligations in respect of such Indebtedness are not senior in right of payment to the obligations of such Subsidiary Guarantor under the Subsidiary Guarantee; provided, however, that Guarantor Senior Indebtedness will not include (1) any obligations of such Subsidiary Guarantor to another Subsidiary Guarantor or any other Affiliate of the Subsidiary Guarantor or any such Affiliate's Subsidiaries, (2) any liability for Federal, state, local, foreign or other taxes owed or owing by such Subsidiary Guarantor, (3) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities) or other current liabilities (other than current liabilities which constitute Bank Indebtedness or the current portion of any long-term Indebtedness which would constitute Senior Indebtedness but for the operation of this clause (3), (4) any Indebtedness, Guarantee or obligation of such Subsidiary Guarantor that is expressly subordinate or junior to any other Indebtedness, Guarantee or obligation of such Subsidiary Guarantor, including any Guarantor Senior Subordinated Indebtedness and Guarantor Subordinated Obligations of such Subsidiary Guarantor (5) Indebtedness which is represented by redeemable Capital Stock or (6) that portion of any Indebtedness that is incurred in violation of this Agreement. If any Designated Senior Indebtedness is disallowed, avoided or subordinated pursuant to the provisions of

Section 548 of Title 11 of the United States Code or any applicable state fraudulent conveyance law, such Designated Senior Indebtedness nevertheless will constitute Senior Indebtedness.

"Guarantor Senior Subordinated Indebtedness" means with respect to a Subsidiary Guarantor, the obligations of such Subsidiary Guarantor under the Subsidiary Guarantee and any other Indebtedness of such Subsidiary Guarantor (whether outstanding on the Closing Date or thereafter incurred) that specifically provides that such Indebtedness is to rank pari passu in right of payment with the obligations of such Subsidiary Guarantor under the Subsidiary Guarantee and is not expressly subordinated by its terms in right of payment to any Indebtedness of such Subsidiary Guarantor which is not Guarantor Senior Indebtedness of such Subsidiary Guarantor.

"Guarantor Subordinated Obligation" means, with respect to a Subsidiary Guarantor, any Indebtedness of such Subsidiary Guarantor (whether outstanding on the Closing Date or thereafter incurred) which is expressly subordinate in right of payment to the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee pursuant to a written agreement.

"Hedging Obligations": of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"Holder" or "Noteholder": the Person in whose name a Loan (and any corresponding Note(s)) is registered.

"Incur": issue, assume, Guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

"Indebtedness": with respect to any Person on any date of determination (without duplication):

(i) the principal of Indebtedness of such Person for borrowed money, (ii) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all reimbursement obligations of such Person, including reimbursement obligations in respect of letters of credit or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed), (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except Trade Payables), which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto or the completion of such services, (v) all Capitalized Lease Obligations and Attributable Debt of such Person, (vi) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock or (if such Person is a Subsidiary of the Borrower) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if such Capital Stock has no fixed price, to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured

by the fair market value of such Capital Stock, such fair market value shall be as determined in good faith by the Board of Directors or the board of directors of the issuer of such Capital Stock), (vii) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness of such other Persons, (viii) all Indebtedness of other Persons to the extent Guaranteed by such Person, and (ix) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time).

The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in this Agreement, or otherwise in accordance with GAAP.

"Indenture": the Indenture, substantially in the form of Exhibit B hereto (with such changes therein as the Borrower may request and Administrative Agent may approve, such approval not to be unreasonably withheld), if and when executed and delivered by the Borrower and a trustee thereunder, as amended, waived, supplemented or otherwise modified from time to time.

"Initial Loan": as defined in Section 2.1(a).

"Initial Maturity Date": the first anniversary of the Closing Date.

"Initial Note": as defined in Section 10.6(f).

"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": with respect to any Loan, the last day of the Interest Period applicable to the Loan, and in addition, the date of any prepayment of such Loan.

"Interest Period": (i) prior to the Initial Maturity Date, (a) as to any Eurodollar Borrowing, the periods commencing on the date of such Eurodollar Borrowing and ending on the earlier of (A) the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is one month thereafter and (B) the Initial Maturity Date, and (b) as to any ABR Borrowing, the period commencing on the date of such ABR Borrowing and ending on the earlier of (A) the last day of each consecutive calendar month following the Closing Date, (B) the Initial Maturity Date, and (C) the date of

any conversion thereof to a Eurodollar Borrowing and (ii) following the Initial Maturity Date, the period commencing on the Initial Maturity Date and ending on the last day of each consecutive fiscal quarter of the Borrower following the Initial Maturity Date, and the period ending on the Final Maturity Date; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"Interest Rate Agreement": with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement (including derivative agreements or arrangements) as to which such Person is party or a beneficiary; provided, however, any such agreement entered into in connection with the Loans shall not be included.

"Investment": in any Person by any other Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business) or other extension of credit (including by way of Guarantee or similar arrangement, but excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. If the Borrower or any Restricted Subsidiary of the Borrower sells or otherwise disposes of any Capital Stock of any direct or indirect Restricted Subsidiary of the Borrower such that, after giving effect to any such sale or disposition, the Borrower no longer owns, directly or indirectly, 100% of the outstanding Capital Stock of such Restricted Subsidiary, the Borrower shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Capital Stock of such Restricted Subsidiary not sold or disposed of.

"Lenders": as defined in the preamble to this Agreement.

"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).

"Loans": as defined in Section 2.1.

"Loan Documents": this Agreement, the Warrant Agreement, the Warrant Escrow Agreement, the Loan Notes, and the Subsidiary Guarantees.

"Loan Notes": the collective reference to the Term Notes and the Initial Notes.

"Loan Participants": as defined in Section 10.6(b).

"Loan Parties": the collective reference to the Borrower and each of its Subsidiaries which from time to time is a party to any Loan Document.

"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.

"Moody's": Moody's Investors Service, Inc., and its successors.

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

"Net Available Cash": from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other noncash form) therefrom, in each case net of (i) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred (including, without limitation, fees and expenses of legal counsel, accountants and financial advisors), and all Federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP as a consequence of such Asset Disposition, (ii) all payments made on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or that must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition, (iii) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition or to any other Person (other than the Borrower or any Restricted Subsidiary) owning a beneficial interest in the assets disposed of in such Asset Disposition, and (iv) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Borrower or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds": with respect to any issuance or sale of Capital Stock or Indebtedness, the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale.

"Non-Excluded Taxes": as defined in Section 2.10(a).

"Non-Recourse Debt": Indebtedness (i) as to which neither the Borrower nor any Restricted Subsidiary (a) provides any Guarantee or credit support of any kind (including any undertaking, Guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable (as a guarantor or otherwise) and (ii) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Borrower or any Restricted Subsidiary to declare a default under such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity.

"Notes": the Loan Notes and the Exchange Notes, as originally executed or as subsequently amended from time to time pursuant to the applicable provisions hereof.

"Officer" means the Chief Executive Officer, President, Chief Financial Officer, any Vice President, Controller, Secretary or Treasurer of the Borrower.

"Officer's Certificate" means a certificate signed by one Officer.

"Original Initial Note": as defined in Section 10.6(f).

"Original Term Note": as defined in Section 10.6(g).

"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.

"Payment Blockage Period": as defined in Section 8.3.

"Payment Sharing Notice": a written notice from the Borrower or any Lender informing the Administrative Agent that an Event of Default has occurred and is continuing and directing the Administrative Agent to allocate payments thereafter received from or on behalf of the Borrower in accordance with the provisions of Section 2.8.

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

"Permitted Holders": the collective reference to (i) the Sponsor, (ii) the Talley Persons and (iii) the Speese Persons.

"Permitted Investment": an Investment by the Borrower or any Restricted Subsidiary in (i) a Restricted Subsidiary, the Borrower or a Person which will, upon the making of such Investment, become a Restricted Subsidiary; provided, however, that the primary business of such Restricted Subsidiary is a Related Business; (ii) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Borrower or a Restricted Subsidiary; provided, however, that such Person's primary business is a Related Business; (iii) Cash Equivalents and Temporary Cash Investments; (iv) receivables owing to the Borrower or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or

dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Borrower or any such Restricted Subsidiary deems reasonable under the circumstances; (v) securities or other Investments received as consideration in connection with RTO Facility Swaps or in sales or other dispositions of property or assets made in compliance with Section 6.4, (vi) securities or other Investments received in settlement of debts created in the ordinary course of business and owing to the Borrower or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganization of another Person; (vii) Investments in existence or made pursuant to legally binding written commitments in existence on the Closing Date; (viii) Currency Agreements, Interest Rate Agreements and related Hedging Obligations, which obligations are Incurred in compliance with Section 6.1; and (ix) pledges or deposits (A) with respect to leases or utilities provided to third parties in the ordinary course of business or (B) otherwise described in the definition of "Permitted Liens".

"Permitted Liens":

(i) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not be reasonably expected to have a Material Adverse Effect, or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Borrower or the relevant Subsidiary, as the case may be, in accordance with GAAP;

(ii) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations that are not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith and by appropriate proceedings;

(iii) pledges, deposits or Liens in connection with workers' compensation, unemployment insurance and other social security legislation and/or similar legislation or other insurance-related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements);

(iv) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for or under or in respect of utilities, leases, licenses, statutory obligations, surety, judgment and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(v) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, changes, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Borrower and its Subsidiaries, taken as a whole;

(vi) Liens existing on, or provided for under written arrangements existing on, the Closing Date, or (in the case of any such Liens securing Indebtedness of the

Borrower or any of its Subsidiaries existing or arising under written arrangements existing on the Closing Date) securing any Refinancing Indebtedness in respect of such Indebtedness so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness;

(vii) Liens securing Hedging Obligations incurred in compliance with Section 6.1;

(viii) Liens arising out of judgments, decrees, orders or awards in respect of which the Borrower shall in good faith be prosecuting an appeal or proceedings for review which appeal or proceedings shall not have been finally terminated, or the period within which such appeal or proceedings may be initiated shall not have expired;

(ix) Liens securing (A) Indebtedness incurred in compliance with clause (i), (ii) or (v) of Section 6.1(b) or clause (iv) of Section 6.1(b) (other than Refinancing Indebtedness Incurred in respect of Indebtedness permitted by Section 6.1(a) thereof) or (B) Bank Indebtedness;

(x) Liens on properties or assets of the Borrower securing Senior Indebtedness;

(xi) Liens existing on property or assets of a Person at the time such Person becomes a Subsidiary of the Borrower (or at the time the Borrower or a Restricted Subsidiary acquires such property or assets); provided, however, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(xii) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

(xiii) Liens securing the Loans; and

(xiv) Liens securing Refinancing Indebtedness Incurred in respect of any Indebtedness secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, provided that any such new Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate.

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

"PIK Interest Amount": the aggregate amount equal to the amount of interest borne by an Initial Loan or a Term Loan in excess of 15% per annum.

"Plan": at a particular time, any employee benefit plan which 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", as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"Projections": as defined in Section 5.2(c).

"Properties": as defined in Section 3.17(a).

"Purchase Money Obligations": any Indebtedness of the Borrower or any Restricted Subsidiary incurred to finance the acquisition, construction or capital improvement of any property or business (including Indebtedness incurred within 90 days following such acquisition or construction), including Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or assumed by the Borrower or a Restricted Subsidiary in connection with the acquisition of assets from such Person; provided, however, that any Lien on such Indebtedness shall not extend to any property other than the property so acquired or constructed.

"Refinancing Indebtedness": Indebtedness that is Incurred to refund, refinance, replace, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) (collectively, "refinances," and "refinanced" shall have a correlative meaning) any Indebtedness existing on the Closing Date or Incurred in compliance with this Agreement (including Indebtedness of the Borrower that refinances Indebtedness of any Restricted Subsidiary (to the extent permitted in this Agreement) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; provided, however, that (i) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced, (ii) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being refinanced and (iii) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Refinancing Indebtedness; provided further, however, that Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that refinances Indebtedness of the Borrower or (y) Indebtedness of the Borrower or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

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

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

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

"Related Business": any business which is the same as or related, ancillary or complementary to any of the businesses in which the Borrower or any of its Restricted Subsidiaries is primarily engaged on the Closing Date.

"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(b) of ERISA and the regulations thereunder, 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.

"Representative": the trustee, agent or representative (if any) for an issue of Senior Indebtedness.

"Required Lenders": at any time, Lenders holding more than 50% in principal amount of outstanding Loans (or, prior to the Closing Date, more than 50% of the Commitments).

"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 treaty, statute, rule, 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, the 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.

"Restricted Payments": as defined in Section 6.2(a).

"Restricted Subsidiary": any Subsidiary of the Borrower other than an Unrestricted Subsidiary.

"RTO Facility": any facility through which the Borrower or any of its Subsidiaries conducts the business of renting merchandise to its customers and any facility through which a franchise of the Borrower or any of its Subsidiaries conducts the business of renting merchandise to customers.

"RTO Facility Swap": an exchange of assets (including Capital Stock of a Subsidiary or the Borrower) of substantially equivalent fair market value, as conclusively determined in good faith by the Board of Directors, by the Borrower or a Restricted Subsidiary for one or more RTO Facilities or for cash, Capital Stock, Indebtedness or other securities of any Person owning or operating one or more RTO Facilities and primarily engaged in a Related Business; provided, however, that any Net Cash Proceeds received by the Borrower or any Restricted

Subsidiary in connection with any such transaction must be applied in accordance with the covenant in Section 6.4.

"Sale/Leaseback Transaction": an arrangement relating to property now owned or hereafter acquired by the Borrower or a Restricted Subsidiary whereby the Borrower or such Restricted Subsidiary transfers such property to a Person and the Borrower or such Restricted Subsidiary leases it from such Person, other than leases (x) between the Borrower and a Restricted Subsidiary or (y) required to be classified and accounted for as capitalized leases for financial reporting purposes in accordance with GAAP.

"SEC": the Securities and Exchange Commission or any Governmental Authority which succeeds to the powers and functions thereof.

"Securities": any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit sharing agreement or arrangement, bonds, debentures, options, warrants, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"Securities Act": the Securities Act of 1933, as amended from time to time.

"Seller": Thorn International BV.

"Senior Credit Agreement": (i) the Credit Agreement to be entered into among the Borrower, Comerica Bank, as documentation agent, NationsBank, N.A., as syndication agent, The Chase Manhattan Bank, as Administrative Agent, and the Lenders parties thereto from time to time, as the same may be amended, supplemented or otherwise modified from time to time and any guarantees issued thereunder and (ii) any renewal, extension, refunding, restructuring, replacement, or refinancing thereof (whether with the original administrative agent or other agents and Lenders or another administrative agent or agents or other lenders and whether provided under the original Senior Credit Agreement or any other agreement or indenture), provided that any such renewal, extension, refunding, restructuring, replacement, or refinancing shall be on terms that permit the Borrower to apply the proceeds of any issuance of Specified Subordinated Indebtedness or issuance of Capital Stock to prepay the Loans and the Exchange Notes.

"Senior Credit Documents": the Loan Documents (as defined in the Senior Credit Agreement).

"Senior Credit Facility": the collective reference to the Senior Credit Agreement, the Senior Credit Documents, any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, letter of credit applications and other security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original

agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Credit Agreement or otherwise) (any such refunding, refinancing, restructuring, replacement, renewal, repayment or increase, a "Refinancing"). Without limiting the generality of the foregoing, the term "Senior Credit Facility" shall include any agreement (i) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Borrower as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof. Notwithstanding the foregoing, "Senior Credit Facility" shall not include any Refinancing or other modification of the Senior Credit Agreement unless such Refinancing or other modification shall be on terms that permit the Borrower to apply the proceeds of any issuance of Specified Subordinated Indebtedness or issuance of Capital Stock to prepay the Loans and the Exchange Notes.

"Senior Indebtedness": whether outstanding on the Closing Date or thereafter issued, without duplication, (i) all obligations consisting of Bank Indebtedness; and (ii) all obligations consisting of the principal of and premium, if any, and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Borrower regardless of whether postfiling interest is allowed in such proceeding) on, and fees and other amounts owing in respect of, all other Indebtedness of the Borrower, unless, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that the obligations in respect of such Indebtedness are not superior in right of payment to the Loans; provided, however, that Senior Indebtedness shall not include (1) any obligation of the Borrower to any Subsidiary or any other Affiliate of the Borrower, or any such Affiliate's Subsidiaries, (2) any liability for Federal, state, foreign, local or other taxes owed or owing by the Borrower, (3) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities) or other current liabilities (other than current liabilities which constitute Bank Indebtedness or the current portion of any long-term Indebtedness which would constitute Senior Indebtedness but for the operation of this clause (3)), (4) any Indebtedness, Guarantee or obligations of the Borrower that is expressly subordinate or junior to any other Indebtedness, Guarantee or obligation of the Borrower, (5) Indebtedness which is represented by Capital Stock or (6) that portion of any Indebtedness that is incurred in violation of this Agreement. If any Designated Senior Indebtedness is disallowed, avoided or subordinated pursuant to the provisions of Section 548 of Title 11 of the United States Code or any applicable state fraudulent conveyance law, such Designated Senior Indebtedness nevertheless will constitute Senior Indebtedness.

"Senior Subordinated Indebtedness": the Loans, the Exchange Notes, and any other Indebtedness of the Borrower that (i) specifically provides that such Indebtedness is to rank pari passu with the Loans in right of payment or is otherwise entitled Senior Subordinated Indebtedness and (ii) is not subordinated by its terms in right of payment by its terms to any Indebtedness or other obligation of the Borrower which is not Senior Indebtedness.

"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.

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

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

"Solvent" and "Solvency": 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 Subordinated Indebtedness": Indebtedness of the Borrower that is subordinated to the Borrower's obligations under the Senior Credit Facility.

"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.

"S&P": Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc., and its successors.

"Stated Maturity": with respect to any Security, the date specified in such Security as the fixed date on which the payment of principal of such Security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Subordinated Obligation": any Indebtedness of the Borrower (whether outstanding on the date of this Agreement or thereafter Incurred) which is subordinate or junior in right of payment to the Loans pursuant to a written agreement.

"Subsequent Initial Note": as defined in Section 10.6(f).

"Subsequent Term Note": as defined in Section 10.6(g).

"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 Guarantee" means the Guarantee of the Loans and Notes by a Subsidiary Guarantor substantially in the form of Exhibit A hereto.

"Subsidiary Guarantor" means any Restricted Subsidiary which guarantees the Bank Indebtedness after the Closing Date.

"Successor Company": as defined in Section 6.8.

"Take-Out Banks": one or more investment banks which may be engaged by the Borrower to publicly sell or privately place the Take-Out Debt in accordance with Section 5.10.

"Take-Out Debt": unsecured notes or debentures of the Borrower, subordinated to the prior payment of the Bank Indebtedness that may be issued by the Borrower after the Closing Date to refinance the Loans or Exchange Notes.

"Talley Persons": the collective reference to J. Ernest Talley, any person having a relationship with J. Ernest Talley by blood, marriage or adoption not more remote than first cousin (other than his children) and any trust established for the benefit of any person having a relationship with J. Ernest Talley by blood, marriage or adoption not more remote than first cousin.

"Telerate Page" means the display designated as Page 3750 on the Dow Jones Markets screen (or such other page as may replace such page on such service for the purpose of displaying the rates at which Dollar deposits are offered by leading banks in the London interbank deposit market).

"Temporary Cash Investments" means any of the following: (i) any investment in direct obligations (x) of the United States of America or any agency thereof or obligations Guaranteed by the United States of America or any agency thereof or (y) of any foreign country recognized by the United States of America rated at least "A" by S&P or "A1" by Moody's, (ii) investments in time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital and surplus aggregating in excess of $250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated "A" by S&P or "A-1" by Moody's, (iii) repurchase obligations with a term of not more than 180 days for underlying securities of the types described in clause (i) or (ii) above entered into with a bank meeting the qualifications described in clause (ii) above, (iv) Investments in commercial paper, maturing not more than 180 days after the date of

acquisition, issued by a corporation (other than an Affiliate of the Borrower) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any Investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P, (v) Investments in securities with maturities of six months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's, (vi) any money market deposit accounts issued or offered by a domestic commercial bank or a commercial bank organized and located in a country recognized by the United States of America, in each case, having capital and surplus in excess of $250 million (or the foreign currency equivalent thereof), or investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any short-term successor rule) of the SEC, under the Investment Company Act of 1940, as amended, and (vii) similar short-term investments approved by the Board of Directors in the ordinary course of business.

"Term Note": as defined in Section 10.6(g).

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

"Trade Payables": with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transaction Documents": the collective reference to the Loan Documents, the Senior Credit Documents, the Indenture and the Exchange Notes.

"Transactions": the collective reference to the Acquisition, the initial borrowings under this Agreement and the Senior Credit Facility, and all other transactions relating to the Acquisition or the financing thereof.

"Transferee": as defined in Section 10.6(f).

"Trustee": as defined in Section 2.5(d).

"Type", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or Borrowing is determined. For purposes hereof, the term "Rate" shall include the Adjusted LIBO Rate and the Alternate Base Rate.

"Unrestricted Subsidiary": (i) any Subsidiary of the Borrower that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below and (ii) any Subsidiary of an Unrestricted Subsidiary. At any time after the Initial Maturity Date, the Board of Directors may designate any Subsidiary of the Borrower (including any newly acquired or newly formed Subsidiary of the Borrower) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Borrower or any Restricted Subsidiary of the Borrower that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that either (A) the Subsidiary to be so designated has total

consolidated assets of $10,000 or less or (B) if such Subsidiary has consolidated assets greater than $10,000, then such designation would be permitted under Section 6.2.

The Board of Directors of the Borrower may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if such designation would not cause a Default. For purposes of making such determination, all outstanding Investments by the Borrower and its Restricted Subsidiaries (except to the extent repaid in cash) in the Subsidiary so designated will be deemed to be Restricted Payments at the time of such designation and will reduce the amount available for Restricted Payments under paragraph (3) of Section 6.2(b). All such outstanding Investments will be deemed to constitute Investments in an amount equal to the greater of the fair market value or the book value of such Subsidiary at the time of such designation. Such designation will only be permitted if such Restricted Payment would be permitted at such time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation (x) the Borrower could Incur at least $1.00 of additional Indebtedness under Section 6.1 and (y) no Default or Event of Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the Administrative Agent by promptly filing with the Administrative Agent a copy of the resolution of the Borrower's Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"Voting Stock": of an entity, all classes of Capital Stock of such entity then outstanding and normally entitled to vote in the election of directors or all interests in such entity with the ability to control the management or actions of such entity.

"Warrants": the warrants of the Borrower as described in the Warrant Agreement.

"Warrant Agreement": the Warrant Agreement, substantially in the form of Exhibit C, to be executed and delivered by the Borrower.

"Warrant Escrow Agreement": the warrant escrow agreement dated as of the date hereof between the Borrower and The Chase Manhattan Bank, as escrow agent with respect to the Warrants.

"Wholly Owned Subsidiary": a Restricted Subsidiary of the Borrower all the Capital Stock of which (other than directors' qualifying shares) is owned by the Borrower or another Wholly Owned Subsidiary.

1.2 Other Definitional Provisions. Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any Notes, any other Loan Document or any certificate or other document made or delivered pursuant hereto.

(a) As used herein and in any Notes and any other Loan Document, and any certificate or other document made or delivered pursuant hereto or thereto, 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.

(b) 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, subsection, Schedule, Annex and Exhibit references are to this Agreement unless otherwise specified.

(c) 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 LOANS

2.1 Loans. (a) Subject to the terms and conditions hereof, each Lender severally agrees to make a loan (individually, an "Initial Loan", and collectively, the "Initial Loans") to the Borrower on the Closing Date, in an aggregate principal amount equal to such Lender's Commitment. Any Commitments not drawn on the Closing Date automatically shall terminate. The Initial Loans shall initially be ABR Loans, and may be converted into Eurodollar Loans upon three Business Days' notice to the Administrative Agent.

(b) Subject to the terms and conditions hereof, each Lender severally agrees, if the Initial Loans have not been repaid or exchanged for Exchange Notes on the Initial Maturity Date, to convert the then outstanding principal amount of its Initial Loans into a loan (individually, a "Term Loan", and collectively, the "Term Loans"; the Initial Loans and the Term Loans, collectively, the "Loans") to the Borrower, on the Initial Maturity Date, in an aggregate principal amount equal to the then outstanding principal amount of the Initial Loans held by such Lender. Upon the making by such Lender of such Term Loan, each Lender shall cancel on its records a principal amount of the Initial Loans held by such Lender corresponding to the principal amount of Term Loans made by such Lender, which corresponding principal amount of the Initial Loans shall be satisfied by the conversion thereof into Term Loans in accordance with Section 2.2(b).

(c) Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time in the event that the Administrative Agent gives notice as provided in Section 2.6(c). For purposes of the foregoing, Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(d) The failure of any Lender to make the Initial Loan to be made by it shall not relieve any other Lender of its obligation, if any, to make its Initial Loan hereunder, but no Lender shall be responsible for the failure of any other Lender to make the Initial Loan to be made by such other Lender hereunder.

2.2 Procedure for Borrowing and Conversion. (a) Unless otherwise agreed by the Administrative Agent, the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, two Business Days prior to the anticipated Closing Date) requesting that the Lenders make the Initial Loans on the Closing Date and specifying the amount to be borrowed. Upon receipt of such notice the Administrative Agent shall promptly notify each Lender thereof. Not later than 12:00 Noon, New York City time, on the Closing Date each Lender shall make available to the Administrative Agent at

its office specified in Section 10.2 an amount in immediately available funds equal to the Initial Loans to be made by such Lender. The Administrative Agent shall credit the account of the Borrower on the books of such office of the Administrative Agent with the aggregate of the amounts made available to the Administrative Agent by the Lenders in immediately available funds.

(b) If the Borrower has not repaid the Initial Loans in full on or prior to the Initial Maturity Date, then, subject to the right of any Lender to exchange its Initial Loans for Exchange Notes on the Initial Maturity Date pursuant to Section 2.3(c), each Lender shall convert the then outstanding principal amount of the Initial Notes into Term Loans under this Section 2.2.

2.3 Maturity and Exchange Notes. (a) All the Initial Loans will mature on the Initial Maturity Date.

(b) All the Term Loans will mature on the Final Maturity Date.

(c) Each Lender will have the option on or after the Initial Maturity Date at any time or from time to time to receive Exchange Notes in exchange for the Term Notes or, on the Initial Maturity Date, the Initial Loans, of such Lender then outstanding in accordance with Section 5.10 of this Agreement. The principal amount of the Exchange Notes will equal 100.0% of the aggregate principal amount (including any accrued and unpaid interest not required to be paid in cash) of the Loans for which they are exchanged. If a Default (but not an Event of Default) shall have occurred and be continuing on the date of such exchange, any notices given or cure periods commenced while the Loan was outstanding shall be deemed given or commenced (as of the actual dates thereof) for all purposes with respect to the Exchange Note (with the same effect as if the Exchange Note had been outstanding as of the actual dates thereof).

2.4 Repayment of Loans. The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then due and unpaid principal amount of each Loan in accordance with the terms hereof and of the Loan Notes. The Borrower hereby further agrees to pay to the Administrative Agent for the account of each Lender interest on the unpaid principal amount of the Loans from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.6.

2.5 Optional and Mandatory Prepayments. (a) The Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent at least ten Business Days prior thereto, which notice shall specify the date and amount of prepayment; provided, that if a Loan is prepaid on any day earlier than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing pursuant to Section 2.11, and provided, further, that on or after the Initial Maturity Date, any prepayment shall be applied pro rata among the Loans and Exchange Notes as provided in Section 2.5(d) below. 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 accrued interest to such date on the amount prepaid. Partial prepayments of the Loans and the Exchange Notes shall be in an aggregate principal amount equal to the lesser of (A) $1,000,000, or a whole multiple thereof, and (B) the aggregate unpaid principal amount of the Loans and Exchange Notes, as the case may be. Prepayments of the Loans and Exchange Notes pursuant to this Section 2.5(a) shall be applied to the outstanding principal amounts of the Loans and Exchange Notes ratably according to the outstanding principal amounts of such Loans and Exchange Notes as provided in Section 2.5(d) below.

(b) (i) If, subsequent to the Closing Date, the Borrower or any of its Subsidiaries shall issue any Indebtedness (other than, subject to Section 5.11, the Take-Out Debt) or Capital Stock, an amount equal to 100% of the Net Cash Proceeds thereof shall be promptly applied toward the prepayment of the Loans and the Exchange Notes as provided in Section 2.5(d) below; provided, however, that such Net Cash Proceeds need not be applied to the prepayment of the Loans and the Exchange Notes to the extent that such Net Cash Proceeds are applied pursuant to the Senior Credit Agreement.

(ii) If, subsequent to the Closing Date, the Borrower or any of its Subsidiaries shall be required to apply any Net Available Cash pursuant to Section 6.4(a)(iii)(B), an amount equal to the Net Available Cash to be applied pursuant thereto shall be promptly applied toward the prepayment of the Loans and the Exchange Notes as provided in Section 2.5(d) below.

(iii) The Borrower shall give the Administrative Agent (which shall promptly notify each Lender) at least three Business Days' prior written notice of each prepayment in whole or in part pursuant to this Agreement setting forth the date and amount thereof.

(c) Accrued and unpaid interest on the amount of any principal of the Loans prepaid under this Section 2.5 shall be paid to and on the date of such prepayment.

(d) As promptly as practicable after the Administrative Agent receives notice of a prepayment pursuant to Section 2.5(b)(iii), the Administrative Agent, in cooperation with any trustee under the Indenture (the "Trustee"), shall give notice to each holder of an Exchange Note of the pro rata amount that would be payable to such holder in respect of such holder's Exchange Note and the expected date of such prepayment. Any holder of noncallable Exchange Notes that wishes to accept such prepayment (each, an "Accepting Holder") shall promptly notify the Trustee and the Administrative Agent in writing. Payments and offers to prepay the Loans and Exchange Notes shall be made ratably among the Loans and Exchange Notes. After the Administrative Agent receives the prepayment amount, such prepayment amount shall be distributed by the Administrative Agent, in cooperation with the Trustee, subject to Section 2.8(b), in the following order, with appropriate adjustments being made to account for the receipt by the Trustee of any prepayment in respect of the Exchange Notes: First, to the payment of all amounts described in clauses "First" and "Second" of Section 2.8(b)(i); Second, to the payment of interest then due and payable on the Loans, Exchange Notes of Accepting Holders and callable Exchange Notes, ratably among the Lenders, the Accepting Holders and Holders of callable Exchange Notes in accordance with the aggregate amount of interest owed to each such Lender, Accepting Holder and Holder; and Third, to the payment of the principal amount of the Loans, the Exchange Notes of Accepting Holders and the callable Exchange Notes that is then due and payable, ratably among the Lenders, the Accepting Holders and Holders of callable Exchange Notes in accordance with the aggregate principal amount owed to each such Lender, Accepting Holder and Holder. Amounts offered to and rejected by any Exchange Note holder shall be ratably applied to prepay the Loans, the Exchange Notes held by Accepting Holders and callable Exchange Notes. Any offers to prepay non-callable Exchange Notes shall be made in accordance with the provisions relating thereto in the Indenture, and with applicable law, and the distribution of the relevant prepayment amount hereunder shall be made promptly after the expiration of such offer.

2.6 Interest Rates and Payment Dates. (a) Subject to the provisions of Section 2.6(c), Initial Loans comprising each Eurodollar Borrowing shall bear interest for the period from and including the date such Borrowings are made to, but excluding, the Initial Maturity Date on the unpaid principal thereof at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin; provided that, in the event of conditions described in

clause (c) below, affected Initial Loans shall accrue interest from and including the date of such event to, but excluding, the Initial Maturity Date on the unpaid principal thereof at a rate per annum equal to the Alternate Base Rate from time to time in effect plus the Applicable Margin, less 1%. Initial Loans comprising ABR Borrowing shall bear interest for the period from and including the date such Borrowings are made to, but excluding, the Initial Maturity Date on the unpaid principal thereof at a rate per annum equal to the Alternate Base Rate from time to time in effect plus the Applicable Margin, less 1%.

(b) Term Loans shall bear interest for the period from and including the Initial Maturity Date to, but excluding, the Final Maturity Date or date of exchange for an Exchange Note on the unpaid principal thereof at a rate per annum equal to the Adjusted Rate plus the Adjusted Margin.

(c) In the event, and on each occasion, that on the day prior to the first day of any Interest Period for a Eurodollar Borrowing:

(i) 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 Adjusted LIBO Rate for such Interest Period, or

(ii) the Administrative Agent shall have received notice from the Required Lenders that the Adjusted LIBO 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. In the event of any such determination, until the Administrative Agent shall have advised the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, each Borrowing shall, on the last day of the current Interest Periods therefor shall be converted to an ABR Borrowing. Each determination by the Administrative Agent hereunder shall be conclusive absent manifest error.

(d) Notwithstanding the foregoing clauses (a), (b), and (c), the interest rate borne by the Loans shall not exceed 18% per annum. To the extent the interest on any Loan exceeds a rate of 15% per annum, the Borrower may elect to pay such excess interest (or portion thereof) by paying the appropriate PIK Interest Amount through the increase in the principal amount of the applicable Loans. If requested by any Lender, the Borrower shall issue Subsequent Initial Notes or Subsequent Term Notes, as the case may be, in an aggregate principal amount equal to all or a portion of such excess interest to be paid.

(e) If all or a portion of (i) the principal amount of any of the Loans, (ii) any interest payable thereon, or (iii) any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise, but taking into account any applicable grace period under Section 7(a)), such Loan and any such overdue amount shall, without limiting the rights of the Lenders under Section 7, bear interest at a rate per annum which is (x) in the case of overdue principal, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this subsection plus 2% or (y) in the case of overdue interest, commitment fees or other amounts due and payable hereunder, the applicable rate hereunder for any Loan (but without giving effect to the foregoing clause (x)) plus 2%.

(f) Interest shall be payable in arrears on each Interest Payment Date and upon the maturity date of the Loan in respect of which any such interest is accruing, provided that interest accruing pursuant to Section 2.6(e) shall be payable from time to time on demand.

2.7 Computation of Interest and Fees. (a) Interest, fees and commissions 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 Alternate Base Rate or the Adjusted LIBO Rate 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 2.6(a).

2.8 Pro Rata Treatment and Payments. (a) Except to the extent otherwise provided herein, each borrowing of Loans by the Borrower from the Lenders and any reduction of the Commitments of the Lenders hereunder shall be made pro rata according to the relevant Commitment Percentages of the Lenders with respect to the Loans borrowed or the Commitments to be reduced.

(b) Whenever any payment received by the Administrative Agent under this Agreement or any Note or any Loan Document is insufficient to pay in full all amounts then due and payable to the Administrative Agent and the Lenders under this Agreement:

(i) if the Administrative Agent has not received a Payment Sharing Notice (or, if the Administrative Agent has received a Payment Sharing Notice but the Event of Default specified in such Payment Sharing Notice has been cured or waived in accordance with the provisions of this Agreement), subject to Section 8, such payment shall be distributed by the Administrative Agent, in cooperation with the Trustee, and applied by the Administrative Agent and the Lenders in the following order, with appropriate adjustment being made to account for any payment received by the Trustee in respect of the Exchange Notes: First, to the payment of reasonable fees and expenses due and payable to the Administrative Agent under and in connection with this Agreement or any Note Guarantee or due and payable to the Trustee under the Indenture; Second, to the payment of all reasonable expenses due and payable under Section 10.5 and any equivalent section of the Indenture, ratably among the Lenders and the Exchange Note Holders in accordance with the aggregate amount of such payments owed to each such Lender or Holder; Third, to the payment of accrued and unpaid interest then due and payable on the Loans and the Exchange Notes ratably among the Lenders and the Exchange Note Holders in accordance with the aggregate amount of interest owed to each Lender and Exchange Note Holder; and Fourth, to the payment of the principal amount of the Loans and the Exchange Notes that is then due and payable, ratably among the Lenders and the Exchange Note Holders in accordance with the aggregate principal amount owed to each

such Lender and Exchange Note Holder (and in the case of any Exchange Notes that are not prepayable, subject to the provisions of Section 2.5(d)); or

(ii) if the Administrative Agent has received a Payment Sharing Notice that remains in effect, subject to Section 8, all payments received by the Administrative Agent under this Agreement or any Note shall be distributed by the Administrative Agent and applied by the Administrative Agent, in cooperation with the Trustee, and the Lenders in the following order, with appropriate adjustment being made to account for any payment received by the Trustee in respect of the Exchange Notes: First, to the payment of all amounts described in clauses "First" and "Second" of the foregoing clause (i), in the order set forth therein; Second, to the payment of the interest accrued and unpaid on all Loans and Exchange Notes, regardless of whether any such amount is then due and payable, ratably among the Lenders and the Exchange Note Holders in accordance with the aggregate accrued interest plus the aggregate principal amount owed to such Lender and the Exchange Note Holders; and Third, to the payment of the principal amount of all Loans and Exchange Notes, regardless of whether any such amount is then due and payable, ratably among the Lenders and the Exchange Note Holders in accordance with the aggregate principal amount owed to each Lender and Exchange Note Holder (and in the case of any Exchange Notes that are not prepayable, subject to the provisions of Section 2.5(d)).

(c) All payments (including prepayments) to be made by the Borrower on account of principal, interest and fees 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 Administrative Agent's office located at 270 Park Avenue, New York, New York 10017, 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.

(d) 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 Section 2.8(d) 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, on demand, from the Borrower.

2.9 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 date hereof:

(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 Taxes covered by Section 2.10 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 which 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 which such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans, 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; 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. If any Lender becomes entitled to claim any additional amounts pursuant to this Section 2.9, 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 date hereof 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 to a level below that which such Lender or such corporation could have achieved but for such 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 2.9, 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 2.9 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 2.9, 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 2.9 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.10 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 in lieu of net income 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 1001 or Form 4224, 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 W-8, 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 2.10, 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.

2.11 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.

2.12 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.9 or 2.10(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 2.12 shall affect or postpone any of the obligations of any Borrower or the rights of any Lender pursuant to Section 2.9 or 2.10(a).

2.13 Replacement Lenders. The Borrower shall be permitted to replace any Lender which (a) requests reimbursement for amounts owing pursuant to Section 2.9 or 2.10 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 not have eliminated the continued need for payment of amounts owing pursuant to Section 2.9 or 2.10, (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender under Section 2.11 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 2.9 or 2.10, as the case may be, and (ix) any such replacement shall not be deemed to be a waiver of any rights which the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

SECTION 3. REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans, the Borrower hereby represents and warrants to the Administrative Agent and each Lender as of the Closing Date that:

3.1 Financial Condition. (a) The unaudited pro forma consolidated balance sheet and statement of operations of the Borrower and its consolidated Subsidiaries as at, or for the period of four consecutive fiscal quarters ended, March 31, 1998 (the "Pro Forma Financial Statements"), copies of which have heretofore been furnished to each Lender, have been prepared giving effect (as if such events had occurred on such date or at the beginning of such period, as the case may be) to (i) the consummation of the Acquisition, (ii) the Loans to be made, the loans under the Senior Credit

Agreement to be made and the Preferred Stock to be issued on the Closing Date and the use of proceeds thereof and (iii) the payment of fees and expenses in connection with the foregoing. The Pro Forma Financial Statements have been prepared based on the best information available to the Borrower as of the date of delivery thereof, and present fairly on a pro forma basis the estimated financial position of Borrower and its consolidated Subsidiaries as at, or for the period of four consecutive fiscal quarters ended, March 31, 1998, assuming that the events specified in the preceding sentence had actually occurred at such date or at the beginning of such period, as the case may be.

(b) The audited consolidated balance sheets of the Borrower as at December 31, 1995, December 31, 1996 and December 31, 1997, and the related consolidated statements of operations, stockholder's equity and cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Grant Thornton LLP, 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 respective fiscal years then ended. The unaudited consolidated balance sheet of the Borrower as at March 31, 1998, and the related unaudited consolidated statements of operations, stockholder's equity and cash flows for the three-month period ended on such date, 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 three-month period then ended (subject to normal year-end audit adjustments). All 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 most recent financial statements referred to in this paragraph. During the period from December 31, 1997 to and including the date hereof there has been no Disposition by the Borrower or any of its Subsidiaries of any material part of its business or property.

(c) The Borrower has provided to the Lenders the audited consolidated balance sheets of the Acquired Company as at March 31, 1996, March 31, 1997 and March 31, 1998, and the related consolidated statements of operations, stockholder's equity and cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Ernst & Young LLP (the "Audited Acquired Company Financials"), as adjusted in certain respects by the Borrower in order to achieve consistency with the Borrower's customary presentation of financial information. Such adjustments do not unfairly present the consolidated financial condition of the Acquired Company as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended, in each case as reflected in the Audited Acquired Company Financials.

3.2 No Change. Since March 31, 1998 there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

3.3 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.

3.4 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 Acquisition and the borrowings hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Loan Documents, except consents, authorizations, filings and notices described in Schedule 3.4, which consents, authorizations, filings and notices have been obtained or made and are in full force and effect. 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).

3.5 No Legal Bar. The execution, delivery and performance of this Agreement and the other Loan Documents, 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. 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.

3.6 Litigation. Except as set forth on Schedule 3.6, 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.

3.7 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.

3.8 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 6.5.

3.9 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.

3.10 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.

3.11 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.

3.12 Labor Matters. Except as set forth on Schedule 3.6 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.

3.13 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.

3.14 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.

3.15 Subsidiaries. Except as disclosed to the Administrative Agent by the Borrower in writing from time to time after the Closing Date, (a) Schedule 3.15 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.

3.16 Use of Proceeds. The proceeds of the Loans shall be used to finance a portion of the Acquisition, to repay certain existing Indebtedness of the Borrower and its Subsidiaries and to pay related fees and expenses.

3.17 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.

3.18 Accuracy of Information, etc. No statement or information contained in this Agreement, any other Loan Document 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, 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. As of the date hereof, the representations and warranties made by the Borrower and, to the Borrower's knowledge, made by the Seller and Thorn plc, in the Acquisition Documentation are true and correct in all material respects. 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 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.

3.19 Solvency. Each Loan Party is, and after giving effect to the Acquisition and the incurrence of all Indebtedness and obligations being incurred in connection herewith and therewith will be and will continue to be, Solvent.

3.20 Year 2000 Matters. Any reprogramming required to permit the proper functioning (but only to the extent that such proper functioning would otherwise be impaired by the occurrence of the year 2000) in and following the year 2000 of computer systems and other equipment containing embedded microchips, in either case owned or operated by the Borrower or any of its Subsidiaries or used or relied upon in the conduct of their business (including any such systems and other equipment supplied by others), and the testing of all such systems and other equipment as so reprogrammed, will be completed by June 30, 1999. The costs to the Borrower and its Subsidiaries that have not been incurred as of the date hereof for such reprogramming and testing and for the other reasonably foreseeable consequences to them of any improper functioning of other computer systems and equipment containing embedded microchips due to the occurrence of the year 2000 could not reasonably be expected to result in a Default or Event of Default or to have a Material Adverse Effect. Except for any reprogramming referred to above, the computer systems of the Borrower and its

Subsidiaries are and, with ordinary course upgrading and maintenance, will continue for the term of this Agreement to be, sufficient for the conduct of their business as currently conducted.

SECTION 4. CONDITIONS PRECEDENT

The agreement of each Lender to make the Initial Loan requested to be made by it is subject to the satisfaction, immediately prior to or concurrently with the making of such Loan on the Closing Date, of the following conditions precedent:

(a) Loan Documents. The Administrative Agent shall have received (i) this Agreement, executed and delivered by a duly authorized officer of the Borrower with a counterpart for each Lender, (ii) for the account of each Lender requesting the same, a Loan Note conforming to the requirements hereof and executed by a duly authorized officer of the Borrower (iii) the Warrant Agreement (including the registration rights agreement attached thereto) and the Warrant Escrow Agreement, each executed and delivered by a duly authorized officer of the Borrower and the Borrower shall have executed and placed in escrow under the Warrant Escrow Agreement Warrants representing 2% of the Borrower's outstanding common equity on a fully diluted basis and (iv) the Subsidiary Guarantees, each executed and delivered by a duly authorized officer of the respective Subsidiary Guarantors.

(b) Senior Credit Agreement. The Lenders shall have received a complete and correct copy of the Senior Credit Agreement, in form and substance satisfactory to the Lenders, and such agreement shall be in full force and effect and none of the provisions thereof shall have been amended, waived, supplemented, or otherwise modified without the prior written consent of the Administrative Agent.

(c) Financings. All conditions precedent for the funding of the Senior Credit Agreement shall have been satisfied or waived contemporaneously with the satisfaction of the conditions hereunder and such funding shall occur contemporaneously with the funding of the Initial Loans, in each case on terms and conditions satisfactory to the Administrative Agent, and none of the material terms and conditions of the Transaction Documents shall have been waived without the consent of the Administrative Agent.

(d) Acquisition, etc. The following transactions shall have been consummated prior to or concurrently with the funding of the initial Loans hereunder:

(i) the Borrower shall have acquired 100% of the outstanding Capital Stock of the Acquired Company in accordance with the terms and conditions of the Acquisition Agreement (the "Acquisition") for a purchase price (including approximately $27,000,000 of change of control bonuses paid on the Closing Date on behalf of Thorn plc) not exceeding $900,000,000;

(ii) the Borrower shall have received at least $235,000,000 in gross cash proceeds from the issuance of preferred stock (the "Apollo Preferred Stock") to the Sponsor;

(iii) the transaction fees and expenses to be incurred in connection with the Acquisition and the financing thereof shall not exceed $40,000,000; and

(iv) (i) the Administrative Agent shall have received satisfactory evidence that the Existing Credit Agreement shall have been terminated and all amounts thereunder shall have been paid in full and (ii) satisfactory arrangements shall have been made for the termination of all Liens granted in connection therewith.

(e) Pro Forma Financial Statements; Financial Statements. The Lenders shall have received (i) the Pro Forma Financial Statements and (ii) the consolidated financial statements of the Borrower and the Acquired Company referred to in Sections 3.1(b) and 3.1(c).

(f) Approvals. All governmental and material third party approvals necessary in connection with the Acquisition, the continuing operations of the Borrower and its Subsidiaries and the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority that would restrain, prevent or otherwise impose materially adverse conditions on the Acquisition or the financing contemplated hereby.

(g) Closing Certificate. The Administrative Agent shall have received, with a counterpart for each Lender, a certificate of each Loan Party, dated the Closing Date, substantially in the form of Exhibit D, with appropriate insertions and attachments.

(h) Legal Opinions. The Administrative Agent shall have received the following executed legal opinions:

(i) the legal opinion of Winstead Sechrest & Minick P.C., counsel to the Borrower and its Subsidiaries;

(ii) the legal opinion of Arnold & Porter, New York counsel to the Borrower and its Subsidiaries;

(iii) the legal opinion of Stinson, Mag & Fizzell, P.C., Kansas counsel of the Borrower and its Subsidiaries; and

(iv) to the extent consented to by the relevant counsel, each legal opinion, if any, delivered in connection with the Acquisition Agreement, accompanied by a reliance letter in favor of the Lenders.

Each such legal opinion shall cover such matters incident to the transactions contemplated by this Agreement as the Administrative Agent may reasonably require.

(i) Solvency Opinion. The Administrative Agent shall have received a solvency opinion from Valuation Research Corporation.

(j) Take-Out Debt. The Borrower shall have delivered to the Administrative Agent a substantially complete initial draft of a registration statement or a Rule 144A offering memorandum relating to the Take-Out Debt (including audited financial statements or draft audited financial statements for the three preceding years, pro forma financial information and such other financial information as may be required by applicable law).

(k) Representations and Warranties. Each of the representations and warranties made in or pursuant to Section 3 or that are contained in any other Loan Document shall be true and correct in all material respects on and as of the date of such Loan as if made on and as of such date (unless stated to related to a specific earlier date, in which case, such representations and warranties shall be true and correct in all material respects as of such earlier date).

(l) No Default. No Default or Event of Default shall have occurred and be continuing on the Closing Date or after giving effect to the Initial Loans to be made on the Closing Date.

SECTION 5. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments remain in effect, any Loan or Loan Note remains outstanding and unpaid, or any other amount is owing to any Lender or the Administrative Agent hereunder or under any of the other Loan Documents (other than the Exchange Notes or the Indenture), the Borrower shall and shall cause each of its Subsidiaries to:

5.1 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).

5.2 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 5.1(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 5.1, (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 listing of each new Subsidiary of any Loan Party;

(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 Acquisition Documentation;

(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.

5.3 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.

5.4 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 6.8 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.

5.5 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.

5.6 Books and Records. 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.

5.7 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 5.7 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.

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

(a) Comply in 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.

5.9 Take-Out Financing. Use its commercially reasonable best efforts to cause to be declared effective a registration statement with respect to the Take-Out Debt or to effect a private placement thereof pursuant to Rule 144A or Regulation S of the Securities Act as soon as reasonably practicable after the Closing Date, provided, that if any Warrants have been released from escrow, the Borrower's obligations under this sentence may be satisfied only by causing to be declared effective a registration statement. The Borrower will give the Administrative Agent prior notice of its intention to file the registration statement or to effect a private placement of the Take-Out Debt. The Borrower will notify the Administrative Agent promptly upon the receipt of any comments from the SEC in connection with the registration statement, will furnish the Administrative Agent with a copy of any written comments from the SEC, will respond in a reasonably prompt manner and appropriately to any such comments and will furnish a copy to the Administrative Agent of any such response to the SEC.

5.10 Exchange Notes. (a) The Borrower shall, as promptly as practicable after being requested to do so by the Administrative Agent at any time after the nine-month anniversary of the Closing Date and in any event prior to the Initial Maturity Date, select a trustee meeting the requirements of Section 5.10(c) and enter into the Indenture. The bank or trust company acting as trustee under the Indenture shall at all times be a corporation organized and doing business under the laws of the United States of America or any state thereof, in good standing, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by Federal or state authority and which has a combined capital and surplus of not less than $50,000,000. The Borrower shall cause the Subsidiary Guarantors in respect of the Subsidiary Guarantees then in effect to execute and deliver senior subordinated guarantees of the Exchange Notes on terms similar to those contained in such Subsidiary Guarantees.

(b) The Borrower shall, on or prior to the third Business Day following the written request (the "Exchange Request") of any Lender, execute and deliver to such Lender in accordance

with the Indenture an Exchange Note bearing interest as set forth therein in exchange for such Lender's Loan dated the date of the issuance of such Exchange Note, payable to the order of such Lender, in a principal amount equal to 100% of the aggregate principal amount (including any accrued and unpaid interest not required to be paid in cash) of the Loans for which they are exchanged. Each Exchange Request shall specify the principal amount of the Loans to be exchanged pursuant to this Section 5.10, which shall be at least $1,000,000 and in integral multiples of $100,000 in excess thereof and, if such Lender holds Loan Notes, be accompanied by the Loan Notes to be exchanged for Exchange Notes. No Exchange Request shall be made more than thirty (30) days prior to the Initial Maturity Date. Any Loan Notes delivered to Borrower under this Section 5.10 in exchange for Exchange Notes shall be canceled by the Borrower and the corresponding amount of the Lender's Loan deemed repaid and the Exchange Notes shall be governed by and construed in accordance with the terms of the Indenture.

(c) If Exchange Notes are issued pursuant to the terms hereof, then the holders of such Exchange Notes shall have the registration rights set forth in Exhibit E to the Indenture.

5.11 Use of Proceeds of the Take-Out Debt. The Borrower will use the net proceeds received by it from the sale of the Take-Out Debt to repay the Loans and the Exchange Notes pursuant to Section 2.5(d).

5.12 Future Subsidiary Guarantors. The Borrower will cause each Restricted Subsidiary acquired or created by the Borrower that guarantees payment of the Bank Indebtedness to execute and deliver to the Administrative Agent a Subsidiary Guarantee pursuant to which such Subsidiary Guarantor will Guarantee payment of the Loans and Notes on a senior subordinated basis. Each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by that Subsidiary without rendering the Subsidiary Guarantee, as it relates to such Subsidiary, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

5.13 Further Assurances. Upon the reasonable request of the Administrative Agent, execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out the purpose of this Agreement.

SECTION 6. NEGATIVE COVENANTS

So long as any Loan or Loan Note remains outstanding and unpaid, or any other amount is owing to any Lender or the Administrative Agent hereunder or under any other Loan Document:

6.1 Limitation on Indebtedness. (a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, Incur any Indebtedness; provided, however, that on or after the Initial Maturity Date the Borrower and its Restricted Subsidiaries may Incur Indebtedness if on the date thereof the Consolidated Coverage Ratio of the Borrower and its Restricted Subsidiaries would be greater than (i) 2.25: 1.00, if such Indebtedness is Incurred on or prior to the first anniversary of the Initial Maturity Date and (ii) 2.50: 1.00, if such Indebtedness is Incurred thereafter.

(b) Notwithstanding Section 6.1(a), the Borrower and its Restricted Subsidiaries may Incur the following Indebtedness:

(i) Indebtedness Incurred pursuant to the Senior Credit Facility (or, subject to the last sentence of the definition thereof, any refinancing thereof) in a maximum principal amount not to exceed $1,003,000,000;

(ii) The Subsidiary Guarantees and Guarantees of Indebtedness incurred pursuant to paragraph (a) or clause (i) of this paragraph (b) and Guarantee Obligations of the Borrower in respect of Indebtedness of franchisees not to exceed $50,000,000 at any one time outstanding;

(iii) Indebtedness (A) of the Borrower to any Restricted Subsidiary and (B) of any Wholly Owned Subsidiary to the Borrower or any Restricted Subsidiary; provided, however, that any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Wholly Owned Subsidiary ceasing to be a Wholly Owned Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Borrower or a Wholly Owned Subsidiary) will be deemed, in each case, an Incurrence of Indebtedness by the Borrower or such Restricted Subsidiary, as the case may be, in the amount that remains outstanding following such issuance or transfer of such securities;

(iv) Indebtedness represented by the Take-Out Debt, any Indebtedness (other than the Indebtedness described in clauses (i), (ii) or (iii) above) outstanding on the Closing Date and any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (iv) or Incurred pursuant to Section 6.1(a);

(v) Indebtedness of the Borrower or any Restricted Subsidiary in the form of Capitalized Lease Obligations, Purchase Money Obligations or Attributable Debt, and any Refinancing Indebtedness with respect thereto, in an aggregate amount not in excess of 7.5% of Consolidated Tangible Assets at any one time outstanding;

(vi) Indebtedness under Hedging Obligations; provided, however, that such Hedging Obligations are entered into for bona fide hedging purposes of the Borrower or any Restricted Subsidiary and are in the ordinary course of business or are required by the Senior Credit Facility;

(vii) Indebtedness evidenced by letters of credit assumed in the Transactions or issued in the ordinary course of business to secure workers' compensation and other insurance coverages; and

(viii) Indebtedness (which may comprise Bank Indebtedness) in an aggregate principal amount at any one time outstanding not in excess of $75,000,000.

(c) Notwithstanding the foregoing, neither the Borrower nor any Restricted Subsidiary shall Incur any Indebtedness under Section 6.1(b) that permits Refinancing Indebtedness in respect of Indebtedness constituting Subordinated Obligations if the proceeds thereof are used, directly or indirectly, to refinance such Subordinated Obligations, unless such Refinancing Indebtedness shall be subordinated to the Loans at least to the same extent as such Subordinated Obligations. No Subsidiary Guarantor shall incur any Indebtedness pursuant to the foregoing paragraph (b) that permits Refinancing Indebtedness in respect of Indebtedness constituting Guarantor Subordinated Obligations if the proceeds of such Refinancing Indebtedness are used, directly or indirectly, to refinance such Guarantor Subordinated Obligations of such Subsidiary Guarantor unless such Refinancing

Indebtedness will be subordinated to the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee to at least the same extent as such Guarantor Subordinated Obligations.

(d) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant, (i) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in paragraph (b) above, the Borrower, in its sole discretion, shall classify such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of such clauses; and (ii) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

(e) The Borrower shall not permit any Unrestricted Subsidiary to Incur any Indebtedness other than Non-Recourse Debt; provided, however, if any such Indebtedness ceases to be Non-Recourse Debt, such event shall be deemed to constitute an incurrence of Indebtedness by the Borrower or a Restricted Subsidiary.

(f) The Borrower shall not Incur any Indebtedness that is expressly subordinate in right of payment to any Senior Indebtedness unless such Indebtedness is Senior Subordinated Indebtedness or is contractually subordinated in right of payment to Senior Subordinated Indebtedness. No Subsidiary Guarantor shall Incur any Indebtedness that is expressly subordinate in right of payment to any Senior Indebtedness of such Subsidiary Guarantor unless such Indebtedness is Senior Subordinated Indebtedness of such Subsidiary Guarantor or is contractually subordinated in right of payment to Senior Subordinated Indebtedness of such Subsidiary Guarantor. Unsecured Indebtedness is not deemed to be subordinate or junior to Secured Indebtedness merely because it is unsecured, and Indebtedness that is not guaranteed by a particular person is not deemed to be subordinate or junior to Indebtedness that is so guaranteed merely because it is not so guaranteed.

6.2 Limitation on Restricted Payments. (a) On or prior to the Initial Maturity Date, the Borrower shall not, and shall not permit any Restricted Subsidiary, directly or indirectly, to (i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Borrower) except (1) dividends or distributions payable in its Capital Stock (other than Disqualified Stock) and (2) dividends or distributions payable to the Borrower or any Restricted Subsidiary (and if such Restricted Subsidiary is not a Wholly Owned Subsidiary, to its other holders of Capital Stock on no more than a pro rata basis measured by value), (ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Borrower held by Persons other than a Restricted Subsidiary or any Capital Stock of a Restricted Subsidiary held by any Affiliate of the Borrower, other than another Restricted Subsidiary, in either case other than in exchange for its Capital Stock (other than Disqualified Stock), (iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment any Subordinated Obligations (other than the purchase, repurchase, redemption or other acquisition of Subordinated Obligations in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition) or (iv) make any Investment (other than a Permitted Investment) in any Person (any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Investment being herein referred to as a "Restricted Payment").

(b) After the Initial Maturity Date, the Borrower shall not, and shall not permit any of its Restricted Subsidiaries, directly or indirectly, to make any Restricted Payment if at the time the

Borrower or such Restricted Subsidiary makes such Restricted Payment: (1) a Default shall have occurred and be continuing (or would result therefrom); or (2) the Borrower is not able to Incur an additional $1.00 of Indebtedness pursuant to Section 6.1; or (3) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be determined in good faith by the Borrower's Board of Directors, whose determination shall be conclusive and evidenced by a resolution of the Borrower's Board of Directors) declared or made on or after the Initial Maturity Date would exceed 25% of the Consolidated Net Income accrued during the period (treated as one accounting period) from (but excluding) the Closing Date to (but excluding) the date of such Restricted Payment (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit).

(c) The provisions of Section 6.2(a) (in the case of clause (v) and clause (vi) below only) and Section 6.2(b) shall not prohibit:

(i) any purchase, redemption, repurchase, defeasance, retirement or other acquisition of Capital Stock or Subordinated Obligations of the Borrower made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Borrower (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or other trust established by the Borrower or any of its Subsidiaries); provided, however, that such purchase, redemption, repurchase, defeasance, retirement or other acquisition shall be excluded in subsequent calculations of the amount of Restricted Payments;

(ii) any purchase, redemption, repurchase, defeasance, retirement or other acquisition of Subordinated Obligations made by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations of the Borrower that is permitted to be Incurred pursuant to Section 6.1; provided, however, that such purchase, redemption, repurchase, defeasance, retirement or other acquisition shall be excluded in subsequent calculations of the amount of Restricted Payments;

(iii) any purchase, redemption, repurchase, defeasance, retirement or other acquisition of Subordinated Obligations from Net Available Cash to the extent permitted by Section 6.4; provided, however, that such purchase, redemption, repurchase, defeasance, retirement or other acquisition shall be excluded in subsequent calculations of the amount of Restricted Payments;

(iv) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this Section 6.2; provided, however, that such dividend shall be included in subsequent calculations of the amount of Restricted Payments;

(v) any purchase or redemption of any shares of Capital Stock of the Borrower from employees of the Borrower and its Subsidiaries pursuant to the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees in an aggregate amount after the Closing Date not in excess of $1,000,000 in any fiscal year, plus any unused amounts under this clause (v) from prior fiscal years; provided, however, that such purchases or redemptions shall be excluded in subsequent calculations of the amount of Restricted Payments; and

(vi) the repurchase of the Borrower's common stock in an aggregate amount not to exceed the amount by which the proceeds from the issuance of the Apollo Preferred Stock exceeds $235,000,000; provided, however, the aggregate amount of repurchases made pursuant to this clause (vi) shall not exceed $25,000,000.

6.3 Limitation on Restrictions on Distributions from Restricted Subsidiaries. The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any such Restricted Subsidiary to (i) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Borrower, (ii) make any loans or advances to the Borrower or (iii) transfer any of its property or assets to the Borrower, except:

(a) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the Closing Date (including, without limitation, the Senior Credit Facility);

(b) any encumbrance or restriction with respect to a Restricted Subsidiary (x) pursuant to an agreement relating to any Indebtedness Incurred by a Restricted Subsidiary prior to the date on which such Restricted Subsidiary was acquired by the Borrower, or of another Person that is assumed by the Borrower or a Restricted Subsidiary in connection with the acquisition of assets from, or merger or consolidation with, such Person (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Borrower, or such acquisition of assets, merger or consolidation) and outstanding on the date of such acquisition, merger or consolidation or (y) pursuant to any agreement (not relating to any Indebtedness) in existence when a Person becomes a Subsidiary of the Borrower or when such agreement is acquired by the Borrower or any Subsidiary thereof, that is not created in contemplation of such Person becoming such a Subsidiary or such acquisition (for purposes of this paragraph (b), if another Person is the Successor Company, any Subsidiary or agreement thereof shall be deemed acquired or assumed, as the case may be, by the Borrower when such Person becomes the Successor Company);

(c) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement (a "Refinancing Agreement") effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise extends, renews, refinances or replaces, an agreement referred to in Section 6.3(a) or (b) or this Section 6.3(c) or contained in any amendment to an agreement referred to in Section 6.3(a) or (b) or this Section 6.3(c) (an "Initial Agreement") or contained in any amendment to an Initial Agreement; provided, however, that the encumbrances and restrictions contained in any such Refinancing Agreement or amendment are no less favorable to the Lenders taken as a whole than encumbrances and restrictions contained in the Initial Agreement or Agreements to which such Refinancing Agreement or amendment relates;

(d) any encumbrance or restriction (A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract, (B) by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Borrower or any Restricted Subsidiary not otherwise prohibited by this Agreement, (C) contained in mortgages, pledges or other security agreements securing Indebtedness of a Restricted Subsidiary to the extent such encumbrance or restrictions restrict

the transfer of the property subject to such mortgages, pledges or other security agreements or (D) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Borrower or any Restricted Subsidiary;

(e) any restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition; and

(f) any encumbrance or restriction on the transfer of property or assets required by any regulatory authority having jurisdiction over the Borrower or any Restricted Subsidiary or any of their businesses.

6.4 Limitation on Asset Dispositions. (a) The Borrower shall not, and shall not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless: (i) the Borrower or such Restricted Subsidiary receives consideration at the time of such Asset Disposition at least equal to the fair market value, as determined in good faith by the Borrower's senior management or the Board of Directors, whose determination shall be conclusive (including as to the value of all non-cash consideration), of the shares and assets subject to such Asset Disposition; (ii) prior to the Initial Maturity Date, at least 90%, and on or after the Initial Maturity Date, at least 75% of the consideration therefor received by the Borrower or such Restricted Subsidiary is in the form of cash or Cash Equivalents; and (iii) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Borrower (or such Restricted Subsidiary, as the case may be) (A) first, pursuant to the Senior Credit Agreement and, to the extent the Borrower or any Restricted Subsidiary is required by the terms of any other Senior Indebtedness, to prepay, repay or purchase such Senior Indebtedness; and (B) second, to the extent of the balance of such Net Available Cash after application in accordance with clause (A), to prepay or redeem the Loans and Exchange Notes at par plus accrued and unpaid interest, if any, thereon in accordance with Section 2.5(d); provided, however, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (iii) (A), the Borrower or such Restricted Subsidiary shall retire such Indebtedness and shall cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased.

(b) Notwithstanding the foregoing provisions, the Borrower and its Restricted Subsidiaries shall not be required to apply any Net Available Cash in accordance herewith except to the extent that the aggregate Net Available Cash from all Asset Dispositions which are not applied in accordance with this covenant exceeds (i) on or prior to the Initial Maturity Date, $1,000,000 and (ii) after the Initial Maturity Date, $2,000,000.

(c) For the purposes of this Section 6.4, the following will be deemed to be cash: (w) the assumption of Indebtedness of the Borrower (other than Disqualified Stock of the Borrower) or any Restricted Subsidiary and the release of the Borrower or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition, (x) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Borrower and each other Restricted Subsidiary is released from any Guarantee of such Indebtedness in connection with such Asset Disposition, (y) securities received by the Borrower or any Restricted Subsidiary from the transferee that are promptly converted by the Borrower or such

Restricted Subsidiary into cash, and (z) consideration consisting of Indebtedness of the Borrower or any Restricted Subsidiary.

6.5 Limitation on Liens. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, create, Incur, assume or suffer to exist any Liens of any kind against or upon any of its property or assets, or any proceeds therefrom, unless (i) in the case of Liens securing Indebtedness that is expressly subordinate or junior in right of payment to the Loans, the Loans are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens and (ii) in all other cases, the Loans are equally and ratably secured, except for (A) Liens existing as of the Closing Date and any extensions, renewals or replacements thereof, (B) Liens securing Senior Indebtedness, (C) Liens securing the Loans, (D) Liens of the Borrower or a Wholly Owned Subsidiary of the Borrower on assets of any Subsidiary of the Borrower, (E) Liens securing Indebtedness which is Incurred to refinance Indebtedness which has been secured by a Lien permitted under this Agreement and which has been Incurred in accordance with the provisions of this Agreement; provided, however, that such Liens do not extend to or cover any property or assets of the Borrower or any of its Restricted Subsidiaries not securing the Indebtedness so refinanced, and (F) Permitted Liens.

6.6 Limitation on Affiliate Transactions. (a) The Borrower will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Borrower (an "Affiliate Transaction") on terms (i) that taken as a whole are less favorable to the Borrower or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time of such transaction in arm's-length dealings with a Person who is not such an Affiliate and (ii) that, in the event such Affiliate Transaction involves an aggregate amount in excess of $1,000,000, are not in writing and have not been approved by a majority of the members of the Board of Directors having no material personal financial interest in such Affiliate Transaction or, in the event there are no such members, as to which the Borrower has not obtained a Fairness Opinion (as hereinafter defined). In addition, any such transaction involving aggregate payments or other transfers by the Borrower and its Restricted Subsidiaries (i) on or prior to the Initial Maturity Date in excess of $2,500,000 and (ii) after the Initial Maturity Date in excess of $5,000,000 will also require an opinion (a "Fairness Opinion") from an independent investment banking firm or appraiser, as appropriate, of national prominence, to the effect that the terms of such transaction are fair to the Borrower or such Restricted Subsidiary, as the case may be, from a financial point of view.

(b) The foregoing provisions of Section 6.6(a) shall not prohibit (i) any Restricted Payment permitted to be made pursuant to Section 6.2 or any Permitted Investment, (ii) the performance of the Borrower's or any Restricted Subsidiary's obligations under any employment contract, collective bargaining agreement, agreement for the provision of services, employee benefit plan, related trust agreement or any other similar arrangement heretofore or hereafter entered into in the ordinary course of business, (iii) payment of compensation, performance of indemnification or contribution obligations, or any issuance, grant or award of stock, options or other securities, to employees, officers or directors in the ordinary course of business, (iv) any transaction between the Borrower and a Restricted Subsidiary or between Restricted Subsidiaries, (v) the Transactions and the incurrence and payment of all fees and expenses payable in connection therewith as contemplated by Section 4(d)(iv), (vi) any other transaction arising out of agreements in existence on the Closing Date, and (vii) transactions with suppliers or other purchasers or sellers of goods or services, in each case in the ordinary course of business and on terms no less favorable to the Borrower or the Restricted Subsidiary, as the case may be, than those that could be obtained at such time in arm's-length dealings with a Person who is not an Affiliate.

6.7 Change of Control. (a) Upon a Change of Control on or after the Initial Maturity Date, each Holder shall have the right to require the Borrower to repurchase all or any part of such Holder's Loans at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest on the relevant interest payment date), such repurchase to be made in accordance with Section 6.7(b).

(b) Within thirty days following any Change of Control on or after the Initial Maturity Date, the Borrower shall mail a notice to each Holder with a copy to the Administrative Agent stating:

(i) that a Change of Control has occurred and that such Holder has the right to require the Borrower to purchase such Holder's Loans at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date);

(ii) the circumstances, facts and relevant financial information related thereto;

(iii) the repurchase date (which shall be no earlier than thirty days nor later than ninety days from the date such notice is mailed); and

(iv) the procedures determined by the Borrower, consistent with this Section, that a Holder must follow in order to have its Loans purchased.

(c) Holders electing to have a Loan purchased will be required to give notice in writing to the Borrower at the address specified in Section 10.2 at least three Business Days prior to the purchase date. Each Holder will be entitled to withdraw its election if the Borrower receives, not later than one Business Day prior to the purchase date, a telegram, telex, facsimile transmission or letter from such Holder setting forth the name of such Holder, the principal amount of the Loan which was to be purchased and a statement that such Holder is withdrawing its election to have such Loan purchased.

(d) On the purchase date, the Borrower shall pay the purchase price plus accrued and unpaid interest, if any, to the Holders entitled thereto upon surrender of any Loan Notes for the Loans to be purchased.

(e) The Borrower shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Loans and Notes pursuant to this Section. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Section, the Borrower shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section by virtue thereof.

6.8 Merger, Consolidation, etc. (a) Prior to the Initial Maturity Date, neither the Borrower nor any of its Subsidiaries may merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or any substantial part of its assets (whether now owned or hereafter acquired) or purchase, lease or otherwise acquire (in one transaction or a series of transactions) all or any substantial part of the assets of any other Person, except that if at the time

thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing or would result therefrom, (i) any Wholly Owned Subsidiary may merge into or consolidate with the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Wholly Owned Subsidiary may merge into or consolidate with any other Wholly Owned Subsidiary in a transaction in which the surviving entity is a Wholly Owned Subsidiary and no Person other than the Borrower or a Wholly Owned Subsidiary receives any consideration and (iii) the Borrower may make any Permitted Investment, except that, if any Permitted Investment is structured as a merger with or into the Borrower, the Borrower shall be the continuing or surviving corporation, or structured as a merger with or into any Wholly Owned Subsidiary, such Wholly Owned Subsidiary shall be the continuing or surviving corporation.

(b) After the Initial Maturity Date, the Borrower shall not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(i) the resulting, surviving or transferee Person (the "Successor Company") shall be a corporation, partnership, trust, or limited liability company organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Company (if not the Borrower) shall expressly assume, by an assumption agreement supplemental hereto, executed by the Successor Company and delivered to the Administrative Agent, in form satisfactory to the Administrative Agent, all the obligations of the Borrower under the Notes, the Loans and this Agreement;

(ii) immediately after giving effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Subsidiary as a result of such transaction as having been Incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction, the Successor Company would be able to Incur an additional $1.00 of Indebtedness pursuant to Section 6.1; and

(iv) the Borrower shall have delivered to the Administrative Agent a certificate of a Responsible Officer and an opinion of counsel to Borrower, each stating that such consolidation, merger, transfer or lease and such assumption agreement (if any) comply with this Agreement.

The Successor Company shall succeed to, and be substituted for, and may exercise every right and power of, the Borrower under this Agreement, but in the case of a lease of all or substantially all its assets, the Borrower shall not be released from the obligation to pay the principal of and interest on the Loans and the Notes.

Notwithstanding clauses (ii) and (iii) of the first sentence of this Section 6.8(b): (1) any Restricted Subsidiary of the Borrower may consolidate with, merge into or transfer all or part of its properties and assets to the Borrower; and (2) the Borrower may merge with an Affiliate incorporated solely for the purpose of reincorporating the Borrower in another jurisdiction to realize tax or other benefits.

6.9 Limitation on Lines of Business. The Borrower shall not, and shall not permit any Restricted Subsidiary to, engage in any business other than a Related Business.

6.10 Limitation on Sale/Leaseback Transactions. The Borrower shall not, and shall not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with respect to any property unless (i) the Borrower or such Restricted Subsidiary would be entitled to Incur Indebtedness in an amount equal to the Attributable Debt with respect to such Sale/Leaseback Transaction pursuant to Section 6.1, (ii) the net proceeds received by the Borrower or such Restricted Subsidiary in connection with such Sale/Leaseback Transaction are at least equal to the fair value (as determined in good faith by the Board of Directors) of such property and (iii) the transfer of such property is permitted by, and the Borrower or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, Section 6.4.

SECTION 7. 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 when due in accordance with the terms thereof or hereof, or shall fail to redeem or purchase Loans when required pursuant to this Agreement or any Note, in each case whether or not such payment, redemption or purchase shall be prohibited by Section 8; or the Borrower shall fail to pay any interest on any Loan, or any other amount payable hereunder, within five days after any such interest or other amount becomes due in accordance with the terms thereof or hereof, in each case, whether or not such payment shall be prohibited by Section 8; or

(b) any representation or warranty made or deemed made by the Borrower or any other Loan Party herein or in any other Loan Document or which 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) the Borrower or any other Loan Party shall default in the observance or performance of any agreement contained in clause (a) or (b) of Section 5.1 (with respect to the Borrower only), Section 5.7(a), 5.9, 5.10, 5.11 or Section 6; or

(d) the Borrower or any other 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 7) 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) Indebtedness of the Borrower or any Loan Party is not paid within any applicable grace period after maturity or is accelerated by the holders thereof because of a default or other event or condition thereunder prior to its stated maturity and the total amount of such Indebtedness unpaid or accelerated exceeds $5,000,000 or its foreign currency equivalent at the time; 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 "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 $5,000,000 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) there shall have occurred a Change in Control prior to the Initial Maturity Date; or

(j) any Subsidiary Guarantee shall cease, for any reason (other than, (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 3 of the Subsidiary Guarantee), to

be in full force and effect (other than pursuant to the terms hereof or thereof) or any Subsidiary Guarantor shall so assert in writing;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i), (ii) or (iii) of paragraph (f) of this Section with respect to the Borrower, the Loans (with accrued interest thereon) and all other amounts owing under this Agreement shall immediately become due and payable, and (B) if such event is any other Event of Default, 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 to be due and payable forthwith, whereupon the same shall immediately become due and payable. 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 8. SUBORDINATION

8.1 Agreement To Subordinate. The Borrower agrees, and each Lender agrees, that the Loans and Indebtedness evidenced by the Notes are subordinated in right of payment, to the extent and in the manner provided in this Section 8, to the prior payment in full in cash or Cash Equivalents of all Senior Indebtedness and that the subordination is for the benefit of and enforceable by the holders of Senior Indebtedness. The Loans shall in all respects rank pari passu with all other Senior Subordinated Indebtedness of the Borrower and only indebtedness of the Borrower that is Senior Indebtedness shall rank senior to the Loans in accordance with the provisions set forth herein.

8.2 Liquidation; Dissolution; Bankruptcy. Upon any payment or distribution of the assets of the Borrower to creditors upon a total or partial liquidation or a total or partial dissolution of the Borrower or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Borrower or its property:

(1) holders of Senior Indebtedness shall be entitled to receive payment in full in cash or Cash Equivalents of the Senior Indebtedness (including interest after, or which would accrue but for, the commencement of any proceeding at the rate specified in the applicable Senior Indebtedness, whether or not a claim for such interest would be allowed) before Lenders shall be entitled to receive any payment of principal of, or premium, if any, or interest on the Loans; and

(2) until the Senior Indebtedness is paid in full in cash or Cash Equivalents, any payment or distribution to which Lenders would be entitled but for this Section 8 shall be made to holders of Senior Indebtedness as their interests may appear.

8.3 Default on Senior Indebtedness. The Borrower may not pay the principal of, premium, if any, or interest on, the Loans or make any deposit pursuant to any defeasance provision or otherwise purchase or retire any Loans (collectively, "pay the Loans") if (i) any Senior Indebtedness is not paid when due or (ii) any other default on Senior Indebtedness occurs and the maturity of such Senior Indebtedness is accelerated in accordance with its terms unless, in either case, (x) the default has been cured or waived in writing and any such acceleration has been rescinded in writing or (y) such Senior Indebtedness has been paid in full in cash or Cash Equivalents; provided, however, that the

Borrower may pay the Loans without regard to the foregoing if the Borrower and the Administrative Agent receive written notice approving such payment from the Representative of the Designated Senior Indebtedness with respect to which either of the events set forth in (i) or (ii) above has occurred and is continuing. During the continuance of any default (other than a default described in clause (i) or (ii) of the preceding sentence) with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may be accelerated immediately without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, the Borrower may not pay the Loans for a period (a "Payment Blockage Period") commencing upon the receipt by the Borrower and the Administrative Agent of written notice (a "Blockage Notice") of such default from the Representative of such Designated Senior Indebtedness specifying an election to effect a Payment Blockage Period and ending 179 days thereafter (or earlier if such Payment Blockage Period is terminated (i) by written notice to the Administrative Agent and the Borrower from the Person or Persons who gave such Blockage Notice, (ii) by repayment in full of such Designated Senior Indebtedness or (iii) because the default giving rise to such Blockage Notice is no longer continuing). Notwithstanding the provisions described in the immediately preceding sentence (but subject to the provisions contained in the first sentence of this Section), unless the holders of such Designated Senior Indebtedness or the Representative of such holders shall have accelerated the maturity of such Designated Senior Indebtedness, the Borrower may resume payments on the Loans after such Payment Blockage Period. Not more than one Blockage Notice may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to Designated Senior Indebtedness during such period; provided, however, that if any Blockage Notice within such 360-day period is given by or on behalf of any holders of Designated Senior Indebtedness (other than the Bank Indebtedness), the Representative of the Bank Indebtedness may give another Blockage Notice within such period; provided further, however, that in no event may the total number of days during which any Payment Blockage Period or Periods is in effect exceed 179 days in the aggregate during any 360 consecutive day period.

8.4 Acceleration of Payment of Loans. If payment of the Loans is accelerated because of an Event of Default, the Borrower and the Administrative Agent shall promptly notify the holders of the Designated Senior Indebtedness of the acceleration. If any Designated Senior Indebtedness is outstanding, the Borrower may not pay the Loans until five Business Days after the Representative of the Designated Senior Indebtedness receives notice of such acceleration and, thereafter, may pay the Loans only if this Section 8 otherwise permits the payment at that time.

8.5 When Distribution Must Be Paid Over. If a distribution is made to the Lenders that because of this Section 8 should not have been made to them, the Lenders who receive the distribution shall hold it in trust for holders of Senior Indebtedness and pay it over to them as their interests may appear.

8.6 Subrogation. After all Senior Indebtedness is paid in full and until the Loans are paid in full, the Lenders shall be subrogated to the rights of holders of Senior Indebtedness to receive distributions applicable to Senior Indebtedness. A distribution made under this Section 8 to holders of Senior Indebtedness that otherwise would have been made to the Lenders is not, as between the Borrower and the Lenders, a payment by the Borrower on Senior Indebtedness.

8.7 Relative Rights. This Section 8 defines the relative rights of the Lenders and holders of Senior Indebtedness. Nothing in this Agreement shall:

(1) impair, as between the Borrower and the Lenders, the obligation of the Borrower, which is absolute and unconditional, to pay principal of, premium, if any, and interest on the Loans in accordance with the terms of this Agreement; or

(2) prevent the Administrative Agent or any Lender from exercising its available remedies upon a Default, subject to the rights of holders of Senior Indebtedness to receive distributions otherwise payable to Lenders.

8.8 Subordination May Not Be Impaired By the Borrower. No right of any holder of Senior Indebtedness to enforce the subordination of the Loans and the Indebtedness evidenced by the Notes shall be impaired by any act or failure to act by the Borrower or by its failure to comply with this Agreement.

8.9 Rights of Administrative Agent. Notwithstanding Section 8.3, the Administrative Agent may continue to make payments on the Loans and shall not be charged with knowledge of the existence of facts that would prohibit the making of any such payments unless, not less than two Business Days prior to the date of such payment, a Responsible Officer of the Administrative Agent receives notice to it that payments may not be made under this Section 8. The Borrower, a Representative or a holder of Senior Indebtedness may give the notice; provided, however, that, if an issue of Senior Indebtedness has a Representative, only the Representative may give the notice.

The Administrative Agent in its individual or any other capacity may hold Senior Indebtedness with the same rights it would have if it were not the Administrative Agent. The Administrative Agent shall be entitled to all the rights set forth in this Section 8 with respect to any Senior Indebtedness that may at any time be held by it, to the same extent as any other holder of Senior Indebtedness; and nothing in Section 9 shall deprive the Administrative Agent of any of its rights as such holder. Nothing in this Section 8 shall apply to claims of, or payments to, the Administrative Agent under or pursuant to Section 9.7.

8.10 Distribution or Notice to Representative. Whenever a distribution is to be made or a notice given to holders of Senior Indebtedness, the distribution may be made and the notice given to their Representative (if any).

8.11 Section 8 Not To Prevent Events of Default or Limit Right To Accelerate. The failure to make a payment pursuant to the Loans by reason of any provision in this Section 8 shall not be construed as preventing the occurrence of a Default. Nothing in this Section 8 shall have any effect on the right of the Lenders or the Administrative Agent to accelerate the maturity of the Loans, subject to Section 8.4.

8.12 Administrative Agent Entitled to Rely. Upon any payment or distribution pursuant to this Section 8, the Administrative Agent and the Lenders shall be entitled to rely (i) upon any order or decree of a court of competent jurisdiction in which any proceedings of the nature referred to in Section 8.2 are pending, (ii) upon a certificate of the liquidating trustee or agent or other Person making such payment or distribution to the Administrative Agent or to the Lenders or (iii) upon the Representatives for the holders of Senior Indebtedness for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of the Senior Indebtedness and other Indebtedness of the Borrower, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 8. In the event that the

Administrative Agent determines, in good faith, that evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Section 8, the Administrative Agent may request such Person to furnish evidence to the reasonable satisfaction of the Administrative Agent as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and other facts pertinent to the rights of such Person under this Section 8, and, if such evidence is not furnished, the Administrative Agent may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment. The provisions of Section 9 shall be applicable to all actions or omissions of actions by the Administrative Agent pursuant to this Section 8.

8.13 Administrative Agent to Effectuate Subordination. Each Lender hereby authorizes and directs the Administrative Agent on such Lender's behalf to take such action as may be necessary or appropriate to acknowledge or effectuate the subordination between the Lenders and the holders of Senior Indebtedness as provided in this Section 8 and appoints the Administrative Agent as attorney-in-fact for any and all such purposes.

8.14 Administrative Agent Not Fiduciary for Lenders of Senior Indebtedness. The Administrative Agent shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and shall not be liable to any such holders if it shall mistakenly pay over or distribute to the Lenders or the Borrower or any other Person, money or assets to which any holders of Senior Indebtedness shall be entitled by virtue of this Section 8 or otherwise.

8.15 Reliance by Lenders of Senior Indebtedness on Subordination Provisions. Each Lender acknowledges and agrees, that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Indebtedness, whether such Senior Indebtedness was created or acquired before or after the issuance of the Loans, to acquire and continue to hold, or to continue to hold, such Senior Indebtedness and such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold, or in continuing to hold, such Senior Indebtedness.

SECTION 9. THE ADMINISTRATIVE AGENT

9.1 Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under the 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 the Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of the 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 the Administrative Agent nor any of its 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 result 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 the Borrower 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 Administrative Agent 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 the Borrower to perform its obligations hereunder or thereunder. The Administrative Agent 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 the Borrower.

9.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, 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, without limitation, 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 Loans 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 which 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 or 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 Administrative Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and

that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower or any Affiliate of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative 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 Borrower and its Affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative 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 Borrower and its 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 the Borrower or any Affiliate of the Borrower which 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 the Administrative 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 Commitment Percentages in effect on the date on which indemnification is sought under this Section 9.7 (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with their Commitment 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 which may at any time (including, without limitation, at any time following the payment of the Loans) be imposed on, Incurred by or asserted against the Administrative Agent in any way relating to or arising out of, the 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 the Administrative 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 which result from the Administrative Agent's gross negligence or willful misconduct. The Administrative Agent shall have the right to deduct any amount owed to it by any Lender under this subsection from any payment made by it to such Lender hereunder. The agreements in this subsection shall survive the payment of the Loans and all other amounts payable hereunder.

9.8 Administrative Agent in Its Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Administrative Agent were not the Administrative Agent hereunder. With respect to the Loans made or renewed by it, the Administrative 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 the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon ten 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 7(a) or Section 7(f) with respect to the Borrower shall have occurred and be continuing) be subject to the approval of 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 30 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.

SECTION 10. MISCELLANEOUS

10.1 Amendments and Waivers. Neither this Agreement nor any Loan Note, nor any Subsidiary Guarantee, 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 may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower and each Loan Party which is a party to the relevant Loan Documents written amendments, supplements or modifications hereto and to the 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 any Loan Party 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) (A) forgive the principal amount or extend the final scheduled date of maturity of any Loan or extend the scheduled date of any amortization payment in respect of any Loan, (B) reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the aggregate amount or extend the expiration date of any Lender's Commitment, (C) restrict the right of each Lender to exchange Term Loans, or Initial Loans on the Initial Maturity Date, for Exchange Notes or amend the rate of such exchange or (D) make any change to the subordination provisions of this Agreement that adversely affects the rights of any Lender, in each case without the written consent of each Lender directly affected thereby, (ii) (A) amend, modify, or waive any provision of this Section 10.1, (B) reduce the percentage specified in the definition of Required Lenders, (C) consent to the assignment or transfer by the Borrower of any of its rights and obligations under the Loan Documents except as expressly permitted hereby, (D) amend, modify or waive any provision in the Exchange Notes that requires (or would, if any Exchange Notes were outstanding, require) the approval of all holders of Exchange Notes, or (E) release all or substantially all of the Subsidiary Guarantors from their obligations under their respective Subsidiary Guarantees, in each case without the consent of all of the Lenders, or (iii) amend, modify or waive any

provision of Section 9 without the written consent of the then Administrative Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Borrower and the other Loan Parties, the Lenders, the Administrative Agent, and all future holders of the Loans. In the case of any waiver, the Borrower and the other Loan Parties, the Lenders and the Administrative Agent shall be restored to their former positions 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; no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile transmission), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire furnished to the Administrative Agent in the case of the other parties hereto, or to such other address as may be hereafter notified by the respective parties hereto:

the Borrower:	Renters Choice, Inc. 13800 Montfort Drive Suite 300 Dallas, Texas 75240 Attention: J. Ernest Talley Telecopy: (972) 701-0360 Telephone: (972) 419-2611
with a copy to:	Winstead Sechrest & Minick P.C. 1201 Elm Street 5400 Renaissance Tower Dallas, Texas 75270 Attention: Thomas W. Hughes Telecopy: (214) 745-5390 Telephone: (214) 745-5201
The Administrative Agent:	The Chase Manhattan Bank One Chase Manhattan Plaza, 8th Floor New York, New York 10081 Attention: Agency Services, Janet Belden Telecopy: (212) 552-5658 Telephone: (212) 552-1687
with copies to:	Chase Securities Inc. 270 Park Avenue, 4th Floor New York, New York 10017 Attention: Kathy Duncan Telecopy: (212) 972-0009 Telephone: (212) 270-5808

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders pursuant to Section 2.2 or 2.5 shall not be effective until received.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the Loan Notes and Subsidiary Guarantees shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and 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 Loan Notes and Subsidiary Guarantees 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 hereunder.

10.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all reasonable out-of-pocket costs and expenses Incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, the 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, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent, (b) to pay or reimburse each Lender and the Administrative Agent (in the case of each Lender, after an Event of Default has occurred and is continuing) for all its reasonable out-of-pocket costs and expenses Incurred in connection with the enforcement or preservation of any rights under the Loan Documents and any such other documents, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent and the Lenders, and (c) to pay, indemnify, and hold each Lender and the Administrative Agent (and their respective directors, officers, employees and agents) 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 similar taxes, if any, which 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, the Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender and the Administrative Agent (and their respective Affiliates, directors, officers, employees and agents) 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 the Transaction Documents or the use of the proceeds of the Loans in connection with the Acquisition and the transactions contemplated by this Agreement and any such other documents (all the foregoing in this clause (d), collectively, the "indemnified liabilities"), provided that the Borrower shall have no obligation hereunder to the Administrative Agent, or any Lender (or their respective Affiliates, directors, officers, employees and agents) with respect to indemnified liabilities to the extent such indemnified liabilities arise from the gross negligence or wilful misconduct of the indemnified party or, in the case of indemnified liabilities arising under the Loan Documents, from material breach by the indemnified party of the Loan Documents, as the case may be. The agreements in this subsection 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

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 and any assignment or transfer by any Lender of its rights or obligations under the Loan Documents must be made in compliance with this Section 10.6 (and any purported assignment in violation of this subsection shall be null and void).

(b) Any Lender may, in the ordinary course of its lending or investment business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities ("Loan Participants") participating interests in any Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of a participating interest to a Loan Participant, (i) such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible for the performance thereof, (iii) such Lender shall remain the holder of any such Loan (and any Note evidencing such Loan) for all purposes under the Loan Documents, (iv) 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 the Loan Documents, and (v) no Loan Participant under any participation shall 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 with respect to the matters described in clauses (i) and (ii) of the proviso to the second sentence of Section 10.1. The Borrower agrees that each Loan Participant shall be entitled to the benefits of Sections 2.9 and 2.10 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it was a Lender; provided that, in the case of Section 2.10 such Loan Participant shall have complied with the requirements of said Section and provided, further, that no Loan 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 Loan Participant had no such transfer occurred.

(c) Any Lender (an "Assignor") may, in the ordinary course of its lending or investment business and in accordance with applicable law, at any time and from time to time assign to any other Lender or any affiliate thereof or, with the consent of the Administrative Agent (which shall not be unreasonably withheld or delayed), to an additional bank or financial institution (an "Assignee"), all or any part of its rights and obligations under the Loan Documents pursuant to an Assignment and Acceptance, substantially in the form of Exhibit E, executed by such Assignee, such Assignor and, if required by this paragraph, the Administrative Agent, 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 or any affiliate thereof) shall be in an aggregate principal amount of less than $5,000,000 (other than in the case of an assignment of all of a Lender's interests under this Agreement), unless otherwise agreed by the Administrative Agent. 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 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 or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such assigning Lender shall cease to be a party hereto).

(d) The Administrative Agent, which for purposes of this Section 10.6(d) only shall be deemed an agent of the Borrower, shall maintain at the address of the Administrative Agent 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 Commitments of, and principal amounts of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders, shall treat each Person whose name is recorded in the Register as the owner of a Loan or other obligation hereunder as the owner thereof for all purposes of the Loan Documents.

(e) Upon its receipt of an Assignment and Acceptance executed by an Assignor, an Assignee and, if required by Section 10.6(c), the Administrative Agent, together with payment to the Administrative Agent of a registration and processing fee of $4,000, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) on the effective date determined pursuant thereto record the information contained therein in the Register and give notice of such acceptance and recordation to the Lenders and the Borrower. On or prior to such effective date, the assigning Lender shall surrender any outstanding Loan Notes held by it all or a portion of which are being assigned, and the Borrower, at its own expense, shall, upon a request to the Administrative Agent by the assigning Lender or the Assignee, as applicable, execute and deliver to the Administrative Agent (in exchange for outstanding Loan Notes of the assigning Lender, if any) a new Loan Note to the order of such Assignee in an amount equal to the amount of such Assignee's Loans after giving effect to such Assignment and Acceptance and, if the assigning Lender has retained a Loan hereunder, a new Loan Note, to the order of the assigning Lender in an amount equal to the amount of such Lender's Loans after giving effect to such Assignment and Acceptance. Any such new Loan Notes shall be dated the Closing Date and shall otherwise be in the form of the Loan Note replaced thereby. Any Loan Notes surrendered by the assigning Lender shall be returned by the Administrative Agent to the Borrower marked "cancelled."

(f) To the extent requested by any Lender, the Borrower shall execute and deliver to such Lender an Initial Note dated the Closing Date substantially in the form of Exhibit F-1 hereto to evidence the portion of the Initial Loan made by such Lender and with appropriate insertions ("Original Initial Notes"). On each Interest Payment Date, to the extent requested by any Lender, the Borrower shall execute and deliver to such Lender on such Interest Payment Date a note dated such Interest Payment Date substantially in the form of Exhibit F-1 hereto in a principal amount equal to such Lender's pro rata portion of such PIK Interest Amount and with other appropriate insertions (each a "Subsequent Initial Note" and, together with the Original Initial Notes, the "Initial Notes"). A Subsequent Initial Note shall bear interest from the date of its issuance at the same rate borne by all Initial Notes at the date of issuance and from time to time thereafter.

(g) Unless converted to an Exchange Note and, to the extent requested by any Lender, the Borrower shall execute and deliver to such Lender a Term Note dated the Initial Maturity Date substantially in the form of Exhibit F-2 hereto to evidence the Term Loan made on such date, in the principal amount of the Initial Notes held by such Lender on such date and with other appropriate insertions (collectively, the "Original Term Notes"). On or after the Initial Maturity Date, on each Interest Payment Date, to the extent requested by any Lender, the Borrower shall execute and deliver to such Lender on such Interest Payment Date a Term Note dated such Interest Payment Date substantially in the form of Exhibit F-2 hereto in a principal amount equal to such Lender's pro rata portion of such PIK Interest Amount and with other appropriate insertions (each a "Subsequent Term Note" and, together with the Original Term Notes, the "Term Notes"). A Subsequent Term Note shall bear interest from the date of its issuance at the same rate borne by all Term Notes at the date of issuance and from time to time thereafter.

(h) The Borrower authorizes each Lender to disclose to any Loan Participant or Assignee (each, a "Transferee") and any prospective Transferee (to the extent such Persons agree to be

bound by the provisions of Section 10.15 hereof) any and all financial information in such Lender's possession concerning the Borrower and its Affiliates which has been delivered to such Lender by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Borrower in connection with such Lender's credit evaluation of the Borrower and its Affiliates prior to becoming a party to this Agreement.

(i) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this subsection concerning assignments of Loans and Notes relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including, without limitation, any pledge or assignment by a Lender of any Loan or Note to any Federal Reserve Bank in accordance with applicable law, provided that no such assignment, whether to a Federal Reserve Bank or other entity, shall release a Lender from any of its obligations hereunder or substitute any such Federal Reserve Bank or other entity for such Lender as a party hereto or permit an absolute assignment to occur other than in accordance with such provisions of this subsection.

10.7 Adjustments; Set-off. (a) If any Lender (a "Benefitted Lender") shall at any time receive any payment of all or part of its Loans or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 7(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans or interest thereon, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loan, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral or proceeds 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 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 set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off 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 (including by facsimile transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. 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 which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without, to the extent permitted by law, invalidating the remaining

provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not, to the extent permitted by law, 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 the 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 HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF.

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 judgement in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America 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 or forum 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 the address specified 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 subsection 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 the 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 the 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 creditor and debtor; 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 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.

10.15 Confidentiality. The Administrative Agent and each Lender shall hold all non-public information obtained pursuant to the requirements of this Agreement which has been identified as confidential by the Borrower in accordance with such Lender's customary procedures for handling confidential information of this nature, it being understood and agreed by the Borrower that in any event a Lender may make disclosures reasonably required by any bona fide assignee, transferee or participant in connection with the contemplated assignment or transfer by such Lender of any Loans or any participation therein (to the extent such Persons agree to be bound by the provisions of this Section) or as required or requested by any governmental agency or representative thereof or pursuant to legal process or by the National Association of Insurance Commissioners or in connection with the exercise of any remedy under the Loan Documents; provided that, unless specifically prohibited by applicable law or court order, each Lender shall notify the Borrower of any request by any governmental agency or representative thereof (other than any such request in connection with any examination of the financial condition of such Lender by such governmental agency) for disclosure of any such non-public information prior to disclosure of such information; and provided, further that in no event shall any Lender be obligated or required to return any materials furnished by the Borrower or any of its Subsidiaries.

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.

RENTERS CHOICE, INC.

By:

Title:

THE CHASE MANHATTAN BANK,
as Administrative Agent and as Lender

By:

Title:

SCHEDULE 1.1 TO
SENIOR SUBORDINATED
CREDIT AGREEMENT

COMMITMENTS

LENDERS	Commitments
THE CHASE MANHATTAN BANK	$64,625,000
BEAR, STEARNS & CO., INC.	$20,625,000
NATIONSBANK	$16,500,000
CREDIT SUISSE FIRST BOSTON	$8,250,000
FUJI BANK, LIMITED	$20,000,000
KZH - IV CORPORATION	$30,000,000
MASSMUTUAL HIGH YIELD PARTNERS II L.L.C.	$ 5,000,000
MASSMUTUAL CORPORATE VALUE PARTNERS LTD.	$ 5,000,000
PARIBAS CAPITAL FUNDING L.L.C.	$ 5,000,000
TOTAL	$175,000,000

EXHIBIT 10.19

EXECUTION COPY

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GUARANTEE AND COLLATERAL AGREEMENT

made by

RENTERS CHOICE, INC.

and certain of its Subsidiaries

in favor of

THE CHASE MANHATTAN BANK,
as Administrative Agent

Dated as of August 5, 1998

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SCHEDULES

GUARANTEE AND COLLATERAL AGREEMENT, dated as of August 5, 1998, made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the "Grantors"), in favor of THE CHASE MANHATTAN BANK, as Administrative Agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions (the "Lenders") from time to time parties to the Credit Agreement, dated as of August 5, 1998 (as amended, waived, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Renters Choice, Inc. (the "Borrower"), the Lenders, the Documentation Agent and Syndication Agent named therein and the Administrative Agent.

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein;

WHEREAS, the Borrower is a member of an affiliated group of companies that includes each other Grantor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Borrower to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Borrower and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrower under the Credit Agreement that the Grantors shall have executed and delivered this Agreement to the Administrative Agent for the ratable benefit of the Lenders;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby agrees with the Administrative Agent, for the ratable benefit of the Lenders, as follows:

SECTION 1 .DEFINED TERMS

1.1 Definitions. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and the following terms are used herein as defined in the New York UCC: Accounts, Certificated Security, Chattel Paper, Documents, Equipment, Farm Products, Instruments and Inventory.

(b) The following terms shall have the following meanings:

"Agreement": this Guarantee and Collateral Agreement, as the same may be amended, supplemented or otherwise modified from time to time.

"Borrower Obligations": the collective reference to the unpaid principal of and interest on the Loans and Reimbursement Obligations and all other obligations and liabilities of the Borrower (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Loans and Reimbursement Obligations and interest accruing at the then applicable rate provided in the Credit Agreement 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) to the Administrative Agent or any Lender (or, in the case of any Lender Hedge Agreement, 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, the Credit Agreement, this Agreement, the other Loan Documents, any Letter of Credit, any Lender Hedge Agreement or any other document made, delivered or given in connection with any of the foregoing, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by the Borrower pursuant to the terms of any of the foregoing agreements).

"Collateral": as defined in Section 3.

"Collateral Account": any collateral account established by the Administrative Agent as provided in Section 6.1 or 6.4.

"Contracts": the contracts and agreements listed in Schedule 7, as the same may be amended, supplemented or otherwise modified from time to time, including, without limitation, (i) all rights of any Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of any Grantor to damages arising thereunder and (iii) all rights of any Grantor to perform and to exercise all remedies thereunder.

"Copyrights": (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished (including, without limitation, those listed in Schedule 6), all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, and (ii) the right to obtain all renewals thereof.

"Copyright Licenses": any written agreement naming any Grantor as licensor or licensee (including, without limitation, those listed in Schedule 6), granting any right under any Copyright, including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

"Deposit Account": as defined in the Uniform Commercial Code of any applicable jurisdiction and, in any event, including, without limitation, any demand, time, savings, passbook or like account maintained with a depositary institution.

"Foreign Subsidiary": any Subsidiary organized under the laws of any jurisdiction outside the United States of America.

"Foreign Subsidiary Voting Stock": the voting Capital Stock of any Foreign Subsidiary.

"General Intangibles": all "general intangibles" as such term is defined in Section 9-106 of the New York UCC and, in any event, including, without limitation, with respect to any Grantor, all contracts, agreements, instruments and indentures in any form, and portions thereof, to which such Grantor is a party or under which such Grantor has any right, title or interest or to which such Grantor or any property of such Grantor is subject, as the same may from time to time be amended, supplemented or otherwise modified, including, without limitation, (i) all rights of such Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of such Grantor to damages arising thereunder and (iii) all rights of such Grantor to perform and to exercise all remedies thereunder, in each case to the extent the grant by such Grantor of a security interest pursuant to this Agreement in its right, title and interest in such contract, agreement, instrument or indenture is not prohibited by such contract, agreement, instrument or indenture without the consent of any other party thereto, would not give any other party to such contract, agreement, instrument or indenture the right to terminate its obligations thereunder, or is permitted with consent if all necessary consents to such grant of a security interest have been obtained from the other parties thereto (it being understood that the foregoing shall not be deemed to obligate such Grantor to obtain such consents); provided, that the foregoing limitation shall not affect, limit, restrict or impair the grant by such Grantor of a security interest pursuant to this Agreement in any Receivable or any money or other amounts due or to become due under any such contract, agreement, instrument or indenture.

"Guarantor Obligations": with respect to any Guarantor, all obligations and liabilities of such Guarantor which may arise under or in connection with this Agreement (including, without limitation, Section 2) or any other Loan Document to which such Guarantor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to

be paid by such Guarantor pursuant to the terms of this Agreement or any other Loan Document).

"Guarantors": the collective reference to each Grantor other than the Borrower.

"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, without limitation, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, 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.

"Intercompany Note": any promissory note evidencing loans made by any Grantor to the Borrower or any of its Subsidiaries.

"Investment Property": the collective reference to (i) all "investment property" as such term is defined in Section 9-115 of the New York UCC (other than any Foreign Subsidiary Voting Stock excluded from the definition of "Pledged Stock") and (ii) whether or not constituting "investment property" as so defined, all Pledged Notes and all Pledged Stock.

"Issuers": the collective reference to each issuer of any Investment Property.

"Lender Hedge Agreements": all interest rate swaps, caps or collar agreements or similar arrangements entered into by the Borrower with any Lender (or any Affiliate of any Lender) providing for protection against fluctuations in interest rates or currency exchange rates or the exchange of nominal interest obligations, either generally or under specific contingencies, for the purposes set forth in Section 6.9 of the Credit Agreement.

"New York UCC": the Uniform Commercial Code as from time to time in effect in the State of New York.

"Obligations": (i) in the case of the Borrower, the Borrower Obligations, and (ii) in the case of each Guarantor, its Guarantor Obligations.

"Patents": (i) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof and all goodwill associated therewith, including, without limitation, any of the foregoing referred to in Schedule 6, (ii) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including, without limitation, any of the foregoing referred to in Schedule 6, and (iii) all rights to obtain any reissues or extensions of the foregoing.

"Patent License": all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including, without limitation, any of the foregoing referred to in Schedule 6.

"Pledged Notes": all promissory notes listed on Schedule 2, all Intercompany Notes at any time issued to any Grantor and all other promissory notes issued to or held by any Grantor (other than promissory notes issued in connection with extensions of trade credit by any Grantor in the ordinary course of business).

"Pledged Stock": the shares of Capital Stock listed on Schedule 2, together with any other shares, stock certificates, options or rights of any nature whatsoever in respect of the Capital Stock of any Person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect; provided that in no event shall more than 66% of the total outstanding Foreign Subsidiary Voting Stock of any Foreign Subsidiary be required to be pledged hereunder.

"Proceeds": all "proceeds" as such term is defined in Section 9-306(1) of the New York UCC and, in any event, shall include, without limitation, all dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

"Receivable": any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including, without limitation, any Account).

"Securities Act": the Securities Act of 1933, as amended.

"Specified Collateral": all Collateral other than Collateral referred to in Section 3(l) and the Proceeds and products thereof.

"Trademarks": (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related thereto, including, without limitation, any of the foregoing referred to in Schedule 6, and (ii) the right to obtain all renewals thereof.

"Trademark License": any agreement, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark, including, without limitation, any of the foregoing referred to in Schedule 6.

1.2 Other Definitional Provisions. The words "hereof," "herein", "hereto" 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 and Schedule references are to this Agreement unless otherwise specified.

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

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to such Grantor's Collateral or the relevant part thereof.

SECTION 2 .GUARANTEE

2.1 Guarantee. Each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Lenders and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower Obligations.

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 2.2).

(c) Each Guarantor agrees that the Borrower Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing the guarantee contained in this Section 2 or affecting the rights and remedies of the Administrative Agent or any Lender hereunder.

(d) The guarantee contained in this Section 2 shall remain in full force and effect until all the Borrower Obligations and the obligations of each Guarantor under the guarantee contained in this Section 2 shall have been satisfied by payment in full, no Letter of Credit shall be outstanding and the Commitments shall be terminated, notwithstanding that from time to time during the term of the Credit Agreement the Borrower may be free from any Borrower Obligations.

(e) No payment made by the Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by the Administrative Agent or any Lender from the Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Borrower Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Borrower Obligations or any payment received or collected from such Guarantor in respect of the Borrower Obligations), remain liable for the Borrower Obligations up to the maximum liability of such Guarantor hereunder until the Borrower Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated.

2.2 Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent and the Lenders, and each Guarantor shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Guarantor hereunder.

2.3 No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by the Administrative Agent or any Lender, no Guarantor shall be entitled to be subrogated to any of the rights of the

Administrative Agent or any Lender against the Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Borrower Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Borrower on account of the Borrower Obligations are paid in full, no Letter of Credit shall be outstanding and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Borrower Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Administrative Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative Agent, if required), to be applied against the Borrower Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

2.4 Amendments, etc. with respect to the Borrower Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Borrower Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender and any of the Borrower Obligations continued, and the Borrower Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and the Credit Agreement and the other Loan Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Borrower Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to

protect, secure, perfect or insure any Lien at any time held by it as security for the Borrower Obligations or for the guarantee contained in this Section 2 or any property subject thereto.

2.5 Guarantee Absolute and Unconditional. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Borrower Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Borrower Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the Borrower and any of the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower or any of the Guarantors with respect to the Borrower Obligations. Each Guarantor understands and agrees that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of the Credit Agreement or any other Loan Document, any of the Borrower Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Borrower or any other Person against the Administrative Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Borrower Obligations, or of such Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Administrative Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrower, any other Guarantor or any other Person or against any collateral security or guarantee for the Borrower Obligations or any right of offset with respect thereto, and any failure

by the Administrative Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any Lender against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

2.6 Reinstatement. The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Borrower Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.7 Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in Dollars at the office of the Administrative Agent located at 270 Park Avenue, New York, New York 10017.

SECTION 3 . GRANT OF SECURITY INTEREST

Each Grantor hereby collaterally assigns and transfers to the Administrative Agent, and hereby grants to the Administrative Agent, for the ratable benefit of the Lenders, a security interest in, all of the following property now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations,:

(a) all Accounts;

(b) all Chattel Paper;

(c) all Contracts;

(d) all Deposit Accounts;

(e) all Documents;

(f) all Equipment;

(g) all General Intangibles;

(h) all Instruments;

(i) all Intellectual Property;

(j) all Inventory;

(k) all Investment Property;

(l) all other property not otherwise described above;

(m) all books and records pertaining to the Collateral; and

(n) to the extent not otherwise included, all Proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing.

SECTION 4 . REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrower thereunder, each Grantor hereby represents and warrants to the Administrative Agent and each Lender that:

4.1 Title; No Other Liens. Except for the security interest granted to the Administrative Agent for the ratable benefit of the Lenders pursuant to this Agreement and the other Liens permitted to exist on the Collateral by the Credit Agreement, such Grantor owns each item of the Specified Collateral free and clear of any and all Liens or claims

of others. No financing statement or other public notice with respect to all or any part of the Specified Collateral is on file or of record in any public office, except such as have been filed in favor of the Administrative Agent, for the ratable benefit of the Lenders, pursuant to this Agreement or as are permitted by the Credit Agreement.

4.2 Perfected First Priority Liens. The security interests granted pursuant to this Agreement upon completion of the filings and other actions specified on Schedule 3 (which, in the case of all filings and other documents referred to on said Schedule, have been delivered to the Administrative Agent in completed and duly executed form) will constitute valid perfected security interests in all of the Specified Collateral (other than Deposit Accounts and the Proceeds thereof) in favor of the Administrative Agent, for the ratable benefit of the Lenders, as collateral security for such Grantor's Obligations, enforceable in accordance with the terms hereof against all creditors of such Grantor and any Persons purporting to purchase any Specified Collateral (other than Deposit Accounts and the Proceeds thereof) from such Grantor and are prior to all other Liens on the Specified Collateral (other than Deposit Accounts and the Proceeds thereof) in existence on the date hereof except for unrecorded Liens permitted by the Credit Agreement which have priority over the Liens on such Specified Collateral by operation of law.

4.3 Chief Executive Office. On the date hereof, such Grantor's jurisdiction of organization and the location of such Grantor's chief executive office or sole place of business are specified on Schedule 4.

4.4 Inventory and Equipment. On the date hereof, the Inventory and the Equipment (other than mobile goods) are kept at the locations listed on Schedule 5.

4.5 Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

4.6 Investment Property. The shares of Pledged Stock pledged by such Grantor hereunder constitute all the issued and outstanding shares of all classes of the Capital Stock of each Issuer owned by such Grantor or, in the case of Foreign Subsidiary Voting Stock, if less, 66% of the outstanding Foreign Subsidiary Voting Stock of each relevant Issuer.

(b) All the shares of the Pledged Stock have been duly and validly issued and are fully paid and nonassessable.

(c) Each of the Pledged Notes constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(d) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Investment Property pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other Person, except the security interest created by this Agreement and any Liens in favor of a "securities intermediary" pursuant to and as defined in Article 8 of the New York UCC.

4.7 Receivables. No amount payable to such Grantor under or in connection with any Receivable is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.

(b) None of the obligors on any Receivables is a Governmental Authority.

(c) The amounts represented by such Grantor to the Lenders from time to time as owing to such Grantor in respect of the Receivables will at such times be accurate.

4.8 Contracts. No consent of any party (other than such Grantor) to any Contract is required, or purports to be required, in connection with the execution, delivery and performance of this Agreement.

(b) Each Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the parties thereto, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in

equity or at law) and an implied covenant of good faith and fair dealing.

(c) No consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Contracts by any party thereto other than those which have been duly obtained, made or performed, are in full force and effect and do not subject the scope of any such Contract to any material adverse limitation, either specific or general in nature.

(d) Neither such Grantor nor (to the best of such Grantor's knowledge) any of the other parties to the Contracts is in default in the performance or observance of any of the terms thereof in any manner that, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(e) The right, title and interest of such Grantor in, to and under the Contracts are not subject to any defenses, offsets, counterclaims or claims that, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(f) Such Grantor has delivered to the Administrative Agent a complete and correct copy of each Contract, including all amendments, supplements and other modifications thereto.

(g) No amount payable to such Grantor under or in connection with any Contract is evidenced by any Instrument or Chattel Paper which has not been delivered to the Administrative Agent.

(h) None of the parties to any Contract is a Governmental Authority.

4.9 Intellectual Property. Schedule 6 lists all Intellectual Property owned by such Grantor in its own name on the date hereof.

(b) On the date hereof, all material Intellectual Property is valid, subsisting, unexpired and enforceable, has not been abandoned and does not materially infringe the intellectual property rights of any other Person.

(c) Except as set forth in Schedule 6, on the date hereof, none of the Intellectual Property is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor.

(d) No holding, decision or judgment has been rendered by any Governmental Authority which would limit, cancel or question the validity of, or such Grantor's rights in, any Intellectual Property in any respect that could reasonably be expected to have a Material Adverse Effect.

(e) No action or proceeding is pending, or, to the knowledge of such Grantor, threatened, on the date hereof (i) seeking to limit, cancel or question the validity of any material Intellectual Property or such Grantor's ownership interest therein, or (ii) which, if adversely determined, would have a material adverse effect on the value of any Intellectual Property.

SECTION 5 . COVENANTS

Each Grantor covenants and agrees with the Administrative Agent and the Lenders that, from and after the date of this Agreement until the Obligations shall have been paid in full, no Letter of Credit shall be outstanding and the Commitments shall have terminated:

5.1 Delivery of Instruments, Certificated Securities and Chattel Paper. If any material amount payable under or in connection with any of the Collateral shall be or become evidenced by any Instrument, Certificated Security or Chattel Paper, such Instrument, Certificated Security or Chattel Paper shall be immediately delivered to the Administrative Agent, duly indorsed in a manner satisfactory to the Administrative Agent, to be held as Collateral pursuant to this Agreement.

5.2 Maintenance of Insurance. Such Grantor will maintain, with financially sound and reputable companies, insurance policies (i) insuring the Inventory and Equipment against loss by fire, explosion, theft and such other casualties as may be reasonably satisfactory to the Administrative Agent and (ii) insuring such Grantor and, to the extent requested by the Administrative Agent, the Administrative Agent and the Lenders, against liability for personal injury and property damage relating to such Inventory and Equipment, such policies to be in such form and amounts and having such coverage as

may be reasonably satisfactory to the Administrative Agent and the Lenders.

(b) All such insurance shall (i) provide that no cancellation, material reduction in amount or material change in coverage thereof shall be effective until at least 30 days after receipt by the Administrative Agent of written notice thereof, (ii) name the Administrative Agent as insured party or loss payee and (iii) be reasonably satisfactory in all other respects to the Administrative Agent.

(c) The Borrower shall deliver annually to the Administrative Agent and the Lenders a certificate of a reputable insurance broker with respect to such insurance as promptly as practicable upon receipt thereof from such insurance broker and such supplemental reports with respect thereto as the Administrative Agent may from time to time reasonably request.

5.3 Payment of Obligations. Such Grantor will pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all material taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of income or profits therefrom, as well as all material claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if the amount or validity thereof is currently being contested in good faith by appropriate proceedings, reserves in conformity with GAAP with respect thereto have been provided on the books of such Grantor and such proceedings could not reasonably be expected to result in the sale, forfeiture or loss of any material portion of the Collateral or any material interest in the Collateral.

5.4 Maintenance of Perfected Security Interest; Further Documentation. Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in Section 4.2 and shall defend such security interest against the claims and demands of all Persons whomsoever.

(b) Such Grantor will furnish to the Administrative Agent from time to time statements and schedules further identifying and describing the assets and property of such Grantor and such other reports in connection therewith as the Administrative Agent may reasonably request, all in reasonable detail.

(c) At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of such Grantor, such Grantor will promptly and duly execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Administrative Agent may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, (i) filing any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby, (ii) in the case of Investment Property (other than the Investment Property purchased with the amounts referred to in clause (b) of the definition of "Funded Debt" contained in Section 1.1 of the Credit Agreement) and any other relevant Collateral, taking any actions necessary to enable the Administrative Agent to obtain "control" (within the meaning of the applicable Uniform Commercial Code) with respect thereto and (iii) in the case of Deposit Accounts, taking any actions necessary to enable the Administrative Agent to obtain a perfected security interest in Deposit Accounts.

5.5 Changes in Locations, Name, etc. Such Grantor will not, except upon 15 days' prior written notice to the Administrative Agent and delivery to the Administrative Agent of (a) all additional executed financing statements and other documents reasonably requested by the Administrative Agent to maintain the validity, perfection and priority of the security interests provided for herein and (b) if applicable, a written supplement to Schedule 5 showing any additional location at which Inventory or Equipment shall be kept:

(i) permit any material portion of the Inventory or Equipment to be kept at a location other than those listed on Schedule 5;

(ii) change its jurisdiction of organization or the location of its chief executive office or sole place of business from that referred to in Section 4.3; or

(iii) change its name, identity or corporate structure to such an extent that any financing statement filed by the Administrative Agent in connection with this Agreement would become misleading.

5.6 Notices. Such Grantor will advise the Administrative Agent promptly, in reasonable detail, of:

(a) any Lien (other than security interests created hereby or Liens permitted under the Credit Agreement) on any material portion of the Collateral which would adversely affect the ability of the Administrative Agent to exercise any of its remedies hereunder; and

(b) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereby.

5.7 Investment Property. If such Grantor shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Capital Stock of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of the Pledged Stock, or otherwise in respect thereof, such Grantor shall accept the same as the agent of the Administrative Agent and the Lenders, hold the same in trust for the Administrative Agent and the Lenders and deliver the same forthwith to the Administrative Agent in the exact form received, duly indorsed by such Grantor to the Administrative Agent, if required, together with an undated stock power covering such certificate duly executed in blank by such Grantor and with, if the Administrative Agent so requests, signature guaranteed, to be held by the Administrative Agent, subject to the terms hereof, as additional collateral security for the Obligations. Any sums paid upon or in respect of the Investment Property upon the liquidation or dissolution of any Issuer shall be paid over to the Administrative Agent to be held by it hereunder as additional collateral security for the Obligations, and in case any distribution of capital shall be made on or in respect of the Investment Property or any property shall be distributed upon or with respect to the Investment Property pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Administrative Agent, be delivered to the Administrative Agent to be held by it hereunder as additional collateral security for the

Obligations. If any sums of money or property so paid or distributed in respect of the Investment Property shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to the Administrative Agent, hold such money or property in trust for the Lenders, segregated from other funds of such Grantor, as additional collateral security for the Obligations.

(b) Without the prior written consent of the Administrative Agent, such Grantor will not (i) vote to enable, or take any other action to permit, any Issuer of Pledged Stock to issue any stock or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock or other equity securities of any nature of any Issuer, (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, the Investment Property or Proceeds thereof (except pursuant to a transaction expressly permitted by the Credit Agreement), (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any Person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for the security interests created or permitted by this Agreement or the Credit Agreement or (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or the Administrative Agent to sell, assign or transfer any of the Investment Property or Proceeds thereof.

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it will be bound by the terms of this Agreement relating to the Investment Property issued by it and will comply with such terms insofar as such terms are applicable to it, (ii) it will notify the Administrative Agent promptly in writing of the occurrence of any of the events described in Section 5.7(a) with respect to the Investment Property issued by it and (iii) the terms of Sections 6.3(c) and 6.7 shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 with respect to the Investment Property issued by it.

5.8 Receivables. Other than in the ordinary course of business consistent with its past practice, such Grantor will not (i) grant any extension of the time of payment of any Receivable, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii)

release, wholly or partially, any Person liable for the payment of any Receivable, (iv) allow any credit or discount whatsoever on any Receivable or (v) amend, supplement or modify any Receivable in any manner that could adversely affect the value thereof.

(b) Such Grantor will deliver to the Administrative Agent a copy of each demand, notice or document received by it that questions or calls into doubt the validity or enforceability of any outstanding Receivables constituting a material portion of the Collateral.

5.9 Contracts. Such Grantor will perform and comply in all material respects with all its obligations under the Contracts.

(b) Such Grantor will not amend, modify, terminate or waive any provision of any Contract in any manner which could reasonably be expected to materially adversely affect the value of such Contract as Collateral.

(c) Such Grantor will exercise promptly and diligently each and every material right which it may have under each Contract (other than any right of termination).

(d) Such Grantor will deliver to the Administrative Agent a copy of each material demand, notice or document received by it relating in any way to any Contract that questions the validity or enforceability of such Contract.

5.10 Intellectual Property. Such Grantor (either itself or through licensees) will (i) continue to use each material Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable Requirements of Law, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Administrative Agent, for the ratable benefit of the Lenders, shall obtain a perfected security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly

omit to do any act whereby such Trademark may become invalidated or impaired in any way.

(b) Such Grantor (either itself or through licensees) will not do any act, or omit to do any act, whereby any material Patent may become forfeited, abandoned or dedicated to the public.

(c) Such Grantor (either itself or through licensees) (i) will employ each material Copyright and (ii) will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of the Copyrights may become invalidated or otherwise impaired. Such Grantor will not (either itself or through licensees) do any act whereby any material portion of the Copyrights may fall into the public domain.

(d) Such Grantor (either itself or through licensees) will not do any act that knowingly uses any material Intellectual Property to infringe the intellectual property rights of any other Person.

(e) Such Grantor will notify the Administrative Agent as promptly as practicable if it knows, or has reason to know, that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including, without limitation, the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding such Grantor's ownership of, or the validity of, any material Intellectual Property or such Grantor's right to register the same or to own and maintain the same.

(f) Whenever such Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Administrative Agent within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Administrative

Agent, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Administrative Agent may request to evidence the Administrative Agent's and the Lenders' security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(g) Such Grantor will take all reasonable and necessary steps, including, without limitation, in any proceeding before the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the material Intellectual Property, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.

(h) In the event that any material Intellectual Property is infringed, misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify the Administrative Agent after it learns thereof and take such actions as are reasonably appropriate under the circumstances, including, as appropriate, to sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.

SECTION 6 .REMEDIAL PROVISIONS

6.1 Certain Matters Relating to Receivables. The Administrative Agent shall have the right to make test verifications of the Receivables in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Administrative Agent may require in connection with such test verifications. After an Event of Default shall have occurred and be continuing, at any time and from time to time, upon the Administrative Agent's request and at the

expense of the relevant Grantor, such Grantor shall cause independent public accountants or others satisfactory to the Administrative Agent to furnish to the Administrative Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables.

(b) At any time after the occurrence and during the continuance of an Event of Default, the Administrative Agent may curtail or terminate the authority of each Grantor to collect such Grantor's Receivables. If required by the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, any payments of Receivables, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Administrative Agent if required, in a Collateral Account maintained under the sole dominion and control of the Administrative Agent, subject to withdrawal by the Administrative Agent for the account of the Lenders only as provided in Section , and (ii) until so turned over, shall be held by such Grantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At the Administrative Agent's request, at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall deliver to the Administrative Agent (to the extent such Grantor has possession thereof) all documents evidencing, and relating to, the agreements and transactions which gave rise to the Receivables, including, without limitation, all original orders, invoices and shipping receipts.

6.2 Communications with Obligors; Grantors Remain Liable. The Administrative Agent in its own name or in the name of others may at any time during reasonable business hours after the occurrence and during the continuance of an Event of Default communicate with obligors under the Receivables and parties to the Contracts to verify with them to the Administrative Agent's satisfaction the existence, amount and terms of any Receivables or Contracts.

(b) Upon the request of the Administrative Agent at any time after the occurrence and during the continuance of an Event of Default, each Grantor shall notify obligors on the Receivables and parties to the Contracts that the Receivables and the Contracts have been collaterally assigned to the Administrative Agent for the ratable benefit of the Lenders and that payments in respect thereof shall be made directly to the Administrative Agent.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Receivables and Contracts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Neither the Administrative Agent nor any Lender shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) or Contract by reason of or arising out of this Agreement or the receipt by the Administrative Agent or any Lender of any payment relating thereto, nor shall the Administrative Agent or any Lender be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto) or Contract, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

6.3 Pledged Stock. Unless an Event of Default shall have occurred and be continuing and the Administrative Agent shall have given notice to the relevant Grantor of the Administrative Agent's intent to exercise its corresponding rights pursuant to Section 6.3(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Stock and all payments made in respect of the Pledged Notes, in each case paid in the normal course of business of the relevant Issuer and consistent with past practice, to the extent permitted in the Credit Agreement, and to exercise all voting and corporate rights with respect to the Investment Property; provided, however, that no vote shall be cast or corporate right exercised or other action taken which, in the Administrative Agent's reasonable

judgment, would impair the Collateral or which would be inconsistent with or result in any violation of any provision of the Credit Agreement, this Agreement or any other Loan Document.

(b) If an Event of Default shall occur and be continuing and the Administrative Agent shall give notice of its intent to exercise such rights to the relevant Grantor or Grantors, (i) the Administrative Agent shall have the right to receive any and all cash dividends, payments or other Proceeds paid in respect of the Investment Property and make application thereof to the Obligations in such order as the Administrative Agent may determine, and (ii) any or all of the Investment Property shall be registered in the name of the Administrative Agent or its nominee, and the Administrative Agent or its nominee may thereafter exercise (x) all voting, corporate and other rights pertaining to such Investment Property at any meeting of shareholders of the relevant Issuer or Issuers or otherwise and (y) any and all rights of conversion, exchange and subscription and any other rights, privileges or options pertaining to such Investment Property as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Investment Property upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the corporate structure of any Issuer, or upon the exercise by any Grantor or the Administrative Agent of any right, privilege or option pertaining to such Investment Property, and in connection therewith, the right to deposit and deliver any and all of the Investment Property with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as the Administrative Agent may determine), all without liability except to account for property actually received by it, but the Administrative Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Investment Property pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Administrative Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any

other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, pay any dividends or other payments with respect to the Investment Property directly to the Administrative Agent.

6.4 Proceeds to be Turned Over To Administrative Agent. In addition to the rights of the Administrative Agent and the Lenders specified in Section 6.1 with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, checks and other near-cash items shall be held by such Grantor in trust for the Administrative Agent and the Lenders, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Administrative Agent in the exact form received by such Grantor (duly indorsed by such Grantor to the Administrative Agent, if required). All Proceeds received by the Administrative Agent hereunder shall be held by the Administrative Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Administrative Agent in a Collateral Account (or by such Grantor in trust for the Administrative Agent and the Lenders) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied as provided in Section .

6.5 Application of Proceeds. At such intervals as may be agreed upon by the Borrower and the Administrative Agent, or, if an Event of Default shall have occurred and be continuing, at any time at the Administrative Agent's election, the Administrative Agent may apply all or any part of Proceeds held in any Collateral Account in payment of the then due and owing Obligations in such order as the Administrative Agent may elect, and any part of such funds which the Administrative Agent elects not so to apply and deems not required as collateral security for the Obligations shall be paid over from time to time by the Administrative Agent to the Borrower or to whomsoever may be lawfully entitled to receive the same. Any balance of such Proceeds remaining after the Obligations shall have been paid in full, no Letters of Credit shall be outstanding and the Commitments shall have terminated shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive the same.

6.6 Code and Other Remedies. If an Event of Default shall occur and be continuing, the Administrative Agent, on behalf of the Lenders, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the New York UCC or any other applicable law. Without limiting the generality of the foregoing, the Administrative Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice expressly required by this Agreement or the other Loan Documents or by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Administrative Agent or any Lender or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Administrative Agent or any Lender shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each Grantor further agrees, at the Administrative Agent's request, to assemble the Collateral and make it available to the Administrative Agent at places which the Administrative Agent shall reasonably select, whether at such Grantor's premises or elsewhere. The Administrative Agent shall apply the net proceeds of any action taken by it pursuant to this Section 6.6, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Administrative Agent and the Lenders hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the then due and owing Obligations, in such order as the Administrative Agent may elect, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including, without limitation, Section 9-504(1)(c) of the New York UCC, need

the Administrative Agent account for the surplus, if any, to any Grantor. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Administrative Agent or any Lender arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

6.7 Registration Rights. If the Administrative Agent shall determine to exercise its right to sell any or all of the Pledged Stock pursuant to Section 6.6, and if in the opinion of the Administrative Agent it is necessary or advisable to have the Pledged Stock, or that portion thereof to be sold, registered under the provisions of the Securities Act, the relevant Grantor will cause the Issuer thereof to (i) execute and deliver, and cause the directors and officers of such Issuer to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts as may be, in the opinion of the Administrative Agent, necessary or advisable to register the Pledged Stock, or that portion thereof to be sold, under the provisions of the Securities Act, (ii) use its best efforts to cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Stock, or that portion thereof to be sold, provided, that the Administrative Agent shall furnish to the relevant Grantor such information regarding the Administrative Agent as shall be required in connection with such registration and requested by such Grantor in writing, and (iii) make all amendments thereto and/or to the related prospectus which, in the opinion of the Administrative Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto. Each Grantor agrees to cause such Issuer to comply with the provisions of the securities or "Blue Sky" laws of any and all jurisdictions which the Administrative Agent shall designate and to make available to its security holders, as soon as practicable, an earnings statement (which need not be audited) which will satisfy the provisions of Section 11(a) of the Securities Act.

(b) Each Grantor recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Stock, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or

otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Stock for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(c) Each Grantor agrees to use its best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Stock pursuant to this Section 6.7 valid and binding and in compliance with any and all other applicable Requirements of Law. Each Grantor further agrees that a breach of any of the covenants contained in this Section 6.7 will cause irreparable injury to the Administrative Agent and the Lenders, that the Administrative Agent and the Lenders have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 6.7 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred and is continuing under the Credit Agreement.

6.8 Waiver; Deficiency. Each Grantor waives and agrees not to assert any rights or privileges which it may acquire under Section 9-112 of the New York UCC. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations and the fees and disbursements of any attorneys employed by the Administrative Agent or any Lender to collect such deficiency.

SECTION 7 .THE ADMINISTRATIVE AGENT

7.1 Administrative Agent's Appointment as Attorney-in-Fact, etc. Each Grantor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Administrative Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and indorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or Contract or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Administrative Agent for the purpose of collecting any and all such moneys due under any Receivable or Contract or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Administrative Agent may request to evidence the Administrative Agent's and the Lenders' security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) execute, in connection with any sale provided for in Section 6.6 or 6.7, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (i) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Administrative Agent or as the Administrative Agent shall direct; ask or demand for, collect, and receive payment of and receipt for, any and all moneys,

claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Administrative Agent may deem appropriate; assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Administrative Agent shall in its sole discretion determine; and generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Administrative Agent were the absolute owner thereof for all purposes, and do, at the Administrative Agent's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Administrative Agent deems necessary to protect, preserve or realize upon the Collateral and the Administrative Agent's and the Lenders' security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this Section 7.1(a) to the contrary notwithstanding, the Administrative Agent agrees that it will not exercise any rights under the power of attorney provided for in this Section 7.1(a) unless an Event of Default shall have occurred and be continuing.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Administrative Agent, at its option, but without any obligation so to do, may perform or

comply, or otherwise cause performance or compliance, with such agreement.

(c) The expenses of the Administrative Agent incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at a rate per annum equal to the highest rate per annum at which interest would then be payable on any category of past due ABR Loans under the Credit Agreement, from the date of payment by the Administrative Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Administrative Agent on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2 Duty of Administrative Agent. The Administrative Agent's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the New York UCC or otherwise, shall be to deal with it in the same manner as the Administrative Agent deals with similar property for its own account. Neither the Administrative Agent, any Lender nor any of their respective officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Administrative Agent and the Lenders hereunder are solely to protect the Administrative Agent's and the Lenders' interests in the Collateral and shall not impose any duty upon the Administrative Agent or any Lender to exercise any such powers. The Administrative Agent and the Lenders shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

7.3 Execution of Financing Statements. Pursuant to Section 9-402 of the New York UCC and any other applicable law, each Grantor authorizes the Administrative Agent to file or record financing statements and other filing or recording documents or instruments with respect to the Collateral without the signature of such Grantor in such form and in such offices as the Administrative Agent determines appropriate to perfect the security interests of the Administrative Agent under this Agreement. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction.

7.4 Authority of Administrative Agent. Each Grantor acknowledges that the rights and responsibilities of the Administrative Agent under this Agreement with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Administrative Agent and the Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Grantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

SECTION 8 .MISCELLANEOUS

8.1 Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 10.1 of the Credit Agreement.

8.2 Notices. All notices, requests and demands to or upon the Administrative Agent or any Grantor hereunder shall be effected in the manner provided for in Section 10.2 of the Credit Agreement; provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 1.

8.3 No Waiver by Course of Conduct; Cumulative Remedies. Neither the Administrative Agent nor any Lender shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent or any Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent or such Lender would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

8.4 Enforcement Expenses; Indemnification. Each Guarantor agrees 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 collecting against such Guarantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which such Guarantor is a party, including, without limitation, 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.

(b) Each Guarantor agrees to pay, and to save the Administrative Agent and the Lenders harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Guarantor agrees to pay, and to save the Administrative Agent and the Lenders harmless from, any and all 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 to the extent the Borrower would be required to do so pursuant to Section 10.5 of the Credit Agreement.

(d) The agreements in this Section 8.4 shall survive repayment of the Obligations and all other amounts payable under the Credit Agreement and the other Loan Documents.

8.5 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Administrative Agent and the Lenders and their successors and assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent.

8.6 Set-Off. Each Grantor hereby irrevocably authorizes the Administrative Agent and each Lender at any time and from time to time while an Event of Default shall have occurred and be continuing, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to set-off and appropriate and apply 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 the Administrative Agent or such Lender to or for the credit or the account of such Grantor, or any part thereof in such amounts as the Administrative Agent or such Lender may elect, against and on account of the obligations and liabilities of such Grantor to the Administrative Agent or such Lender hereunder and claims of every nature and description of the Administrative Agent or such Lender against such Grantor, in any currency, whether arising hereunder, under the Credit Agreement, any other Loan Document or otherwise, as the Administrative Agent or such Lender may elect, whether or not the Administrative Agent or any Lender has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Administrative Agent and each Lender shall notify such Grantor promptly of any such set-off and the application made by the Administrative Agent or such Lender of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Administrative Agent and each Lender under this Section 8.6 are in addition to other rights and remedies (including,

without limitation, other rights of set-off) which the Administrative Agent or such Lender may have.

8.7 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8.8 Severability. Any provision of this Agreement which 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.

8.9 Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

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

8.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

8.12 Submission To Jurisdiction; Waivers. Each Grantor 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 of America 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 such Grantor at its address referred to in Section 8.2 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.

8.13 Acknowledgements. Each Grantor hereby acknowledges that:

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

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Grantors, on the one hand, and the Administrative Agent and Lenders, 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 Grantors and the Lenders.

8.14 Additional Grantors. Each Subsidiary of the Borrower that is required to become a party to this Agreement pursuant to Section 6.10 of the Credit Agreement shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Annex 1 hereto.

8.15 Releases. (a) At such time as the Loans, the Reimbursement Obligations and the other Obligations shall have been paid in full, the Commitments have been terminated and no Letters of Credit shall be outstanding, the Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Grantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Administrative Agent shall deliver to such Grantor any Collateral held by the Administrative Agent hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

(b) If any of the Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement, then the Administrative Agent, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases or other documents reasonably necessary or desirable for the release of the Liens created hereby on such Collateral. At the request and sole expense of the Borrower, a Subsidiary Guarantor shall be released from its obligations hereunder in the event that all the Capital Stock of such Subsidiary Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement; provided that the Borrower shall have delivered to the Administrative Agent, at least ten Business Days prior to the date of the proposed release, a written request for release identifying the relevant Subsidiary Guarantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Borrower stating that such transaction is in compliance with the Credit Agreement and the other Loan Documents.

8.16 WAIVER OF JURY TRIAL. EACH GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES 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, each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

RENTERS CHOICE, INC.

By:
Title:

COLORTYME, INC.

By:
Title:

RENT-A-CENTER, INC.

By:
Title:

RAC RENTALS TRADING, INC.

By:
Title:

REMCO AMERICA, INC.

By:
Title:

ADVANTAGE COMPANIES, INC.

By:
Title:

RAC USA, INC.

By:
Title:

RAC FINANCE SERVICES, INC.

By:
Title:

RAC CHECK CASHING, INC.

By:
Title:

ADVANTEDGE AUTO, INC.

By:
Title:

ADVANTEDGE QUALITY CARS, L.L.C.

By:
Title:

Schedule 1

NOTICE ADDRESSES OF GUARANTORS

Schedule 2

DESCRIPTION OF INVESTMENT PROPERTY

PLEDGED STOCK:

Issuer	Class of Stock	Stock Certificate No.	No. of Shares

PLEDGED NOTES:

Issuer	Payee	Principal Amount

* Stock is assumed to be common stock unless otherwise indicated.

Schedule 3

FILINGS AND OTHER ACTIONS
REQUIRED TO PERFECT SECURITY INTERESTS

Uniform Commercial Code Filings

[List each office where a financing statement is to be filed]

Patent and Trademark Filings

[List all filings]

Actions with respect to Pledged Stock

Other Actions

[Describe other actions to be taken]

* Stock is assumed to be common stock unless otherwise indicated.

Schedule 4

LOCATION OF JURISDICTION OF ORGANIZATION AND CHIEF EXECUTIVE OFFICE

Grantor	Location

* Stock is assumed to be common stock unless otherwise indicated.

Schedule 5

LOCATION OF INVENTORY AND EQUIPMENT

Grantor	Location

* Stock is assumed to be common stock unless otherwise indicated.

Schedule 6

COPYRIGHTS AND COPYRIGHT LICENSES

PATENTS AND PATENT LICENSES

TRADEMARKS AND TRADEMARK LICENSES

* Stock is assumed to be common stock unless otherwise indicated.

Schedule 7

CONTRACTS

* Stock is assumed to be common stock unless otherwise indicated.

ACKNOWLEDGEMENT AND CONSENT(1)

The undersigned hereby acknowledges receipt of a copy of the Guarantee and Collateral Agreement dated as of August __, 1998 (the "Agreement"), made by the Grantors parties thereto for the benefit of The Chase Manhattan Bank, as Administrative Agent. The undersigned agrees for the benefit of the Administrative Agent and the Lenders as follows:

1 . The undersigned will be bound by the terms of the Agreement and will comply with such terms insofar as such terms are applicable to the undersigned.

2 . The undersigned will notify the Administrative Agent promptly in writing of the occurrence of any of the events described in Section 5.7(a) of the Agreement.

3 . The terms of Sections 6.3(c) and 6.7 of the Agreement shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 of the Agreement.

[NAME OF ISSUER]

By

Name:
Title:

Address for Notices:

Fax:

- ----------
1 This consent is necessary only with respect to any Issuer which is not also a Grantor.

* Stock is assumed to be common stock unless otherwise indicated.

Annex 1 to
Guarantee and Collateral Agreement

ASSUMPTION AGREEMENT, dated as of _____, 199_, made by _____, a _____ corporation (the "Additional Grantor"), in favor of THE CHASE MANHATTAN BANK, as administrative agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions (the "Lenders") parties to the Credit Agreement referred to below. All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

W I T N E S S E T H :

WHEREAS, Renters Choice, Inc. (the "Borrower"), the Lenders and the Administrative Agent have entered into a Credit Agreement, dated as of August 5, 1998 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, the Borrower and certain of its Affiliates (other than the Additional Grantor) have entered into the Guarantee and Collateral Agreement, dated as of August 5, 1998 (as amended, supplemented or otherwise modified from time to time, the "Guarantee and Collateral Agreement") in favor of the Administrative Agent for the benefit of the Lenders;

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Guarantee and Collateral Agreement; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Guarantee and Collateral Agreement;

NOW, THEREFORE, IT IS AGREED:

1. Guarantee and Collateral Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 8.14 of the Guarantee and Collateral Agreement, hereby becomes a party to the Guarantee and Collateral Agreement as a Grantor thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor thereunder. The information set forth in Annex 1-A hereto is hereby added to the information set forth in the Schedules to the Guarantee and Collateral Agreement. The Additional Grantor hereby represents and warrants that each of the representations and

warranties contained in Section 4 of the Guarantee and Collateral Agreement is true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date.

2. GOVERNING LAW. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By:

Name:
Title:

* Stock is assumed to be common stock unless otherwise indicated.

Annex 1-A to
Assumption Agreement

Supplement to Schedule 1

Supplement to Schedule 2

Supplement to Schedule 3

Supplement to Schedule 4

Supplement to Schedule 5

Supplement to Schedule 6

Supplement to Schedule 7

EXHIBIT 10.20

EXECUTION COPY

$962,250,000

CREDIT AGREEMENT

among

RENTERS CHOICE, INC.,
as Borrower,

The Several Lenders
from Time to Time Parties Hereto,

COMERICA BANK,
as Documentation Agent,

NATIONSBANK, N.A.,
as Syndication Agent,

and

THE CHASE MANHATTAN BANK,
as Administrative Agent

Dated as of August 5, 1998

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CREDIT AGREEMENT, dated as of August 5, 1998, among RENTERS CHOICE, 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"), NATIONSBANK, N.A., as syndication agent (in such capacity, the "Syndication Agent"), and THE CHASE MANHATTAN BANK ("Chase"), as administrative agent.

The parties hereto hereby agree 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.

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

"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.

"Acquired Company": Thorn Americas, Inc., a Delaware corporation.

"Acquired Vehicles": the vehicles acquired by the Borrower pursuant to the Acquisition.

"Acquisition": as defined in Section 5.1(b)(i).

"Acquisition Agreement": the Stock Purchase Agreement, dated as of June 16, 1998, among the Borrower, the Seller and Thorn plc, in each case as amended, supplemented or otherwise modified from time to time in accordance with Section 7.16.

"Acquisition Documentation": collectively, the Acquisition Agreement and all schedules, exhibits and annexes thereto and all side letters and agreements affecting the terms thereof or entered into in connection therewith, in each case as amended, supplemented or otherwise modified from time to time in accordance with Section 7.16.

"Addendum": an Addendum, substantially in the form of Exhibit G, pursuant to which each Lender becomes a party to this Agreement effective as of the Closing Date.

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

"Administrative Agent": The Chase Manhattan Bank, together with its affiliates, as the arranger of the Commitments 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 (a) until the Closing Date, the aggregate amount of such Lender's Commitments at such time and (b) thereafter, the sum of (i) the aggregate then unpaid principal amount of such Lender's A/B/C Term Loans, (ii) 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 (iii) the amount of such Lender's LC/MD Commitment then in effect or, if the LC/MD Commitments have been terminated, the amount of such Lender's LC/MD Extensions of Credit 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": for each Type of Loan, the rate per annum set forth under the relevant column heading in the Pricing Grid.

"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.

"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.

"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-1 by Standard & Poor's Ratings Services ("S&P") or P-1 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; or (g) shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (f) 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. ss. 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 Depositary 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": the date on which the conditions precedent set forth in Section 5.1 shall have been satisfied, which date is 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": as to any Lender, the sum of the Tranche A Term Commitment, the Tranche B Term Commitment, the Tranche C Term Commitment, the LC/MD Commitment and the Revolving Commitment of such Lender.

"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 July 1998 and furnished to the 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; provided that, (i) in determining Consolidated EBITDA for the fiscal quarters ending December 31, 1998, March 31, 1999, June 30, 1999 and September 30, 1999, $16,800,000, $12,275,000, $7,750,000 and $3,875,000, respectively, shall be added to the amounts otherwise determined as set forth above, in order to take into account certain quantifiable synergies with respect to the Acquisition and the acquisition of Central Rents, Inc., and (ii) in determining Consolidated EBITDA, the portion thereof attributable to the operations of the Acquired Company and its Subsidiaries prior to the Closing Date shall include only the rent-to-own businesses of the Acquired Company and its Subsidiaries. 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 and (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); provided, that for the purposes of determining the Consolidated Fixed Charge Coverage Ratio for the fiscal quarters of the Borrower ending December 31, 1998, March 31, 1999 and June 30, 1999, Consolidated Interest Expense for the relevant period

shall be deemed to equal Consolidated Interest Expense for such fiscal quarter (and, in the case of the latter two such determinations, each previous fiscal quarter commencing after the Closing Date) multiplied by 4, 2 and 4/3, respectively.

"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 include any unfunded portion of the NJ Letter of Credit (but not other 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) 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); provided, that for the purposes of determining the Consolidated Interest Coverage Ratio for the fiscal quarters of the Borrower ending December 31, 1998, March 31, 1999 and June 30, 1999, Consolidated Interest Expense for the relevant period shall be deemed to equal Consolidated Interest Expense for such fiscal quarter (and, in the case of the latter two such determinations, each previous fiscal quarter commencing after the Closing Date) multiplied by 4, 2 and 4/3, respectively.

"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 (other than certain properties associated with operations to be discontinued in connection with the restructuring related to the Acquisition), 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 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, 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 Dow Jones Markets screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the Dow Jones Markets 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 or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 11:00 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%):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

"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 sales of 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, (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).

"Excess Senior Subordinated Note Amount": as defined in Section 2.11(b)(ii).

"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": that certain Credit Agreement, dated as of November 27, 1996, as amended, among the Borrower, Comerica Bank, as administrative agent, and others.

"Facility": each of (a) the Tranche A Term Commitments and the Tranche A Term Loans made thereunder (the "Tranche A Term Facility"), (b) the Tranche B Term Commitments and the Tranche B Term Loans made thereunder (the "Tranche B Term Facility"), (c) the Tranche C Term Commitments and the Tranche C Term Loans made thereunder (the "Tranche C Term Facility"), (d) the Revolving Commitments and the extensions of credit made thereunder (the "Revolving Facility") and (e) the LC/MD Commitments and the extensions of credit thereunder (the "LC/MD 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) (i) for purposes of calculating the Consolidated Leverage Ratio in order to determine the Applicable Margin or the Commitment Fee Rate as set forth on the Pricing Grid, the sum of (x) the $30,000,000 of cash on the consolidated balance sheet of the Borrower and its Subsidiaries on the Closing Date, to the extent remaining on the balance sheet on such date (plus any interest earned thereon, to the extent remaining on the balance sheet on such date), and (y) 50% of the Net Cash Proceeds of any Excess Senior Subordinated Note Amount received by the Borrower since the Closing Date, to the extent remaining on the balance sheet on such date (plus any interest earned thereon, to the extent remaining on the balance sheet on such date), and (ii) otherwise, 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 the sum of (x) $30,000,000 and (y) 50% of the Net Cash Proceeds of any Excess Senior Subordinated Note Amount received by the Borrower since the Closing Date.

"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 date hereof 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 to be 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.

"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 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 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.

"Investments": as defined in Section 7.8.

"Issuing Lender": The Chase Manhattan Bank (or any of its Affiliates, including, without limitation, Chase Manhattan 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 and the last day of the Revolving Commitment Period.

"LC/MD Commitment": as to any Lender, the collective reference to such Lender's LC/MD LC Commitment and LC/MD Term Commitment.

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

"LC/MD LC Commitment": as to any Lender, the obligation of such Lender, if any, to participate in the NJ Letter of Credit in an aggregate face amount not to exceed the amount set forth under the heading "LC/MD LC Commitment" opposite such Lender's name on Schedule 1.1A or in the Assignment and Acceptance pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The original aggregate amount of the LC/MD LC Commitments is $122,250,000.

"LC/MD LC Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the NJ Letter of Credit and (b) the aggregate amount of drawings under the NJ Letter of Credit that have not then been reimbursed by the Borrower or pursuant to Section 3.5 (but only, in the case of this clause (b), until the refunding procedure contemplated by Section 3.5 has been completed).

"LC/MD Lender": each Lender that has a LC/MD Commitment or that holds LC/MD Loans.

"LC/MD Loans": the collective reference to LC/MD Reimbursement Loans and LC/MD Term Loans.

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

"LC/MD Reimbursement Loans": any participating interest in any unreimbursed payment under the NJ Letter of Credit funded by an LC/MD Lender, it being understood that LC/MD Reimbursement Loans are referred to as "Loans" hereunder for convenience of reference only, and such references shall not be construed to imply that any proceeds of LC/MD Reimbursement Loans are to be received by the Borrower.

"LC/MD Scheduled Termination Date": as defined in Section 2.1(b).

"LC/MD Term Commitment": as to any Lender, the obligation of such Lender, if any, to make LC/MD Term Loans in an aggregate principal amount not to exceed the amount set forth

under the heading "LC/MD Term Commitment" opposite such Lender's name on Schedule 1.1A or in the Assignment and Acceptance pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The original aggregate amount of the LC/MD Term Commitments is $85,000,000.

"LC/MD Term Commitment Period": the period from and including the NJ LC Termination Date to the LC/MD Scheduled Termination Date.

"LC/MD Term Loans": as defined in Section 2.1(b).

"LC Participants": (a) in the case of the Revolving Letters of Credit, the collective reference to all Revolving Lenders (including the Issuing Lender) and (b) in the case of the NJ Letter of Credit, the collective reference to all LC/MD Lenders (including the Issuing Lender).

"Lenders": as defined in the preamble hereto.

"Letters of Credit": the collective reference to the NJ Letter of Credit and the Revolving Letters of Credit.

"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.

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

"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 the Total LC/MD Extensions of Credit, as the case may be, outstanding under such Facility (or (a) 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 and (b) in the case of the LC/MD Facility, prior to any termination of the LC/MD Commitments, the holders of more than 50% of the Total LC/MD 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 Properties": the real properties listed on Schedule 1.1B, as to which the Administrative Agent for the benefit of the Lenders shall be granted a Lien pursuant to the Mortgages in accordance with Section 6.12.

"Mortgages": each of the mortgages and deeds 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.

"NJ LC Termination Date": as defined in Section 2.1(b).

"NJ Letter of Credit": as defined in Section 3.1(a).

"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 (i) during the Borrower's fiscal years 1998 and 1999, $50,000,000 in each such fiscal year (or, in the case of fiscal 1998, the portion thereof occurring after the Closing Date), and (ii) thereafter, in any fiscal year of the Borrower, the sum of (A) $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 (B) 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 (i) during the Borrower's fiscal years 1998 and 1999, $50,000,000 in each such fiscal year (or, in the case of fiscal 1998, the portion thereof occurring after the Closing Date), and (ii) thereafter, in any fiscal year of the Borrower, $70,000,000 (plus any amounts available pursuant to the foregoing clause (f)(ii)(B)), 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 (i) the Sponsor, (ii) the Talley Persons and (iii) 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": as defined in Section 5.1(b)(ii).

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

"Pro Forma Financial Statements": as defined in Section 4.1(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.

"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": The Chase Manhattan 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 the Issuing Lender pursuant to Section 3.5 for amounts paid under Letters of Credit.

"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 or reduce the Revolving Commitments 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. ss. 4043.

"Required Lenders": at any time, the holders of more than 50% of (a) until the Closing Date, the Commitments then in effect and (b) thereafter, the sum of (i) the aggregate unpaid principal amount of the A/B/C Term Loans then outstanding, (ii) the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding and (iii) the Total LC/MD Commitments then in effect or, if the LC/MD Commitments have been terminated, the Total LC/MD Extensions of Credit then outstanding.

"Required Prepayment Lenders": the Majority Facility Lenders in respect of each 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.

"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 Revolving Letters of Credit in an aggregate principal and/or face amount not to exceed the amount set forth under the heading

"Revolving Commitment" opposite such Lender's name on Schedule 1.1A or in the Assignment and Acceptance pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The original amount of the Total Revolving Commitments is $120,000,000.

"Revolving Commitment Period": the period from and including the Closing Date to 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 Revolving LC Obligations then outstanding and (c) such Lender's Revolving Percentage of the aggregate principal amount of Swingline Loans then outstanding.

"Revolving LC Commitment": $75,000,000.

"Revolving LC Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Revolving Letters of Credit and (b) the aggregate amount of drawings under Revolving Letters of Credit that have not then been reimbursed pursuant to Section 3.5.

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

"Revolving Letters of Credit": as defined in Section 3.1.

"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.

"Seller": Thorn International BV.

"Senior Subordinated Note Indenture": the Indenture to be 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 to be 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 Subordinated Bridge Facility or 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.

"Subordinated Bridge Facility": the collective reference to (i) the Senior Subordinated Credit Agreement, dated as of the date hereof, among the Borrower, the lenders from time to time parties thereto and Chase, as administrative agent for such lenders, together with the Indenture referred to therein, and (ii) any other document governing Indebtedness (other than the Senior Subordinated Notes) incurred pursuant to Section 7.2(f)(i)(A)(y).

"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. All references to Subsidiaries of the Borrower applicable on the Closing Date and thereafter shall include the Acquired Company and its Subsidiaries.

"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": The Chase Manhattan 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.

"Talley Persons": the collective reference to J. Ernest Talley, any person having a relationship with J. Ernest Talley by blood, marriage or adoption not more remote than first cousin (other than his children) and any trust established for the benefit of any person having a relationship with J. Ernest Talley by blood, marriage or adoption not more remote than first cousin.

"Term Lenders": the collective reference to the Tranche A Term Lenders, the Tranche B Term Lenders, the Tranche C Term Lenders and the LC/MD Lenders.

"Term Loans": the collective reference to the A/B/C Term Loans and the LC/MD Loans.

"Total LC/MD Commitments": at any time, (a) until the NJ LC Termination Date, the aggregate amount of the LC/MD LC Commitments then in effect and (b) thereafter, the aggregate amount of the LC/MD Term Commitments then in effect.

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

"Total Revolving Commitments": at any time, the aggregate amount of the Revolving Commitments then in effect.

"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.

"Tranche A Term Commitment": as to any Lender, the obligation of such Lender, if any, to make a Tranche A Term Loan to the Borrower hereunder in a principal amount not to exceed the amount set forth under the heading "Tranche A Term Commitment" opposite such Lender's name on Schedule 1.1A. The original aggregate amount of the Tranche A Term Commitments is $120,000,000.

"Tranche A Term Lender": each Lender that has a Tranche A Term Commitment or is the holder of a Tranche A Term Loan.

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

"Tranche A Term Percentage": as to any Tranche A Term Lender at any time, the percentage which such Lender's Tranche A Term Commitment then constitutes of the aggregate Tranche A Term Commitments (or, at any time after the Closing Date, the percentage which the aggregate principal amount of such Lender's Tranche A Term Loans then outstanding constitutes of the aggregate principal amount of the Tranche A Term Loans then outstanding).

"Tranche B Term Commitment": as to any Lender, the obligation of such Lender, if any, to make a Tranche B Term Loan to the Borrower hereunder in a principal amount not to exceed the amount set forth under the heading "Tranche B Term Commitment" opposite such Lender's name on Schedule 1.1A. The original aggregate amount of the Tranche B Term Commitments is $270,000,000.

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

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

"Tranche B Term Percentage": as to any Tranche B Term Lender at any time, the percentage which such Lender's Tranche B Term Commitment then constitutes of the aggregate Tranche B Term Commitments (or, at any time after the Closing Date, 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 Commitment": as to any Lender, the obligation of such Lender, if any, to make a Tranche C Term Loan to the Borrower hereunder in a principal amount not to exceed the amount set forth under the heading "Tranche C Term Commitment" opposite such Lender's name on Schedule 1.1A. The original aggregate amount of the Tranche C Term Commitments is $330,000,000.

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

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

"Tranche C Term Percentage": as to any Tranche C Term Lender at any time, the percentage which such Lender's Tranche C Term Commitment then constitutes of the aggregate Tranche C Term Commitments (or, at any time after the Closing Date, 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).

"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. 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.

(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 COMMITMENTS

2.1 Term Commitments and LC/MD Commitments. (a) Subject to the terms and conditions hereof, (i) each Tranche A Term Lender severally agrees to make a term loan (a "Tranche A Term Loan") to the Borrower on the Closing Date in an amount not to exceed the amount of the Tranche A Term Commitment of such Lender, (ii) each Tranche B Term Lender severally agrees to make a term loan (a "Tranche B Term Loan") to the Borrower on the Closing Date in an amount not to exceed the amount of the Tranche B Term Commitment of such Lender and (iii) each Tranche C Term Lender severally agrees to make a term loan (a "Tranche C Term Loan") to the Borrower on the Closing Date in an amount not to exceed the amount of the Tranche C Term Commitment of such Lender

(b) Subject to the terms and conditions hereof, each LC/MD Lender severally agrees to make LC/MD Reimbursement Loans upon the occurrence of any drawing under the NJ Letter of Credit to the extent contemplated by Section 3.5 in an aggregate amount not to exceed the amount of the LC/MD LC Commitment of such Lender. In addition, after the date (the "NJ LC Termination Date") on which the NJ Letter of Credit has expired or otherwise been terminated or on which the full amount available thereunder has been drawn, subject to the terms and conditions hereof, each LC/MD Lender severally agrees to make term loans ("LC/MD Term Loans") to the Borrower from time to time to the extent, but only to the extent, of any remaining LC/MD Term Commitment of such Lender as in effect immediately prior to the making of the relevant LC/MD Term Loan. The obligation of the LC/MD Lenders to make LC/MD Term Loans shall terminate on the date (the "LC/MD Scheduled Termination Date") that is the earlier of (i) the later of (x) September 30, 2000 and (y) the date that is 90 days after the NJ LC Termination Date and (ii) March 30, 2004. The LC/MD LC Commitments shall automatically be permanently reduced by the principal amount of any LC/MD Reimbursement Loans created hereunder. The LC/MD LC Commitments shall terminate on the NJ LC Termination Date. The LC/MD Term Commitments shall automatically be permanently reduced by the principal amount of any LC/MD Reimbursement Loans or LC/MD Term Loans borrowed hereunder. The LC/MD Term Commitments shall terminate on the LC/MD Scheduled Termination Date.

(c) 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. 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 (a) the Revolving LC Obligations then outstanding and (b) 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.

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 Procedure for A/B/C Term Loan Borrowing. The Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 A.M., New York City time, one Business Day prior to the anticipated Closing Date) requesting that the relevant Term Lenders make the A/B/C Term Loans on the Closing Date and specifying the amount to be borrowed. The A/B/C Term Loans made on the Closing Date shall initially be ABR Loans and, unless otherwise agreed by the Administrative Agent in its sole discretion, (A) no such Term Loan may be converted into or continued as a Eurodollar Loan prior to the date that is 30 days after the Closing Date and (B) no such Term Loan may be converted into or continued as a Eurodollar Loan having an Interest Period in excess of one month prior to the date that is 90 days after the Closing Date. Upon receipt of such notice the Administrative Agent shall promptly notify each relevant Term Lender thereof. Not later than 12:00 Noon, New York City time, on the Closing Date each relevant Term Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the A/B/C Term Loan(s) to be made by such Lender. The Administrative Agent shall credit the account of the Borrower on the books of such office of the Administrative Agent with the aggregate of the amounts so made available to the Administrative Agent by the Term Lenders in immediately available funds.

2.5 Procedure for LC/MD Term Loan and Revolving Loan Borrowing. The Borrower may borrow under the LC/MD Term Commitments during the LC/MD Term Commitment Period or 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. Any Revolving Loans made on the Closing Date shall initially be ABR Loans and, unless otherwise agreed by the Administrative Agent in its sole discretion, (A) no Revolving Loan may be made as, converted into or continued as a Eurodollar Loan prior to the date that is 30 days after the Closing Date and (B) no Revolving Loan may be made as, converted into or continued as a Eurodollar Loan having an Interest Period in excess of one month prior to the date that is 90 days after the Closing Date. Each borrowing under the LC/MD Term Commitments shall be in an amount equal to (x) in the case of ABR Loans, $4,000,000 or a whole multiple of $500,000 in excess thereof (or, if the then aggregate LC/MD Term Commitments are less than $4,000,000, such lesser amount) and (y) in the case of Eurodollar Loans, $5,000,000 or a whole multiple of $1,000,000 in excess thereof. Each borrowing under the Revolving Commitments shall be in an amount equal to (x) in the case of ABR Loans, $4,000,000 or a whole multiple of $500,000 in excess thereof (or, if the then aggregate Available Revolving Commitments are less than $4,000,000, such lesser amount) and (y) in the case of Eurodollar Loans, $5,000,000 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. 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; Scheduled Commitment Reductions. (a) The Tranche A Term Loan of each Tranche A Lender shall mature in 9 installments, each of which shall be in an amount equal to such Lender's Tranche A Term Percentage multiplied by the amount set forth below opposite such installment:

Installment	Principal Amount
September 30, 2000	$12,000,000
March 31, 2001	10,000,000
September 30, 2001	10,000,000
March 31, 2002	12,000,000
September 30, 2002	12,000,000
March 31, 2003	14,000,000
September 30, 2003	14,000,000
March 31, 2004	18,000,000
July 31, 2004	18,000,000

(b) The Tranche B Term Loan of each Tranche B Lender shall mature in 12 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:

Installment	Principal Amount
September 30, 1999	$1,000,000
September 30, 2000	1,000,000
September 30, 2001	1,000,000
September 30, 2002	1,000,000
September 30, 2003	1,000,000
September 30, 2004	1,000,000
December 31, 2004	44,000,000
March 31, 2005	44,000,000
June 30, 2005	44,000,000
September 30, 2005	44,000,000
December 31, 2005	44,000,000
January 31, 2006	44,000,000

(c) The Tranche C Term Loan of each Tranche C Lender shall mature in 13 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:

Installment	Principal Amount
September 30, 1999	$1,000,000
September 30, 2000	1,000,000
September 30, 2001	1,000,000
September 30, 2002	1,000,000
September 30, 2003	1,000,000
September 30, 2004	1,000,000
September 30, 2005	1,000,000
December 31, 2005	1,000,000
March 31, 2006	64,400,000
June 30, 2006	64,400,000
September 30, 2006	64,400,000
December 31, 2006	64,400,000
January 31, 2007	64,400,000

(d) The LC/MD Loans of each LC/MD Lender shall mature in equal quarterly installments (determined on the basis of the aggregate outstanding principal amount of such LC/MD Loans on the LC/MD Scheduled Termination Date), which installments shall be payable on the last day of each calendar quarter ending after the LC/MD Scheduled Termination Date (provided that the last such installment shall be payable on July 31, 2004). Notwithstanding anything to the contrary in this Agreement, in the event that, on any date (an "Excess Date"), the aggregate principal amount of the LC/MD Reimbursement Loans exceeds (such excess, "Excess LC/MD Reimbursement Loans") the Total LC/MD Term Commitments in effect immediately prior to the

creation of such LC/MD Reimbursement Loans, such Excess LC/MD Reimbursement Loans shall be due and payable on the date that is 30 days after such Excess Date.

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

2.8 Commitment Fees, etc. The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee for the period from and including the Closing Date to the last day of 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, commencing on the first of such dates to occur after the date hereof.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each LC/MD Lender a commitment fee for the period from and including the NJ LC Termination Date to the last day of the LC/MD Term Commitment Period, computed at the Commitment Fee Rate on the average daily amount of the LC/MD Term 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 LC/MD Scheduled Termination Date, commencing on the first of such dates to occur after the NJ LC Termination Date.

(c) 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 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 the LC/MD Commitments or, from time to time, to reduce the amount of the Revolving Commitments or the LC/MD Commitments; provided that (i) 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 and (ii) no such termination or reduction of LC/MD Commitments shall be permitted if, after giving effect thereto, the LC/MD LC Obligations would exceed the Total LC/MD 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, 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 at least one Business Day prior thereto in the case of ABR Loans, which notice shall specify the date and amount of prepayment and 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 Term Loans and Revolving Loans 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.

2.11 Mandatory Prepayments. 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 or to refinance the Subordinated Bridge Facility) 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 50% 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) (i) 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% of the Net Cash Proceeds thereof shall be applied on the date of such incurrence toward the prepayment of the Term Loans.

(ii) Notwithstanding Section 2.11(b)(i) and anything to the contrary in Section 2.17, if the Borrower shall issue an aggregate principal amount of Senior Subordinated Notes in excess of $175,000,000 (any such excess amount, the "Excess Senior Subordinated Note Amount"), (A) an amount equal to 50% of the Net Cash Proceeds of such excess issuance shall be applied on the date of such issuance toward the prepayment of the Tranche A Term Loans in reduction of the then remaining installments thereof pro rata based upon the then remaining principal amount thereof and (B) an amount equal to 50% of the Net Cash Proceeds of such excess issuance shall be applied on the date of such issuance toward the permanent reduction of the Revolving Commitments. Any such reduction of the Revolving Commitments shall be accompanied by prepayment of the Revolving Loans and/or Swingline Loans to the extent, if any, that the Total Revolving Extensions of Credit exceed the amount of the Total Revolving Commitments as so reduced, provided that if the aggregate principal amount of Revolving Loans and Swingline Loans then outstanding is less than the amount of such excess (because Revolving LC Obligations constitute a portion thereof), the Borrower shall, to the extent of the balance of such excess, replace outstanding Revolving Letters of Credit and/or deposit an amount in cash in a cash collateral account established with the Administrative Agent for the benefit of the Lenders on terms and conditions satisfactory to the Administrative Agent.

(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, 1999, 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) 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. 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 $5,000,000 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. 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% or (y) in the case of Reimbursement Obligations, the rate applicable to ABR Loans under the Revolving Facility or the LC/MD Facility, as the case may be, plus 2%, and (ii) if all or a portion of any interest payable on any Loan or Reimbursement Obligation or any commitment 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, 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. 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. 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 Commitments of the Lenders shall be made pro rata according to the respective Tranche A Term Percentages, Tranche B Term Percentages, Tranche C Term Percentages, Revolving Percentages or LC/MD 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 A Term Loans, Tranche B Term Loans, Tranche C Term Loans or LC/MD 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 the amount of any optional or mandatory prepayment that would otherwise be allocated to Tranche B Term Loans or Tranche C Term Loans (such amounts, the "Tranche B Prepayment Amount" and the "Tranche C Prepayment Amount", respectively), at any time when Tranche A Term Loans and/or LC/MD Loans remain outstanding, the Borrower will, in lieu of applying such amount to the prepayment of Tranche B Term Loans and Tranche C Term Loans, on the date specified for such prepayment, give the Administrative Agent telephonic notice (promptly confirmed in writing) requesting that the Administrative Agent prepare and provide to each Tranche B Lender and Tranche C Lender a notice (each, a "Prepayment Option Notice") as described below. As promptly as practicable after receiving such notice from the Borrower, the Administrative Agent will send to each Tranche B Lender and Tranche C Lender a Prepayment Option Notice, which shall

be in the form of Exhibit H, and shall include an offer by the Borrower to prepay, on the date (each a "Prepayment Date") that is 10 Business Days after the date of the Prepayment Option Notice, the relevant Term Loans of such Lender by an amount equal to the portion of the Prepayment Amount indicated in such Lender's Prepayment Option Notice as being applicable to such Lender's Tranche B Term Loans or Tranche C Term Loans, as the case may be. On the Prepayment Date, (i) the Borrower shall pay to the relevant Tranche B Lenders and Tranche C Lenders the aggregate amount necessary to prepay that portion of the outstanding relevant Term Loans in respect of which such Lenders have accepted prepayment as described above (such Lenders, the "Accepting Lenders") and (ii) the Borrower shall pay to the Tranche A Lenders and the LC/MD Lenders an amount equal to the portion of the Tranche B Prepayment Amount and the Tranche C Prepayment Amount not accepted by the Accepting Lenders, and such amount shall be applied pro rata to the prepayment of the then outstanding Tranche A Term Loans and the LC/MD Loans.

(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 according to the respective outstanding principal amounts of the Revolving Loans then held by the Revolving Lenders.

(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. 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 date hereof:

(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 or issuing or participating in Letters of Credit, 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 date hereof 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. 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 1001 or Form 4224, 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 I and a Form W-8, 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 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 Commitment. Subject to the terms and conditions hereof, the Issuing Lender, in reliance on the agreements of the LC Participants, as set forth in Section 3.4(a), agrees to issue (i) on the Closing Date, a letter of credit (the "NJ Letter of Credit") for the benefit of the Superior Court of New Jersey supporting a potential liability with respect to a judgment rendered in the case of Robinson v. Thorn Americas, Inc. in the State of New Jersey and (ii) on any Business Day during the Revolving Commitment Period, other letters of credit ("Revolving Letters of Credit"), in each case 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 the Issuing Lender shall have no obligation to issue any Revolving Letter of Credit if, after giving effect to such issuance, (i) the Revolving LC Obligations would exceed the Revolving LC Commitment or (ii) the aggregate amount of the Available Revolving Commitments would be less than zero. 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 the Revolving Scheduled Commitment Termination Date or, in the case of the NJ Letter of Credit, March 30, 2004, 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.

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. The Borrower will pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Revolving Facility or, in the case of the NJ Letter of Credit, the LC/MD Facility, shared ratably among the Lenders under the relevant Facility and payable quarterly in arrears on each LC Fee Payment Date after the issuance 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 after the Issuance 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 LC Participations. The Issuing Lender irrevocably agrees to grant and hereby grants to each LC Participant, and, to induce the Issuing Lender to issue Letters of Credit hereunder, each 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 LC Participant's own account and risk an undivided interest equal to such LC Participant's Revolving Percentage or LC/MD Percentage, as the case may be, in the Issuing Lender's obligations and rights under each Letter of Credit issued hereunder and the amount of each draft paid by the Issuing Lender thereunder. Each LC Participant unconditionally and irrevocably agrees with the Issuing Lender that, if a draft is paid under any 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 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 LC Participant's Revolving Percentage or LC/MD Percentage, as the case may be, of the amount of such draft, or any part thereof, that is not so reimbursed (which payments shall constitute LC/MD Reimbursement Loans to the extent contemplated by Section 3.5).

(b) If any amount required to be paid by any 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 Letter of Credit is paid to the Issuing Lender within three Business Days after the date such payment is due, such LC Participant shall pay to the Issuing Lender on demand an amount equal to the product of such amount, times 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 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 LC Participant pursuant to Section 3.4(a) is not made available to the Issuing Lender by such LC Participant within three Business Days after the date such payment is due, the Issuing Lender shall be entitled to recover from such 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 or the LC/MD Facility, as the case may be. A

certificate of the Issuing Lender submitted to any 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 Letter of Credit and has received from any 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 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 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 LC Participant shall return to the Issuing Lender the portion thereof previously distributed by the Issuing Lender to it.

(d) Each LC Participant's obligation to purchase participating interests pursuant to Section 3.4(a) (including participating interests that constitute LC/MD Reimbursement Loans) 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 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 Reimbursement Obligation of the Borrower. The Borrower agrees to reimburse the Issuing Lender in accordance with the immediately following sentence upon notification of the Borrower of the date and amount of a draft presented under any Revolving 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. 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. 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 at the rate set forth in (i) until the second Business Day following the date of payment of the applicable drawing, Section 2.14(b) and (ii) thereafter, Section 2.14(c) (but only, in the case of the NJ Letter of Credit, to the extent such payment of such drawing has not been refunded by the LC Participants as contemplated in the next succeeding sentence). Notwithstanding anything to the contrary herein, in the case of any payment of any drawing under the NJ Letter of Credit, the Issuing Lender shall notify the relevant LC Participants that such payment of such drawing is to be refunded by such LC Participants through the purchase of participating interests pursuant to Section 3.4 that will constitute LC/MD Reimbursement Loans, with the funding date thereof to be the second Business Day after the date of payment of such drawing. Any such LC/MD Reimbursement Loans shall initially be ABR Loans and may from time to time thereafter be Eurodollar Loans or ABR Loans, as contemplated by Section 2.1. In the event that, for any reason, any portion of the LC/MD Reimbursement Loans required to be funded by the relevant LC Participants as provided above are not so funded, the Borrower shall be obligated to reimburse the Issuing Lender for such unfunded amounts no later than the date that is three Business Days after the date such funding by the LC Participants was otherwise required to be made.

3.6 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 3.5 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.

3.7 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.

3.8 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. The unaudited pro forma consolidated balance sheet and statement of operations of the Borrower and its consolidated Subsidiaries as at, or for the period of four consecutive fiscal quarters ended, March 31, 1998 (the "Pro Forma Financial Statements"), copies of which have heretofore been furnished to each Lender, have been prepared giving effect (as if such events had occurred on such date or at the beginning of such period, as the case may be) to (i) the consummation of the Acquisition, (ii) the Loans to be made and the Senior Subordinated Notes (or the Subordinated Bridge Facility to be funded, as the case may be) and Preferred Stock to be issued on the Closing Date and the use of proceeds thereof and (iii) the payment of fees and expenses in connection with the foregoing. The Pro Forma Financial Statements have been prepared based on the best information available to the Borrower as of the date of delivery thereof, and present fairly on a pro forma basis the estimated financial position of Borrower and its consolidated Subsidiaries as at, or for the period of four consecutive fiscal quarters ended, March 31, 1998, assuming that the events specified in the preceding sentence had actually occurred at such date or at the beginning of such period, as the case may be.

(b) The audited consolidated balance sheets of the Borrower as at December 31, 1995, December 31, 1996 and December 31, 1997, and the related consolidated statements of operations, stockholder's equity and cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Grant Thornton LLP, 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 respective fiscal years then ended. The unaudited consolidated balance sheet of the Borrower as at March 31, 1998, and the related unaudited consolidated statements of operations, stockholder's equity and cash flows for the three-month period ended on such date, 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 three-month period then ended (subject to normal year-end audit adjustments). All 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 most recent financial statements referred to in this paragraph. During the period from December 31, 1997 to and including the date hereof there has been no Disposition by the Borrower or any of its Subsidiaries of any material part of its business or property.

(c) The Borrower has provided to the Lenders the audited consolidated balance sheets of the Acquired Company as at March 31, 1996, March 31, 1997 and March 31, 1998, and the related consolidated statements of operations, stockholder's equity and cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Ernst & Young LLP (the "Audited Acquired Company Financials"), as adjusted in certain respects by the Borrower in order to achieve consistency with the Borrower's customary presentation of financial information. Such adjustments do not unfairly present the consolidated financial condition of the Acquired Company as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended, in each case as reflected in the Audited Acquired Company Financials.

4.2 No Change. Since March 31, 1998 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 Acquisition and 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 Closing Date, 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 there are no outstanding subscriptions, options, warrants (other than any warrants issued in connection with the funding under the Subordinated Bridge Facility), 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 A/B/C Term Loans shall be used to finance a portion of the Acquisition, to repay certain existing Indebtedness of the Borrower and its Subsidiaries and to pay related fees and expenses. The proceeds of the LC/MD Term Loans shall be used for general corporate purposes (other than financing acquisitions, capital expenditures or the working capital needs of the Borrower and its Subsidiaries). The proceeds of the Revolving Loans and the Swingline Loans, and the Revolving Letters of Credit, shall be used for general corporate purposes. The NJ Letter of Credit shall be used for the purpose specified in Section 3.1.

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 date of this Agreement), 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. As of the date hereof, the representations and warranties made by the Borrower and, to the Borrower's knowledge, made by the Seller and Thorn plc, in the Acquisition Documentation are true and correct in all material respects. 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. 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 (if any) 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 when filed in the offices specified on Schedule 4.19(b), each such Mortgage shall 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, and after giving effect to the Acquisition and the incurrence of all Indebtedness and obligations being incurred in connection herewith and therewith will be and will continue to be, Solvent.

4.21 Senior Indebtedness. The Obligations constitute "Senior Indebtedness" of the Borrower under and as defined in the Subordinated Bridge Facility and 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 Subordinated Bridge Facility and the Senior Subordinated Note Indenture.

4.22 Year 2000 Matters. Any reprogramming required to permit the proper functioning (but only to the extent that such proper functioning would otherwise be impaired by the occurrence of the year 2000) in and following the year 2000 of computer systems and other equipment containing embedded microchips, in either case owned or operated by the Borrower or any of its Subsidiaries or used or relied upon in the conduct of their business (including any such systems and other equipment supplied by others), and the testing of all such systems and other equipment as so reprogrammed, will be completed by June 30, 1999. The costs to the Borrower and its Subsidiaries that have not been incurred as of the date hereof for such reprogramming and testing and for the other reasonably foreseeable consequences to them of any improper functioning of other computer systems and

equipment containing embedded microchips due to the occurrence of the year 2000 could not reasonably be expected to result in a Default or Event of Default or to have a Material Adverse Effect. Except for any reprogramming referred to above, the computer systems of the Borrower and its Subsidiaries are and, with ordinary course upgrading and maintenance, will continue for the term of this Agreement to be, sufficient for the conduct of their business as currently conducted.

4.23 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 Initial Extension of Credit. The agreement of each Lender to make the initial extension of credit requested to be made by it is subject to the satisfaction, prior to or concurrently with the making of such extension of credit on the Closing Date, of the following conditions precedent:

(a) Credit Agreement; Addenda; Guarantee and Collateral Agreement. 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 each Person listed on Schedule 1.1A, (iii) the Guarantee and Collateral Agreement, executed and delivered by the Borrower and each Subsidiary Guarantor and (iv) an Acknowledgement and Consent in the form attached to the Guarantee and Collateral Agreement, executed and delivered by each Issuer (as defined therein), if any, that is not a Loan Party.

In the event that an Addendum has not been duly executed and delivered by each Person listed on Schedule 1.1A on the date scheduled to be the Closing Date, the condition referred to in clause (ii) above shall nevertheless be deemed satisfied if on such date the Borrower and the Administrative Agent shall have designated one or more Persons (the "Designated Lenders") to assume, in the aggregate, all of the Commitments that would have been held by the Persons listed on Schedule 1.1A (the "Non-Executing Persons") which have not so executed and delivered an Addendum (subject to each such Designated Lender's consent and its execution and delivery of an Addendum). Schedule 1.1A shall automatically

be deemed to be amended to reflect the respective Commitments of the Designated Lenders and the omission of the Non-Executing Persons as Lenders hereunder.

(b) Acquisition, etc. The following transactions shall have been consummated prior to or concurrently with the funding of the initial Loans hereunder:

(i) the Borrower shall have acquired 100% of the outstanding Capital Stock of the Acquired Company in accordance with the terms and conditions of the Acquisition Agreement (the "Acquisition") for a purchase price (including approximately $27,000,000 of change of control bonuses paid on the Closing Date on behalf of Thorn plc) not exceeding $900,000,000;

(ii) the Borrower shall have received at least $235,000,000 in gross cash proceeds from the issuance of preferred stock (the "Preferred Stock") to the Sponsor;

(iii) the Borrower shall have received at least $175,000,000 in gross cash proceeds from the issuance of the Senior Subordinated Notes or the funding under the Subordinated Bridge Facility;

(iv) the transaction fees and expenses to be incurred in connection with the Acquisition and the financing thereof shall not exceed $40,000,000; and

(v) (i) the Administrative Agent shall have received satisfactory evidence that the Existing Credit Agreement shall have been terminated and all amounts thereunder shall have been paid in full and (ii) satisfactory arrangements shall have been made for the termination of all Liens granted in connection therewith.

(c) Pro Forma Financial Statements; Financial Statements. The Lenders shall have received (i) the Pro Forma Financial Statements and (ii) the consolidated financial statements of the Borrower and the Acquired Company referred to in Sections 4.1(b) and 4.1(c).

(d) Approvals. All governmental and material third party approvals (including landlords' and other consents) necessary in connection with the Acquisition, the continuing operations of the Borrower and its Subsidiaries and the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority that would restrain, prevent or otherwise impose materially adverse conditions on the Acquisition or the financing contemplated hereby.

(e) Lien Searches. The Administrative Agent shall have received the results of a recent lien search in each of the jurisdictions where material assets of the Loan Parties are located, and such search shall reveal no liens on any of the assets of the Borrower or its Subsidiaries except for liens permitted by Section 7.3 or discharged on or prior to the Closing Date pursuant to documentation satisfactory to the Administrative Agent.

(f) 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 Closing Date. All such amounts may be paid with proceeds of Loans made on the Closing 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 Closing Date.

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

(h) Legal Opinions. The Administrative Agent shall have received the following executed legal opinions:

(i) the legal opinion of Winstead Sechrest & Minick P.C., counsel to the Borrower and its Subsidiaries, substantially in the form of Exhibit F-1;

(ii) the legal opinion of Arnold & Porter, New York counsel to the Borrower and its Subsidiaries, substantially in the form of Exhibit F-2;

(iii) the legal opinion of Stinson, Mag & Fizzell, P.C., Kansas counsel to the Borrower and its Subsidiaries, substantially in the form of Exhibit F-3; and

(iv) to the extent consented to by the relevant counsel, each legal opinion, if any, delivered in connection with the Acquisition Agreement, accompanied by a reliance letter in favor of the Lenders.

Each such legal opinion shall cover such other matters incident to the transactions contemplated by this Agreement as the Administrative Agent may reasonably require.

(i) Pledged Stock; Stock Powers; Pledged Notes. The Administrative Agent shall have received (i) the certificates representing the shares of Capital Stock pledged pursuant to the Guarantee and Collateral Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note (if any) pledged to the Administrative Agent pursuant to the Guarantee and Collateral Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(j) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement) required by the Security Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Lenders, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 7.3), shall be in proper form for filing, registration or recordation.

(k) Solvency Opinion. The Administrative Agent shall have received a solvency opinion from Valuation Research Corporation.

(l) Insurance. The Administrative Agent shall have received insurance certificates satisfying the requirements of Section 5.2(b) of the Guarantee and Collateral Agreement.

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 the 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 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 listing of each new Subsidiary of any Loan Party, of any new county or state within the United States where any Loan Party keeps material inventory or equipment and of any new fee-owned real property or material Intellectual Property acquired by any Loan Party since the date of the most recent list delivered pursuant to this clause (y) (or, in the case of the first such list so delivered, since the Closing Date);

(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 (i) the Acquisition Documentation or (ii) the Senior Subordinated Note Indenture or the Subordinated Bridge Facility as to which the Senior Subordinated Note Indenture or the Subordinated Bridge Facility 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. (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. 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, within 90 days after the Closing Date, enter into Hedge Agreements to the extent necessary to provide that at least 50% of the aggregate principal amount of the A/B/C Term Loans is subject to either a fixed interest rate or interest rate protection for a period of not less than three years, which Hedge Agreements shall have terms and conditions reasonably satisfactory to the Administrative Agent.

6.10 Additional Collateral, etc. 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. 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, 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.

6.12 Real Estate Matters. Except in the case of any Mortgaged Property as to which the Borrower (or its relevant Subsidiary, as the case may be) shall have obtained a written commitment for the sale thereof in a transaction otherwise in accordance with the terms of this Agreement, within 90 days after the Closing Date:

(a) Furnish to the Administrative Agent a Mortgage with respect to each Mortgaged Property, executed and delivered by a duly authorized officer of each party thereto.

(b) If requested by the Administrative Agent, furnish to the Administrative Agent and the title insurance company issuing the policy referred to in paragraph (c) below (the "Title Insurance Company"), maps or plats of an as-built survey of the sites of the Mortgaged Properties certified to the Administrative Agent and the Title Insurance Company in a manner satisfactory to them, dated a date satisfactory to the Administrative Agent and the Title Insurance Company by an independent professional licensed land surveyor satisfactory to the Administrative Agent and the Title Insurance Company, which maps or plats and the surveys on which they are based shall be made in accordance with the Minimum Standard Detail Requirements for Land Title Surveys jointly established and adopted by the American Land Title Association and the American Congress on Surveying and Mapping in 1992, and, without limiting the generality of the foregoing, there shall be surveyed and shown on such maps, plats or surveys the following: (i) the locations on such sites of all the buildings, structures and other improvements and the established building setback lines; (ii) the lines of streets abutting the sites and width thereof; (iii) all access and other easements appurtenant to the sites; (iv) all roadways, paths, driveways, easements, encroachments and overhanging projections and similar encumbrances affecting the site, whether recorded, apparent from a physical inspection of the sites or otherwise known to the surveyor; (v) any encroachments on any adjoining property by the building structures and improvements on the sites; (vi) if the site is described as being on a filed map, a legend relating the survey to said map; and (vii) the flood zone designations, if any, in which the Mortgaged Properties are located.

(c) Furnish to the Administrative Agent in respect of each Mortgaged Property a mortgagee's title insurance policy (or policies) or marked up unconditional binder for such insurance. Each such policy shall (i) be in an amount satisfactory to the Administrative Agent; (ii) be issued at ordinary rates; (iii) insure that the Mortgage insured thereby creates a valid first Lien on such Mortgaged Property free and clear of all defects and encumbrances, except as disclosed therein; (iv) name the Administrative Agent for the benefit of the Lenders as the insured thereunder; (v) be in the form of ALTA Loan Policy - 1970 (Amended 10/17/70 and 10/17/84) (or equivalent policies); (vi)

contain such endorsements and affirmative coverage as the Administrative Agent may reasonably request and (vii) be issued by title companies satisfactory to the Administrative Agent (including any such title companies acting as co-insurers or reinsurers, at the option of the Administrative Agent). The Administrative Agent shall have received evidence satisfactory to it that all premiums in respect of each such policy, all charges for mortgage recording tax, and all related expenses, if any, have been paid.

(d) If requested by the Administrative Agent, furnish to the Administrative Agent (i) a policy of flood insurance that (A) covers any parcel of improved real property that is encumbered by any Mortgage, (B) is written in an amount not less than the outstanding principal amount of the indebtedness secured by such Mortgage that is reasonably allocable to such real property or the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less, and (C) has a term ending not later than the maturity of the Indebtedness secured by such Mortgage and (ii) confirmation that the Borrower has received the notice required pursuant to Section 208(e)(3) of Regulation H of the Board.

(e) Furnish to the Administrative Agent a copy of all recorded documents referred to, or listed as exceptions to title in, the title policy or policies referred to in paragraph (c) above and a copy of all other material documents affecting the Mortgaged Properties.

SECTION 7. NEGATIVE COVENANTS

The Borrower hereby agrees that, so long as the 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:

Period	Consolidated Leverage Ratio
Fiscal quarter ending 12/31/98 to fiscal quarter ending 9/30/99	5.60 to 1.00
Fiscal quarter ending 12/31/99 to fiscal quarter ending 3/31/00	5.50 to 1.00
Fiscal quarter ending 6/30/00	5.25 to 1.00
Fiscal quarter ending 9/30/00	5.00 to 1.00
Fiscal quarter ending 12/31/00	4.75 to 1.00
Fiscal quarter ending 3/31/01 to fiscal quarter ending 6/30/01	4.50 to 1.00
Fiscal quarter ending 9/30/01 to 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:

Period	Consolidated Interest Coverage Ratio
Fiscal quarter ending 12/31/98 to fiscal quarter ending 12/31/99	2.00 to 1.00
Fiscal year 2000	2.15 to 1.00
Fiscal year 2001	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 with any fiscal quarter during the period set forth below to be less than the ratio set forth below opposite such period:

Period	Consolidated Fixed Charge Coverage Ratio
Fiscal quarter ending 12/31/98 and thereafter	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 date hereof 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) either (i) (A) Indebtedness of the Borrower (x) in respect of the Subordinated Bridge Facility or (y) the proceeds of which are used solely to refinance the Subordinated Bridge Facility, provided that any Indebtedness incurred pursuant to this clause (y) shall be subordinated to the Obligations and shall have a final stated maturity no earlier than one year and one day after the final maturity of the Loans and (B) Guarantee Obligations of any Subsidiary Guarantor in respect of Indebtedness incurred pursuant to clause (i), provided that such Guarantee Obligations are subordinated to the same extent as the obligations of the Borrower in respect of such Indebtedness, or (ii) (A) Indebtedness of the Borrower in respect of the Senior Subordinated Notes in an aggregate principal amount not to exceed $300,000,000 and (B) 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 $50,000,000 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 date hereof 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 Closing 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) (i) Dispositions of the Acquired Vehicles otherwise permitted by this Agreement and (ii) the Disposition of other property having a fair market value not to exceed (A) during the period from the Closing Date to and including the date that is two years after the Closing Date, $60,000,000 in the aggregate, and (B) thereafter, $20,000,000 for any fiscal year of the Borrower; provided, in the case of each of the foregoing clauses (i) and (ii), that the requirements of Section 2.11(c) are complied with in connection therewith; and

(f) Dispositions referred to in Section 7.8(g).

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; and

(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 from present or former officers or employees of the Borrower or any Subsidiary upon the death, disability or termination of employment of such officer or employee, provided, that the aggregate amount of payments under this paragraph (b) after the date hereof (net of any proceeds received by the Borrower after the date hereof in connection with resales of any common stock or common stock options so purchased) shall not exceed $10,000,000; provided, further, that the Borrower shall be permitted to make additional payments under this paragraph (b) not in excess of $25,000,000 in the aggregate in order to purchase shares owned by the Talley Persons in connection with the Acquisition.

7.7 Capital Expenditures. (a) Make or commit to make any Capital Expenditure (Maintenance) (in addition to restructuring charges in an amount up to $10,000,000 in connection with the Acquisition), except (i) Capital Expenditures (Maintenance) of the Borrower and its Subsidiaries not exceeding in the aggregate (x) during the period from the Closing Date to the end of fiscal 1998, $16,700,000, and (y) during each fiscal year thereafter, $40,000,000; 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) the Acquisition;

(f) 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;

(g) 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;

(h) Investments not in excess of $40,000,000 in the aggregate during the period from the Closing Date to the end of the 1999 fiscal year

constituting purchases of franchisees of the Borrower and its Subsidiaries; and

(i) 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 or Indebtedness under the Subordinated Bridge Facility, other than interest payments expressly required by the terms thereof and pursuant to mandatory prepayment provisions contained in the Subordinated Bridge Facility, (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 or the Subordinated Bridge Facility (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), (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 (other than any such amendment, modification, waiver or other change that (i) would extend the scheduled redemption date or reduce the amount of any scheduled redemption payment or reduce the rate or extend any date for payment of dividends thereon and (ii) does not involve the payment of a consent fee) 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 or the Subordinated Bridge Facility.

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 date hereof 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 date of this Agreement (after giving effect to the Acquisition) or that are reasonably related or incidental thereto.

7.16 Amendments to Acquisition Documents. (a) Amend, supplement or otherwise modify (pursuant to a waiver or otherwise) the terms and conditions of the indemnities and licenses furnished to the Borrower or any of its Subsidiaries pursuant to the Acquisition Documentation or any other document delivered by the Seller or any of its affiliates in connection therewith such that after giving effect thereto such indemnities or licenses shall be materially less favorable to the interests of the Loan Parties or the Lenders with respect thereto or (b) otherwise amend, supplement or otherwise modify the terms and conditions of the Acquisition Documentation or any such other documents except for any such amendment, supplement or modification that could not reasonably be expected to have a Material Adverse Effect.

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; (iii) the Talley Persons 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 Talley Persons of record and beneficially as of the Closing Date immediately after giving effect to the Acquisition (excluding the

shares of Voting Stock to be repurchased by the Borrower from the Talley Persons for $25,000,000 on or about the date of issuance of the Senior Subordinated Notes); (iv) the Speese Persons 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 Speese Persons of record and beneficially as of the Closing Date immediately after giving effect to the Acquisition; or (v) 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 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. 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 Loans 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 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 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, or increase the amount or extend the expiration date of any Lender's Revolving Commitment or LC/MD Commitment, 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.

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

The Borrower:
Renters Choice, Inc.
13800 Montfort Drive
Suite 300
Dallas, Texas 75240
Attention: J. Ernest Talley
Telecopy: (972) 701-0360
Telephone: (972) 419-2611

with a copy to:
Winstead Sechrest & Minick P.C.
1201 Elm Street
5400 Renaissance Tower
Dallas, Texas 75270
Attention: Thomas W. Hughes
Telecopy: (214) 745-5390
Telephone: (214) 745-5201

The Administrative Agent:
The Chase Manhattan Bank
One Chase Manhattan Plaza, 8th Floor
New York, New York 10081
Attention: Agency Services,
Janet Belden
Telecopy: (212) 552-5658
Telephone: (212) 552-7277

with copies to: Chase Securities Inc.
270 Park Avenue, 4th Floor
New York, New York 10017
Attention: Kathy Duncan
Telecopy: (212) 972-0009
Telephone: (212) 270-5808

and

Chase Manhattan Bank Delaware
1201 Market Street, 8th Floor
Wilmington, Delaware 19801
Attention: Letter of Credit Department,
Michael Handago
Telecopy: (302) 428-3390 / 984-4904
Telephone: (302) 428-3311

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and 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 Closing Date (in the case of amounts to be paid on the Closing 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 Danny Z. Wilbanks (Telephone No. 972-419-2652) (Telecopy No. 972-701-0360), 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. 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 Commitment 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 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 (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). 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.

(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 Commitment of, and the principal amount of the Loans owing to, 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. 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.

RENTERS CHOICE, INC.

By:

Name:
Title:

THE CHASE MANHATTAN BANK, as
Administrative Agent and as a Lender

By:

Name:
Title:

NATIONSBANK, N.A., as Syndication Agent
and as a Lender

By:

Name:
Title:

COMERICA BANK, as Documentation Agent
and as a Lender

By:

Name:
Title:

Annex A

PRICING GRID

Consolidated Leverage Ratio	Applicable Margin for Eurodollar Loans			Applicable Margin for ABR Loans			Commitment Fee Rate
	A/RC/LCMD	B	C	A/RC/LCMD	B	C	
Greater than or equal to 4.00 to 1.0	2.25%	2.50%	2.75%	1.25%	1.50%	1.75%	0.500%
Greater than or equal to 3.50 to 1.0 and less than 4.00 to 1.0	2.00%	2.25%	2.50%	1.00%	1.25%	1.50%	0.375%
Greater than or equal to 3.00 to 1.0 and less than 3.50 to 1.0	1.75%	2.25%	2.50%	0.75%	1.25%	1.50%	0.375%
Greater than or equal to 2.50 to 1.0 and less than 3.00 to 1.0	1.50%	2.00%	2.25%	0.50%	1.00%	1.25%	0.300%
Less than 2.50 to 1.0	1.25%	1.75%	2.00%	0.25%	0.75%	1.00%	0.250%

As used above, "A/RC/LCMD" refers to Tranche A Term Loans, Revolving Credit Loans, Swing Line Loans and LC/MD Loans, "B" refers to Tranche B Term Loans and "C" refers to Tranche C Term Loans.

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 any time prior to the first Adjustment Date occurring after two full fiscal quarters have been completed after the Closing Date and 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.

EXHIBIT 10.21

DRAFT: AUGUST 5, 1998

STOCKHOLDERS AGREEMENT
OF RENTERS CHOICE, INC.

STOCKHOLDERS AGREEMENT (the "Agreement"), dated as of August 5 1998, by and among (i) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (defined below), the "Purchaser"), (ii) J. Ernest Talley, an individual ("Talley"), (iii) Mark E. Speese, an individual ("Speese"), (iv) Renters Choice, Inc., a Delaware corporation (the "Company"), and (v) each other Person (defined below) who becomes a party to this Agreement in accordance with the terms hereof.

W I T N E S S E T H:

WHEREAS, this Agreement shall become effective (the "Effective Date") on the date of, and simultaneously with, the closing under the Stock Purchase Agreement, dated as of August 5, 1998, between the Company and the Purchaser (the "Stock Purchase Agreement");

WHEREAS, on the Effective Date, (i) the authorized capital stock of the Company will consist of 50,000,000 shares of common stock, $.01 par value (the "Common Stock"), and 5,000,000 shares of preferred stock, $.01 par value (the "Preferred Stock") of which _____ shares will be designated Series A Preferred Stock, $.01 par value (the "Series A Preferred Stock"), and _____ shares will be designated Series B Preferred Stock, $.01 par value (the "Series B Preferred Stock" and together with the Series A Preferred Stock, the "Series A and B Preferred Stock") and (ii) the issued and outstanding capital stock of the Company will consist of _____ shares of Common Stock, 134,414 shares of Series A Preferred Stock and 115,586 shares of Series B Preferred Stock, with _____ shares of Common Stock reserved for issuance upon the exercise of certain stock options and upon conversion of the Series A and B Preferred Stock;

WHEREAS, on the Effective Date (i) the Purchaser shall beneficially own 250,000 shares of Preferred Stock, and (ii) the Management Stockholders shall beneficially own 8,421,697 shares of Common Stock.

WHEREAS, the parties hereto desire to restrict the sale, assignment, transfer, encumbrance or other disposition of the Shares (as defined below), including both issued and outstanding Shares as well as Shares that may be issued or otherwise acquired hereafter, to provide for certain rights and obligations in respect to the Shares and the Company as hereinafter provided.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1. Definitions. As used in this Agreement, the following terms have the following meanings:

"Affiliate" as applied to any specified Person, shall mean any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and, in the case of a Person who is an individual, shall include (i) members of such specified Person's immediate family (as defined in Instruction 2 of Item 404(a) of Regulation S-K under the Securities Act) and (ii) trusts, the trustee and all beneficiaries of which are such specified Person or members of such Person's immediate family as determined in accordance with the foregoing clause (i). For the purposes of this definition, control when used with respect to any Person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding the foregoing, the Purchaser and its Affiliates shall not be deemed Affiliates of the Company for purposes of this Agreement.

"Apollo Nominees" shall have the meaning set forth in Section 4. l(a).

"beneficial owner" of a security shall mean any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has (i) the power to vote, or to direct the voting of, such security or (ii) the power to dispose, or to direct the disposition of, such security.

"Board of Directors" shall mean the Board of Directors of the Company.

"Business Day" shall mean each day other than Saturdays, Sundays and days when commercial banks are authorized to be closed for business in New York, New York.

"Certificates of Designations" shall mean the Certificates of Designations of the Series A and B Preferred Stock in the forms attached as exhibits to the Stock Purchase Agreement.

"Charter Documents" shall mean the Amended and Restated Certificate of Incorporation and Amended and Restated By-Laws of the Company, each as amended to date, attached hereto as Exhibits A and B, respectively.

"Commission" shall mean the United States Securities and Exchange Commission.

"Common Stock" shall have the meaning set forth in the recitals.

"Company" shall have the meaning set forth in the preamble.

"Company Nominees" shall have the meaning set forth in Section 4.1(a).

"Credit Agreements" shall mean (i) that certain Credit Agreement dated August 5, 1998 by and among the Company, Comerica Bank, NationsBank and The Chase Manhattan Bank and (ii) that certain Senior Subordinated Credit Agreement dated August 5, 1998 by and among the Company, The Chase Manhattan Bank and Chase Securities Inc., as such may be amended from time to time.

"Effective Date" shall have the meaning set forth in the recitals.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" shall mean with respect to any person, without duplication, all liabilities of such person (a) for borrowed money (whether or not the recourse of the lender is to the whole of the assets of such person or only to a portion thereof), (b) evidenced by bonds, notes, debentures or similar instruments or representing the balance deferred and unpaid of the purchase price of any property (other than any such balance that represents an account payable or any other monetary obligation to a trade creditor (whether or not an Affiliate)), or (c) for the payment of money relating to a capitalized lease obligation.

"IRR" shall have the meaning set forth in Section 4.2(b).

"Management Stockholders" shall mean Talley and Speese and any of their respective Permitted Transferees.

"MD&A" shall mean a management's discussion and analysis of the Company's financial condition and results of operation comparable to the discussion that is required to be included in periodic reports filed under the Exchange Act.

"Notices" shall have the meaning set forth in Section 6.5.

"pecuniary interest" in any security shall mean the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in such security, and shall include securities owned by an individual's spouse or issue or any trust solely for the benefit of such individual, spouse or issue.

"Permitted Transferee" shall mean:

(a) in the case of the Purchaser (i) any officer, director or partner of, or Person controlling, the Purchaser, (ii) any other Person that is (x) an Affiliate of the general partners, investment managers or investment advisors of the Purchaser, (y) an Affiliate of the Purchaser or a Permitted Transferee of an Affiliate or (z) an investment fund, investment account or investment entity whose investment manager, investment advisor or general partner thereof is the Purchaser or a Permitted Transferee of the Purchaser or (iii) if a Permitted Transferee of a Person set forth in the foregoing clauses (i) and (ii) is an individual, (x) any spouse or issue of such individual, or any trust solely for the benefit of such individual, spouse or issue, and (y) upon such individual's death, any Person to whom Shares are transferred in accordance with the laws of descent and/or testamentary distribution, in each case in a bona fide distribution or other transaction not intended to avoid the provisions of this Agreement;

(b) in the case of any Management Stockholder, (i) any Person that is solely controlled by such Management Stockholder, (ii) upon a bona fide liquidation of, or a bona fide withdrawal from, such Management Stockholder, in each case, not intended to avoid the provisions of this Agreement, the shareholders, partners or principals, as the case may be, of such Management Stockholder, or (iii) if such Management Stockholder is an individual, (x) any spouse or issue of such individual, or any trust solely for the benefit of such individual, spouse or issue, and (y) upon such individual's death, any Person to whom Shares are transferred in accordance with the laws of descent and/or testamentary distribution; and

(c) any Person who is a party to this Agreement.

"Person" shall mean an individual or a corporation, limited liability company, partnership, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Preferred Stock" shall have the meaning set forth in the recitals.

"Purchaser" shall have the meaning set forth in the preamble.

"Registration Rights Agreements" shall mean the Series A Registration Rights Agreement and the Series B Registration Rights Agreement, each dated as of the date hereof, by and between the Company and the Purchaser, attached hereto as Exhibits C and D, respectively.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Series A and B Preferred Stock" shall have the meaning set forth in the recitals.

"Series A Preferred Stock" shall have the meaning set forth in the recitals.

"Series B Preferred Stock" shall have the meaning set forth in the recitals.

"Shares" shall mean, collectively, the Common Stock and the Preferred Stock, whether now owned or acquired after the date hereof. Whenever this Agreement refers to a number or percentage of Shares, such number or percentage shall be calculated as if each of the Shares had been exchanged or converted into shares of Common Stock immediately prior to such calculation regardless of the existence of any restrictions on such exchange or conversion.

"Speese Included Shares" shall mean those 2,528,432 shares of Common Stock beneficially owned by Speese as of the Effective Date.

"Stock Purchase Agreement" shall have the meaning set forth in the recitals.

"Subsidiary" shall mean, with respect to any Person, (a) a corporation a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such Person, by a Subsidiary of such Person, or by such Person and one or more Subsidiaries of such Person, (b) a partnership in which such Person or a Subsidiary of such Person is, at the date of determination, a general partner of such partnership, or (c) any other Person (other than a corporation) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of the directors or other governing body of such Person.

"Talley Included Shares" shall mean those 5,893,265 shares of Common Stock beneficially owned by Talley as of the Effective Date.

"Transfer" shall mean (i) when used as a noun: any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition and (ii) when used as a verb: to directly or indirectly transfer, sell, assign, pledge, hypothecate, encumber, or otherwise dispose of; provided, however, Transfer shall not include a pledge in connection with a recourse, bona fide loan transaction that is not intended to avoid the provisions of this Agreement.

"Transferee" shall mean any Person to whom Shares have been Transferred in compliance with the terms of this Agreement.

ARTICLE II

RESTRICTIONS ON TRANSFERS

Section 1. Transfers in Accordance with this Agreement. Any attempt to Transfer, or purported Transfer of, any of the Talley Included Shares or the Speese Included Shares in violation of the terms of this Agreement shall be null and void and the Company shall not register upon its books, and shall direct its transfer agent not to register on its books any such Transfer. A copy of this Agreement shall be filed with the

Secretary of the Company and the Company's transfer agent and kept with the records of the Company.

Section 2. Agreement to be Bound.

(a) No party hereto (other than the Company, the Purchaser and their Permitted Transferees) shall Transfer any Shares except (i) to a Permitted Transferee or (ii) as specifically provided herein.

(b) None of Talley or his Permitted Transferees shall Transfer their respective pecuniary interests in any of the Talley Included Shares to any party other than a Permitted Transferee of Talley, except that (i) commencing upon the date that is one year from the date of this Agreement, Talley and his Permitted Transferees shall be entitled to Transfer up to 500,000 Shares in aggregate during any subsequent twelve-month period and (ii) the Company shall be entitled to repurchase up to $25,000,000 of the Talley Included Shares. Notwithstanding the forgoing, in no case shall Talley or his Permitted Transferees Transfer any Shares if such Transfer would trigger default or change-in-control provisions under the Certificates of Designations, the Credit Agreements or any other material debt instrument of the Company.

(c) None of Speese or his Permitted Transferees shall Transfer their respective pecuniary interests in any of the Speese Included Shares to any party other than a Permitted Transferee of Speese, except that during any twelve-month period Speese and his Permitted Transferees shall be entitled to Transfer up to 300,000 Shares in aggregate through sales pursuant to Rule 144 under the Securities Act. Notwithstanding the forgoing, in no case shall Speese or his Permitted Transferees (i) Transfer more than 50% of the Speese Included Shares during the five-year period commencing on the Effective Date or (ii) Transfer any Shares if such Transfer would trigger default or change-in-control provisions under the Certificates of Designations, the Credit Agreements or any other material debt instrument of the Company.

(d) No Transfer to a Permitted Transferee of Purchaser or of any party as provided in the foregoing clauses (a), (b) and (c) of this Section 2.2 shall be permitted unless (i) the certificates representing such Shares issued to the Transferee bear the legend provided in Section 2.3 and (ii) the Transferee (if not already a party hereto) has executed and delivered to each other party hereto, as a condition precedent to such Transfer, an instrument or instruments, reasonably satisfactory to the Company, confirming that the Transferee agrees to be bound by the terms of this Agreement in the same manner as such Transferee's transferor, except as otherwise specifically provided in this Agreement.

Section 3. Legend. The Purchaser and each Management Stockholder hereby agrees that each outstanding certificate representing Shares issued to any of them, or any certificate issued in exchange for or upon conversion of any similarly legended certificate, shall bear a legend reading substantially as follows:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

ARTICLE III

ADDITIONAL RIGHTS AND OBLIGATIONS OF THE PURCHASER AND THE COMPANY

Section 1. Access to Information; Confidentiality. Upon the request of the Purchaser, the Company shall afford the Purchaser and its accountants, counsel and other representatives reasonable access to all of the properties, books, contracts, commitments and records (including, but not limited to, tax returns) of the Company and its Subsidiaries that are reasonably requested. The Purchaser will, and will cause its agents to, conduct any such

investigations on reasonable advance notice, during normal business hours, with reasonable numbers of persons and in such a manner as not to interfere unreasonably with the normal operations of the Company and its Subsidiaries.

Except as otherwise required by applicable law, neither the Company nor any of its Subsidiaries shall be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of any customer or other Person, would jeopardize the attorney-client privilege of the Person in possession or control of such information, or would contravene any law, rule, regulation, order, judgment, decree, fiduciary duty or binding agreement entered into prior to the date hereof. The parties hereto will make appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply.

The Purchaser shall, and shall use its best efforts to cause their representatives to, keep confidential all such information to the same extent such information is treated as confidential by the Company, and shall not directly or indirectly use such information for any competitive or other commercial purpose. The obligation to keep such information confidential shall not apply to (i) any information that (x) was already in the Purchaser's possession prior to the disclosure thereof by the Company (other than through disclosure by any other Person known by the Purchaser to be subject to a duty of confidentiality), (y) was then generally known to the public, or (z) was disclosed to the Purchaser by a third party not known by the Purchaser to be bound by an obligation of confidentiality or (ii) disclosures made as required by law or legal process or to any person exercising regulatory authority over such the Purchaser or its Affiliates. If in the absence of a protective order or the receipt of a waiver hereunder, the Purchaser is nonetheless, in the opinion of their counsel, compelled to disclose information concerning the Company to any tribunal or governmental body or agency or else stand liable for contempt or suffer other censure or penalty, the Purchaser may disclose such information to such tribunal or governmental body or agency without liability hereunder. In addition, in the event that any information disclosed by the Company to Purchaser is material nonpublic information, the Purchaser agrees to comply with its obligations under the applicable Federal and state securities laws with respect thereto, including but not limited to, the laws pertaining to the possession, dissemination and utilization of such material nonpublic information.

Section 2. Furnishing of Information. (a) The Company shall deliver to the Purchaser, as long as the Purchaser shall own any Shares:

(i) As promptly as practical, but in no event later than 30 days after the end of each calendar month, a copy of the monthly financial reporting package for such month customarily prepared for the Company's Chief Executive Officer.

(ii) As promptly as practical, but in no event later than 60 days after the close of each of its first three quarterly accounting periods during any fiscal year of the Company, the consolidated balance sheet of the Company as at the end of such quarterly period, and the related consolidated statements of operations, stockholders' equity and cash flows for such quarterly

period, and for the elapsed portion of the fiscal year ended with the last day of such quarterly period, and in each case setting forth comparative figures for the related periods in the prior fiscal year (if such comparative figures are available without unreasonable expense), all of which shall be certified by the chief financial officer of the Company, to have been prepared in accordance with generally accepted accounting principles, subject to year-end audit adjustments, together with an MD&A;

(iii) As promptly as practical, but in no event later than 105 days after the close of each fiscal year of the Company, the consolidated balance sheet of the Company as of the end of such fiscal year and the related consolidated statements of operations, stockholders' equity and cash flows for such fiscal year, in each case setting forth comparative figures for the preceding fiscal year, and certified by independent certified public accountants of recognized national standing, together with an MD&A; and

(iv) All reports, if any, filed by the Company or any Subsidiary of the Company with the Commission under the Exchange Act, as promptly as practical, but in no event later than 15 days after filing any such reports with the Commission.

(b) The provisions of Sections 3.2(a)(ii) and (iii) above shall be deemed to have been satisfied if the Company delivers the reports timely filed by the Company with the Commission on Form 10-Q or 10-K, as applicable, for such periods promptly, but in no event later than 15 days after filing any such Form with the Commission.

ARTICLE IV

CORPORATE GOVERNANCE AND VOTING

Section 1. Board of Directors of the Company.

(a) On or immediately following the Effective Date, the Company and the Management Stockholders shall take appropriate actions to cause the amendment of the Amended and Restated Bylaws of the Company to provide that the Board of Directors of the Company shall be composed of seven (7) members (or such lesser number of members as actually shall have been designated and agreed to by the parties hereto in accordance with the provisions of this Section 4.1). Thereupon the Company shall be entitled, but not required, to nominate five members to the Board of Directors (collectively, the "Company Nominees"), and the Purchaser (or any representative thereof designated by the Purchaser) shall be entitled, but not required, to nominate two members to the Board of Directors (collectively, the "Apollo Nominees"). One Apollo Nominee shall be classified as a Class I Director of the Company, and the other Apollo Nominee shall be classified as a Class II Director of the Company.

(b) The Management Stockholders and the Company shall take appropriate actions to cause the appointment of the Apollo Nominees to become effective upon the

amendment of the Amended and Restated Bylaws of the Company as provided in Section 4.1(a) above. The Management Stockholders and the Purchaser shall vote all of the Shares owned or held of record by them at all regular and special meetings of the stockholders of the Company called or held for the purpose of filling positions on the Board of Directors, and in each written consent executed in lieu of such a meeting of stockholders, and, to the extent entitled to vote thereon, each party hereto shall take all actions otherwise necessary to ensure (to the extent within the parties' collective control) that the Company Nominees and the Apollo Nominees are elected to the Board of Directors.

(c) The Company, the Management Stockholders and the Purchaser shall use their respective best efforts to call, or cause the appropriate officers and directors of the Company, to call, a special meeting of stockholders of the Company, as applicable, and to vote all of the Shares owned or held of record by them for, or to take all actions by written consent in lieu of any such meeting necessary to cause, the removal (with or without cause) of (A) any Company Nominee if the Management Stockholders request such director's removal in writing for any reason, and (B) any Apollo Nominee if the Purchaser requests such director's removal in writing for any reason. The Company and the Purchaser, respectively, shall have the right to designate a new nominee in the event any Company Nominee or Apollo Nominee, respectively, shall be so removed under this Section 4.1(c) or shall vacate his directorship for any reason.

Except as provided in this Section 4. l(c), each party hereto agrees that, at any time that it is then entitled to vote for the election or removal of directors, it will not vote in favor of the removal of any Company Nominee or Apollo Nominee unless (i) such removal shall be at the request of the party who nominated such director pursuant to the provisions of Section 4. l(a) or (ii) the right of the party who nominated such director to do so has terminated in accordance with clause (f) below.

(d) The Company shall not, and shall not permit any of its Subsidiaries to, without the consent of holders of a majority of the Shares held by the Management Stockholders or the Purchaser, as the case may be, take any action under Section 4.2(b) of this Agreement that requires the approval of the Apollo Nominees, if any of the Company Nominees or Apollo Nominees are Persons whose removal from the Board of Directors has been requested at or prior to the time of such action by the party who nominated such director pursuant to Section 4. l(a). Each party hereto shall use reasonable efforts to prevent any action from being taken by the Board of Directors, during the pendency of any vacancy due to death, resignation or removal of a director, unless the Person entitled to have a person nominated by it elected to fill such vacancy shall have failed, for a period of ten (10) days after notice of such vacancy, to nominate a replacement.

(e) The initial Company Nominees shall be J. Ernest Talley, Mark E. Speese, J. V. Lentell, Joseph V. Mariner, Jr. and Rex W. Thompson. Any other person designated by the Company as a Company Nominee shall be reasonably acceptable to the Purchaser. The initial Apollo Nominees shall be Peter P. Copses and Laurence M. Berg. Any other person designated by the Purchaser as an Apollo Nominee shall either be (x) a partner, employee or Affiliate of the Purchaser or its Affiliates or (y) a person who is reasonably acceptable to the Management Stockholders.

(f) The obligations of the Purchaser pursuant to this Section 4.1 shall terminate if the Management Stockholders cease to beneficially own 50% of the number of Shares owned by the Management Stockholders on the Effective Date; provided, however, that so long as Talley remains Chairman and Chief Executive Officer of the Company, the Purchaser shall continue to vote for Talley as a Company Nominee in accordance with this Section 4, and so long as Speese remains President of the Company, the Purchaser shall continue to vote for Speese as a Company Nominee in accordance with this Section 4.

(g) At such time as the Purchaser, together with any and all of its Permitted Transferees, cease to hold in aggregate 50% or more of the Shares owned by the Purchaser on the Effective Date, Purchaser shall be entitled, but not required, to nominate only one Apollo Nominee in accordance with this Section 4. At such time as the Purchaser, together with any and all of its Permitted Transferees, cease to hold in aggregate 10% or more of the Shares owned by the Purchaser on the Effective Date, the Purchaser shall no longer be entitled to nominate any Apollo Nominees in accordance with this Section 4.

(h) In the event the Company establishes an Executive Committee of the Board of Directors, it shall be comprised of such persons as a majority of the Board of Directors shall approve, provided, however, such committee shall also include at least one Apollo Nominee. The Executive Committee shall have authority, subject to applicable law, to take all actions that (A) are ancillary to or arise in the normal course of the businesses of the Company, or (B) implement and are consistent with resolutions of the Board of Directors provided, however, that such Executive Committee shall not be authorized to take any action which, if proposed to be taken by the full Board of Directors would require the affirmative vote of the Apollo Nominees in accordance with Section 4.2.

(i) The Finance Committee of the Board of Directors shall be comprised of one of the Apollo Nominees, one of the Company Nominees and one other director designated by the Board of Directors who is not also a member of management of the Company.

(j) Each of the Audit Committee and the Compensation Committee of the Board of Directors shall be comprised of at least one of the Apollo Nominees and at least one other director designated by the Board of Directors who is not also a member of management of the Company.

(k) Each committee of the Board of Directors, to which authority has been delegated, shall keep complete and accurate minutes and records of all actions taken by such committee, prepare such minutes and records in a timely fashion and promptly distribute such minutes and records to each member of the Board of Directors.

(l) The parties agree that upon the request of Purchaser, the Company shall cause the Board of Directors of any wholly-owned subsidiary of the Company to include such number of individuals designated by the Purchaser (or any representative thereof designated by the Purchaser) in the same proportion of the total number of members of the Board of Directors of such subsidiary as the proportion of the Company's Board of Directors to which the Purchaser is entitled pursuant to Section 4.1(a).

Section 2. Action by the Board of Directors.

(a) Except as provided below, all decisions of the Board of Directors shall require the affirmative vote of a majority of the directors of the Company then in office, or a majority of the members of an Executive Committee of the Board of Directors, to the extent such decisions may be lawfully delegated to an Executive Committee pursuant to Section 4.1(g).

(b) The Company shall not, and it shall cause each of its Subsidiaries not to, take (or agree to take) any action regarding the following matters, directly or indirectly, including through a merger or consolidation with any other corporation or otherwise, without the affirmative vote of the Apollo Nominees: (i) increase the number of authorized shares of Preferred Stock or authorize the issuance or issue of any shares of Preferred Stock other than to existing holders of Preferred Stock, (ii) issue any new class or series of equity security, (iii) amend, alter or repeal, in any manner whatsoever, the designations, preferences and relative rights and limitations and restrictions of the Series A and B Preferred Stock; (iv) amend, alter or repeal any of the provisions of the Charter Documents or the Certificates of Designations in a manner that would negatively impact the holders of the Series A and B Preferred Stock, including (but not limited to) any amendment that is in conflict with the approval rights set forth in this Section 4.2; (v) directly or indirectly, redeem, purchase or otherwise acquire for value (including through an exchange), or set apart money or other property for any mandatory purchase or other analogous fund for the redemption, purchase or acquisition of any shares of Common Stock or Junior Stock (as defined in the Certificates of Designations), except for the repurchase by the Company of up to $25,000,000 in Common Stock from Talley, or declare or pay any dividend or make any distribution (whether in cash, shares of capital stock of the Company, or other property) on shares of Common Stock or Junior Stock; (vi) cause the number of directors of the

Company to be greater than seven (7); (vii) enter into any agreement or arrangement with or for the benefit of any Person who is an Affiliate of the Company with a value in excess of $5 million in a single transaction or series of related transactions; (viii) effect a voluntary liquidation, dissolution or winding up of the Company; (ix) sell or agree to sell all or substantially all of the assets of the Company, unless such transaction (1) occurs after the fourth anniversary of the Effective Date, (2) is a sale for cash and (3) results in an internal rate of return ("IRR") to the Purchaser of 30% compounded quarterly or greater with respect to each Share issued to the Purchaser on the Effective Date; or (x) enter into any merger or consolidation or other business combination involving the Company (except a merger of a wholly- owned subsidiary of the Company into the Company in which the Company's capitalization is unchanged as a result of such merger) unless such transaction (1) occurs after the fourth anniversary of the Effective Date, (2) is for cash and (3) results in an IRR to the Purchaser of 30% compounded quarterly or greater with respect to each Share issued to the Purchaser on the Effective Date.

(c) Notwithstanding the foregoing Section 4(b), if the Purchaser owns less than 33 1/3% of the Shares owned by them on the Effective Date, the provisions of Section 4(b) shall cease to exist and shall be of no further force or effect.

(d) While any shares of Series and B Preferred Stock are outstanding, the Company shall not and it shall cause each of its Subsidiaries not to, issue any debt securities of the Company with a value in excess of $10 million (including any refinancing of existing indebtedness) without the majority affirmative vote of the Finance Committee

(e) While any shares of Series A and B Preferred Stock are outstanding, the Company shall not, and it shall cause each of its Subsidiaries not to, issue any equity securities of the Company with a value in excess of $10 million (including any refinancing of existing indebtedness) without the unanimous affirmative vote of the Finance Committee; provided, however, that the following equity issuances shall require only a majority affirmative vote of the Finance Committee: (A) an offering of Common Stock within 24 months of the Effective Date that is equal to or less than $75 million of gross proceeds to the Company and the selling price is equal to or greater than the Conversion Price (as defined in the Series A Preferred Stock Certificate of Designations), (B) an offering of Common Stock in which the selling price (1) at any time prior to the third anniversary of the Effective Date is equal to or greater

than two times the Conversion Price (as defined in the Series A Preferred Stock Certificate of Designations) and (2) thereafter, equal to or greater than the price that would imply 25% or greater IRR compounded quarterly on the Conversion Price (as defined below) and (C) an issuance of equity in connection with an acquisition if the issuance is equal to or less than 10% of the outstanding Common Stock (calculated post-issuance of such shares of Common Stock).

Section 3. Charter Documents. (a) Exhibits A and B set forth copies of the Charter Documents, each in the form in which it is to be in effect on the Effective Date, except that the Company's Amended and Restated Certificate of Incorporation shall also include, in addition to the terms of Exhibit A hereto, the Certificates of Designations, which shall have been filed with the Secretary of State of Delaware as part of the Company's Amended and Restated Certificate of Incorporation on or prior to the Effective Date.

(b) The Company covenants that it will act, and each Management Stockholder and the Purchaser agrees to use its best efforts to cause the Company to act, in accordance with its Charter Documents and Certificates of Designations in all material respects and to cause compliance with all provisions contained herein. Each Management Stockholder and the Purchaser shall vote all the Shares owned or held of record by it at any regular or special meeting of stockholders of the Company or in any written consent executed in lieu of such a meeting of stockholders, and shall take all action necessary, to ensure (to the extent within the parties' collective control) that (i) the Charter Documents and Certificates of Designations of the Company do not, at any time, conflict with the provisions of this Agreement, and (ii) unless an amendment is approved by the Board of Directors in accordance with Section 4.2, the Charter Documents of the Company continue to be in effect in the forms attached hereto as Exhibits A and B and the Certificates of Designations continue to be in effect in the form attached as exhibits to the Stock Purchase Agreement.

ARTICLE V

TERMINATION

Section 1. Termination. Except as otherwise provided herein with respect to certain specific provisions, this Agreement shall terminate upon the earlier to occur of:

(i) the mutual agreement of the parties hereto,

(ii) with respect to any party hereto other than the Company, such party ceasing to own any Shares,

(iii) such time as less than 10% of the Shares continue to be subject to the provisions of this Agreement, or

(iv) on the eleventh anniversary of the Effective Date.

ARTICLE VI

MISCELLANEOUS

Section 1. No Inconsistent Agreements. Each party hereto hereby consents to the termination of any prior written or oral agreement or understanding restricting, conditioning or limiting the ability of any party to transfer or vote Shares.

Each of the Company and the Management Stockholders represents and agrees that, as of the Effective Date, there is no (and from and after the Effective Date they will not, and will cause their respective Subsidiaries and Affiliates not to, enter into any) agreement with respect to any securities of the Company or any of its Subsidiaries (and from and after the Effective Date neither the Company nor any Management Stockholder shall take, or permit any of their Subsidiaries or Affiliates to take, any action) that is inconsistent in any material respect with the rights granted to the Purchaser in this Agreement.

Without limiting the foregoing, the Company represents that there are no existing agreements relating to the voting or registration of any equity securities of the Company or any of its Subsidiaries other than the agreements of (i)[Talley and Speese dated as of July 8, 1998, as amended by their respective agreements dated as of August 5, 1998] (ii) Mark Talley dated as of August 5, 1998, (iii) Michael C. Talley dated as of August 5, 1998 and (iv) Mitchell Fadel dated as of August 5, 1998 to vote in favor of the transactions contemplated in the Stock Purchase Agreement at a stockholders meeting held for such purpose, and there are no other existing agreements between the Company and any other holder of Shares relating to the transfer of any equity securities of the Company or any of its Subsidiaries.

Section 2. Recapitalization. Exchanges, etc. If any capital stock or other securities are issued in respect of, in exchange for, or in substitution of, any Shares by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, sale of assets, distribution to stockholders or combination of the Shares or any other change in capital structure of the Company, appropriate adjustments shall be made with respect to the relevant provisions of this Agreement so as to fairly and equitably preserve, as far as practicable, the original rights and obligations of the parties hereto under this Agreement and

the terms "Common Stock," "Preferred Stock" and "Shares," each as used herein, shall be deemed to include shares of such capital stock or other securities, as appropriate. Without limiting the foregoing, whenever a particular number of Shares is specified herein, such number shall be adjusted to reflect stock dividends, stock-splits, combinations or other reclassifications of stock or any similar transactions.

Section 3. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns; provided that (i) neither this Agreement nor any rights or obligations hereunder may be transferred or assigned by the Company (except by operation of law in any merger); (ii) neither this Agreement nor any rights or obligations hereunder may be transferred or assigned by the Management Stockholders or the Purchaser except to any Person to whom it has Transferred Shares in compliance with this Agreement and who has become bound by this Agreement pursuant to Section 2.2 hereof; and (iii) the rights of the parties under Article IV hereof may not be assigned to any Person except as explicitly provided therein.

Section 4. No Waivers; Amendments. (a) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(b) This Agreement may not be amended or modified, nor may any provision hereof be waived, other than by a written instrument signed by the parties hereto.

Section 5. Notices. All notices, demands, requests, consents or approvals (collectively, "Notices") required or permitted to be given hereunder or which are given with respect to this Agreement shall be in writing and shall be personally delivered or mailed, registered or certified, return receipt requested, postage prepaid (or by a substantially similar method), or delivered by a reputable overnight courier service with charges prepaid, or transmitted by hand delivery or facsimile, addressed as set forth below, or such other address

(and with such other copy) as such party shall have specified most recently by written notice. Notice shall be deemed given or delivered on the date of service or transmission if personally served or transmitted by facsimile. Notice otherwise sent as provided herein shall be deemed given or delivered on the third business day following the date mailed or on the next business day following delivery of such notice to a reputable overnight courier service.

To the Company or the Management Stockholders:

Renters Choice, Inc.
13800 Montfort Drive, Suite 300
Dallas, Texas 75240
Attn: J. Ernest Talley, Chief Executive Officer
Fax: (214)385-1625

with a copy (which shall not constitute notice) to:

Winstead Sechrest & Minick P.C.
5400 Renaissance Tower
1201 Elm Street
Attn: Thomas W. Hughes, Esq.
Fax: (214)745-5390

To the Purchaser:

Apollo Investment Fund IV, L.P. and/or
Apollo Overseas Partners IV, L.P.
c/o Apollo Management IV, L.P.
1999 Avenue of the Stars, Suite 1900
Los Angeles, California 90067
Attn: Michael D. Weiner
Facsimile: (310)201-4166

with a copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP
300 South Grand Avenue, Suite 2200
Los Angeles, California 90071
Attn: John F. Hartigan, Esq.
Fax: (213)612-2554

Section 6. Inspection. So long as this Agreement shall be in effect, this Agreement and any amendments hereto and waivers hereof shall be distributed to all parties hereto after becoming effective and shall be made available for inspection at the principal office of the Company by the Purchaser.

SECTION 7. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS, EXCEPT AS TO MATTERS OF CORPORATE GOVERNANCE, WHICH SHALL BE INTERPRETED IN ACCORDANCE WITH THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE. EACH PARTY HERETO CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS WITHIN THE STATE OF NEW YORK.

Section 8. Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 9. Entire Agreement. This Agreement, together with the Stock Purchase Agreement, the Certificate of Designations and the Registration Rights Agreements, constitutes the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and thereof and supersedes any and all prior agreements and understandings, written or oral, relating to the subject matter hereof.

Section 10. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdictions, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

Section 11. Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original and which together shall constitute one and the same agreement.

Section 12. Required Approvals. If approval of this Agreement or any of the transactions contemplated hereby shall be required

by any governmental or supra-governmental agency or instrumentality or is considered to be necessary or advisable to all the parties hereto, all parties hereto shall use their best efforts to obtain such approval.

Section 13. Public Disclosure. The Company shall not, and shall not permit any of its Subsidiaries to, make any public announcements or disclosures relating or referring to the Purchaser, any of its affiliates, or any of their respective directors, officers, partners, employees or agents (including, without limitation, any Person designated as a director of the Company pursuant to the terms hereof) unless the Purchaser has consented to the form and substance thereof, which consent shall not be unreasonably withheld except to the extent such disclosure is, in the opinion of counsel, required by law or by stock exchange regulation, provided that (i) any such required disclosure shall only be made, to the extent consistent with the law, after consultation with the Purchaser and (ii) no such announcement or disclosure (except as required by law or by stock exchange regulation) shall identify any such Person without the Purchaser's prior consent.

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

RENTERS CHOICE, INC.

By: ----------

Name: ----------

Title: ----------

APOLLO INVESTMENT FUND IV., L.P.
a Delaware limited partnership

By: Apollo Advisors IV, L.P.
its General Partner

By: Apollo Capital Management IV, Inc.
its General Partner

By: ----------

Name: ----------

Title: ----------

APOLLO OVERSEAS PARTNERS IV, L.P.
an exempted limited partnership registered
in the Cayman Islands

By: Apollo Advisors IV, L.P.
its General Partner

By: Apollo Capital Management IV, Inc.
its Managing General Partner

By: ----------

Name: ----------

Title: ----------

J. Ernest Talley

Mark E. Speese

SPOUSAL RIGHTS

The undersigned spouse of a party hereto acknowledges that such spouse has read this Stockholders Agreement. Such spouse specifically agrees that the provisions of this Agreement shall apply to any ownership interest in Common Stock of Renters Choice that she now has or hereafter acquires and to any such Common Stock that she may acquire in her own right as a result of any marital separation, marital dissolution, separate maintenance proceedings or any similar action. Such spouse hereby agrees that her spouse may join in any future amendment or modification of this Stockholders Agreement without any further signature, acknowledgment, agreement or consent on her part, and hereby further agrees that any interest which she may have in such Common Stock shall be subject to the provisions of this Stockholders Agreement.

Marianne Talley

SPOUSAL RIGHTS

The undersigned spouse of a party hereto acknowledges that such spouse has read this Stockholders Agreement. Such spouse specifically agrees that the provisions of this Agreement shall apply to any ownership interest in Common Stock of Renters Choice that she now has or hereafter acquires and to any such Common Stock that she may acquire in her own right as a result of any marital separation, marital dissolution, separate maintenance proceedings or any similar action. Such spouse hereby agrees that her spouse may join in any future amendment or modification of this Stockholders Agreement without any further signature, acknowledgment, agreement or consent on her part, and hereby further agrees that any interest which she may have in such Common Stock shall be subject to the provisions of this Stockholders Agreement.

Carolyn Speese

EXHIBIT 10.22

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT is entered into as of August 5, 1998, by and between Renters Choice, Inc., a Delaware corporation (the "Company"), and each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (collectively, the "Investor").

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

Advice: See Section 6 hereof.

Common Stock: The common stock, $.01 par value, of the Company.

Series A Preferred Stock: The Series A Preferred Stock of the Company, $.01 par value per share.

Demand Notice: See Section 3 hereof.

Demand Registrations: See Section 3 hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

Losses: See Section 8 hereof.

Notice: See Section 3 hereof.

Person: An individual, partnership, joint venture, limited liability company, corporation, trust, unincorporated organization or government or any department or agency thereof.

Prospectus: The prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and all other amendments and supplements to the prospectus, including post-effective amendments, and all material incorporated or deemed to be incorporated by reference in such prospectus.

Registrable Securities: (i) the Shares; (ii) the Common Stock issuable or issued upon conversion of the Shares; (iii) any Series A Preferred Stock or Common Stock issued as (or issuable

upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of the securities listed in clauses (i), or (ii) hereof; and (iv) any security listed in clause (iii) hereof.

Registration Statement: Any registration statement of the Company which covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, and all material incorporated or deemed to be incorporated by reference in such registration statement.

SEC: The Securities and Exchange Commission.

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

Shares: The shares of Series A Preferred Stock purchased by Investor pursuant to the Stock Purchase Agreement dated as of the date hereof between the Company and Investor.

Underwritten registration or underwritten offering: A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

2. Securities Subject to this Agreement.

(a) Subject Securities. The securities entitled to the benefits of this Agreement are the Registrable Securities pursuant to the provisions of this Agreement.

(b) Holders of Registrable Securities. A person is deemed to be a holder of Registrable Securities whenever such person owns Registrable Securities or has the right to acquire such Registrable Securities, whether or not such acquisition has actually been effected and disregarding any legal restrictions upon the exercise of such right.

3. Demand Registrations

(a) Demand Registrations. From and after the second anniversary of the closing date of Investor's acquisition of the Shares, Investor shall have the right, by written notice delivered to the Company, to require the Company to register (the "Demand Registrations") under the Securities Act not less than 20% and up to 100% of its Registrable Securities then outstanding in accordance with this Section 3. For purposes of this Agreement, "Registrable Securities then outstanding" shall be the total of (i) the number of shares of Common Stock outstanding which are Registrable Securities and (ii) the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities, including but not limited to the Shares, which are Registrable Securities.

The number of Demand Registrations pursuant to this Section 3(a) shall not exceed two (2).

(b) Filing and Effectiveness. The Company shall file each of the Demand Registrations within 60 days and shall use its best efforts to cause the same to be declared effective by the SEC within 120 days of the date on which Investor first gave the written notice (a "Demand Notice") required by Section 3(a) hereof with respect to such Demand Registration. If any Demand Registration is requested to be a "shelf" registration, the Company shall keep the Registration Statement filed in respect thereof effective for a period of nine months from the date on which the SEC declares such Registration Statement effective or such shorter period which will terminate when the distribution of all registered Registrable Securities pursuant to such Registration Statement ends.

(c) Request for Demand Registrations. Subject to the conditions set forth in Section 3(a) hereof, Investor may, at any time, make a written request for a Demand Registration. All requests made pursuant to this Section 3 will specify the number of the Registrable Securities to be registered and will also specify the intended methods of disposition thereof. If Investor specifies one particular type of underwritten offering, such method of disposition shall be such type of underwritten offering or a series of such underwritten offerings (as Investor may elect) during the time period the Registration Statement is effective.

(d) Piggy-Back by Other Shareholders. Subject to the provisions of Section 3(e), the Company may include in a Demand Registration shares of Common Stock ("Piggy-Back Shares") for the account of other holders thereof exercising contractual piggy-back rights ("Piggy-Back Holders"), on the same terms and conditions as the Registrable Securities to be included therein for the account of the Investor. The Company shall not have the right to include any securities of the Company in any Demand Registration for its own account.

(e) Reduction of Offering. If any of the Registrable Securities registered pursuant to any Demand Registration are to be sold in one or more firm commitment underwritten offerings, and the managing underwriter advises the Company and Investor in writing that in its opinion the total amount of securities proposed to be sold in the offering is such as to materially and adversely affect the success of such offering, then the number of Piggy-Back Shares to be offered for the account of any Piggy-Back Holders shall be reduced (to zero, if necessary), pro rata in proportion to the respective number of Piggy-Back Shares requested to be registered to the extent necessary to reduce the total securities requested to be included in such offering to the amount, if any, recommended by such managing underwriters. If the Piggy-Back Shares have been reduced to zero and the number of Registrable Securities requested to be registered by Investor exceeds the number of Registrable Securities

recommended by the managing underwriter, then the number of Registrable Securities to be offered for the account of Investor may be reduced; provided, that if the number of Registrable Securities the Investor has requested be registered pursuant to a Demand Registration are reduced, upon the recommendation of the managing underwriter in an underwritten offering, or by the Company in a non-underwritten offering, to less than 51% of the total number of Registrable Securities Investor requested to be registered pursuant to such Demand Registration, then such registration shall no longer constitute a Demand Registration under this Agreement and shall not reduce the number of Demand Registrations to which Investor is otherwise entitled.

(f) Other Registrations. Except for (i) registrations effected in accordance with (A) the Exchange Notes registration rights and/or the Warrant Securities registration rights granted to the "Lenders" under that certain Senior Subordinate Credit Agreement of even date herewith (the "Senior Subordinate Credit Agreement") entered into by and among the Company and the "Lenders" named therein (such Exchange Notes registration rights and such Warrant Securities registration rights being hereinafter collectively referred to as the "Senior Subordinate Credit Agreement Registration Rights") and (ii) any registrations effected by Investor or its assignee(s) in accordance with such registration rights as Investor and/or its assignee(s) shall have either under this Agreement or otherwise (such registration rights being hereinafter referred to as "Investors' Additional Registration Rights") (the Senior Subordinate Credit Agreement Registration Rights and the Investor's Additional Registration Rights being hereinafter collectively referred to as the "Authorized Registration Rights"), the Company shall not effect any registration of its securities (except on Form S-8 or any successor form to such Form), or a sale pursuant to Regulation D under the Securities Act (other than offerings made pursuant to and in accordance with Rule 504 of Regulation D), whether on its own behalf or at the request of any holder or holders of such securities (other than pursuant to and in accordance with this Section 3), from the date of a request to register Registrable Securities pursuant to and in accordance with this Section 3 until the earlier of (i) 90 days after the date on which all securities covered by such Demand Registration have been sold or (ii) 180 days after the effective date of such Demand Registration, unless the Company shall have first notified Investor in writing of its intention to do so, and Investor or the managing underwriters, if any, shall have consented thereto in writing.

4. Piggy-Back Registration

(a) Right to Piggy-Back. If at any time the Company proposes to file a registration statement under the Securities Act with respect to any class of its equity securities (other than a registration statement (i) on Form S-8 or any successor form to such Form or (ii) filed in connection with an exchange offer or an offering of its common stock or of securities convertible or exchangeable into its common stock

made solely to its existing shareholders in connection with a rights offering or solely to employees of the Company), whether or not for its own account, then the Company shall give written notice of such proposed filing to Investor at least 30 days before the anticipated filing date. Such notice shall offer Investor the opportunity to register such amount of Registrable Securities as Investor may request (a "Piggy-Back Registration"). Subject to Section 4(b) hereof, the Company shall include in each such Piggy-Back Registration all Registrable Securities with respect to which the Company has received from Investor a written request for inclusion therein within 20 days after notice has been duly given to Investor. Investor shall be permitted to withdraw all or any part of the Registrable Securities from a Piggy-Back Registration at any time prior to the effective date of such Piggy-Back Registration.

(b) Priority on Piggy-Back Registrations. The Company shall cause the managing underwriter or underwriters of a proposed underwritten offering to permit Investor to include all the Registrable Securities that Investor has requested to be included in such offering on the same terms and conditions as any similar securities, if any, of the Company included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such offering deliver(s) a written opinion to the Company and the Investor that the total amount of securities which Investor, the Company, and any other persons or entities having registration rights, intend to include in such offering is such as to materially and adversely affect the success of such offering, then the amount of securities to be offered for the account of all Persons shall be reduced or limited pro rata in proportion to the amount of securities proposed to be registered in such offering by each Person to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing underwriter or underwriters.

(c) Registration of Securities Other than Registrable Securities. Except for the Authorized Registration Rights, without the written consent of the holders of a majority in aggregate amount of the Registrable Securities then outstanding, the Company shall not grant to any Person the right to request the Company to register any securities of the Company under the Securities Act unless the rights so granted are subject to the prior rights of the holders of Registrable Securities set forth in, and are not otherwise in conflict or inconsistent with the provisions of, this Agreement.

5. Holdback Agreements

(a) Restrictions on Public Sale by Holders of Registrable Securities. Investor agrees, if reasonably requested by the managing underwriter or underwriters in an underwritten offering (to the extent timely notified in writing by the Company or the managing underwriter or underwriters), not to effect any public sale or distribution of securities of the Company of any class included in a Registration Statement registering the sale of Common Stock by the Company pursuant to Section 3 hereof, including a sale pursuant to Rule 144 under the Securities Act (except as part of such

underwritten registration), during the 10-day period prior to, and the 90-day period beginning on, the closing date of any underwritten offering made pursuant to such Registration Statement.

The foregoing provisions shall not apply if Investor is prevented by applicable statute or regulation from entering into any such agreement; provided, however, that Investor shall undertake in its request to participate in such underwritten offering, not to effect any public sale or distribution of the class of Registrable Securities covered by such Registration Statement (except as part of such underwritten registration) during such period unless it has provided 45 days prior written notice of such sale or distribution to the managing underwriters.

(b) Restrictions on Public Sale by the Company and Others. The Company agrees (i) if requested by the managing underwriter or underwriters in an underwritten offering of Registrable Securities covered by a Registration Statement filed pursuant to Section 3 hereof, not to effect any public or private sale or distribution of its securities, including a sale pursuant to Regulation D under the Securities Act, during the 10-day period prior to, and the 90-day period beginning on, the effective date of any underwritten offering made pursuant to such Registration Statement (except as part of such underwritten registration or pursuant to registrations on Form S-8 or any successor form to such Form), and (ii) to cause each holder of its securities purchased from the Company at any time after the date of this Agreement (other than in a registered public offering) to agree not to effect any public sale or distribution of any such securities during such period, including a sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten registration, if otherwise permitted).

6. Registration Procedures. In connection with the registration obligations of the Company pursuant to and in accordance with Section 3 of this Agreement, the Company shall effect such registrations to permit the sale of such Registrable Securities in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Company shall as expeditiously as possible:

(a) notify Investor and the managing underwriters, if any, promptly, and (if requested by any such Person) confirm such notice in writing, (i) when a Prospectus or any Prospectus supplement or post-effective amendment related to such Registrable Securities has been filed, and, with respect to a Registration Statement or any post-effective amendment related to such Registrable Securities, when the same has become effective, (ii) of any request by the SEC for amendments or supplements to such Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings for that purpose, (iv) if at any time the representations and warranties of the Company contained in any agreement (including any underwriting agreement) contemplated by Section 6(k) below cease to be true and correct, (v) of the receipt by the Company of

any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (vi) of the happening of any event which makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue or which requires the making of any changes in such Registration Statement or Prospectus so that such documents will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (vii) of the reasonable determination of the Company that a post-effective amendment to such Registration Statement would be appropriate;

(b) use every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest possible moment;

(c) if requested by the managing underwriters or the Investor, (i) immediately incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriters and such holder agree should be included therein and as may be required by applicable law, (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as the Company has received notification of the matters to be incorporated in such Prospectus supplement or such post-effective amendment and (iii) supplement or make amendments to such Registration Statement; provided, however, that the Company shall not be required to take any of the actions in this Section 6(c) which are not, in the opinion of counsel for the Company, in compliance with applicable law;

(d) furnish to Investor and each managing underwriter, if any, without charge, at least one signed copy of each Registration Statement related to such Registrable Securities and any post-effective amendments thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including, if requested, those previously furnished or incorporated by reference) at the earliest practicable time under the circumstances before the filing of such documents with the SEC;

(e) deliver to Investor and the underwriters, if any, without charge, as many copies of the Prospectus or Prospectuses related to such Registrable Securities (including each preliminary prospectus) and as many copies of any amendment or supplement thereto as such Persons may reasonably request; the Company consents to the use of such Prospectus or any amendment or supplement thereto by each of the selling holders of Registrable Securities and the underwriters, if any, in connection

with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto;

(f) prior to any public offering of Registrable Securities, to register or qualify or cooperate with Investor, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as any seller or underwriter reasonably requests in writing; keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the applicable Registration Statement; provided, however, that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it is not then so qualified or (B) take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject;

(g) in connection with an underwritten offering, participate, to the extent reasonably requested by the managing underwriter for the offering or Investor, in customary efforts to sell the securities under the offering, including, without limitation, participating in "road shows;"

(h) cooperate with Investor and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates shall not bear any restrictive legends;

(i) cause the Registrable Securities covered by each Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriters, if any, to consummate the disposition of such Registrable Securities;

(j) upon the occurrence of any event contemplated by paragraphs 6(a)(vi) or 6(a)(vii) above, prepare a supplement or post-effective amendment to each Registration Statement or a supplement to the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(k) to the extent possible, cause all Registrable Securities covered by such a Registration Statement to be (i) listed on each securities exchange, if any, on which similar securities issued by the Company are then listed, or (ii) authorized to be

quoted on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or the National Market System of NASDAQ if the securities so qualify, if requested by Investor;

(l) enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and take all such other actions in connection therewith (including those reasonably requested by the managing underwriters, if any, or Investor) in order to expedite or facilitate the disposition of such Registrable Securities and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration (i) make such representations and warranties to Investor and the underwriters, if any, with respect to the business of the Company and its Subsidiaries, the Registration Statement, the Prospectus, and documents, if any incorporated or deemed to be incorporated by reference in the Registration Statement, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same if and when requested; (ii) obtain opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and Investor) addressed to Investor and each of the underwriters, if any, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by Investor and such underwriters, (iii) obtain "cold comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data is or is required to be included in the Registration Statement) addressed to Investor and each of the underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings; (iv) if an underwriting agreement is entered into, cause the same to contain indemnification provisions and procedures no less favorable than those set forth in Section 8 hereof (or such other provisions and procedures acceptable to Investor) with respect to all parties to be indemnified pursuant to said Section; and (v) deliver such documents and certificates as may be requested by Investor and the managing underwriters, if any, to evidence the continued validity of the representations and warranties of the Company made pursuant to paragraph 6(k)(i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company. The above shall be done at each closing under such underwriting or similar agreement or, as and to the extent required thereunder;

(m) make available for inspection by a representative of Investor, any underwriter participating in any disposition of Registrable Securities, and any attorney or accountant retained by such selling holders or underwriter, all financial and other records, pertinent corporate documents and properties of the Company; and cause the

officers, directors and employees of the Company and its subsidiaries to supply all information reasonably requested by any such representative, underwriter, attorney or accountant in connection with such Registration Statement; provided, however, that any records, information or documents that are designated by the Company in writing as confidential at the time of delivery of such records, information or documents shall be kept confidential by such Persons and their designees unless (i) such records, information or documents are in the public domain or otherwise publicly available, (ii) disclosure of such records, information or documents is required by court or administrative order or (iii) disclosure of such records, information or documents, in the opinion of counsel to such Person, is otherwise required by law (including, without limitation, pursuant to the requirements of the Securities Act); and

(n) comply with all applicable rules and regulations of the SEC and make generally available to its securityholders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder no later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Company after the effective date of a Registration Statement, which statements shall cover said 12-month periods.

The Company may require Investor to furnish to the Company such information regarding the distribution of Registrable Securities as the Company may from time to time reasonably request in writing and the Company may exclude from such registration the Registrable Securities if Investor unreasonably fails to furnish such information within a reasonable time after receiving such request; provided, that Investor's Registrable Securities shall be counted for the demand made upon the Company hereunder.

Investor agrees by acquisition of Registrable Securities that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 6(a)(ii), 6(a)(iii), 6(a)(v), 6(a)(vi) or 6(a)(vii) hereof, Investor shall forthwith discontinue disposition of such Registrable Securities covered by such Registration Statement or Prospectus until Investor's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(i) hereof, or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated or deemed to be incorporated by reference in such Prospectus.

7. Registration Expenses

(a) All reasonable fees and expenses incidental to the Company's performance of or compliance with this Agreement (including, without limitation, (i) all

registration and filing fees including, without limitation, fees and expenses (A) with respect to filings required to be made with the National Association of Securities Dealers, Inc., and (B) of compliance with securities or Blue Sky laws (including, without limitation, fees and disbursements of counsel for the underwriters or selling holders (subject to the provisions of Section 6(b)) in connection with Blue Sky qualifications of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as the managing underwriters or holders of a majority in number of the Registrable Securities being sold may designate), (ii) printing expenses, (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, and Special Counsel or other counsel for the sellers of the Registrable Securities (subject to the provisions of Section 7(b) hereof), (v) fees and disbursements of all independent certified public accountants referenced to in Section 6(k)(iii) hereof (including the expenses of any special audit and "cold comfort" letters required by or incident to such performance), (vi) underwriter's fees and expenses (excluding discounts, commissions or fees of underwriters, selling brokers, dealer managers or similar securities industry professionals relating to the distribution of the Registrable Securities or legal expenses of any Person other than the Company, the underwriters and the selling holders; but including the fees and expenses of any "qualified independent underwriter" or other independent appraiser participating in an offering pursuant to Section 3 of Schedule E to the Bylaws of the National Association of Securities Dealers, Inc.), (vii) Securities Act liability insurance if the Company so desires such insurance and (viii) fees and expenses of all other Persons retained by the Company) shall be borne by the Company whether or not any Registration Statement becomes effective. Notwithstanding the foregoing, the Company will not be required to reimburse Investor for its out-of-pocket expenses arising out of a Demand Registration if the Registration Statement for such Demand Registration fails to become effective at the request of Investor.

(b) In connection with each Piggy-Back Registration hereunder, the Company shall reimburse Investor for the reasonable fees and disbursements of not more than one counsel (or more than one counsel if a conflict exists among such selling holders in the exercise of the reasonable judgment of counsel for the selling holders and counsel for the Company) chosen by Investor.

8. Indemnification

(a) Indemnification by the Company. The Company shall, notwithstanding termination of this Agreement and without limitation as to time, indemnify and hold harmless, to the full extent permitted by law, Investor, its officers, directors, agents and employees, each person who controls such holder (within the meaning of Section 15 of the Securities Act or Section 20 the Exchange Act), and the officers, directors, agents or employees of any such controlling person, from and against all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of

preparation and attorneys' fees) and reasonable expenses (collectively, "Losses") arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or preliminary prospectus, or arising out of or based upon any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading except insofar as the same are based solely upon information furnished in writing to the Company by Investor expressly for use therein. The Company shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers, directors, agents and employees and each Person who controls such Persons (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) to the same extent as provided above with respect to the indemnification of Investor.

(b) Indemnification by Investor. In connection with any Registration Statement in which Investor is participating, Investor shall furnish to the Company in writing such information as the Company reasonably requests for use in connection with any Registration Statement or Prospectus and agrees to indemnify and hold harmless, to the full extent permitted by law, the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the directors, officers, agents or employees of such controlling persons, from and against all Losses arising out of or based upon any untrue statement of a material fact contained in any Registration Statement, Prospectus or preliminary prospectus, or arising out of or based upon any omission of a material fact required to be stated therein or necessary to make the statement therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by Investor to the Company expressly for use in such Registration Statement or Prospectus and that such information was solely relied upon by the Company in preparation of any Registration Statement, Prospectus or preliminary prospectus. In no event shall the liability of Investor be greater in amount than the dollar amount of the proceeds (net of the payment of all expenses) received by Investor upon the sale of the Registrable Securities giving rise to such indemnification obligation. The Company shall be entitled to receive indemnities from underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution to the same extent as provided above with respect to information so furnished in writing by such Persons expressly for use in any Prospectus or Registration Statement.

(c) Conduct of Indemnification Proceedings. If any action or proceeding (including any governmental investigation or inquiry) shall be brought or any claim shall be asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the party from which such indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying

Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with the defense thereof. All such fees and expenses (including any fees and expenses incurred in connection with investigating or preparing to defend such action or proceeding) shall be paid to the Indemnified Party, as incurred, within 5 days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder). Any such Indemnified Party shall have the right to employ separate counsel in any such action, claim or proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be the expenses of such Indemnified Party unless (a) the Indemnifying Party has agreed to pay such fees and expenses or (b) the Indemnifying Party shall have failed to promptly assume the defense of such action, claim or proceeding and to employ counsel reasonably satisfactory to the Indemnified Party in any such action, claim or proceeding or (c) the named parties to any such action, claim or proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense of such action, claim or proceeding on behalf of such Indemnified Party, it being understood, however, that the Indemnifying Party shall not, in connection with any one such action, claim or proceeding or separate but substantially similar or related actions, claims or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel) at any time for all such Indemnified Parties, unless in the reasonable judgment of any such Indemnified Party a conflict of interest may exist between such Indemnified Party and any other of such Indemnified Parties with respect to such action, claim or proceeding, in which event the Indemnifying Party shall be obligated to pay the fees and expenses of such additional counsel or counsels).

(d) Contribution. If the indemnification provided for in this Section 8 is unavailable to an Indemnified Party under Section 8(a) or 8(b) hereof (other than by reason of exceptions provided in those Sections) in respect of any Losses, then each applicable Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall, jointly and severally, contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and such Indemnified Party shall be determined by reference to, among other things,

whether any action in question, including any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 8(c), any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provision of this Section 8(d), an Indemnifying Party which is a selling holder of Registrable Securities shall not be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities sold by such Indemnifying Party and distributed to the public were offered to the public exceeds the amount of any damages which such Indemnifying Party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

9. Rule 144 and Rule 144A. The Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the request of Investor, make available public or other information so long as necessary to permit sales of its securities pursuant to Rules 144 and 144A. The Company further covenants that it will take such further action as Investor may reasonably request, all to the extent required from time to time to enable Investor to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A. Upon the request of Investor, the Company shall deliver to Investor a written statement as to whether it has complied with such requirements. The Company will cooperate to enable Investor to sell Registrable Securities in block trades or other similar transactions, including furnishing to Investor (i) an opinion or opinions of counsel to the Company, and (ii) a comfort letter from the Company's independent public accountants, as Investor reasonably requests, (iii) such reasonable representations, warranties, covenants and indemnities as are customary for such transactions, and (iv) as to prospective purchasers of Investor's securities, the information described in Rule 144A(d)(4). Notwithstanding the foregoing, nothing in this Section 9 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

10. Underwritten Registrations. If any Demand Registration is an underwritten offering, the Investor will have the right to select the investment banker or investment bankers and

managers and attorneys to administer the offering; provided, that such investment bank or manager shall be reasonably satisfactory to the Company. If any Piggy-Back Registration is an underwritten offering, the Company will have the right to select the investment banker or investment bankers and managers to administer the offering; provided, that such investment bank or manager shall be reasonably satisfactory to Investor if Investor is participating in such underwritten offering.

No Person may participate in any underwritten registration hereunder unless such Person (a) agrees to sell such Person's securities to be included in the underwritten registration on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

11. Miscellaneous

(a) Remedies. In the event of a breach by the Company of its obligations under this Agreement, Investor, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of any such breach, it shall waive the defense that a remedy at law would be adequate.

(b) No Inconsistent Agreements. Except for the agreement pursuant to which the Authorized Registration are granted, (i) the Company shall not, on or after the date of this Agreement, enter into any agreement with respect to its securities which is inconsistent with the rights granted to Investor in this Agreement or otherwise conflicts with the provisions hereof, and (ii) the Company has not entered into any agreement with respect to its securities granting any registration rights to any person other than this Agreement.

(c) Adjustments Affecting Registrable Securities. The Company shall not take any action, or permit any change to occur, with respect to the Registrable Securities (i) which would adversely affect the ability of Investor to include such Registrable Securities in a registration undertaken pursuant to this Agreement or (ii) which would adversely affect the marketability of such Registrable Securities in any such registration.

(d) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, except by written instrument signed by the Company and Investor.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, nationally recognized air courier, telex or telecopier:

If to Investor:

Apollo Investment Fund IV, L.P. and/or
Apollo Overseas Partners IV, L.P.
c/o Apollo Management IV, L.P.
1999 Avenue of the Stars
Suite 1900
Los Angeles, CA 90067
Attention: Michael D. Weiner Fax: (310)201-4166

With a copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP
300 South Grand Avenue
Suite 2200
Los Angeles, California 90071
Attn: John F. Hartigan, Esq.
Fax: (213)612-2554

If to Company:

Renters Choice, Inc.
13800 Montfort Drive, Suite 300
Dallas, Texas 75240
Attn: J. Ernest Talley, Chief Executive Officer
Fax: (214)385-1625

With a copy (which shall not constitute notice) to:

Winstead Sechrest & Minick P.C.
5400 Renaissance Tower
1201 Elm Street
Dallas, Texas
Attn: Thomas W. Hughes, Esq.
Fax: (214)745-5390

All such notices and communication shall be deemed to have been duly given: when

delivered by hand, if personally delivered; two business days after being deposited in the mail, postage prepaid, if mailed; one business day after being timely dispatched, if by air courier; when answered back, if telexed; and when receipt is acknowledged, if telecopy. Any of the above addresses may be changed by notice made in accordance with this Section 12(e).

(f) Owner of Registrable Securities. The Company will maintain, or will cause its registrar and transfer agent to maintain, a stock book with respect to the Common Stock, in which all transfers of Registrable Securities of which the Company has received notice will be recorded. The Company may deem and treat the person in whose name Registrable Securities are registered in the stock book of the Company as the owner thereof for all purposes, including without limitation, the giving of notices under this Agreement.

(g) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent holders of Registrable Securities. Notwithstanding the foregoing, the Demand Registration rights set forth herein, prior to the exercise thereof by Investor, may be assigned only in connection with a transfer to any single Person or group of affiliated Persons (in a single transaction or series of related transactions) of at least 25% of the Registrable Securities held by it on the date hereof.

(h) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(i) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(j) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS, AND EACH PARTY HERETO SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS WITHIN THE STATE OF NEW YORK.

(k) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, void or unenforceable.

(l) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement, and is intended to be a complete and exclusive

statement of the agreement and understanding of the parties hereto, in respect of the subject matter contained herein. There are no restrictions, promises, warranties nor undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the securities sold pursuant to the Purchase Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(m) Attorneys' Fees. In any action or proceeding brought to enforce any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the prevailing party shall be entitled to recover reasonably attorneys' fees in addition to its costs and expenses and any other available remedy.

IN WITNESS WHEREOF, the undersigned have executed, or caused to be executed on their behalf by an agent thereunto duly authorized, this Registration Rights Agreement as of the date first above written.

THE COMPANY:

RENTERS CHOICE, INC.,
a Delaware corporation

By:

Name:

Title:

INVESTOR:

APOLLO INVESTMENT FUND IV, L.P.
a Delaware limited partnership

By: Apollo Advisors IV, L.P.
its General Partner

By: Apollo Capital Management IV, Inc.
its General Partner

By:

Name:

Title:

APOLLO OVERSEAS PARTNERS IV, L.P.
an exempted limited partnership registered
in the Cayman Islands

By: Apollo Advisors IV, L.P.
its General Partner

By: Apollo Capital Management IV, Inc.
its Managing General Partner

By:

Name:

Title:

EXHIBIT 10.23

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT is entered into as of August 5, 1998, by and between Renters Choice, Inc., a Delaware corporation (the "Company"), and each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (collectively, the "Investor").

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

Advice: See Section 6 hereof.

Series B Preferred Stock: The Series B Convertible Stock of the Company, $.01 par value per share.

Demand Notice: See Section 3 hereof.

Demand Registrations: See Section 3 hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

Losses: See Section 8 hereof.

Notice: See Section 3 hereof.

Non-Voting Common Stock: The non-voting common stock, $.01 par value, of the Company.

Person: An individual, partnership, joint venture, limited liability company, corporation, trust, unincorporated organization or government or any department or agency thereof.

Prospectus: The prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and all other amendments and supplements to the prospectus, including post-effective amendments, and all material incorporated or deemed to be incorporated by reference in such prospectus.

Registrable Securities: (i) the Shares; (ii) the Non-Voting Common Stock issuable or issued upon conversion of the Shares; (iii) any Series B Preferred Stock or Non-Voting Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of the securities listed in clauses (i), (ii) hereof; and (iv) any security listed in clause (iii) hereof.

Registration Statement: Any registration statement of the Company which covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits, and all material incorporated or deemed to be incorporated by reference in such registration statement.

SEC: The Securities and Exchange Commission.

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

Shares: The shares of Series B Preferred Stock purchased by Investor pursuant to the Stock Purchase Agreement dated as of the date hereof between the Company and Investor.

Underwritten registration or underwritten offering: A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

2. Securities Subject to this Agreement.

(a) Subject Securities. The securities entitled to the benefits of this Agreement are the Registrable Securities pursuant to the provisions of this Agreement.

(b) Holders of Registrable Securities. A person is deemed to be a holder of Registrable Securities whenever such person owns Registrable Securities or has the right to acquire such Registrable Securities, whether or not such acquisition has actually been effected and disregarding any legal restrictions upon the exercise of such right.

3. Demand Registrations

(a) Demand Registrations. From and after the second anniversary of the closing date of Investor's acquisition of the Shares, Investor shall have the right, by written notice delivered to the Company, to require the Company to register (the "Demand Registrations") under the Securities Act not less than 20% and up to 100% of its Registrable Securities then outstanding in accordance with this Section 3. For purposes of this Agreement, "Registrable Securities then outstanding" shall be the total of (i) the number of shares of Non-Voting Common Stock outstanding which are Registrable Securities and (ii) the number of shares of Non-Voting Common Stock issuable pursuant to then exercisable or convertible securities, including but not limited to the Shares, which are Registrable Securities.

The number of Demand Registrations pursuant to this Section 3(a) shall not exceed two (2).

(b) Filing and Effectiveness. The Company shall file each of the Demand Registrations within 60 days and shall use its best efforts to cause the same to be declared effective by the SEC within 120 days of the date on which Investor first gave the written notice (a "Demand Notice") required by Section 3(a) hereof with respect to such Demand Registration. If any Demand Registration is requested to be a "shelf" registration, the Company shall keep the Registration Statement filed in respect thereof effective for a period of nine months from the date on which the SEC declares such Registration Statement effective or such shorter period which will terminate when the distribution of all registered Registrable Securities pursuant to such Registration Statement ends.

(c) Request for Demand Registrations. Subject to the conditions set forth in Section 3(a) hereof, Investor may, at any time, make a written request for a Demand Registration. All requests made pursuant to this Section 3 will specify the number of the Registrable Securities to be registered and will also specify the intended methods of disposition thereof. If Investor specifies one particular type of underwritten offering, such method of disposition shall be such type of underwritten offering or a series of such underwritten offerings (as Investor may elect) during the time period the Registration Statement is effective.

(d) Piggy-Back by Other Shareholders. Subject to the provisions of Section 3(e), the Company may include in a Demand Registration shares of Common Stock ("Piggy-Back Shares") for the account of other holders thereof exercising contractual piggy-back rights ("Piggy-Back Holders"), on the same terms and conditions as the Registrable Securities to be included therein for the account of the Investor. The Company shall not have the right to include any securities of the Company in any Demand Registration for its own account.

(e) Reduction of Offering. If any of the Registrable Securities registered pursuant to any Demand Registration are to be sold in one or more firm commitment underwritten offerings, and the managing underwriter advises the Company and Investor in writing that in its opinion the total amount of securities proposed to be sold in the offering is such as to materially and adversely affect the success of such offering, then the number of Piggy-Back Shares to be offered for the account of any Piggy-Back Holders shall be reduced (to zero, if necessary), pro rata in proportion to the respective number of Piggy-Back Shares requested to be registered to the extent necessary to reduce the total securities requested to be included in such offering to the amount, if any, recommended by such managing underwriters. If the Piggy-Back Shares have been reduced to zero and the number of Registrable Securities requested

to be registered by Investor exceeds the number of Registrable Securities recommended by the managing underwriter, then the number of Registrable Securities to be offered for the account of Investor may be reduced; provided, that if the number of Registrable Securities the Investor has requested be registered pursuant to a Demand Registration are reduced, upon the recommendation of the managing underwriter in an underwritten offering, or by the Company in a non-underwritten offering, to less than 51% of the total number of Registrable Securities Investor requested to be registered pursuant to such Demand Registration, then such registration shall no longer constitute a Demand Registration under this Agreement and shall not reduce the number of Demand Registrations to which Investor is otherwise entitled.

(f) Other Registrations. Except for (i) registrations effected in accordance with (A) the Exchange Notes registration rights and/or the Warrant Securities registration rights granted to the "Lenders" under that certain Senior Subordinate Credit Agreement of even date herewith (the "Senior Subordinate Credit Agreement") entered into by and among the Company and the "Lenders" named therein (such Exchange Notes registration rights and such Warrant Securities registration rights being hereinafter collectively referred to as the "Senior Subordinate Credit Agreement Registration Rights") and (ii) any registrations effected by Investor or its assignee(s) in accordance with such registration rights as Investor and/or its assignee(s) shall have either under this Agreement or otherwise (such registration rights being hereinafter referred to as "Investors' Additional Registration Rights") (the Senior Subordinate Credit Agreement Registration Rights and the Investor's Additional Registration Rights being hereinafter collectively referred to as the "Authorized Registration Rights"), the Company shall not effect any registration of its securities (except on Form S-8 or any successor form to such Form), or a sale pursuant to Regulation D under the Securities Act (other than offerings made pursuant to and in accordance with Rule 504 of Regulation D), whether on its own behalf or at the request of any holder or holders of such securities (other than pursuant to and in accordance with this Section 3), from the date of a request to register Registrable Securities pursuant to and in accordance with this Section 3 until the earlier of (i) 90 days after the date on which all securities covered by such Demand Registration have been sold or (ii) 180 days after the effective date of such Demand Registration, unless the Company shall have first notified Investor in writing of its intention to do so, and Investor or the managing underwriters, if any, shall have consented thereto in writing.

4. Piggy-Back Registration

(a) Right to Piggy-Back. If at any time the Company proposes to file a registration statement under the Securities Act with respect to any class of its equity securities (other than a registration statement (i) on Form S-8 or any successor form to such Form or (ii) filed in connection with an exchange offer or an offering of its

common stock or of securities convertible or exchangeable into its common stock made solely to its existing shareholders in connection with a rights offering or solely to employees of the Company), whether or not for its own account, then the Company shall give written notice of such proposed filing to Investor at least 30 days before the anticipated filing date. Such notice shall offer Investor the opportunity to register such amount of Registrable Securities as Investor may request (a "Piggy-Back Registration"). Subject to Section 4(b) hereof, the Company shall include in each such Piggy-Back Registration all Registrable Securities with respect to which the Company has received from Investor a written request for inclusion therein within 20 days after notice has been duly given to Investor. Investor shall be permitted to withdraw all or any part of the Registrable Securities from a Piggy-Back Registration at any time prior to the effective date of such Piggy-Back Registration.

(b) Priority on Piggy-Back Registrations. The Company shall cause the managing underwriter or underwriters of a proposed underwritten offering to permit Investor to include all the Registrable Securities that Investor has requested to be included in such offering on the same terms and conditions as any similar securities, if any, of the Company included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such offering deliver(s) a written opinion to the Company and the Investor that the total amount of securities which Investor, the Company, and any other persons or entities having registration rights, intend to include in such offering is such as to materially and adversely affect the success of such offering, then the amount of securities to be offered for the account of all Persons shall be reduced or limited pro rata in proportion to the amount of securities proposed to be registered in such offering by each Person to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing underwriter or underwriters.

(c) Registration of Securities Other than Registrable Securities. Except for the Authorized Registration Rights, without the written consent of the holders of a majority in aggregate amount of the Registrable Securities then outstanding, the Company shall not grant to any Person the right to request the Company to register any securities of the Company under the Securities Act unless the rights so granted are subject to the prior rights of the holders of Registrable Securities set forth in, and are not otherwise in conflict or inconsistent with the provisions of, this Agreement.

5. Holdback Agreements

(a) Restrictions on Public Sale by Holders of Registrable Securities. Investor agrees, if reasonably requested by the managing underwriter or underwriters in an underwritten offering (to the extent timely notified in writing by the Company or the managing underwriter or underwriters), not to effect any public sale or distribution of securities of the Company of any class included in a Registration Statement registering the sale of Common Stock by the Company pursuant to Section 3 hereof,

including a sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten registration), during the 10-day period prior to, and the 90-day period beginning on, the closing date of any underwritten offering made pursuant to such Registration Statement.

The foregoing provisions shall not apply if Investor is prevented by applicable statute or regulation from entering into any such agreement; provided, however, that Investor shall undertake in its request to participate in such underwritten offering, not to effect any public sale or distribution of the class of Registrable Securities covered by such Registration Statement (except as part of such underwritten registration) during such period unless it has provided 45 days prior written notice of such sale or distribution to the managing underwriters.

(b) Restrictions on Public Sale by the Company and Others. The Company agrees (i) if requested by the managing underwriter or underwriters in an underwritten offering of Registrable Securities covered by a Registration Statement filed pursuant to Section 3 hereof, not to effect any public or private sale or distribution of its securities, including a sale pursuant to Regulation D under the Securities Act, during the 10-day period prior to, and the 90-day period beginning on, the effective date of any underwritten offering made pursuant to such Registration Statement (except as part of such underwritten registration or pursuant to registrations on Form S-8 or any successor form to such Form), and (ii) to cause each holder of its securities purchased from the Company at any time after the date of this Agreement (other than in a registered public offering) to agree not to effect any public sale or distribution of any such securities during such period, including a sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten registration, if otherwise permitted).

6. Registration Procedures. In connection with the registration obligations of the Company pursuant to and in accordance with Section 3 of this Agreement, the Company shall effect such registrations to permit the sale of such Registrable Securities in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Company shall as expeditiously as possible:

(a) notify Investor and the managing underwriters, if any, promptly, and (if requested by any such Person) confirm such notice in writing, (i) when a Prospectus or any Prospectus supplement or post-effective amendment related to such Registrable Securities has been filed, and, with respect to a Registration Statement or any post-effective amendment related to such Registrable Securities, when the same has become effective, (ii) of any request by the SEC for amendments or supplements to such Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings for that purpose, (iv) if at any time the representations and warranties of the Company contained in any agreement (including any underwriting agreement) contemplated by

Section 6(k) below cease to be true and correct, (v) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (vi) of the happening of any event which makes any statement made in such Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue or which requires the making of any changes in such Registration Statement or Prospectus so that such documents will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (vii) of the reasonable determination of the Company that a post-effective amendment to such Registration Statement would be appropriate;

(b) use every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest possible moment;

(c) if requested by the managing underwriters or the Investor, (i) immediately incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriters and such holder agree should be included therein and as may be required by applicable law, (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as the Company has received notification of the matters to be incorporated in such Prospectus supplement or such post-effective amendment and (iii) supplement or make amendments to such Registration Statement; provided, however, that the Company shall not be required to take any of the actions in this Section 6(c) which are not, in the opinion of counsel for the Company, in compliance with applicable law;

(d) furnish to Investor and each managing underwriter, if any, without charge, at least one signed copy of each Registration Statement related to such Registrable Securities and any post-effective amendments thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including, if requested, those previously furnished or incorporated by reference) at the earliest practicable time under the circumstances before the filing of such documents with the SEC;

(e) deliver to Investor and the underwriters, if any, without charge, as many copies of the Prospectus or Prospectuses related to such Registrable Securities (including each preliminary prospectus) and as many copies of any amendment or supplement thereto as such Persons may reasonably request; the Company consents to the use of such Prospectus or any amendment or supplement thereto by each of the

selling holders of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto;

(f) prior to any public offering of Registrable Securities, to register or qualify or cooperate with Investor, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as any seller or underwriter reasonably requests in writing; keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the applicable Registration Statement; provided, however, that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it is not then so qualified or (B) take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject;

(g) in connection with an underwritten offering, participate, to the extent reasonably requested by the managing underwriter for the offering or Investor, in customary efforts to sell the securities under the offering, including, without limitation, participating in "road shows;"

(h) cooperate with Investor and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates shall not bear any restrictive legends;

(i) cause the Registrable Securities covered by each Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriters, if any, to consummate the disposition of such Registrable Securities;

(j) upon the occurrence of any event contemplated by paragraphs 6(a)(vi) or 6(a)(vii) above, prepare a supplement or post-effective amendment to each Registration Statement or a supplement to the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(k) to the extent possible, cause all Registrable Securities covered by such a Registration Statement to be (i) listed on each securities exchange, if any, on which

similar securities issued by the Company are then listed, or (ii) authorized to be quoted on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") or the National Market System of NASDAQ if the securities so qualify, if requested by Investor;

(l) enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and take all such other actions in connection therewith (including those reasonably requested by the managing underwriters, if any, or Investor) in order to expedite or facilitate the disposition of such Registrable Securities and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration (i) make such representations and warranties to Investor and the underwriters, if any, with respect to the business of the Company and its Subsidiaries, the Registration Statement, the Prospectus, and documents, if any incorporated or deemed to be incorporated by reference in the Registration Statement, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same if and when requested; (ii) obtain opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and Investor) addressed to Investor and each of the underwriters, if any, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by Investor and such underwriters, (iii) obtain "cold comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data is or is required to be included in the Registration Statement) addressed to Investor and each of the underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings; (iv) if an underwriting agreement is entered into, cause the same to contain indemnification provisions and procedures no less favorable than those set forth in Section 8 hereof (or such other provisions and procedures acceptable to Investor) with respect to all parties to be indemnified pursuant to said Section; and (v) deliver such documents and certificates as may be requested by Investor and the managing underwriters, if any, to evidence the continued validity of the representations and warranties of the Company made pursuant to paragraph 6(k)(i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company. The above shall be done at each closing under such underwriting or similar agreement or, as and to the extent required thereunder;

(m) make available for inspection by a representative of Investor, any underwriter participating in any disposition of Registrable Securities, and any attorney or accountant retained by such selling holders or underwriter, all financial and other

records, pertinent corporate documents and properties of the Company; and cause the officers, directors and employees of the Company and its subsidiaries to supply all information reasonably requested by any such representative, underwriter, attorney or accountant in connection with such Registration Statement; provided, however, that any records, information or documents that are designated by the Company in writing as confidential at the time of delivery of such records, information or documents shall be kept confidential by such Persons and their designees unless (i) such records, information or documents are in the public domain or otherwise publicly available, (ii) disclosure of such records, information or documents is required by court or administrative order or (iii) disclosure of such records, information or documents, in the opinion of counsel to such Person, is otherwise required by law (including, without limitation, pursuant to the requirements of the Securities Act); and

(n) comply with all applicable rules and regulations of the SEC and make generally available to its securityholders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder no later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Company after the effective date of a Registration Statement, which statements shall cover said 12- month periods.

The Company may require Investor to furnish to the Company such information regarding the distribution of Registrable Securities as the Company may from time to time reasonably request in writing and the Company may exclude from such registration the Registrable Securities if Investor unreasonably fails to furnish such information within a reasonable time after receiving such request; provided, that Investor's Registrable Securities shall be counted for the demand made upon the Company hereunder.

Investor agrees by acquisition of Registrable Securities that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 6(a)(ii), 6(a)(iii), 6(a)(v), 6(a)(vi) or 6(a)(vii) hereof, Investor shall forthwith discontinue disposition of such Registrable Securities covered by such Registration Statement or Prospectus until Investor's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(i) hereof, or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated or deemed to be incorporated by reference in such Prospectus.

7. Registration Expenses

(a) All reasonable fees and expenses incidental to the Company's performance of or compliance with this Agreement (including, without limitation, (i) all registration and filing fees including, without limitation, fees and expenses (A) with respect to filings required to be made with the National Association of Securities Dealers, Inc., and (B) of compliance with securities or Blue Sky laws (including, without limitation, fees and disbursements of counsel for the underwriters or selling holders (subject to the provisions of Section 6(b)) in connection with Blue Sky qualifications of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as the managing underwriters or holders of a majority in number of the Registrable Securities being sold may designate), (ii) printing expenses, (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, and Special Counsel or other counsel for the sellers of the Registrable Securities (subject to the provisions of Section 7(b) hereof), (v) fees and disbursements of all independent certified public accountants referenced to in Section 6(k)(iii) hereof (including the expenses of any special audit and "cold comfort" letters required by or incident to such performance), (vi) underwriter's fees and expenses (excluding discounts, commissions or fees of underwriters, selling brokers, dealer managers or similar securities industry professionals relating to the distribution of the Registrable Securities or legal expenses of any Person other than the Company, the underwriters and the selling holders; but including the fees and expenses of any "qualified independent underwriter" or other independent appraiser participating in an offering pursuant to Section 3 of Schedule E to the Bylaws of the National Association of Securities Dealers, Inc.), (vii) Securities Act liability insurance if the Company so desires such insurance and (viii) fees and expenses of all other Persons retained by the Company) shall be borne by the Company whether or not any Registration Statement becomes effective. Notwithstanding the foregoing, the Company will not be required to reimburse Investor for its out-of-pocket expenses arising out of a Demand Registration if the Registration Statement for such Demand Registration fails to become effective at the request of Investor.

(b) In connection with each Piggy-Back Registration hereunder, the Company shall reimburse Investor for the reasonable fees and disbursements of not more than one counsel (or more than one counsel if a conflict exists among such selling holders in the exercise of the reasonable judgment of counsel for the selling holders and counsel for the Company) chosen by Investor.

8. Indemnification

(a) Indemnification by the Company. The Company shall, notwithstanding termination of this Agreement and without limitation as to time, indemnify and hold harmless, to the full extent permitted by law, Investor, its officers, directors, agents

and employees, each person who controls such holder (within the meaning of Section 15 of the Securities Act or Section 20 the Exchange Act), and the officers, directors, agents or employees of any such controlling person, from and against all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and attorneys' fees) and reasonable expenses (collectively, "Losses") arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or preliminary prospectus, or arising out of or based upon any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading except insofar as the same are based solely upon information furnished in writing to the Company by Investor expressly for use therein. The Company shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers, directors, a gents and employees and each Person who controls such Persons (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) to the same extent as provided above with respect to the indemnification of Investor.

(b) Indemnification by Investor. In connection with any Registration Statement in which Investor is participating, Investor shall furnish to the Company in writing such information as the Company reasonably requests for use in connection with any Registration Statement or Prospectus and agrees to indemnify and hold harmless, to the full extent permitted by law, the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the directors, officers, agents or employees of such controlling persons, from and against all Losses arising out of or based upon any untrue statement of a material fact contained in any Registration Statement, Prospectus or preliminary prospectus, or arising out of or based upon any omission of a material fact required to be stated therein or necessary to make the statement therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by Investor to the Company expressly for use in such Registration Statement or Prospectus and that such information was solely relied upon by the Company in preparation of any Registration Statement, Prospectus or preliminary prospectus. In no event shall the liability of Investor be greater in amount than the dollar amount of the proceeds (net of the payment of all expenses) received by Investor upon the sale of the Registrable Securities giving rise to such indemnification obligation. The Company shall be entitled to receive indemnities from underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution to the same extent as provided above with respect to information so furnished in writing by such Persons expressly for use in any Prospectus or Registration Statement.

(c) Conduct of Indemnification Proceedings. If any action or proceeding (including any governmental investigation or inquiry) shall be brought or any claim shall be asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the party from which such indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with the defense thereof. All such fees and expenses (including any fees and expenses incurred in connection with investigating or preparing to defend such action or proceeding) shall be paid to the Indemnified Party, as incurred, within 5 days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder). Any such Indemnified Party shall have the right to employ separate counsel in any such action, claim or proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be the expenses of such Indemnified Party unless (a) the Indemnifying Party has agreed to pay such fees and expenses or (b) the Indemnifying Party shall have failed to promptly assume the defense of such action, claim or proceeding and to employ counsel reasonably satisfactory to the Indemnified Party in any such action, claim or proceeding or (c) the named parties to any such action, claim or proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense of such action, claim or proceeding on behalf of such Indemnified Party, it being understood, however, that the Indemnifying Party shall not, in connection with any one such action, claim or proceeding or separate but substantially similar or related actions, claims or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (together with appropriate local counsel) at any time for all such Indemnified Parties, unless in the reasonable judgment of any such Indemnified Party a conflict of interest may exist between such Indemnified Party and any other of such Indemnified Parties with respect to such action, claim or proceeding, in which event the Indemnifying Party shall be obligated to pay the fees and expenses of such additional counsel or counsels).

(d) Contribution. If the indemnification provided for in this Section 8 is unavailable to an Indemnified Party under Section 8(a) or 8(b) hereof (other than by reason of exceptions provided in those Sections) in respect of any Losses, then each applicable Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall, jointly and severally, contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the

relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and such Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 8(c), any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provision of this Section 8(d), an Indemnifying Party which is a selling holder of Registrable Securities shall not be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities sold by such Indemnifying Party and distributed to the public were offered to the public exceeds the amount of any damages which such Indemnifying Party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

9. Rule 144 and Rule 144A. The Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the request of Investor, make available public or other information so long as necessary to permit sales of its securities pursuant to Rules 144 and 144A. The Company further covenants that it will take such further action as Investor may reasonably request, all to the extent required from time to time to enable Investor to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A. Upon the request of Investor, the Company shall deliver to Investor a written statement as to whether it has complied with such requirements. The Company will cooperate to enable Investor to sell Registrable Securities in block trades or other similar transactions, including furnishing to Investor (i) an opinion or opinions of counsel to the Company, and (ii) a comfort letter from the Company's independent public accountants, as Investor reasonably requests, (iii) such reasonable representations, warranties, covenants and indemnities as are customary for such transactions, and (iv) as to prospective purchasers of Investor's securities, the information described in Rule 144A(d)(4). Notwithstanding the foregoing, nothing in this Section 9 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

10. Underwritten Registrations. If any Demand Registration is an underwritten offering, the Investor will have the right to select the investment banker or investment bankers and managers and attorneys to administer the offering; provided, that such investment bank or manager shall be reasonably satisfactory to the Company. If any Piggy-Back Registration is an underwritten offering, the Company will have the right to select the investment banker or investment bankers and managers to administer the offering; provided, that such investment bank or manager shall be reasonably satisfactory to Investor if Investor is participating in such underwritten offering.

No Person may participate in any underwritten registration hereunder unless such Person (a) agrees to sell such Person's securities to be included in the underwritten registration on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

11. Miscellaneous

(a) Remedies. In the event of a breach by the Company of its obligations under this Agreement, Investor, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of any such breach, it shall waive the defense that a remedy at law would be adequate.

(b) No Inconsistent Agreements. Except for the agreements pursuant to which the Authorized Registration Rights are granted, (i) the Company shall not, on or after the date of this Agreement, enter into any agreement with respect to its securities which is inconsistent with the rights granted to Investor in this Agreement or otherwise conflicts with the provisions hereof, and (ii) the Company has not entered into any agreement with respect to its securities granting any registration rights to any person other than this Agreement.

(c) Adjustments Affecting Registrable Securities. The Company shall not take any action, or permit any change to occur, with respect to the Registrable Securities (i) which would adversely affect the ability of Investor to include such Registrable Securities in a registration undertaken pursuant to this Agreement or (ii) which would adversely affect the marketability of such Registrable Securities in any such registration.

(d) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, except by written instrument signed by the Company and Investor.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, nationally recognized air courier, telex or telecopier:

If to Investor:

Apollo Investment Fund IV, L.P. and/or
Apollo Overseas Partners IV, L.P.
c/o Apollo Management IV, L.P.
1999 Avenue of the Stars
Suite 1900
Los Angeles, CA 90067
Attention: Michael D. Weiner
Fax: (310)201-4166

With a copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP
300 South Grand Avenue
Suite 2200
Los Angeles, California 90071
Attn: John F. Hartigan, Esq.
Fax: (213)612-2554

If to Company:

Renters Choice, Inc.
13800 Montfort Drive, Suite 300
Dallas, Texas 75240
Attn: J. Ernest Talley, Chief Executive Officer
Fax: (214)385-1625

With a copy (which shall not constitute notice) to:

Winstead Sechrest & Minick P.C.
5400 Renaissance Tower
1201 Elm Street
Dallas, Texas
Attn: Thomas W. Hughes, Esq.
Fax: (214)745-5390

All such notices and communication shall be deemed to have been duly given: when delivered by hand, if personally delivered; two business days after being deposited in the mail, postage prepaid, if mailed; one business day after being timely dispatched, if by air courier; when answered back, if telexed; and when receipt is acknowledged, if telecopy. Any of the above addresses may be changed by notice made in accordance with this Section 12(e).

(f) Owner of Registrable Securities. The Company will maintain, or will cause its registrar and transfer agent to maintain, a stock book with respect to the Common Stock, in which all transfers of Registrable Securities of which the Company has received notice will be recorded. The Company may deem and treat the person in whose name Registrable Securities are registered in the stock book of the Company as the owner thereof for all purposes, including without limitation, the giving of notices under this Agreement.

(g) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent holders of Registrable Securities. Notwithstanding the foregoing, the Demand Registration rights set forth herein, prior to the exercise thereof by Investor, may be assigned only in connection with a transfer to any single Person or group of affiliated Persons (in a single transaction or series of related transactions) of at least 25% of the Registrable Securities held by it on the date hereof.

(h) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(i) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(j) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS, AND EACH PARTY HERETO SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS WITHIN THE STATE OF NEW YORK.

(k) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the

remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, void or unenforceable.

(l) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement, and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto, in respect of the subject matter contained herein. There are no restrictions, promises, warranties nor undertakings, other than those set forth or referred to herein, with respect to the registration rights granted by the Company with respect to the securities sold pursuant to the Purchase Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

(m) Attorneys' Fees. In any action or proceeding brought to enforce any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the prevailing party shall be entitled to recover reasonably attorneys' fees in addition to its costs and expenses and any other available remedy.

IN WITNESS WHEREOF, the undersigned have executed, or caused to be executed on their behalf by an agent thereunto duly authorized, this Registration Rights Agreement as of the date first above written.

THE COMPANY:

RENTERS CHOICE, INC.,
a Delaware corporation

By: ----------
Name: ----------
Title: ----------

INVESTOR:

APOLLO INVESTMENT FUND IV, L.P.
a Delaware limited partnership

By: Apollo Advisors IV, L.P.
its General Partner

By: Apollo Capital Management IV, Inc.
its General Partner

By: ----------
Name: ----------
Title: ----------

APOLLO OVERSEAS PARTNERS IV, L.P.
an exempted limited partnership registered
in the Cayman Islands

By: Apollo Advisors IV, L.P.
its General Partner

By: Apollo Capital Management IV, Inc.
its Managing General Partner

By: ----------
Name: ----------
Title: ----------

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THE FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF EARNINGS FOUND ON PAGES 1 AND 2 OF THE COMPANY'S FORM 10-Q FOR THE SIX MONTHS ENDED JUNE 30, 1998.

1,000

6-MOS
DEC-31-1998
JUN-30-1998
23,347
0
2,147
348
31,773
0
37,304
15,826
335,838
0
0
0
0
250
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335,838
27,574
193,546
24,687
153,813
10,465
0
1,317
27,951
11,566
16,385
0
0
0
16,385
.66
.65

RENTAL MERCHANDISE, HELD FOR RENT.
BALANCE SHEET IS UNCLASSIFIED.
ADDITIONAL PAID IN CAPITAL AND RETAINED EARNINGS.
STORE AND FRANCHISE MERCHANDISE SALES.
STORE AND FRANCHISE COST OF MERCHANDISE SOLD.
GENERAL AND ADMINISTRATIVE EXPENSE AND AMORTIZATION OF INTANGIBLES.