UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): June 2, 2004

McGrath RentCorp

(Exact name of Registrant as specified in its charter)

California	**0-13292**	**94-2579843**
(State or Other Jurisdiction of Incorporation or Organization)	**(Commission File Number)**	**(IRS Employer Identification No.)**

5700 Las Positas Road, Livermore, CA 94551
(Address of principal executive offices including zip code)

(925) 606-9200
(Registrant's telephone number, including area code)

Item 2. Acquisition or Disposition of Assets

On June 2, 2004, McGrath RentCorp, a California corporation (the "Company"), a leading rental provider of modular buildings for classroom and office space, and test equipment for communications, fiber optic and general purpose needs, announced that it has completed its acquisition of substantially all the assets of Technology Rentals & Services ("TRS"), a division of a CIT Group, Inc. (NYSE: CIT) unit for approximately $118 million in cash. The Company financed the transaction with the issuance on June 2, 2004 of $60 million 5.08% Senior Notes due June 1, 2011 with Prudential Investment Management Inc, as placement agent, and the balance of the purchase price was drawn from the Company's $130 million syndicated revolving line of credit entered into on May 7, 2004 with the Union Bank of California, as agent bank. This revolving line of credit allows the Company to pay interest at prime, or at the Company's election, at other rate options under the agreement. This line of credit replaced the Company's former syndicated line of credit of $120 million with the Union Bank of California, as agent bank which was set to expire on June 30, 2004 and which on May 6, 2004 had an outstanding balance of $47 million. On June 2, 2004, after the completion of the transaction and taking into account the refinancing of the balance on the former line of credit and certain other draw downs made by the Company under the May 7, 2004 revolving line of credit, there was approximately $23 million available for further draw downs thereunder. Under the May 7, 2004 revolving line of credit agreement, the Company can increase the availability for draw downs to the extent the Company repays outstanding balances thereunder. In connection with the Company's former line of credit of $120 million, the Company maintained a $5 million line of credit facility, related to its cash management services, which was set to expire on June 30, 2004 and which the Company renewed on May 13, 2004 through June 30, 2007.

The transaction was entered into pursuant to the Asset Purchase Agreement, dated as of May 2, 2004, as further amended on June 2, 2004 among the Company, TRS-RenTelco Inc. (formerly known as Baseball II Acquisition Inc.), a British Columbia corporation, CIT Group, Inc., a Delaware corporation, Technology Rentals & Services, a division of CIT Technologies Corporation, a Michigan corporation, and CIT Financial Ltd., an Ontario corporation which is filed herewith as Exhibits 2.1 and 2.2.

The Company issued the $60 million 5.08% Senior Notes due June 1, 2011 pursuant to the Note Purchase and Private Shelf Agreement filed herewith as Exhibit 10.12. In connection with the Note Purchase and Private Shelf Agreement, the Company entered a Multiparty Guaranty and an Indemnity, Contribution and Subordination Agreement filed herewith as Exhibits 10.13 and 10.14, respectively.

The $130 million dollar revolving line of credit was entered into by the Company amending and restating its former revolving line of credit as set forth in the Third Amended and Restated Credit Agreement which is filed herewith as Exhibit 10.15. In addition, the $5 million line of credit facility related to the Company's cash management services referred to above was entered pursuant a Letter Agreement which is filed herewith as Exhibit 10.16 and the accompanying Credit Note filed herewith as Exhibit 10.17.

Item 7. Financial Statements and Exhibits

(a) *Financial Statements of Business Acquired.*

The required financial statements will be included in an amendment to this Current Report on Form 8-K to be filed as soon as practicable, but not later than 60 days after the date this Current Report is required to be filed.

(b) *Pro Forma Financial Information.*

The required pro forma financial information which gives effect to the Company's acquisition of substantially all the assets of TRS will be included in an amendment to this Current Report on Form 8-K to be filed as soon as practicable, but not later than 60 days after the date this Current Report is required to be filed.

(c) *Exhibits*.

Exhibit No.	Description
2.1	Asset Purchase Agreement, dated as of May 2, 2004, among McGrath RentCorp, a California corporation, TRS-RenTelco Inc. (formerly known as Baseball II Acquisition Inc.), a British Columbia corporation, CIT Group, Inc., a Delaware corporation, Technology Rentals & Services, a division of CIT Technologies Corporation, a Michigan corporation, and CIT Financial Ltd., an Ontario corporation. The schedules to the Agreement are not being filed, and which schedules the Registrant agrees to furnish supplementally to the Securities and Exchange Commission upon request.
2.2	First Amendment and Waiver to Asset Purchase Agreement, dated as of June 2, 2004 by and among McGrath RentCorp, a California corporation, TRS-RenTelco Inc. (formerly known as Baseball II Acquisition Inc.), a British Columbia corporation, CIT Group, Inc., a Delaware corporation, Technology Rentals & Services, a division of CIT Technologies Corporation, a Michigan corporation, and CIT Financial Ltd., an Ontario corporation.
10.12	Note Purchase and Private Shelf Agreement between the Company and Prudential Investment Management, Inc., as placement agent, dated June 2, 2004.
10.13	Multiparty Guaranty between Enviroplex, Inc., Mobile Modular Management Corporation, Prudential Investment Management, Inc., and such other parties that become Guarantors thereunder, dated June 2, 2004.
10.14	Indemnity, Contribution and Subordination Agreement between Enviroplex, Inc., Mobile Modular Management Corporation, the Company and such other parties that become Guarantors thereunder, dated June 2, 2004.
10.15	Third Amended and Restated Credit Agreement by and among the Company, certain banks that are parties thereto, and Union Bank of California, N.A., dated as of May 7, 2004.
10.16	$5,000,000 Committed Credit Facility Letter Agreement between the Company and Union Bank of California, N.A., dated May 13, 2004.
10.17	$5,000,000 Credit Line Note, dated May 13, 2004.

SIGNATURE

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

MCGRATH RENTCORP
(Registrant)

Dated: June 10, 2004

By: /s/ Randle F. Rose

Name: Randle F. Rose
Title: Vice President of Administration and Secretary

INDEX TO EXHIBITS

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ASSET PURCHASE AGREEMENT

DATED AS OF MAY 2, 2004

AMONG

MCGRATH RENTCORP,

A CALIFORNIA CORPORATION,

BASEBALL II ACQUISITION INC.,

A BRITISH COLUMBIA CORPORATION,

CIT GROUP INC.,

A DELAWARE CORPORATION,

TECHNOLOGY RENTALS & SERVICES,
A DIVISION OF CIT TECHNOLOGIES CORPORATION,

A MICHIGAN CORPORATION,

AND

CIT FINANCIAL LTD.,

AN ONTARIO CORPORATION

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of May 2, 2004, among McGrath RentCorp, a California corporation ("US Buyer"), Baseball II Acquisition Inc., a British Columbia corporation ("Canadian Buyer") and a wholly owned subsidiary of US Buyer (US Buyer and Canadian Buyer each being sometimes referred to herein as a "Buyer" and collectively as "Buyers"), CIT Group Inc., a Delaware corporation ("CIT"), Technology Rentals & Services, a division of CIT Technologies Corporation, a Michigan corporation ("CIT Technologies") and an indirect wholly owned subsidiary of CIT, and CIT Financial Ltd., an Ontario corporation ("CIT Canada") and an indirect wholly owned subsidiary of CIT (CIT Technologies and CIT Canada each being sometimes referred to herein as a "Seller" and collectively as "Sellers").

WHEREAS, CIT Technologies and CIT Canada are engaged in, among other things, the Business (as hereinafter defined);

WHEREAS, CIT Technologies desires to sell to US Buyer, and US Buyer desires to purchase from CIT Technologies, the assets defined herein as the US Purchased Assets, and CIT Canada desires to sell to Canadian Buyer, and Canadian Buyer desires to purchase from CIT Canada, the assets defined herein as the Canadian Purchased Assets, all on the terms and subject to the conditions set forth herein; and

WHEREAS, CIT desires to be a party to this Agreement solely for the purposes of guaranteeing the obligations of Sellers in accordance with Section 8.3.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1. Definitions. In this Agreement, the following terms have the meanings specified or referred to in this Section 1.1 and shall be equally applicable to both the singular and plural forms.

"Accounting Firm" has the meaning specified in Section 3.3(d).

"Accrued Vacation Amount" means the aggregate amount (including related payroll taxes and workers' compensation premiums) accrued on the Valuation Date Balance Sheet in respect of vacation days accrued by Transferred Business Employees from January 1, 2004 through the Closing Date.

"Affiliate" means, with respect to any Person, any other Person which, at the time of determination, directly or indirectly through one or more intermediaries Controls, is Controlled by or is under Common Control with such Person.

"Agreed Accounting Principles" means the accounting principles used in the preparation of the Balance Sheet Date Pro Forma Balance Sheet, provided that the value of any Purchased Equipment that was reflected in the Balance Sheet Date Pro Forma Balance Sheet shall be reflected in the Valuation Date Balance Sheet at the same value as was reflected in the Balance Sheet Pro Forma Balance Sheet less depreciation from the Balance Sheet Date to the Valuation Date.

"Agreed Adjustments" has the meaning specified in Section 3.3(c).

"Agreed Rate" means the "prime rate" published in *The Wall Street Journal*, as that rate may vary from time to time or, if that rate is no longer published, a comparable rate, in each case, calculated on a daily basis.

"Assumed Liabilities" means the Canadian Assumed Liabilities and the US Assumed Liabilities.

"Balance Sheet Date" means March 31, 2004.

"Balance Sheet Date Leases and Test Equipment Computer File" has the meaning specified in Section 5.5(a).

"Balance Sheet Date Pro Forma Balance Sheet" has the meaning specified in Section 5.3(a).

"Balance Sheet Date Receivables Aging" has the meaning specified in Section 5.5.

"Business" means (i) the leasing and renting of Test Equipment and Data Products and (ii) asset management services with respect to Test Equipment, consisting of inventory and warehouse management, repair, refurbishment and calibration of Test Equipment, logistics and order fulfillment.

"Business Agreements" has the meaning specified in Section 5.16.

"Business Employee" means (i) an employee of either Seller as of the Closing Date who performs substantially all of his or her services for the Business (including any Leave Employee), (ii) Randy D. Grimes and Mohan Davuluri, who perform substantially all of their services for the Business but who are employed by CIT, and (iii) an employee of either Seller as of the date of this Agreement who performs substantially all of his or her services for the Business and who is listed in Schedule 5.14(D) as an employee eligible to retire from employment with Sellers prior to the Closing Date and who so retires prior to the Closing.

"Business Intellectual Property" means the Business Registered Intellectual Property and any other Copyrights and Trademarks used or held for use by Sellers primarily in the Business, other than the Excluded Assets and any Software.

"Business Registered Intellectual Property" has the meaning specified in Section 5.13(a).

"Business Software" has the meaning specified in Section 5.13(b).

"Business Trade Secrets" has the meaning specified in Section 5.13(c).

"Buyer" has the meaning specified in the introductory paragraph of this Agreement.

"Buyer Ancillary Agreements" means all agreements, instruments and documents being or to be executed and delivered by Buyer under this Agreement or in connection herewith.

"Buyer Losses" has the meaning specified in Section 11.1(a).

"Canadian Act" means the Income Tax Act (Canada).

"Canadian Assumed Liabilities" has the meaning specified in Section 2.3(b).

"Canadian Benefit Plans" means any material employee benefit plan, program or arrangement maintained in connection with the Business in which at least one of the Business Employees of CIT Canada participates (including retirement, pension, profit sharing, savings, health, dental, disability, tuition reimbursement or flexible benefit plans, employee assistance programs, stock purchase plans, fitness, home and life insurance arrangements and education leave and jury and civic duty leave arrangements), other than any such plan, program or arrangement maintained pursuant to the applicable provincial laws of Canada.

"Canadian Buyer" has the meaning set forth in the introductory paragraph of this Agreement.

"Canadian Files" has the meaning specified in Section 2.1(b).

"Canadian Premium" means the portion of the premium allocated to the Canadian Purchased Assets in accordance with Section 3.5(c).

"Canadian Purchase Price" has the meaning specified in Section 3.1(c).

"Canadian Purchase Price Allocation" has the meaning specified in Section 3.5(b).

"Canadian Purchased Assets" has the meaning specified in Section 2.1(b).

"Canadian Purchased Equipment" has the meaning specified in Section 2.1(b).

"Canadian Purchased Lease Collateral" has the meaning specified in Section 2.1(b).

"Canadian Purchased Lease Documents" has the meaning specified in Section 2.1(b).

"Canadian Purchased Leases" means all of the Leases included in the Canadian Purchased Lease Documents, as reflected in the Purchased Leases and Test Equipment File.

"CIT" has the meaning set forth in the introductory paragraph of this Agreement.

"CIT Canada" has the meaning set forth in the introductory paragraph of this Agreement.

"CIT Obligations" has the meaning specified in Section 8.3.

"CIT Technologies" has the meaning set forth in the introductory paragraph of this Agreement.

"CIT Technologies' FSA" has the meaning specified in Section 8.4(d).

"Claim Notice" has the meaning specified in Section 11.3(a).

"Closing" means the closing of the transfer of the Purchased Assets to Buyer hereunder.

"Closing Date" has the meaning specified in Section 4.1.

"Code" means the Internal Revenue Code of 1986.

"Confidentiality Agreement" means the letter agreement dated October 22, 2003, as modified February 27, 2004, between US Buyer and CIT executed in connection with the transactions contemplated hereby.

"Control" means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms "Controlled by," "under Common Control with" and "Controlling" have correlative meanings.

"Copyrights" means United States and non-U.S. copyrights and mask works (as defined in 17 U.S.C. §901), whether registered or unregistered, and pending applications to register the same.

"Court Order" means any judgment, order, award or decree of any United States federal, state or local, or any supra-national or non-U.S., court or tribunal and any award in any arbitration proceeding.

"Covenant Not to Compete" means the Covenant Not to Compete in the form of Exhibit A.

"Data Products" means the computer desktops, notebooks, printers and peripherals of the general type included in the inventory of Sellers as of the Balance Sheet Date.

"Encumbrance" means any lien, claim, charge, security interest, mortgage, pledge, easement, conditional sale or other title retention agreement, defect in title, adverse claim, covenant or other restrictions of any kind.

"Environmental Liabilities" means any Liability in relation to the Purchased Assets or the Business related to the violation of any Requirement of Laws or Governmental Permits relating to the protection of the environment (including air, water, soil and natural resources) or health and safety aspects associated with environmental protection (herein collectively called **"Environmental Laws"**), including any presence or release of any Hazardous Substance at, on, under, from or to any Leased Real Property (and any migration therefrom).

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

"Estimated Purchase Price" means the Purchase Price as defined herein but determined on an estimated basis by CIT Technologies in good faith and in accordance with Section 3.2 and as reflected in the certificate referred to in Section 3.2.

"ETR $1 Buy-out Equipment" means as of any date Test Equipment or Data Products owned by a Seller that as of such date is being leased by such Seller to a Person pursuant to ETR $1 Buy-out Lease Documents.

"ETR $1 Buy-out Lease Documents" means the lease agreement and related instruments and documents under which Test Equipment or Data Products owned by a Seller is being leased by such Seller to a Person for a firm term and which provides that the Lessee thereunder has the option to purchase the Test Equipment or Data Products subject to such lease at the end of the lease term for $1.

"ETR Fair Market Buy-out Equipment" means as of any date Test Equipment or Data Products owned by a Seller that as of such date is being leased by such Seller to a Person pursuant to ETR Fair Market Buy-out Lease Documents.

"ETR Fair Market Buy-out Lease Documents" means the lease agreement and related instruments and documents under which Test Equipment or Data Products owned by a Seller is being leased by such Seller to a Person for a firm term and which provides that the Lessee thereunder has the option to purchase the Test Equipment or Data products subject to such lease at the end of the lease term at fair market value.

"ETR Fixed Buy-out Equipment" means as of any date Test Equipment or Data Products owned by a Seller that as of such date is being leased by such Seller to a Person pursuant to ETR Fixed Buy-out Lease Documents.

"ETR Fixed Buy-out Lease Documents" means the lease agreement and related instruments and documents under which Test Equipment or Data Products owned by a Seller is being leased by such Seller to a Person for a firm term and which provides that the Lessee thereunder has the option to purchase the Test Equipment or Data Products subject to such lease at the end of the lease term at a fixed or capped price (other than $1).

"Excepted Business Employee" has the meaning specified in Section 8.4(a).

"Excise Tax Act" means the Excise Tax Act (Canada).

"Excluded Assets" has the meaning specified in Section 2.2.

"Excluded Liabilities" has the meaning specified in Section 2.4.

"Expenses" means all reasonable out-of-pocket expenses incurred in connection with investigating, defending or asserting any claim, action, suit or proceeding incident to any matter indemnified against hereunder.

"**Fair Book Value of the Purchased Equipment"** means the book value of the Purchased Equipment as of the Valuation Date, such book value being the sum of the amounts in the following accounts as reflected in the Valuation Date Balance Sheet:

(a) Equipment on Operating Leases-Additions (Account No. 129100); plus

(b) Equipment on Operating Leases-Sales (Account No. 129200); minus

(c) Equipment on Operating Leases Depreciation-Additions (Account No. 130100); minus

(d) Equipment on Operating Leases Depreciation-Other (Account No. 130500).

"Files" means the Canadian Files and the US Files.

"Governmental Body" means any United States federal, state or local, any Canadian federal, provincial or territorial, or any other governmental authority or regulatory body.

"Governmental Permits" has the meaning specified in Section 5.6.

"GST" means any goods and services Taxes or harmonized sales Taxes levied under Part IX of the Excise Tax Act.

"Guarantee" has the meaning specified in Section 8.3.

"Guarantor" means any Person (other than a Seller) who is a party to any Purchased Lease Document or who has given or issued guarantees in connection with any Purchased Lease or pledged, mortgaged or granted security interests in property to secure payment of any amounts due under Purchased Lease Documents.

"Hazardous Substance" means any material, substance or waste listed, defined, designated or classified by or pursuant to Environmental Law as hazardous, toxic, pollutant, contaminant or words of similar meaning or effect, including petroleum or petroleum products (including crude oil) and any derivative or by-products thereof, natural gas, synthetic gas and any mixtures thereof, radioactive material or any substance that is or contains polychlorinated biphenyls (PCBs), radon gas, urea formaldehyde, asbestos-containing materials or lead.

"Instrument of Assignment-Canada" means the Instrument of Assignment in the form of Exhibit B-1.

"Instrument of Assignment-US" means the Instrument of Assignment in the form of Exhibit B-2.

"Instrument of Assumption-Canada" means the Instrument of Assumption in the form of Exhibit C-1.

"Instrument of Assumption-US" means the Instrument of Assumption in the form of Exhibit C-2.

"Intellectual Property" means any and all rights in and to Copyrights, Patent Rights, Trade Secrets and Trademarks.

"Knowledge of Sellers" means, as to any matter, the actual knowledge of the individuals set forth in Schedule 1.1A.

"Lease" means a lease or rental agreement or instrument under which a Seller is the lessor of the Test Equipment or Data Products leased or rented that gives rise to the payment obligations under such agreement or instrument.

"Lease Commitment" means as of any date the commitment of a Seller to any Person with respect to the Business as of such date to enter into a Lease on or after such date.

"Lease Commitment Documents" means the letters, agreements and other documents reflecting a Lease Commitment.

"Leased Real Property" has the meaning specified in Section 5.10(b).

"Leave Employee" means an employee of either Seller or CIT as of the Closing Date who performs substantially all of his or her services for the Business and who is not actively at work on the Closing Date on account of illness, disability or other approved leave of absence.

"Lessee" means a lessee under a Purchased Lease.

"Liability" means any debt, obligation, duty or liability of any nature (including any unknown, undisclosed, unmatured, unaccrued, unasserted, contingent, indirect, conditional, implied, vicarious, derivative, joint, several or secondary liability, debt, obligation, or duty), regardless of whether such debt, obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with generally accepted accounting principles and regardless of whether such debt, obligation, duty or liability is immediately due and payable.

"Limited Power of Attorney-Canada" means the Limited Power of Attorney in the form of Exhibit D-1.

"Limited Power of Attorney-US" means the Limited Power of Attorney in the form of Exhibit D-2.

"Losses" means any and all out-of-pocket losses, costs, claims, obligations, liabilities, settlement payments, awards, judgments, fines, penalties, damages, deficiencies or other charges.

"MTM Equipment" means as of any date Test Equipment or Data Products owned by a Seller that is being rented by such Seller to a Person pursuant to MTM Lease Documents.

"MTM Fair Market Buy-out Equipment" means as of any date Test Equipment or Data Products owned by a Seller that is being rented by such Seller to a Person pursuant to MTM Fair Market Buy-out Lease Documents.

"MTM Fair Market Buy-out Lease Documents" means the instruments and documents under which Test Equipment or Data Products owned by a Seller is being rented by such Seller to a Person initially on a month-to month basis and which provides that the Lessee thereunder has the option to purchase the Test Equipment or Data Products subject thereto at fair market value.

"MTM Fixed Buy-out Equipment" means as of any date Test Equipment or Data Products owned by a Seller that is being rented by such Seller to a Person pursuant to MTM Fixed Buy-out Lease Documents.

"MTM Fixed Buy-out Lease Documents" means the instruments and documents under which Test Equipment or Data Products owned by a Seller is being rented by such Seller to a Person initially on a month-to month basis and which provides that the Lessee thereunder has the option to purchase the Test Equipment or Data Products subject thereto at a fixed or capped price (other than $1).

"MTM Lease Documents" means the instruments and documents under which Test Equipment or Data Products owned by a Seller is being rented by such Seller to a Person initially on a month-to month basis and which do not provide the Lessee thereunder with any option to purchase the Test Equipment or Data Products subject thereto at a fixed or capped price.

"Nontransferable Letter of Credit" means each letter of credit of a Seller as set forth in Schedule 5.5(C) that would be part of the Purchased Lease Documents but for the fact that it is nontransferable by its terms; provided, that upon replacement of any such letter of credit pursuant to Section 8.5, such letter of credit shall no longer be a "Nontransferable Letter of Credit."

"Obligor" means, with respect to any Lease, the Lessee thereunder or any Guarantor.

"Off-Rent Equipment" means as of any date Test Equipment or Data Products owned by a Seller with respect to the Business that is not being leased or rented to any Person as of such date.

"Owned Software" has the meaning specified in Section 5.13(f).

"Patent Rights" means United States and non-U.S. patents, provisional patent applications, patent applications, continuations, continuations-in-part, divisions, reissues, re-examinations, renewals, extensions, patent disclosures, industrial designs, inventions (whether or not patentable or reduced to practice) or improvements thereto.

"Pension Plan" means any pension plan, as defined in Section 3(2) of ERISA, applied without regard to the exceptions from coverage contained in Sections 4(b)(4) or 4(b)(5) thereof.

"Permitted Encumbrances" means (a) liens for Taxes and other governmental charges and assessments which are not yet due and payable, (b) liens of landlords and liens of carriers, warehousemen, mechanics and materialmen and other like liens arising in the ordinary course of business for sums not yet due and payable, (c) the contractual right of a Lessee arising under the Purchased Lease Documents, (d) the respective rights of Buyers, CIT or Sellers as provided herein and as contemplated in the Buyer Ancillary Agreements and the Seller Ancillary Agreements and (e) other liens that are subordinate to CIT's or Seller's liens, and that upon the Closing will be subordinate to either Buyer's liens, on the applicable Purchased Lease Collateral.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or Governmental Body.

"Plan" means any Pension Plan or Welfare Plan.

"Post-Closing Tax Period" means any Tax Period beginning after the Closing Date and that portion of any Straddle Period beginning after the Closing Date.

"Pre-Closing Tax Period" means any Tax Period ending on or before the Closing Date and that portion of any Straddle Period ending on the Closing Date.

"Preliminary Accounting Report" has the meaning specified in Section 3.3(a).

"Preliminary Purchase Price" has the meaning specified in Section 3.3(a).

"Preliminary Valuation Date Balance Sheet" has the meaning specified in Section 3.3(c).

"Premium" means $20,000,000.

"PST" means any provincial sales or goods and services Taxes imposed by any of the provinces or other jurisdictions within Canada. For the avoidance of doubt, PST shall include QST.

"Purchase Order" as of any date means an order placed by a Seller, with respect to the Business, with a Vendor under a Vendor Agreement for the purchase of Test Equipment or Data Products where such Seller has not received delivery of such Test Equipment or Data Products on or prior to such date.

"Purchase Price" has the meaning specified in Section 3.1(a).

"Purchased Assets" means the US Purchased Assets and the Canadian Purchased Assets.

"Purchased Equipment" means the US Purchased Equipment and the Canadian Purchased Equipment.

"Purchased Lease Collateral" means the US Purchased Lease Collateral and the Canadian Purchased Lease Collateral.

"Purchased Lease Documents" means the US Purchased Lease Documents and the Canadian Purchased Lease Documents.

"Purchased Leases" means the US Purchased Leases and the Canadian Purchased Leases.

"Purchased Leases and Test Equipment File" has the meaning specified in Section 3.3(a).

"QST" means any sales or goods and services Taxes levied under the Quebec Sales Tax Act.

"Quebec Sales Tax Act" means the Act Respecting the Quebec Sales Tax.

"Requirements of Laws" means any United States federal, state and local, and any non-U.S., laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Body, and any judicial decisions interpreting such laws, statutes, regulations, rules, codes or ordinances.

"Seller" has the meaning specified in the introductory paragraph of this Agreement.

"Seller Ancillary Agreements" means all agreements, instruments and documents being or to be executed and delivered by CIT or either Seller under this Agreement or in connection herewith.

"Seller Group Members" means CIT, Sellers, any of their Affiliates and their successors and assigns.

"Seller Losses" has the meaning set forth in Section 11.2(a).

"Software" means computer software programs and software systems, including all databases, compilations, tool sets, compilers, higher level or "proprietary" languages, related documentation and materials, whether in source code, object code or human readable form.

"Straddle Period" means any Tax Period beginning before the Closing Date and ending after the Closing Date.

"Tax" (and, with correlative meaning, **"Taxes"**) means (i) any and all taxes, charges, fees, levies, duties, liabilities, impositions or other assessments, including income, gross receipts, profits, excise, gaming, real or personal property, environmental, recapture, sales, use, goods and services, value-added, withholding, social security, retirement, employment, unemployment, occupation, service, license, net worth, payroll, franchise, gains, stamp, transfer and recording taxes, fees and charges, imposed by any Governmental Body (including the United States and any political subdivision thereof or therein, Canada, and any political subdivision thereof or therein, and any other non-U.S. national government and any political subdivision thereof or therein), whether computed on a separate, consolidated, unitary, combined or any other basis; and such term shall include any interest whether paid or received, fines, penalties or additional amounts attributable to, or imposed upon, or with respect to, any such taxes, charges, fees, levies, duties, liabilities, impositions or other assessments, and (ii) any obligations under any agreements or arrangements with any other Person with respect to Taxes of such other Person (including pursuant to Treas. Reg. § 1.1502-6 or comparable provisions of state, local or non-U.S. tax law) and including any Liability for Taxes of any predecessor entity.

"Tax Period" means any period prescribed by any Governmental Body for which a Tax Return is required to be filed or a Tax is required to be paid.

"Tax Return" means any return, report or similar statement required to be filed with respect to any Taxes (including any attached schedules), including any information return, claim for refund, amended return and declaration of estimated Tax.

"Test Equipment" means test and measurement equipment of the general type included in the inventory of Sellers as of the Balance Sheet Date.

"Trade Secrets" means all trade secrets under applicable law and other rights in know-how and confidential or proprietary information, processing, manufacturing or marketing information, including new developments, inventions, processes, ideas or other proprietary information that provide a Person with advantages over competitors of such Person who do not know or use it and documentation thereof (including related papers, blueprints, drawings, formulae, notebooks, specifications, designs, compilations of information), and all claims and rights related thereto.

"Trademarks" means United States, state and non-U.S. trademarks, service marks, trade names, Internet domain names, designs, logos, slogans and general intangibles of like nature, whether registered or unregistered, and pending registrations and applications to register the foregoing, and all goodwill associated therewith throughout the world.

"Transferred Business Employee" has the meaning specified in Section 8.4(c).

"Transition Services Agreement" means the Transition Services Agreement specified in Section 7.6.

"US Assumed Liabilities" has the meaning specified in Section 2.3(a).

"US Buyer" has the meaning set forth in the introductory paragraph of this Agreement.

"US Buyer's FSA" has the meaning specified in Section 8.4(d).

"US Files" has the meaning specified in Section 2.1(a).

"US Premium" means the portion of the premium allocated to the US Purchased Assets in accordance with Section 3.5(c).

"US Purchase Price" has the meaning specified in Section 3.1(b).

"US Purchase Price Allocation" has the meaning specified in Section 3.5(a).

"US Purchased Assets" has the meaning specified in Section 2.1(a).

"US Purchased Equipment" has the meaning specified in Section 2.1(a).

"US Purchased Lease Collateral" has the meaning specified in Section 2.1(a).

"US Purchased Lease Documents" has the meaning specified in Section 2.1(a).

"US Purchased Leases" means all of the Leases included in the US Purchased Lease Documents, as reflected in the Purchased Leases and Test Equipment File.

"Valuation Date" means the close of business on the day immediately prior to the Closing Date.

"Valuation Date Balance Sheet" has the meaning specified in Section 3.3.

"Valuation Date Purchased Leases Receivables" means the Valuation Date Receivables arising under the Purchased Leases, such amount being the sum of the amounts in the following accounts as reflected in the Valuation Date Balance Sheet:

(a) Accrued Rent Receivable Operating Lease-Bill (Account No. 069600); plus

(b) Accrued Rent Receivable Operating Lease-Collected (Account No. 069700); minus

(c) Unearned Income Operating Lease (Account No. 072900); minus

(d) Suspended Earnings-Other (Account No. 074400); minus

(e) Collections Clearing (Account No. 075106); minus

(f) Dealer Holdbacks (Account No. 250000); minus

(g) Security Deposits (Account No. 298500).

"Valuation Date Receivables" means all uncollected amounts that are due and payable under the Purchased Leases as of the Valuation Date, including all currently due lease rentals, late charges, amounts due with respect to any sales Tax, property Tax, or insurance premiums previously paid by a Seller on behalf of the respective Lessee.

"Vendor" means a vendor or manufacturer of Test Equipment.

"Vendor Agreement" means an agreement between a Seller, with respect to the Business, and a Vendor pursuant to which such Vendor agrees to sell to such Seller Test Equipment or Data Products to be, or that has been, leased to Lessees.

"Welfare Plan" means any welfare plan, as defined in Section 3(1) of ERISA, applied without regard to the exceptions from coverage contained in Sections 4(b)(4) or 4(b)(5) thereof.

1.2. Interpretation. For purposes of this Agreement, (i) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation," (ii) the word "or" is not exclusive and (iii) the words "herein", "hereof", "hereby", "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (i) to Articles, Sections, Exhibits and Schedules mean the Articles and Sections of, and the Exhibits and Schedules attached to, this Agreement; (ii) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement; and (iii) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. The Schedules and Exhibits referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein. Titles to Articles and headings of Sections are inserted for convenience of reference only and shall not be deemed a part of or to affect the meaning or interpretation of this Agreement. This Agreement, the Buyer Ancillary Agreements and the Seller Ancillary Agreements shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

ARTICLE II

PURCHASE AND SALE

2.1. Purchased Assets.

(a) US Purchased Assets. Upon the terms and subject to the conditions of this Agreement, on the Closing Date, CIT Technologies shall, and CIT shall cause CIT Technologies to, sell, transfer, assign, convey and deliver to US Buyer, and US Buyer shall purchase from CIT

Technologies, free and clear of all Encumbrances (except for Permitted Encumbrances), all of CIT Technologies' right, title and interest in, to and under the following as the same shall exist on the Closing Date (collectively, the "US Purchased Assets"):

(i) all of the ETR $1 Buy-out Equipment, the ETR Fair Market Buy-out Equipment, the ETR Fixed Buy-out Equipment, the MTM Equipment, the MTM Fair Market Buy-out Equipment, the MTM Fixed Buy-out Equipment and the Off-Rent Equipment owned by CIT Technologies as of the Closing Date (the "US Purchased Equipment");

(ii) all of the ETR $1 Buy-out Lease Documents, the ETR Fair Market Buy-out Lease Documents, the ETR Fixed Buy-out Lease Documents, the MTM Lease Documents, the MTM Fair Market Buy-out Lease Documents and the MTM Fixed Buy-out Lease Documents to which CIT Technologies is a party or by which it is bound (collectively, the "US Purchased Lease Documents"), including the US Purchased Leases;

(iii) all claims or causes of action of CIT Technologies arising under the US Purchased Lease Documents against (i) Lessees, (ii) Guarantors and (iii) assets and properties securing payment of amounts payable under US Purchased Lease Documents, including all credit enhancement instruments (or portions thereof) relating solely to the US Purchased Lease Documents or Canadian Purchased Lease Documents and all insurance policies maintained by or on behalf of a Lessee pursuant to US Purchased Lease Documents (such assets and properties being referred to herein as "US Purchased Lease Collateral");

(iv) all Valuation Date Receivables attributable to the US Purchased Leases;

(v) the Governmental Permits held by CIT Technologies listed in Schedule 5.6 (to the extent assignable);

(vi) the leases of Leased Real Property to which CIT Technologies is a party or by which it is bound listed in Schedule 5.11(B);

(vii) all machinery, equipment, vehicles, furniture and other personal property owned by CIT Technologies and used primarily in the Business, including the machinery, equipment, vehicles, furniture and other personal property listed or referred to in Schedule 5.12(A);

(viii) the personal property leases to which CIT Technologies is a party or by which it is bound listed in Schedule 5.12(B) and the personal property leases to which CIT Technologies is a party or by which it is bound with respect to the Business not required to be listed therein;

(ix) the Business Intellectual Property of CIT Technologies;

(x) the Business Software of CIT Technologies;

(xi) the Business Trade Secrets of CIT Technologies;

(xii) the agreements, contracts, licenses, sublicenses, assignments and indemnities to which CIT Technologies is a party or by which it is bound listed in Schedule 5.13(C);

(xiii) the contracts, agreements or understandings to which CIT Technologies is a party or by which it is bound listed or described in Schedule 5.15;

(xiv) all rights, claims or causes of action against third Persons relating to the US Purchased Assets arising out of the transactions occurring prior to the Closing Date, including, to the extent assignable, all rights of CIT Technologies under licenses or warranties from manufacturers, vendors or distributors of US Purchased Equipment;

(xv) all US Purchased Lease Documents (original execution copies or, if not available, duplicates thereof), along with the credit and transaction files (including all information stored on discs, tapes or other media) of CIT Technologies relating to the US Purchased Lease Documents (the "US Files"), and all other books and records (including all data and other information stored on discs, tapes or other media) of CIT Technologies relating to the assets, properties, business and operations of the Business, including sales, advertising and marketing materials; and

(xvi) all telephone, telex and telephone facsimile numbers and other directory listings utilized by CIT Technologies primarily in connection with the Business.

(b) Canadian Purchased Assets. Upon the terms and subject to the conditions of this Agreement, on the Closing Date, CIT Canada shall, and CIT shall cause CIT Canada to, sell, transfer, assign, convey and deliver to Canadian Buyer, and Canadian Buyer shall purchase from CIT Canada, free and clear of all Encumbrances (except for Permitted Encumbrances), all of CIT Canada's right, title and interest in, to and under the following as the same shall exist on the Closing Date (collectively, the "Canadian Purchased Assets"):

(i) all of the ETR $1 Buy-out Equipment, the ETR Fair Market Buy-out Equipment, the ETR Fixed Buy-out Equipment, the MTM Equipment, the MTM Fair Market Buy-out Equipment, the MTM Fixed Buy-out Equipment and the Off-Rent Equipment owned by CIT Canada as of the Closing Date (the "Canadian Purchased Equipment");

(ii) all of the ETR $1 Buy-out Lease Documents, the ETR Fair Market Buy-out Lease Documents, the ETR Fixed Buy-out Lease Documents, the MTM Lease Documents, the MTM Fair Market Buy-out Lease Documents and the MTM Fixed Buy-out Lease Documents to which CIT Canada is a party or by which it is bound (collectively, the "Canadian Purchased Lease Documents"), including the Canadian Purchased Leases;

(iii) all claims or causes of action of CIT Canada arising under the Canadian Purchased Lease Documents against (i) Lessees, (ii) Guarantors and (iii) assets and properties securing payment of amounts payable under Canadian Purchased Lease

Documents, including all credit enhancement instruments relating solely to the Canadian Purchased Lease Documents or US Purchased Lease Documents and all insurance policies maintained by or on behalf of a Lessee pursuant to Canadian Purchased Lease Documents (such assets and properties being referred to herein as "Canadian Purchased Lease Collateral");

(iv) all Valuation Date Receivables attributable to the Canadian Purchased Leases;

(v) the Governmental Permits held by CIT Canada listed in Schedule 5.6 (to the extent assignable);

(vi) the leases of Leased Real Property to which CIT Canada is a party or by which it is bound listed in Schedule 5.11(B);

(vii) all machinery, equipment, vehicles, furniture and other personal property owned by CIT Canada and used primarily in the Business, including the machinery, equipment, vehicles, furniture and other personal property listed or referred to in Schedule 5.12(A);

(viii) the personal property leases to which CIT Canada is a party or by which it is bound listed in Schedule 5.12(B) and the personal property leases to which CIT Canada is a party or by which it is bound with respect to the Business not required to be listed therein;

(ix) the Business Intellectual Property of CIT Canada;

(x) the Business Software of CIT Canada;

(xi) the Business Trade Secrets of CIT Canada;

(xii) the agreements, contracts, licenses, sublicenses, assignments and indemnities to which CIT Canada is a party or by which it is bound listed in Schedule 5.13(C);

(xiii) the contracts, agreements or understandings to which CIT Canada is a party or by which it is bound listed or described in Schedule 5.15;

(xiv) all rights, claims or causes of action against third Persons relating to the Canadian Purchased Assets arising out of the transactions occurring prior to the Closing Date, including, to the extent assignable, all rights of CIT Canada under licenses or warranties from manufacturers, vendors or distributors of Canadian Purchased Equipment;

(xv) all Canadian Purchased Lease Documents (original execution copies or, if not available, duplicates thereof), along with the credit and transaction files (including all information stored on discs, tapes or other media) of CIT Canada relating to the Canadian Purchased Lease Documents (the "Canadian Files"), and all other books and records

(including all data and other information stored on discs, tapes or other media) of CIT Canada relating to the assets, properties, business and operations of the Business, including sales, advertising and marketing materials; and

(xvi) all telephone, telex and telephone facsimile numbers and other directory listings utilized by CIT Canada primarily in connection with the Business.

2.2. Excluded Assets. Notwithstanding the provisions of Section 2.1, the Purchased Assets shall not include the following (collectively, the "Excluded Assets"):

(a) all cash, bank deposits and cash equivalents (other than any of the same which constitute Purchased Lease Collateral) of CIT or either Seller;

(b) all insurance policies of CIT or either Seller;

(c) all rights, claims or causes of action of CIT or either Seller against third Persons relating to the Excluded Assets or the Excluded Liabilities;

(d) all claims, rights and interests of CIT or either Seller in and to any refund for Taxes allocable to periods ending on or prior to the Valuation Date;

(e) the name "CIT" or any trade names, trademarks, servicemarks, domain names or logos to the extent the same incorporates such name or any variation thereof;

(f) the computer systems, hardware, telecommunications systems, network infrastructure, equipment (other than Purchased Equipment) and Software not located at the Leased Real Property in Dallas Texas or in Montreal, Quebec but otherwise used by either Seller in the conduct of the Business as it is currently conducted; provided, that the Business Software identified in Schedule 5.13(B) as being located in Livingston, New Jersey and to be migrated to Buyers after Closing shall be a Purchased Asset; and

(g) all assets and related rights, intangible or otherwise, set forth in Schedule 2.2.

2.3. Assumed Liabilities.

(a) US Assumed Liabilities. On the Closing Date, US Buyer shall deliver to CIT Technologies the Instrument of Assumption-US pursuant to which US Buyer shall assume and agree to pay, perform or otherwise discharge the following obligations and liabilities of CIT Technologies in accordance with their respective terms and subject to the respective conditions thereof:

(i) all contractual obligations of CIT Technologies to be performed after the Valuation Date under:

(A) the US Purchased Lease Documents;

(B) the Lease Commitment Documents to which CIT Technologies is a party or by which it is bound relating to Lease Commitments listed in Schedule 5.5(F) and any Lease Commitments entered into by CIT Technologies between the date of such schedule and the Closing Date consistent with the terms of this Agreement;

(C) the Business Agreements to which CIT Technologies is a party or by which it is bound; and

(D) the contracts and other agreements to which CIT Technologies is a party or by which it is bound with respect to the Business not required by the terms of Section 5.15 to be listed in a Schedule to this Agreement and the leases, contracts and other agreements entered into by CIT Technologies with respect to the Business after the date hereof consistent with the terms of this Agreement (including Purchase Orders outstanding as of the Valuation Date);

(ii) all liabilities in respect of Taxes for which US Buyer is liable pursuant to Section 8.2; and

(iii) all liabilities of CIT Technologies for which US Buyer is liable pursuant to Section 8.4.

All of the foregoing liabilities and obligations to be assumed by US Buyer hereunder (excluding any Excluded Liabilities) are referred to herein as the "US Assumed Liabilities."

(b) Canadian Assumed Liabilities. On the Closing Date, Canadian Buyer shall deliver to CIT Canada the Instrument of Assumption-Canada pursuant to which Canadian Buyer shall assume and agree to pay, perform or otherwise discharge the following obligations and liabilities of CIT Canada in accordance with their respective terms and subject to the respective conditions thereof:

(i) all contractual obligations of CIT Canada to be performed after the Valuation Date under:

(A) the Canadian Purchased Lease Documents;

(B) the Lease Commitment Documents to which CIT Canada is a party or by which it is bound relating to Lease Commitments listed in Schedule 5.5(F) and any Lease Commitments entered into by CIT Canada between the date of such schedule and the Closing Date consistent with the terms of this Agreement;

(C) the Business Agreements to which CIT Canada is a party or by which it is bound; and

(D) the contracts and other agreements to which CIT Canada is a party or by which it is bound with respect to the Business not required by the terms of Section 5.15 to be listed in a Schedule to this Agreement and the leases, contracts and other agreements entered into by CIT Canada with respect to the Business after the date hereof consistent with the terms of this Agreement (including Purchase Orders outstanding as of the Valuation Date);

(ii) all liabilities in respect of Taxes for which Canadian Buyer is liable pursuant to Section 8.2; and

(iii) all liabilities of CIT Canada for which Canadian Buyer is liable pursuant to Section 8.4.

All of the foregoing liabilities and obligations to be assumed by Canadian Buyer hereunder (excluding any Excluded Liabilities) are referred to herein as the "Canadian Assumed Liabilities."

2.4. Excluded Liabilities. Neither Buyer shall assume or be obligated to pay, perform or otherwise assume or discharge any obligations or liabilities of either Seller, whether direct or indirect, known or unknown, or absolute or contingent, not expressly assumed by such Buyer pursuant to the Instrument of Assumption delivered by such Buyer or otherwise expressly assumed by such Buyer in this Agreement (all such obligations and liabilities not so assumed being herein called the "Excluded Liabilities"). Without limiting the generality of the foregoing sentence, and notwithstanding the provisions of Section 2.3, none of the following shall be assumed by either Buyer (and each of them shall be deemed not to constitute Assumed Liabilities):

(a) any intercompany payables or other liabilities or obligations of CIT or either Seller to any Affiliate of CIT or Seller;

(b) any losses, liabilities or obligations in respect of any Excluded Assets;

(c) any liabilities or obligations in respect of any Taxes for which either Seller is liable pursuant to Section 8.2;

(d) any liabilities in respect of indebtedness for borrowed money for which either Seller is liable;

(e) any liabilities in respect of the actions, suits or proceedings described or referred to in Schedule 5.8;

(f) except as provided in Section 8.4, any liabilities in respect of any employee benefit plan or similar arrangement maintained by CIT or either Seller for the benefit of any employees of the Business; and

(g) except as provided in Section 8.4, any liabilities arising as a result of the employment prior to, and as of, the Closing of any employees of the Business or termination by either Seller of any employees of the Business, including any claims under Sellers' current severance plan or, in the case of any Business Employee (including any Excepted Business Employee or Leave Employee) employed by CIT Canada, any pay in lieu of notice or severance as is required by applicable law.

ARTICLE III

PURCHASE PRICE

3.1. Purchase Price.

(a) The purchase price for the Purchased Assets (the "Purchase Price") shall be the sum of the US Purchase Price and the Canadian Purchase Price.

(b) The purchase price for the US Purchased Assets (the "US Purchase Price") shall be the sum of:

(i) the Valuation Date Purchased Leases Receivables relating to the US Purchased Leases; plus

(ii) the Fair Book Value of the Purchased Equipment relating to the US Purchased Equipment as of the Valuation Date; plus

(iii) the US Premium; minus

(iv) the Accrued Vacation Amount relating to Transferred Business Employees employed by CIT Technologies immediately prior to the Closing.

(c) The purchase price for the Canadian Purchased Assets (the "Canadian Purchase Price") shall be the sum of:

(i) the Valuation Date Purchased Leases Receivables relating to the Canadian Purchased Leases; plus

(ii) the Fair Book Value of the Purchased Equipment relating to the Canadian Purchased Equipment as of the Valuation Date; plus

(iii) the Canadian Premium; minus

(iv) the Accrued Vacation Amount relating to Transferred Business Employees employed by CIT Canada immediately prior to the Closing.

(d) Set forth in Schedule 3.1(D) is an example of a computation of the Purchase Price based on the Balance Sheet Date Pro Forma Balance Sheet.

3.2. Determination of Estimated Purchase Price. Not later than two business days prior to the Closing Date, CIT Technologies shall deliver to US Buyer a certificate executed on behalf of CIT Technologies by its President or any Vice President, dated such date, setting forth the Estimated Purchase Price, as determined by CIT Technologies in good faith and in form reasonably satisfactory to US Buyer, and based upon the methodology for determining the Purchase Price set forth in Section 3.1 and information estimated by CIT Technologies in good faith as of the Closing Date; provided, however, that if such estimated information is as of a date after the Balance Sheet Date, CIT Technologies shall provide such estimated information to US Buyer in reasonable detail upon the delivery of the aforementioned certificate.

3.3. Determination of Purchase Price.

(a) As promptly as practicable following the Closing Date (but not later than 45 days after the Closing Date), CIT Technologies shall

(i) prepare, in accordance with the Agreed Accounting Principles, a balance sheet as of the Valuation Date, which balance sheet shall reflect the Purchased Assets and the Assumed Liabilities (the "Preliminary Valuation Date Balance Sheet");

(ii) determine the Purchase Price in accordance with the provisions of this Agreement (such Purchase Price as determined by CIT Technologies being called the "Preliminary Purchase Price");

(iii) deliver to US Buyer a computer file containing the information described in Schedule 3.3 as of the Valuation Date (the "Purchased Leases and Test Equipment File"), which file shall reflect all of the Purchased Leases and Purchased Equipment; and

(iv) deliver to US Buyer the Preliminary Valuation Date Balance Sheet and a certificate setting forth the Preliminary Purchase Price (the "Preliminary Accounting Report").

(b) Promptly following receipt of the Preliminary Accounting Report, US Buyer shall review the same and, within 60 days after the date of such receipt, may deliver to CIT Technologies a certificate (signed by its President or any Vice President) setting forth its objections to the Preliminary Valuation Date Balance Sheet and the Preliminary Purchase Price as set forth in the Preliminary Accounting Report together with a summary of the reasons therefor and calculations which, in its view, are necessary to eliminate such objections. If US Buyer does not so object within such 60-day period, the Preliminary Valuation Date Balance Sheet and the Preliminary Purchase Price set forth in the Preliminary Accounting Report shall be final and binding as the "Valuation Date Balance Sheet" and the Purchase Price, respectively, for purposes of this Agreement.

(c) If US Buyer so objects within such 60-day period, US Buyer and CIT Technologies shall use their reasonable efforts to resolve by written agreement (the "Agreed Adjustments") any differences as to the Preliminary Valuation Date Balance Sheet and the Preliminary Purchase Price and, if US Buyer and CIT Technologies so resolve all such differences, the Preliminary Valuation Date Balance Sheet and the Preliminary Purchase Price set forth in the Preliminary Accounting Report as adjusted by the Agreed Adjustments shall be final and binding as the Valuation Date Balance Sheet and the Purchase Price, respectively, for purposes of this Agreement.

(d) If any objections raised by US Buyer are not resolved by Agreed Adjustments within the 30-day period next following such 60-day period, then US Buyer and CIT Technologies shall submit the objections that are then unresolved to KPMG LLP (the "Accounting Firm"), and the Accounting Firm shall be directed by US Buyer and CIT

Technologies to resolve the unresolved objections (based solely on the presentations by US Buyer and by CIT Technologies as to whether any disputed matter had been determined in a manner consistent with the Agreed Accounting Principles) as promptly as reasonably practicable and to deliver written notice to each of US Buyer and CIT Technologies setting forth its resolution of the disputed matters. The Preliminary Valuation Date Balance Sheet and the Preliminary Purchase Price, after giving effect to any Agreed Adjustments and to the resolution of disputed matters by the Accounting Firm, shall be final and binding as the Valuation Date Balance Sheet and the Purchase Price, respectively, for purposes of this Agreement.

(e) Each Buyer and each Seller shall make available to US Buyer, CIT Technologies and, if applicable, the Accounting Firm, such books, records and other information (including work papers) as any of the foregoing may reasonably request to prepare or review the Preliminary Accounting Report or any matters submitted to the Accounting Firm. The fees and expenses of the Accounting Firm hereunder, if any, shall be paid 50% by US Buyer and 50% by CIT Technologies.

3.4. Adjustment of Payment in Respect of Purchase Price. Promptly after (but not later than five days after) the determination of the Purchase Price pursuant to Section 3.3 that is final and binding as set forth therein:

(a) if the Purchase Price (as so determined) exceeds the Estimated Purchase Price, US Buyer, on behalf of itself and as agent for Canadian Buyer, shall pay to CIT Technologies, as agent for Sellers, by wire transfer of immediately available funds an aggregate amount equal to the excess of (i) the Purchase Price over (ii) the Estimated Purchase Price, plus interest on such excess from the Closing Date to the date of payment thereof at the Agreed Rate; or

(b) if the Estimated Purchase Price exceeds the Purchase Price (as so determined), CIT Technologies, on behalf of itself and as agent for CIT Canada, shall pay to US Buyer, as agent for Buyers, by wire transfer of immediately available funds an aggregate amount equal to the excess of (i) the Estimated Purchase Price over (ii) the Purchase Price, plus interest on such excess from the Closing Date to the date of payment thereof at the Agreed Rate.

3.5. Allocation of Purchase Price.

(a) The US Purchase Price (including, for purposes of this Section 3.5(a), any other consideration treated for U.S. federal income tax purposes as being paid to CIT Technologies, including any applicable liabilities assumed or taken subject to) shall be allocated among the US Purchased Assets (and any other assets, including the Covenant Not to Compete, that are considered to be acquired by US Buyer for U.S. federal income tax purposes) in accordance with Section 1060 of the Code. CIT Technologies and US Buyer shall cooperate and mutually agree on the determination of the US Purchase Price allocation (the "US Purchase Price Allocation"). CIT Technologies and US Buyer agree to (i) be bound by the US Purchase Price Allocation, and (ii) act in accordance with the US Purchase Price Allocation in the filing of all United States Tax Returns (including filing IRS Form 8594 (and any supplemental or amended Form 8594) with their United States federal income Tax Return for the taxable year that includes the Closing Date). Notwithstanding the foregoing, if CIT Technologies and US Buyer are unable

to agree to an allocation of the US Purchase Price within 90 days after the determination of the Purchase Price pursuant to Section 3.3 that is final and binding, as set forth therein, or by such later date as agreed to by CIT Technologies and US Buyer, each of CIT Technologies and US Buyer may file IRS Form 8594 (and any supplemental or amended Form 8594), and any United States federal, state or local, or non-U.S. Tax Returns, allocating the US Purchase Price among the US Purchased Assets (and any other assets referred to in the first sentence of this Section 3.5(a)) in the manner each party believes appropriate, provided such allocation is reasonable and in accordance with Section 1060 of the Code and the Treasury Regulations thereunder. CIT Technologies and US Buyer agree to provide the other party promptly with any other information required to complete Form 8594, but only to the extent required by the Code.

(b) The Canadian Purchase Price (including, for purposes of this Section 3.5(b), any other consideration treated for Canadian federal income tax purposes as being paid to CIT Canada, including any applicable liabilities assumed or taken subject to) shall be allocated among the Canadian Purchased Assets (and any other assets that are considered to be given to or acquired by Canadian Buyer for Canadian federal and provincial income tax purposes) on a reasonable basis and in accordance with the Canadian Act and analogous Canadian provincial law. CIT Canada and Canadian Buyer shall cooperate and mutually agree on the determination of such allocation (the "Canadian Purchase Price Allocation"). CIT Canada and Canadian Buyer agree to (i) be bound by the Canadian Purchase Price Allocation, and (ii) act in accordance with the Canadian Purchase Price Allocation in the filing of all Canadian Tax Returns. Notwithstanding the foregoing, if CIT Canada and Canadian Buyer are unable to agree to the Canadian Purchase Price Allocation within 90 days after the determination of the Purchase Price pursuant to Section 3.3 that is final and binding, as set forth therein, or by such later date as agreed to by CIT Canada and Canadian Buyer, each of CIT Canada and Canadian Buyer may file any Canadian federal, provincial or local or non-Canadian Tax Returns, allocating the Canadian Purchase Price among the Canadian Purchased Assets (and other assets referred to in the first sentence of this Section 3.5(b)) in the manner each party believes appropriate, provided such allocation is reasonable and in accordance with the Canadian Act. CIT Canada and the Canadian Buyer agree to duly make and file, within the time and in the manner permitted by the relevant law, such elections or designations pursuant to proposed paragraph 56.4(3)(b) of the Canadian Act (or any similar provision which is enacted for the same purpose) and any analogous provision of Canadian provincial law, as may be requested by CIT Canada in order that the portion (if any) of the Canadian Purchase Price allocated to the Covenant Not to Compete shall be treated under the Canadian Act and analogous provisions of any Canadian provincial law, as an "eligible capital amount" for the purposes of the Canadian Act.

(c) Sellers and Buyers shall cooperate and mutually agree on the determination of the US Premium and the Canadian Premium subsequent to the Closing Date; provided, that if the parties are unable to reach agreement within 30 days after the determination of the Purchase Price pursuant to Section 3.3 that is final and binding, as set forth therein, or such later date as agreed to by the parties, the US Premium shall be deemed to be the Premium multiplied by a fraction, (i) the numerator of which is the US Purchase Price that would be arrived at pursuant to Section 3.1(b) if the US Premium were zero, and (ii) the denominator of which is the excess of the Purchase Price over the Premium. The Canadian Premium shall be the excess of the Premium over the US Premium.

ARTICLE IV

CLOSING

4.1. Closing Date. Subject to the provisions of Article IX and Article X, the Closing shall be consummated on June 1, 2004, or such later date as may be agreed upon by US Buyer and CIT Technologies, at the offices of Sidley Austin Brown & Wood LLP, Bank One Plaza, Chicago, Illinois, or at such other place as shall be agreed upon by US Buyer and CIT Technologies. The date on which the Closing is actually held is sometimes referred to herein as the "Closing Date." The Closing shall be deemed effective as of 12:01 A.M., Central time, on the Closing Date.

4.2. Payment on the Closing Date. At the Closing, US Buyer, on behalf of itself and as agent for Canadian Buyer, shall pay to CIT Technologies, as agent for Sellers, an aggregate amount equal to the Estimated Purchase Price by wire transfer of immediately available funds in such amount or amounts and to such account or accounts as CIT Technologies shall designate in writing to US Buyer at least two business days prior to the Closing.

4.3. Deliveries by Buyers.

(a) Deliveries by US Buyer. Subject to fulfillment or waiver of the conditions set forth in Article IX, at Closing US Buyer shall deliver to CIT Technologies all the following:

(i) copy of the charter of US Buyer, certified as of a recent date by the Secretary of State of California;

(ii) certificate of good standing of US Buyer issued as of a recent date by the Secretary of State of the State of California;

(iii) certificate of the secretary or an assistant secretary of US Buyer, dated the Closing Date, in form and substance reasonably satisfactory to CIT Technologies, as to (A) no amendments to the charter of US Buyer since the date of the certificate specified in clause (i) above; (B) the by-laws of US Buyer (including a copy thereof); (C) the resolutions of the Board of Directors (or the Executive Committee of the Board of Directors) of US Buyer authorizing the execution and performance of this Agreement and the transactions contemplated hereby (including a copy thereof); and (D) incumbency and signatures of the officers of US Buyer executing this Agreement and any Buyer Ancillary Agreement;

(iv) the Instrument of Assumption-US, duly executed by US Buyer;

(v) the certificate contemplated by Section 10.1, duly executed by US Buyer;

(vi) the Covenant Not to Compete, duly executed by an authorized officer of US Buyer; and

(vii) the Transition Services Agreement, duly executed by US Buyer.

(b) Deliveries by Canadian Buyer. Subject to fulfillment or waiver of the conditions set forth in Article IX, at Closing Canadian Buyer shall deliver to CIT Canada all the following:

(i) copy of the charter of Canadian Buyer, certified as of a recent date by the British Columbia Ministry of Finance Corporate and Personal Property Registries;

(ii) certificate of status of Canadian Buyer issued as of a recent date by the British Columbia Ministry of Finance Corporate and Personal Property Registries;

(iii) certificate of the secretary or an assistant secretary of Canadian Buyer, dated the Closing Date, in form and substance reasonably satisfactory to CIT Canada, as to (A) no amendments to the charter of Canadian Buyer since the date of the certificate specified in clause (i) above; (B) the by-laws of Canadian Buyer (including a copy thereof); (C) the resolutions of the Board of Directors (or the Executive Committee of the Board of Directors) of Canadian Buyer authorizing the execution and performance of this Agreement and the transactions contemplated hereby (including a copy thereof); and (D) incumbency and signatures of the officers of Canadian Buyer executing this Agreement and any Buyer Ancillary Agreement;

(iv) the Instrument of Assumption-Canada, duly executed by Canadian Buyer;

(v) the certificate contemplated by Section 10.1, duly executed by Canadian Buyer;

(vi) the Transition Services Agreement, duly executed by Canadian Buyer;

(vii) the GST and QST elections contemplated by Section 8.2(e); and

(viii) a purchase exemption certificate or other necessary document, dated the Closing Date, in form and substance reasonably satisfactory to CIT Canada, evidencing that Canadian Buyer qualifies, as of the Closing Date, for an exemption, to the extent set forth therein, from any PST imposed by British Columbia, Saskatchewan, Prince Edward Island, Manitoba, Ontario or Quebec.

4.4. Deliveries of CIT or Sellers.

(a) Deliveries by CIT. Subject to fulfillment or waiver of the conditions set forth in Article X, at Closing CIT shall deliver to Buyers all of the following:

(i) copy of the charter of CIT, certified as of a recent date by the Secretary of State of the State of Delaware;

(ii) certificate of good standing of CIT issued as of a recent date by the Secretary of State of the State of Delaware;

(iii) certificate of the secretary or an assistant secretary of CIT, dated the Closing Date, in form and substance reasonably satisfactory to US Buyer, as to (A) no

amendments to the charter of CIT since the date of the certificate specified in clause (i) above; (B) the by-laws of CIT (including a copy thereof); (C) the resolutions of the Board of Directors (or the Executive Committee of the Board of Directors) of CIT authorizing the execution and performance of this Agreement and the transactions contemplated hereby (including a copy thereof); and (D) incumbency and signatures of the officers of CIT executing this Agreement and any Seller Ancillary Agreement;

(iv) all consents, waivers or approvals obtained by CIT with respect to the assignment of the Purchased Assets or consummation of the transactions contemplated hereby;

(v) the certificate contemplated by Section 9.1, duly executed by CIT;

(vi) the Transition Services Agreement, duly executed by CIT; and

(vii) the Covenant Not to Compete, duly executed by CIT.

(b) Deliveries by CIT Technologies. Subject to fulfillment or waiver of the conditions set forth in Article X, at Closing CIT Technologies shall deliver to US Buyer all of the following:

(i) copy of the charter of CIT Technologies, certified as of a recent date by the Secretary of State of the State of Michigan;

(ii) certificate of good standing of CIT Technologies issued as of a recent date by the Secretary of State of the State of Michigan;

(iii) certificate of the secretary or an assistant secretary of CIT Technologies, dated the Closing Date, in form and substance reasonably satisfactory to US Buyer, as to (A) no amendments to the charter of CIT Technologies since the date of the certificate specified in clause (i) above; (B) the by-laws of CIT Technologies (including a copy thereof); (C) the resolutions of the Board of Directors (or the Executive Committee of the Board of Directors) of CIT Technologies authorizing the execution and performance of this Agreement and the transactions contemplated hereby (including a copy thereof); and (D) incumbency and signatures of the officers of CIT Technologies executing this Agreement and any Seller Ancillary Agreement;

(iv) the Instrument of Assignment-US, duly executed by CIT Technologies;

(v) all consents, waivers or approvals obtained by CIT Technologies with respect to the assignment of the Purchased Assets or consummation of the transactions contemplated hereby;

(vi) the certificate contemplated by Section 9.1, duly executed by CIT Technologies;

(vii) the Transition Services Agreement, duly executed by CIT Technologies; and

(viii) the Limited Power of Attorney-US, duly executed by CIT Technologies.

(c) Deliveries by CIT Canada. Subject to fulfillment or waiver of the conditions set forth in Article X, at Closing CIT Canada shall deliver to Canadian Buyer all of the following:

(i) copy of the articles of amalgamation and articles of amendment of CIT Canada, certified as of a recent date by the Ontario Ministry of Consumer and Business Services;

(ii) certificate of good standing of CIT Canada issued as of a recent date by the Ontario Ministry of Consumer and Business Services;

(iii) certificate of the secretary or an assistant secretary of CIT Canada, dated the Closing Date, in form and substance reasonably satisfactory to Canadian Buyer, as to (A) no amendments to the charter of CIT Canada since the date of the certificate specified in clause (i) above; (B) the by-laws of CIT Canada (including a copy thereof); (iii) the resolutions of the Board of Directors (or the Executive Committee of the Board of Directors) of CIT Canada authorizing the execution and performance of this Agreement and the transactions contemplated hereby (including a copy thereof); and (iv) incumbency and signatures of the officers of CIT Canada executing this Agreement and any Seller Ancillary Agreement;

(iv) the Instrument of Assignment-Canada, duly executed by CIT Canada;

(v) all consents, waivers or approvals obtained by CIT Canada with respect to the assignment of the Purchased Assets or consummation of the transactions contemplated hereby;

(vi) the certificate contemplated by Section 9.1, duly executed by CIT Canada;

(vii) the Transition Services Agreement, duly executed by CIT Canada; and

(viii) the Limited Power of Attorney-Canada, duly executed by CIT Canada.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF CIT AND SELLERS

As an inducement to Buyers to enter into this Agreement and to consummate the transactions contemplated hereby, Sellers, and, for the purposes of Sections 5.1, 5.2 and 5.17 only, CIT, represent and warrant to Buyers and agree as follows:

5.1. Organization. CIT is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. CIT Technologies is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Michigan. CIT Canada is a corporation duly incorporated, validly existing and in good standing under the laws of Ontario. CIT Technologies has the corporate power and authority to own the US

Purchased Assets and to carry on the Business as currently conducted by it. CIT Canada has the corporate power and authority to own the Canadian Purchased Assets and to carry on the Business as currently conducted by it.

5.2. Authority.

(a) Each of CIT, CIT Technologies and CIT Canada has full corporate power and authority to execute, deliver and perform this Agreement and each of the Seller Ancillary Agreements to which it is a party. The execution, delivery and performance by CIT of this Agreement and of each Seller Ancillary Agreement to which CIT is a party have been duly authorized and approved by the Board of Directors of CIT (or a duly authorized committee thereof) to the extent required. The execution, delivery and performance by each Seller of this Agreement and of each Seller Ancillary Agreement to which such Seller is a party have been duly authorized and approved by the Board of Directors of such Seller (or a duly authorized committee thereof) to the extent required. No further authorization or consent of CIT, CIT Technologies or CIT Canada or their respective shareholders is required with respect thereto. This Agreement has been duly authorized, executed and delivered by CIT and each Seller and is the legal, valid and binding obligation of CIT and each Seller enforceable in accordance with its terms, and each of the Seller Ancillary Agreements to which CIT or either Seller is a party has been duly authorized by CIT or such Seller and upon execution and delivery by CIT or such Seller will be a legal, valid and binding obligation of CIT or such Seller, as the case may be, enforceable in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting creditors' rights and to general equity principles.

(b) Except as set forth in Schedule 5.2, none of the execution and delivery by CIT or either Seller of this Agreement or any Seller Ancillary Agreement, the consummation by CIT or either Seller of any transaction contemplated hereby or thereby, or the compliance with or fulfillment of the terms, conditions and provisions hereof or thereof by CIT or either Seller will:

(i) conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights, or result in the creation or imposition of any Encumbrance upon any of the Purchased Assets, under (A) the charter or by-laws of CIT or either Seller, (B) any Purchased Lease Documents or any Business Agreements, (C) any other material note, instrument, agreement, mortgage, lease, license, franchise, permit or other authorization, right, restriction or obligation to which CIT or either Seller is a party or by which CIT or either Seller is bound, (D) any Court Order to which CIT or either Seller is a party or any of the Purchased Assets is subject or by which CIT or either Seller is bound, or (E) any Requirements of Laws applicable to CIT, either Seller, or the Purchased Assets, except, in the case of clauses (B) and (C) above, for any conflicts, defaults or cancellations which, individually or in the aggregate, would not have a material adverse effect on the business or financial condition of the Business; or

(ii) require the approval, consent, authorization or act of, or the making by CIT or either Seller of any declaration, filing or registration with, any Person, except for such approvals, consents, authorizations, acts, declarations, filings or registrations which, individually or in the aggregate, would not have a material adverse effect on the business or financial condition of the Business.

5.3. Pro Forma Balance Sheet.

(a) Schedule 5.3(A) contains the unaudited pro forma balance sheet of the assets and liabilities of Sellers with respect to the Business (excluding the Excluded Assets and the Excluded Liabilities) as of the Balance Sheet Date (the "Balance Sheet Date Pro Forma Balance Sheet"). The Balance Sheet Date Pro Forma Balance Sheet presents fairly in all material respects such assets and liabilities in accordance with generally accepted accounting principles consistent with the books and records and past practices of Sellers, except that the Balance Sheet Date Pro Forma Balance Sheet does not contain footnotes and except as set forth in Schedule 5.3(B).

(b) The net book value of the ETR $1 Buy-out Equipment is reflected in the Balance Sheet Date Pro Forma Balance Sheet, and will be reflected in the Valuation Date Balance Sheet, as follows:

(i) until such time as the applicable purchase option for such equipment becomes exercisable, such equipment is reflected at the net book value of such equipment as of the date of origination of the related lease (determined by depreciating the original acquisition cost of such equipment over its original useful life) less accumulated straight line depreciation from the date of origination of such lease to the date on which the applicable purchase option is first exercisable, and

(ii) at all times after the applicable purchase option is exercisable, such equipment is reflected at $1.00.

(c) The net book value of the ETR Fixed Buy-out Equipment and the MTM Fixed Buy-out Equipment is reflected in the Balance Sheet Date Pro Forma Balance Sheet, and will be reflected in the Valuation Date Balance Sheet, as follows:

(i) If the net book value of such equipment, determined by depreciating the original acquisition cost of such equipment over the original useful life of such equipment, is greater than or equal to the applicable purchase price option for such equipment, then such equipment is reflected at the net book value of such equipment at the date of origination of the related lease less accumulated straight line depreciation from the date of origination to the date on which the applicable purchase option is first exercisable (with the amount depreciated being the excess of the net book value of such equipment at the date of origination over the applicable purchase option amount).

(ii) If the net book value of such equipment, determined by depreciating the original acquisition cost of such equipment over the original useful life of such equipment, is less than the applicable purchase price option for such equipment, then such equipment is reflected at such net book value.

5.4. Operations Since Balance Sheet Date.

(a) Except as set forth in Schedule 5.4(A), since the Balance Sheet Date, there has been no material adverse change in the Purchased Assets taken as a whole, and, to the Knowledge of Sellers, no fact or condition exists or is threatened which might reasonably be expected to cause a material adverse change in the Purchased Assets taken as a whole.

(b) Except as set forth in Schedule 5.4(B), since the Balance Sheet Date, Sellers have conducted the Business only in the ordinary course and in conformity with past practice.

5.5. Purchased Lease Documents.

(a) Sellers have heretofore delivered to Buyers a computer file containing:

(i) the information described in Schedule 5.5(A) as of the Balance Sheet Date (the "Balance Sheet Date Leases and Test Equipment Computer File"), which computer file reflects all Leases and Test Equipment and Data Products of Sellers with respect to the Business as of the Balance Sheet Date; and

(ii) the aging of the Receivables under the Leases included in the Balance Sheet Date Leases and Test Equipment Computer File as of the Balance Sheet Date (the "Balance Sheet Date Receivables Aging").

The information contained in the Balance Sheet Date Leases and Test Equipment Computer File and the Balance Sheet Date Receivables Aging was complete and correct as of the Balance Sheet Date.

(b) Except as provided in Schedule 5.5(B), with respect to each Valuation Date Receivable included in the Purchased Assets:

(i) such Valuation Date Receivable is true, valid and genuine, arises from a bona fide transaction in the ordinary course of Business and represents the valid, binding and enforceable obligation of the applicable Lessee in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors' rights and to general equity principles;

(ii) such Valuation Date Receivable is not subject to any valid off-set, deduction, defense or counterclaim or any subordination agreement to which either Seller is a party or by which it is bound, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors' rights and to general principles of equity;

(iii) neither Seller nor any other Person acting for or on behalf of either Seller has made (A) any agreement or waiver, or reached any understanding with the Lessee on such Valuation Date Receivable for any variation of the rent, schedule of payments, amount thereof, or any other terms or condition thereof which materially impairs or materially adversely affects such Valuation Date Receivable or (B) any advance,

extension or other accommodation to such obligor for purposes of changing or beneficially affecting the delinquency status of such Valuation Date Receivable or which otherwise materially impairs or adversely affects such Valuation Date Receivable, except as reflected in the Files;

(iv) no such Valuation Date Receivable arises from the sale or lease of Test Equipment or Data Products covered by a certificate of title statute; and

(v) no such Valuation Date Receivable relates to a Lease with respect to which there is pending against a Seller, or, to the Knowledge of Sellers, threatened against a Seller any litigation, arbitration, administrative proceeding or governmental investigation.

(c) Schedule 5.5(C) contains a list as of the date hereof setting forth (i) each certificate of deposit held as collateral to secure repayment of any Valuation Date Receivable and (ii) each letter of credit which has been issued for the benefit of a Seller to secure repayment of any Valuation Date Receivable, including a description of the issuer thereof, the principal amount or maximum amount drawable thereunder, the expiration or maturity date thereof and whether it is a Nontransferable Letter of Credit).

(d) Except as set forth in Schedule 5.5(D), with respect to the Purchased Lease Documents included in the Purchased Assets:

(i) the transaction documents contained in a File of a Seller relating to a Receivable accurately describes in all material respects the transaction to which the documents relate (including oral or written amendments, modifications, side-letters, supplements or other arrangements or agreements in existence with respect to such transaction); and

(ii) each such document constituting a promissory note, certificated security (as defined in the Uniform Commercial Code), bond, warrant or chattel paper (as defined in the Uniform Commercial Code) obtained as Collateral, is the original and only original of such document and is in the possession of a Seller, or if there is more than one original of such document, all originals of such document are in the possession of a Seller (except that one or more originals may be in the possession of an Obligor).

(e) Except as set forth in Schedule 5.5(E), each of the Purchased Lease Documents included in the Purchased Assets and each Vendor Agreement included in the Purchased Assets is in full force and effect and constitutes a valid, binding and enforceable obligation of Seller and, to the Knowledge of Sellers, the other parties thereto, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors' rights and to general principles of equity. Each Seller has fulfilled and performed in all material respects its obligations required to be performed by it prior to the date hereof under each of the Purchased Lease Documents included in the Purchased Assets and each Vendor Agreement included in the Purchased Assets, and such Seller is not in material breach or default under any of such Purchased Lease Documents or Vendor Agreements. Except as set forth in Schedule 5.5(E), to the Knowledge of Sellers, (i) each Obligor has fulfilled and performed in all

material respects its obligations required to be performed by it prior to the date hereof under each of the Purchased Lease Documents included in the Purchased Assets, (ii) each Vendor has fulfilled and performed in all material respects its obligations required to be performed by it prior to the date hereof under each Vendor Agreement included in the Purchased Assets, and (iii) no Obligor or Vendor is in material breach or default under any of such Purchased Lease Documents or Vendor Agreements.

(f) Schedule 5.5(F) contains a true and complete list of each Lease Commitment outstanding as of the Balance Sheet Date where the obligation of a Seller is in excess of $10,000 per month, identifying the prospective Lessee, the account number and the amount of financing for which such Lessee has been approved by such Seller. The outstanding Lease Commitments reflected in Schedule 5.5(F) have been entered into only in the ordinary course of the Business.

(g) Sellers have made available to Buyers all Purchased Lease Documents included in the Purchased Assets and all Vendor Agreements included in the Purchased Assets and all transaction documents relating thereto, assuming the Closing occurred on April 4, 2004.

(h) The Off-Rent Equipment included in the Purchased Assets will, as of the Closing Date, be in good operating condition (subject to normal wear and tear) or in a condition that with ordinary maintenance and repair will be capable of being in good operating condition (subject to normal wear and tear).

5.6. Governmental Permits.

(a) Each Seller owns, holds or possesses all licenses, franchises, permits, privileges, immunities, approvals and other authorizations from a Governmental Body that are necessary to entitle it to own the Purchased Assets owned by it and to carry on and conduct the Business substantially as currently conducted by it except for any of the foregoing as to which the failure to so own, hold or possess would not have a material adverse effect on the Purchased Assets or the Business (herein collectively called "Governmental Permits"). Schedule 5.6 sets forth a list of each Governmental Permit, except for such incidental licenses, permits and other authorizations which would be readily obtainable by any qualified applicant without undue burden in the event of any lapse, termination, cancellation or forfeiture thereof.

(b) Except as set forth in Schedule 5.6 (i) each Seller has fulfilled and performed in all material respects their obligations under each of the Governmental Permits to which it is subject, and no event has occurred or condition or state of facts exists which constitutes a breach or default under any such Governmental Permit or which permits revocation or termination of any such Governmental Permit or which would cause the suspension, termination, revocation, cancellation, limitation or impairment of any such Governmental Permit; (ii) no notice of cancellation, of default or of any material dispute concerning any Governmental Permit has been received by a Seller that has not been revoked or otherwise resolved or cured; (iii) each of the Governmental Permits is valid, subsisting and in full force and effect; and (iv) there are no material fines or penalties owed by a Seller in respect of any Governmental Permit or any violation thereof.

5.7. Title to Purchased Assets.

(a) (a) Except as set forth in Schedule 5.7 (i) CIT Technologies either has good and marketable title to or a perfected first priority security interest in the US Purchased Assets, in each case free and clear of all Encumbrances, except for Permitted Encumbrances; and (ii) upon delivery to US Buyer on the Closing Date of the instruments of transfer contemplated by Section 4.4, CIT Technologies will thereby transfer to US Buyer good and marketable title to or a perfected first priority security interest in the US Purchased Assets, in each case free and clear of all Encumbrances, except for Permitted Encumbrances. With respect to the US Purchased Equipment, except for the Off-Rent Equipment, CIT Technologies has filed all financing statements required to perfect a security interest in such US Purchased Assets in accordance with Schedule 5.7.

(b) CIT Canada has good and marketable title to all of the Canadian Purchased Assets free and clear of all Encumbrances, except for Permitted Encumbrances.

(i) With respect to all equipment leases forming part of the Canadian Purchased Assets, other than Non-registered Canadian Leases, all requisite filings and registrations and all other requisite statutory steps (including the giving of notices) under all applicable laws have been made in respect of the Canadian Purchased Lease Documents in a timely fashion to preserve and perfect the CIT Canada's security interest or, in non-personal property security jurisdictions in Canada ("Non-PPSA Jurisdictions"), other similar property rights in and to the equipment and other property leased thereunder and to render such security interest or, in Non-PPSA Jurisdictions, other similar property rights enforceable as a First Priority Interest against all third parties, in each case free and clear of all Encumbrances, except for Permitted Encumbrances.

(ii) Upon delivery to Canadian Buyer on the Closing Date of the instruments of transfer contemplated by Section 4.4, CIT Canada will thereby transfer to Canadian Buyer good and marketable title to the Canadian Purchased Assets, free and clear of all Encumbrances, except in each case for Permitted Encumbrances.

(iii) As used in this Section 5.7(b): (A) "First Priority Interest" means a security interest or, in Non-PPSA Jurisdictions, other similar property right that, by order of registration or operation of statute, has priority over other security interests or, in Non-PPSA Jurisdictions, other similar property rights of third parties, or a security interest that does not have priority over one or more other security interests but for which all parties having priority over CIT Canada have waived or subordinated such priority in favor of CIT Canada or subjected such priority to an inter-creditor agreement or arrangement with CIT Canada; provided, however, that at Closing, Canadian Buyer shall have all rights and benefits of CIT Canada, if any, existing immediately prior to Closing, under such waivers, subordinations, inter-creditor agreements or arrangements; and (B) "Non-registered Canadian Leases" means the equipment leases forming part of the Canadian Purchased Assets for which, in accordance with Schedule 5.7, CIT Canada does not register, preserve or perfect a security or does not obtain or maintain a First Priority Interest.

5.8. No Violation, Litigation or Regulatory Action.

(a) Except as set forth in Schedule 5.8, Sellers have complied in all material respects with all Requirements of Laws and Court Orders which are applicable to the Purchased Assets.

(b) Except as set forth in Schedule 5.8, there are no actions, claims, suits, arbitrations or other proceedings, investigations or counterclaims pending or, to the Knowledge of Sellers, threatened against either Seller by any Lessee, Guarantor or third Person in respect of the Purchased Assets or by any employee of the Business listed in Schedule 5.14(D), and there are no actions, suits or proceedings pending in which either Seller is the plaintiff or claimant and which relate to any of the Purchased Assets.

(c) There is no action, suit or proceeding pending or, to the Knowledge of Sellers, threatened which questions the legality or propriety of the transactions contemplated by this Agreement.

5.9. Taxes.

(a) Except as set forth in Schedule 5.9:

(i) with respect to any Taxes, the nonpayment of which would result in a lien on any Purchased Asset or would result in either Buyer becoming liable therefor (A) all Tax Returns that are required to be filed by either Seller with respect to the Purchased Assets on or prior to the Closing Date or that relate to any period ending on or prior to the Closing Date have been or will be duly filed, (B) such Tax Returns are (or will be when filed) complete and accurate in all material respects, (C) all Taxes, whether or not reported on such Tax Returns, have been (or will be when due) paid in full, and (D) no audit, examination, or deficiency or refund litigation with respect to any such Taxes (insofar as it relates to the Purchased Assets) is pending;

(ii) there are no liens for Taxes upon the Purchased Assets, except for liens for Taxes not yet due, and none of the Purchased Assets is required to be treated for United States federal income Tax purposes as owned by any Person, other than a Seller;

(iii) no Tax is required to be withheld pursuant to Section 1445 of the Code as a result of the purchase of the US Purchased Assets by US Buyer;

(iv) with respect to the Business and the Purchased Assets, each Seller has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor or other third Person; and

(v) since January 1, 2002, to the Knowledge of Sellers, no material claim has been made by any taxing authority or other Governmental Body in any jurisdiction where a Seller does not file Tax Returns that such Seller is or may be subject to Tax by that jurisdiction solely as a result of the conduct of the Business or the ownership of the Purchased Assets, except for claims based on an assertion by a taxing authority that a Seller is a member of a combined, consolidated or unitary group for Tax purposes.

(b) CIT Canada is a registrant under each of the following Tax laws and has the indicated registration number with respect to the applicable law: (i) Part IX of the Excise Tax Act (registration number: 10173 7633 RT0001), and (ii) Quebec Sales Tax Act (1008297751 TQ0002).

(c) CIT Canada is not, and will not be at Closing, a non-resident of Canada for purposes of the Canadian Act.

(d) The Canadian Purchased Assets are, and at Closing will be, located in the provinces of Ontario, Quebec, British Columbia, Saskatchewan, Manitoba and Prince Edward Island.

(e) None of the US Purchased Assets are "taxable Canadian property" of CIT Technologies for purposes of the Canadian Act or "taxable Quebec property" of CIT Technologies for purposes of the Taxation Act (Quebec).

5.10. Availability of Assets.

(a) Except as set forth in Schedule 5.10(A) and except for the Excluded Assets, the Purchased Assets constitute all the assets used or held for use by Sellers in the Business (including all books, records, computers and computer programs and data processing systems), as currently conducted.

(b) Schedule 5.10(B) sets forth a description of all material services provided by CIT or any Affiliate of CIT to either Seller with respect to the Business utilizing either (i) assets not included in the Purchased Assets or (ii) employees not listed in Schedule 5.14(D).

5.11. Real Property.

(a) Neither Seller owns any real property that is used in or relates to the Business and does not hold any option to acquire any real property for use with respect to the Business.

(b) Schedule 5.11(B) sets forth a list and brief description of each lease or similar agreement of the real property covered by such lease or other agreement) under which either Seller is lessee of, or holds or operates, any real property owned by any third Person and used in or relating to the Business (the "Leased Real Property") and any agreement under which either Seller subleases any of the Leased Real Property to a third Person.

(c) Neither the whole nor any part of the Leased Real Property is subject to any pending suit for condemnation or other taking by any Governmental Body, and, to the Knowledge of Sellers, no such condemnation or other taking is threatened or contemplated.

5.12. Personal Property.

(a) Schedule 5.12(A) contains a list of all machinery, equipment, vehicles, furniture and other tangible personal property owned by either Seller having an original cost of $20,000 or more and used in or relating to the Business (other than any Purchased Equipment).

(b) Schedule 5.12(B) contains a list and description of each lease or other agreement or right under which either Seller is lessee of, or holds or operates, any machinery, equipment, vehicle or other tangible personal property owned by a third Person and used in or relating to the Business, except for any such lease, agreement or right that is terminable by such Seller without penalty or payment on notice of 30 days or less, or which involves the payment by such Seller of rentals of less than $3,000 per year.

5.13. Intellectual Property; Software.

(a) Schedule 5.13(A) contains a list of all registered Copyrights and Patent Rights and material Trademarks owned by or licensed to either Seller in connection with the conduct of the Business (other than any Excluded Asset) ("Business Registered Intellectual Property"), in each case indicating whether the Copyright, Patent Right or Trademark is owned by or licensed to a Seller.

(b) Schedule 5.13(B) contains a list of all Software owned by or licensed to either Seller in the conduct of the Business (other than any Excluded Asset); provided that Schedule 5.13(B) does not list mass market Software licensed to a Seller that is available in consumer retail stores or otherwise commercially available and subject to "shrink-wrap" or "click-through" license agreements ("Business Software").

(c) Schedule 5.13(C) contains a list and description of all agreements, contracts, licenses, sublicenses, assignments and indemnities which relate to (i) any Business Intellectual Property, (ii) any Trade Secrets of either Seller relating primarily to the Business (other than any Excluded Asset) ("Business Trade Secrets"), or (iii) any Business Software (other than any mass market Software licensed to a Seller that is available in consumer retail stores or otherwise commercially available and subject to "shrink-wrap" or "click-through" license agreements).

(d) Except as set forth in Schedule 5.13(D), a Seller (i) either (A) exclusively or together with the other Seller owns the entire right, title and interest in and to the Business Intellectual Property, Business Trade Secrets and Business Software, free and clear of any Encumbrance, or (B) has the perpetual, royalty-free right to use the Business Intellectual Property, Business Trade Secrets and Business Software as currently used in the Business, and (ii) has the right to assign such rights to a Buyer.

(e) Except as set forth in Schedule 5.13(E), (i) to the Knowledge of Sellers, no infringement, misappropriation, violation or dilution of any third Person Intellectual Property has occurred or results in any way from the use of the Business Intellectual Property or Business Trade Secrets owned by either Seller in the conduct of the Business as currently conducted by Sellers, (ii) to the Knowledge of Sellers, no claim of any infringement, misappropriation, violation or dilution relating to any Business Intellectual Property or Business Trade Secrets

owned by either Seller has been made or asserted by any third Person, (iii) each item of Business Registered Intellectual Property owned by either Seller is valid, subsisting and in full force and effect and has not been abandoned or otherwise allowed to fall into the public domain, (iv) neither Seller has transferred ownership of, or granted any license of or right to use, the Business Intellectual Property or Business Trade Secrets owned by such Seller to any third Person (other than as listed in Schedule 5.13(C)), (v) to the Knowledge of Sellers, there are no facts or circumstances that may be reasonably expected to (A) render the Business Intellectual Property or Business Trade Secrets owned by either Seller to be invalid or unenforceable, or (B) adversely impede the ability of a Seller to use the same in the conduct of the Business as it is currently conducted by Sellers, and (vi) each Seller has taken all actions reasonably necessary to maintain and protect the Business Intellectual Property and Business Trade Secrets owned by either Seller.

(f) Except as set forth in Schedule 5.13(F), (i) the Business Software is not subject to any transfer, assignment, change of control, site, equipment or other operational limitations; (ii) each Seller has maintained and protected the Business Software that is listed as owned by a Seller in Schedule 5.13(B) (the "Owned Software") (including all source code and system specifications) with appropriate proprietary notices (including the notice of copyright in accordance with the requirements of 17 U.S.C. § 401), confidentiality and non-disclosure agreements and such other measures as are necessary to protect the proprietary, trade secret or confidential information contained therein; (iii) each Seller has complete and exclusive right, title and interest in and to the Owned Software; (iv) to the Knowledge of Sellers, no infringement, misappropriation, violation or dilution of any third party Intellectual Property has occurred or results in any way from the use of the Owned Software by Sellers in the conduct of the Business as currently conducted by Sellers; (v) to the Knowledge of Sellers, no claim of any infringement, misappropriation, violation or dilution related to the Owned Software has been made or asserted by any third Person; (vi) neither Seller has transferred ownership of, or granted any license of or right to use, the Owned Software to any third Person other than as listed in Schedule 5.13(C); (vii) to the Knowledge of Seller, there are no facts or circumstances that may reasonably be expected to adversely impede the ability of a Seller to use the Owned Software in the conduct of the Business as currently conducted by Sellers; and (viii) each Seller has taken all actions reasonably necessary to maintain and protect the Owned Software.

5.14. Employees and Related Agreements.

(a) Schedule 5.14(A) sets forth a list of each Plan maintained in connection with the Business or in which at least one of the Business Employees participates. Sellers have made available to Buyers true and correct copies of each such Plan document and the most recent summary plan description for each such Plan (if applicable).

(b) Schedule 5.14(B) sets forth a list of any material employee benefits relating to the Business (other than those provided through the Plans listed in Schedule 5.14(A) and other than those provided in accordance with applicable provincial laws in respect of the Business Employees of CIT Canada) which are in effect on the Closing Date, including any Canadian Benefit Plan, any bonus, incentive or annual profit sharing programs, any material fringe benefits described in Section 132 of the Code, any education assistance plans under Section 127 of the Code and any dependent care assistance plans under Section 129 of the Code. Sellers have made available to Buyers any written descriptions of any such employee benefits. None of the Canadian Benefit Plans is a registered pension plan.

(c) Schedule 5.14(C) sets forth a list of each (i) employee collective bargaining agreement, and (ii) agreement, commitment, understanding, plan, policy or arrangement of any kind, whether written or oral, with or for the benefit of any Business Employee or consultant (including each employment, compensation, deferred compensation, severance, supplemental pension, life insurance, termination or consulting agreement or arrangement and any agreements or arrangements associated with a change in control), to which a Seller, with respect to the Business, is a party or by which it is bound or pursuant to which it may be required to make any payment at any time, other than as set forth in Schedule 5.14(A) or Schedule 5.14(B) and other than any agreement, commitment, understanding, plan, policy or arrangement by which either Seller is bound, or pursuant to which either Seller may be required to make any payment, in accordance with applicable provincial laws in respect of the Business Employees of CIT Canada.

(d) Schedule 5.14(D) contains, in each case as of April 15, 2004: (i) a list of all employees of Sellers or CIT with respect to the Business; (ii) the annual compensation, including bonus entitlements, provided by Sellers or CIT to each such employee; (iii) the service recognition date utilized by Sellers or CIT to credit service to each such employee for employee benefit purposes; (iv) each such employee's job title; and (v) whether each such employee is actively working or on leave of absence. To the Knowledge of Sellers, as of April 15, 2004, no employee listed in Schedule 5.14(D) had provided Sellers or CIT with written notice of termination of his or her employment with Sellers or CIT or written notice of an intent to terminate his or her employment with Sellers or CIT.

(e) To the Knowledge of Sellers, there have not been any union organizing or election activities involving either Seller with respect to the Business which have occurred between January 1, 2001 and the date hereof or are threatened as of the date hereof.

5.15. Other Agreements. Except as set forth in Schedule 5.15 or in any other Schedule, neither Seller is, with respect to the Business, a party to or bound by:

(i) any contract for the purchase or sale of real property;

(b) any Vendor Agreement (or group of related Vendor Agreements) pursuant to which either Seller, with respect to the Business, purchases Test Equipment or Data Products which involved the payment by Sellers of more than $10,000 in 2003, which Sellers reasonably anticipates will involve the payment by Sellers of more than $10,000 in 2004 or which extends beyond December 31, 2004;

(c) any contract (or group of related contracts) for the provision by either Seller of asset management services with respect to Test Equipment, including inventory and warehouse management, repair, refurbishment and calibration of Test Equipment or logistics and fulfillment, which involved the payment by Sellers of more than $10,000 in 2003, which Sellers reasonably anticipates will involve the payment by Sellers of more than $10,000 in 2004 or which extends beyond December 31, 2004; or

(d) any other contract (or group of related contracts) for the purchase of services, materials, supplies or equipment which involved the payment of more than $10,000 in 2003, which Sellers reasonably anticipates will involve the payment of more than $10,000 in 2004 or which extends beyond December 31, 2004.

5.16. Status of Business Agreements. Except as set forth in Schedule 5.16 or in any other Schedule, each of the leases, contracts and other agreements listed in Schedules 5.11(B), 5.12(B), 5.13(C), 5.14(C) and 5.15 (collectively, the "Business Agreements") and each of the contracts and other agreements to which a Seller is a party or by which it is bound with respect to the Business not required by the terms of Section 5.15 to be listed in a Schedule to this Agreement constitutes a valid and binding obligation of a Seller and, to the Knowledge of Sellers, the other parties thereto, in each case, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting creditors' rights and to general principles of equity. Seller is not in breach or default in any material respect under any Business Agreement or any such other contract or agreement to which it is a party or by which it is bound.

5.17. No Finder. None of CIT, Sellers or any Person acting on behalf of CIT or either Seller has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

5.18. Environmental Matters. To the Knowledge of Sellers, neither Seller has any Environmental Liabilities with respect to the Business and neither Seller has received any notice since January 1, 2001 asserting that such Seller has any Environmental Liabilities related to the Leased Real Property or such Seller's operation of the Business; and the consummation of the transactions contemplated hereby will not give rise to Buyers having any Environmental Liabilities related to Sellers' operation of the Business or the condition of the Leased Real Property on the date of Closing.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF BUYERS

As an inducement to CIT and Sellers to enter into this Agreement and to consummate the transactions contemplated hereby, Buyers hereby represent and warrant to CIT and Sellers and agree as follows:

6.1. Organization. US Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California. Canadian Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of British Columbia. US Buyer has the corporate power and authority to own its assets and carry on its business as currently conducted by it. Canadian Buyer has the corporate power and authority to own its assets and carry on its business as currently conducted by it.

6.2. Authority.

(a) Each Buyer has full corporate power and authority to execute, deliver and perform this Agreement and all of the Buyer Ancillary Agreements. The execution, delivery and performance by US Buyer of this Agreement and the Buyer Ancillary Agreements to which US

Buyer is a party have been duly authorized and approved by the Board of Directors of US Buyer (or a duly authorized committee thereof) to the extent required. The execution, delivery and performance by Canadian Buyer of this Agreement and the Buyer Ancillary Agreements to which it is a party have been duly authorized and approved by the Board of Directors of Canadian Buyer (or a duly authorized committee thereof) to the extent required. No further authorization or consent of either Buyer or their respective shareholders is required with respect thereto. This Agreement has been duly authorized, executed and delivered by each Buyer and is the legal, valid and binding obligation of each Buyer enforceable in accordance with its terms, and each of the Buyer Ancillary Agreements to which each Buyer is a party has been duly authorized by such Buyer and upon execution and delivery by such Buyer will be a legal, valid and binding obligation of such Buyer enforceable in accordance with its terms, in each case subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general application relating to or affecting creditors' rights and to general equity principles.

(b) None of the execution and delivery by either Buyer of this Agreement or any of the Buyer Ancillary Agreements, the consummation by either Buyer of any of the transactions contemplated hereby or thereby, or compliance with or fulfillment of the terms, conditions and provisions hereof or thereof by either Buyer will:

(i) conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under (A) the charter or by-laws of either Buyer, (B) any material note, instrument, agreement, mortgage, lease, license, franchise, permit or other authorization, right, restriction or obligation to which either Buyer is a party or by which either Buyer is bound, (C) any Court Order to which either Buyer is a party or by which it is bound, or (D) any Requirements of Laws affecting either Buyer; or

(ii) require the approval, consent, authorization or act of, or the making by either Buyer of any declaration, filing or registration with, any Person.

6.3. **No Finder**. Neither Buyer nor any Person acting on the behalf of either Buyer has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

6.4. **Canadian Tax Registrant**. Canadian Buyer is a registrant under each of the following Tax laws: (i) Part IX of the Excise Tax Act, and (ii) Quebec Sales Tax Act. Canadian Buyer will furnish Sellers with its registration numbers with respect to each such Tax law prior to the Closing Date.

ARTICLE VII

ACTION PRIOR TO THE CLOSING DATE

The respective parties hereto covenant and agree to take the following actions between the date hereof and the Closing Date:

7.1. **Investigation of the Purchased Assets by Buyers**. Sellers shall afford to the officers, employees and authorized representatives of Buyers (including independent public

accountants and attorneys) reasonable access during normal business hours, upon reasonable advance notice and subject to reasonable security requirements, to the offices, properties, employees and business and financial records of the Business in respect of the Purchased Assets to the extent Buyers shall reasonably deem necessary or desirable and shall furnish to Buyer or its authorized representatives such additional information concerning the Business in respect of the Purchased Assets as shall be reasonably requested; provided, however, that Sellers shall not be required to violate any obligation of confidentiality to which either Seller is subject or to waive any privilege which it may possess in discharging its obligations pursuant to this Section 7.1. Buyers agree that such investigation shall be conducted in such a manner as not to interfere unreasonably with the operations of the Business.

7.2. Preserve Accuracy of Representations and Warranties. Each of the parties hereto shall refrain from taking any action which would render any representation or warranty contained in Article V or VI inaccurate as of the Closing Date or prevent such party from performing its covenants hereunder.

7.3. Consents of Third Parties; Governmental Approvals.

(a) Sellers will act diligently and reasonably to obtain, before the Closing Date, the consents, approvals or waivers, in form and substance reasonably satisfactory to US Buyer, from any party to any Purchased Lease Documents or Business Agreements included in the Purchased Assets required to be obtained in order to satisfy the conditions set forth in Section 9.4; provided no party hereto shall have any obligation to offer or pay any consideration in order to obtain any such consents or approvals. Buyers shall act diligently and reasonably to cooperate with Sellers to obtain the consents, approvals and waivers contemplated by this Section 7.3(a).

(b) During the period prior to the Closing Date, Sellers and Buyers shall act diligently and reasonably, and shall cooperate with each other, to secure any consents and approvals of any Governmental Body required to be obtained by them in order to permit the consummation of the transactions contemplated by this Agreement or to otherwise satisfy the conditions set forth in Section 9.3.

7.4. Actions Prior to the Closing Date. Sellers shall operate the Business only in the ordinary course and substantially as currently operated, and shall use their commercially reasonable efforts consistent with good business practice to (i) preserve the goodwill of, and relationships with, the Business Employees, the Lessees and parties to the Business Agreements, (ii) preserve substantially intact the business organization of the Business, and (iii) preserve substantially intact the US Purchased Assets and the Canadian Purchased Assets as they exist on the date hereof (subject to actions required to be taken under the Purchased Lease Documents and subject to actions permitted to be taken by this Section 7.4). By way of amplification and not limitation, except as contemplated by this Agreement, neither Seller shall, with respect to the Business, during the period from the date of this Agreement and continuing until the Closing, directly or indirectly, do any of the following without the prior written consent of US Buyer:

(a) except as necessary to meet Requirements of Law or the terms of any agreement listed in Schedule 5.14(C) or except in the ordinary course of business and consistent

with past practice, increase or decrease the compensation level for any employee listed in Schedule 5.14(D) from the level described therein or increase or decrease the rate of accrual of bonuses to be paid at Closing for any such employee, establish or, with respect to the Business, adopt any Plans (or any other compensatory or severance arrangements) that are not set forth in Schedule 5.14(A), Schedule 5.14(B) or Schedule 5.14(C), or modify or amend any of the Plans (or any other compensatory or severance arrangements) set forth in Schedule 5.14(A), Schedule 5.14(B) or Schedule 5.14(C);

(b) except in the ordinary course of business and consistent with past practice, (i) amend any material Lease reflected in the Balance Sheet Date Leases and Test Equipment Computer File or any Business Agreement, (ii) enter into any material Lease or (iii) enter into any contract which would have been required to be set forth in Schedule 5.15 if in effect on the date hereof;

(c) purchase any Data Products or Test Equipment having an original acquisition cost of more than $100,000 individually or exceeding $4,000,000 in the aggregate in any calendar month;

(d) dispose of any ETR $1 Buy-out Equipment, ETR Fair Market Buy-out Equipment, ETR Fixed Buy-out Equipment, MTM Equipment, MTM Fair Market Buy-out Equipment or MTM Fixed Buy-out Equipment except upon the exercise of a purchase option included in the related lease documents, or dispose of any Off-Rent Equipment with a net book value of more than $100,000 individually or exceeding $800,000 in the aggregate in any calendar month;

(e) except in the ordinary course of business and consistent with past practice, accelerate the collection of any uncollected amounts that are due and payable under any a Lease reflected in the Balance Sheet Date Leases and Test Equipment Computer File; and

(f) take, or agree in writing or otherwise to take, any of the actions described in Sections 7.4(a) through 7.4(e).

7.5. Certain Notifications.

(a) Each party shall promptly notify all other parties of any action, suit or proceeding that shall be instituted or threatened against such party to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by this Agreement.

(b) Sellers shall promptly notify Buyers of any lawsuit, claim, proceeding or investigation that may be threatened, brought, asserted or commenced against either Seller which would have been listed in Schedule 5.8 if such lawsuit, claim, proceeding or investigation had arisen prior to the date hereof.

(c) Sellers shall promptly notify Buyers if, to the Knowledge of Sellers, any of the following occur after June 1, 2004 (assuming the Closing does not occur on such date):

(i) the breach of any covenant of Sellers hereunder, including Sellers having taken any action with respect to the Business not in the ordinary course of business and not otherwise permitted by this Agreement;

(ii) any of the representations and warranties of Sellers contained in this Agreement not being true and correct in all material respects, except for changes therein in conformity with the covenants and terms hereof and changes resulting from any transaction expressly consented to in writing by US Buyer; or

(iii) there shall occur any circumstance or event which will result in, or could reasonably be expected to result in, the failure of Sellers to satisfy any of the closing conditions specified in Article IX.

7.6. Transition Services Agreement. The parties shall negotiate in good faith a transition services agreement (the "Transition Services Agreement") pursuant to which Sellers and their Affiliates shall provide, or cause to be provided, to Buyers certain of the services currently provided to the Business by the Sellers and their Affiliates prior to the Closing, for a fee equal to Sellers' or their Affiliates' costs of providing such services and on such other terms and conditions as set forth in the Transition Services Agreement. The services to be provide shall include the "Systems Support" services listed in Schedule 5.10(B) provided by CIT or an Affiliate of CIT to Sellers, assisting Buyers with the migration of the Business Software identified in Schedule 5.13(B) as being resident in CIT's facilities in New Jersey to Buyers' facilities in the United States and/or Canada, and providing access through a "partner fire-wall" to Buyer employees located in the Leased Real Properties in Dallas and Quebec to the systems of CIT for the purposes of operating such Business Software until the migration has been successfully accomplished.

7.7. Commercially Reasonable Efforts. Upon the terms and subject to the conditions hereof, each of the parties hereto shall use all commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to otherwise satisfy or cause to be satisfied all conditions precedent to its obligations under this Agreement.

ARTICLE VIII

ADDITIONAL AGREEMENTS

8.1. Post-Closing Remittances.

(a) If, on or after the Closing Date, either Seller or any Affiliates of Sellers shall receive any remittance in payment of any Valuation Date Receivable or in respect of any Purchased Lease Document that is included in the Purchased Assets, such Seller or its Affiliate, as applicable, shall hold it in trust for Buyers and, within ten business days following receipt thereof, deliver the same to US Buyer, with any appropriate endorsements or assignments, or the cash equivalent thereof by wire transfer. If, on or after the Closing Date, either Seller or any Affiliates of Sellers shall receive any written communications relating to the Purchased Assets or Assumed Liabilities, such Seller or its Affiliate, as applicable, shall forward such communication to US Buyer promptly following receipt thereof.

(b) If, on or after the Closing Date, either Buyer or any Affiliates of Buyers shall receive any remittance in respect of any Excluded Asset, such Buyer or its Affiliate, as applicable, shall hold it in trust for Sellers and, within ten business days following receipt thereof, deliver the same to CIT Technologies, with any appropriate endorsements or assignments, or the cash equivalent thereof by wire transfer. If, on or after the Closing Date, either Buyer or any Affiliates of Buyers shall receive any written communication relating to any Excluded Asset or Excluded Liability, such Buyer or its Affiliate, as applicable, shall forward such communication to CIT Technologies promptly following receipt thereof.

8.2. Taxes.

(a) General. Sellers shall be liable for and shall pay or cause to be paid, and pursuant to Section 11.1(a) shall indemnify Buyers against, all Taxes (whether assessed or unassessed) applicable to the Business, the Purchased Assets or the Assumed Liabilities, in each case attributable to periods (or portions thereof) ending on or prior to the Closing Date. Buyers shall be liable for and shall pay or cause to be paid, and pursuant to Section 11.2 shall indemnify each Seller Group Member against, all Taxes (whether assessed or unassessed) applicable to the Business, the Purchased Assets or the Assumed Liabilities, in each case attributable to periods (or portions thereof) beginning after the Closing Date. For purposes of this Section 8.2(a), any Straddle Period shall be treated as two partial periods, one ending at the close of business on the Closing Date and the other beginning after the Closing Date, except that Taxes imposed on a periodic basis (such as (i) personal property Taxes or (ii) real property Taxes, whether assessed directly or passed through to either Buyer or either Seller as lessee under any of the leases of Leased Real Property) shall be apportioned on a daily basis. In the case of personal property Taxes, the Taxes that shall be treated as being incurred in a Straddle Period and that shall be subject to apportionment on a daily basis pursuant to the immediately preceding sentence shall be such Taxes as have a lien date that is (i) October 1 or December 31 of the calendar year preceding the calendar year in which the Closing Date occurs, or (ii) on or prior to the Closing Date for the calendar year in which the Closing Date occurs (the Taxes described in this sentence, "Straddle Personal Property Taxes"). Sellers shall be responsible for Straddle Personal Property Taxes in an amount equal to such Taxes multiplied by a fraction, (i) the numerator of which is the number of days in the period from the lien date through the Closing Date, and (ii) the denominator of which is 365, and Buyers shall be responsible for the remaining portion of Straddle Personal Property Taxes. For the avoidance of doubt, (A) Sellers shall be responsible for any personal property Tax relating to the Business or the Purchased Assets that has a lien date that is in a calendar year prior to the calendar year in which the Closing Date occurs (except for the two days described in clause (i) of the preceding sentence), and (B) Buyers shall be responsible for any personal property Tax relating to the Business or the Purchased Assets that has a lien date after the Closing Date.

(b) Straddle Period. If permitted by a Governmental Body, Buyers and Sellers shall file separate Tax Returns for their respective portions of any Straddle Period. If separate Tax Returns with respect to a Straddle Period are not permitted by a Governmental Body, the party required to sign such Tax Return shall be responsible for the preparation and

filing of such Tax Return. The party preparing a Straddle Period Tax Return referred to in the preceding sentence shall provide the other party with a draft of such Tax Return and consider any comments thereon that such other party may timely provide.

(c) Transfer Taxes. Notwithstanding Section 8.2(a), (i) any sales Tax, use Tax, transfer Tax, documentary stamp Tax, value-added Tax or similar Tax (other than GST and QST and GST/QST Penalty and Interest Amounts) directly attributable to the sale or transfer of the Purchased Assets or the Assumed Liabilities ("Transfer Taxes") shall be borne one-half by Buyers and one-half by Sellers, and (ii) Buyers and Sellers agree to timely sign and deliver such valid exemption or other certificates or forms as Buyers or Sellers may request and as may be necessary or appropriate to establish an exemption from (or otherwise reduce), or make a report with respect to, Transfer Taxes. The parties intend that the transactions contemplated by this Agreement constitute an isolated casual transaction that would qualify for any exemption from Transfer Tax based on such status.

(d) Personal Property Tax Reimbursements. Where personal property Taxes described in Section 8.2(a) are imposed with respect to property subject to Purchased Leases permitting the lessor to obtain reimbursement for such Taxes from the Obligor, any reimbursement obtained by a Seller with respect to such Taxes for which a Buyer is liable under Section 8.2(a) shall promptly be paid by such Seller to such Buyer, and any reimbursement obtained by a Buyer with respect to such Taxes for which a Seller is liable under Section 8.2(a), shall promptly be paid by such Buyer to such Seller. Following Closing, upon request of a Seller, the applicable Buyer shall send to an applicable Obligor a written request that such Obligor reimburse such Taxes and shall take other action reasonably requested by such Seller to obtain reimbursement for such Taxes.

(e) Canadian GST and QST Elections.

(i) At the Closing, CIT Canada and Canadian Buyer shall execute jointly an election under Section 167 of the Excise Tax Act and its equivalent under Section 75 of the Quebec Sales Tax Act to have the sale of the Canadian Purchased Assets take place on a GST-free basis under Part IX of the Excise Tax Act and QST-free basis under Quebec Sales Tax Act, respectively, and Canadian Buyer shall file such elections with its GST and QST Tax Returns, respectively, for the reporting period which includes the Closing Date.

(ii) Canadian Buyer shall indemnify and hold harmless CIT Canada in respect of any GST, QST and any penalties and interest ("GST/QST Penalty and Interest Amounts") that may be assessed against CIT Canada under Part IX of the Excise Tax Act or the Quebec Sales Tax Act in the event that the elections referred to in Section 8.2(e)(i) are determined by a Governmental Body to be unavailable in respect of the transactions contemplated by this Agreement. Canadian Buyer shall pay to CIT Canada any GST, QST, GST/QST Penalty and Interest Amounts, and any additional income Taxes imposed upon CIT Canada as a result of reimbursement under this Section 8.2(e)(ii), within 10 business days of receipt of notice from CIT Canada that the applicable amount has been assessed. Canadian Buyer shall pay for all costs (including legal costs) incurred in connection with any investigation, audit, challenge or appeal in respect of any assessed GST, QST or GST/QST Penalty and Interest Amounts for which the elections referred to in Section 8.2(e)(i) had been made.

(f) Canadian Section 22 Election. CIT Canada and Canadian Buyer agree to duly make and file an election in prescribed form under Section 22 of the Canadian Act (and analogous provisions of any other Canadian Tax law) to have such provisions apply in respect of accounts receivable included in the Canadian Purchased Assets. Each of CIT Canada and Canadian Buyer shall file such election with its Tax Return for the Tax Period that includes the Closing Date.

(g) Canadian Bulk Sales Legislation. Canadian Buyer shall not require CIT Canada to comply with the requirements of the Bulk Sales Act (Ontario) or Section 6 of Retail Sales Act (Ontario) or any other similar Canadian laws. CIT Canada warrants and agrees to pay and discharge when due all claims of creditors asserted against Canadian Buyer by reason of such non-compliance to the extent that such liabilities are not specifically assumed by Canadian Buyer as a Canadian Assumed Obligation. CIT Canada hereby agrees to indemnify and hold Canadian Buyer harmless from, against and in respect of any Loss or Expense suffered or incurred by Canadian Buyer or claims of any Governmental Body in respect of Taxes by reason of any failure of CIT Canada to pay or discharge any such claim.

(h) Reimbursement. Each party hereto shall provide reimbursement for any Tax which is the responsibility of such party in accordance with the terms of this Section 8.2 and which is paid by any other party hereto. Within a reasonable time prior to the payment of any such Tax, the party or parties paying such Tax shall give notice to the other party or parties of the Tax payable and the portion which is the liability of each party, although failure to do so will not relieve the other party from its liability hereunder.

(i) Notice of Tax Claims.

(i) If a claim shall be made by any Governmental Body with respect to Taxes, which, if successful, might result in an indemnity payment pursuant to Section 11.1(a) or Section 11.2 (a "Tax Claim"), the Indemnified Party shall promptly, as practicable following the receipt of such Tax Claim, give written notice of such claim to the Indemnitor; provided, however, the failure of the Indemnified Party to give timely notice shall only relieve the Indemnifying Party from its indemnification obligations hereunder to the extent it is actually prejudiced by such failure.

(ii) With respect to any Tax Claim relating to a Tax Period (or portion thereof) ending on or prior to the Closing Date, Sellers shall control all proceedings and may make all decisions taken in connection with such Tax Claim (including selection of counsel) at their own expense. Sellers and Buyers shall jointly control all proceedings taken in connection with any Tax Claim relating to Taxes (other than income Taxes) for a Straddle Period. Buyers shall control at their own expense all proceedings with respect to any Tax Claim relating to a Tax Period beginning after the Closing Date. A party shall promptly notify the other party if it decides not to control the defense or settlement of any Tax Claim which it is entitled to control pursuant to this Agreement, and the other party shall thereupon be permitted to defend and settle such proceeding. For the avoidance of doubt, Sections 11.3 and 11.4 shall not apply to any indemnification obligations relating to Taxes.

(j) Tax Cooperation.

(i) After the Closing, Sellers and Buyers shall (and shall cause their respective Affiliates to), (A) subject to Section 8.2(i), provide notice to the other party in writing within 15 days of such party's knowledge of any pending or threatened Tax audits or assessments relating to the Business or the Purchased Assets for taxable periods for which the other may have a liability under this Section 8.2, although failure to do so will not relieve the other party from any liability hereunder; and (B) within 15 days of receipt thereof, furnish the other party with copies of all correspondence received from any taxing authority in connection with any such Tax audit or information request with respect to any such taxable period, although failure to do so will not relieve the other party from its liability hereunder. Sellers shall have the sole right to control any Tax audit or administrative or court proceeding relating to taxable periods ending on or prior to the Closing Date, and to employ counsel of their choice at their expense.

(ii) After the Closing, Sellers and Buyers shall (and shall cause their respective Affiliates to):

(A) make available to the other party, as reasonably requested, all information, records and documents necessary to perform any Tax calculations (including in connection with any GST, PST or property Taxes) or to complete any Tax Returns which such other party is responsible for preparing and filing;

(B) cooperate fully in preparing for any audits of, or disputes with taxing authorities regarding, or any Tax Claims in connection with, any Tax Returns relating to the Business or the Purchased Assets;

(C) make available to the other party and to any taxing authority as reasonably requested all information, records, and documents relating to Taxes relating to the Business or the Purchased Assets, including making employees available on a mutually convenient basis to provide additional information or explanation of any material provided hereunder or to testify at proceedings relating to any such Tax Claim;

(D) in the case of Buyers, (1) allow Sellers to access the STAR and Vertex Quantum computer programs included in the Purchased Assets and data files related thereto, to the extent relating to the Business or the Purchased Assets; (2) allow Sellers to access the Excel and Word-formatted files containing accounting information relating to the Business or the Purchased Assets; (3) provide Sellers with a copy of the output of (or other information contained in) such programs and files as are referred to in the foregoing clauses (1) and (2); and (4) provide Sellers with the assistance of employees of Buyers trained in utilizing such programs; and

(E) timely provide to the other party powers of attorney or similar authorizations necessary to carry out the purposes of this Section 8.2.

8.3. Guaranty.

(a) CIT does hereby absolutely, unconditionally and irrevocably guarantee (the "Guarantee") to Buyers, and all of their successors and assigns, the full and timely payment and performance by Sellers of all covenants, agreements, terms, conditions, undertakings, indemnities and other obligations to be performed and observed by Sellers under this Agreement and the Seller Ancillary Agreements (the "CIT Obligations"). CIT agrees that the execution and delivery of this Agreement by CIT shall be conclusive evidence against CIT that the CIT Obligations are unconditional, absolute and irrevocable.

(b) The CIT Obligations constitute a present and continuing guarantee of payment and not of collectability, shall be absolute and unconditional, shall not be subject to any counterclaim, set-off, deduction or defense based upon any claim CIT, Buyer, Sellers or any of their respective Affiliates may have against each other or any other Person and shall remain in full force and effect without regard to and shall not be released, discharged or in any way affected or impaired by, any of the following (whether or not CIT shall have any knowledge or notice thereof or consent thereto): (i) any amendment or modification of or supplement to this Agreement; (ii) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceedings with respect to either Seller or any other Person, or the properties or creditors of any of them and the disallowance of any claim of Buyers in any such bankruptcy; (iii) any transfer or purported transfer, any consolidation or merger of any of Buyers, CIT or Sellers with or into any other corporation or entity, or any change whatsoever in the objects, capital structure, constitution or business of any of Buyers, CIT or Sellers; (iv) any failure on the part of either Seller to perform or comply with any terms of this Agreement or any other document to be delivered in connection therewith or (v) any assertions by either Buyer of any right it may have under this Agreement, or any waiver of, failure to exercise or forbearance in exercising any such right or remedy shall not release CIT from its obligations under this Guarantee.

(c) The CIT Obligations shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any obligations guaranteed hereunder is rescinded or must otherwise be returned by a Buyer upon the insolvency, bankruptcy or reorganization of any assignee or any other Person, all as though such payment had not been made.

(d) If CIT shall make any payment due in respect of this Agreement pursuant to this Guarantee, it shall, to the extent permitted by applicable law, be subrogated to the rights of Buyers in respect of which such payment was made. CIT hereby agrees that the foregoing right of subrogation shall not be effective until, and that it shall not be entitled to receive any payment, under any condition, in respect of any such subrogated claim unless and until a Seller (or CIT on its behalf) has fully performed all obligations hereunder to be performed by any such party and all sums which may become due, or are stated in this Agreement to become due, shall have become due and shall have been paid in full or funds for their payment shall have been duly and sufficiently provided.

(e) The CIT Obligations shall survive any expiration or termination of this Agreement and shall apply to all future amendments of or modifications to this Agreement.

(f) This Guarantee shall be binding upon CIT and its successors and shall inure to the benefit of Buyer and its successors and assigns.

(g) This Guarantee may not be assigned by CIT and any purported assignment shall be null and void.

8.4. Employee Matters.

(a) Sellers shall take all actions to ensure that Sellers' or CIT's employment of each Business Employee (other than an Excepted Business Employee or a Leave Employee) shall cease effective as of the Closing Date. Sellers will ensure full and final payment of all compensation (including salary, commissions and accrued bonuses) due and owing to such terminated employees as of the close of business on the day preceding the Closing Date. Sellers or CIT in their sole discretion shall determine whether Sellers' or CIT's employment of Excepted Business Employees or Leave Employees shall continue on or after the Closing Date. Except for up to ten Business Employees to be identified in Schedule 8.4(A) (such schedule to be delivered by US Buyer to Sellers at least three business days prior to the Closing Date, "Excepted Business Employees"), US Buyer shall offer to all Business Employees employed by CIT Technologies or CIT on the date of this Agreement and to all Business Employees hired by CIT Technologies in the ordinary course after the date of this Agreement but prior to the Closing Date, and Canadian Buyer shall offer to all Business Employees employed by CIT Canada on the date of this Agreement and to all Business Employees hired by CIT Canada in the ordinary course after the date of this Agreement but prior to the Closing Date, employment commencing immediately after Closing, at substantially similar salaries and with substantially similar bonus opportunities as in effect as of the Closing Date; provided, however, that nothing in this Agreement shall create any obligation on the part of either Buyer to continue salary or bonus levels after 2004 or to continue the employment of any Business Employee for any period of time. With respect to a Leave Employee, a Buyer's offer of employment shall be conditioned upon the Leave Employee commencing, or returning to, active employment within 90 days of the Closing Date, unless otherwise agreed upon by such Buyer and the Leave Employee. Notwithstanding the foregoing, during the 180-day period beginning on the Closing Date, each applicable Buyer shall provide severance pay (which, in the case of the Business Employees of CIT Canada, shall include such pay in lieu of notice and severance pay as is required by applicable law) to any Transferred Business Employee whose employment with such Buyer is terminated for a reason that would have entitled such employee to severance pay under the severance plan maintained as of the date hereof by CIT Technologies (or, in the case of the Business Employees of CIT Canada, in accordance with applicable law) if such termination had occurred under like circumstances while such employee was employed by such Seller or CIT. Any severance payable pursuant to the immediately preceding sentence shall be no less favorable to the Transferred Business Employee to whom such severance is payable than if such severance was paid under the severance plan maintained as of the date hereof by CIT Technologies (or, in the case of the Business Employees of CIT Canada, in accordance with applicable law). Sellers shall reimburse Buyers for the amount of any severance paid pursuant to this Section 8.4(a), but not more than (i) $2,000,000 minus (ii) the Accrued Vacation Amount minus (iii) any severance (or pay in lieu of notice and severance pay as is required by applicable law with respect to any Excepted Business Employee or Leave Employee employed by CIT Canada) paid on or after the Closing Date by Sellers to the Excepted Business Employees or the Leave Employees; provided that there shall be no

subtraction for severance payable to the President of Technology Rentals & Services. Notwithstanding the foregoing, it hereby is agreed that nothing in this Agreement constitutes an agreement by Buyers to adopt the terms of any severance plan or plans maintained by Sellers, except as expressly provided in this Section 8.4(a).

(b) Sellers shall take all actions to ensure that all Business Employees (other than Leave Employees and Excepted Business Employees) cease participation in any Welfare Plan sponsored or maintained by CIT Technologies or in any Canadian Benefit Plan and cease accruing benefits under any Pension Plan sponsored or maintained by CIT Technologies, except as otherwise required by the terms of any such Plan or Canadian Benefit Plan or applicable Requirements of Law, as of the Closing Date.

(c) Commencing on the Closing Date, all Business Employees who become employees of a Buyer ("Transferred Business Employees") shall be eligible for those Plans and other employee benefits in effect for similarly situated existing employees of Buyers. Each Plan or other material employee benefit plan, program or arrangement maintained by Buyers for their existing employees is listed in Schedule 8.4(C). To the extent permitted by applicable Requirements of Laws, Buyers shall credit Transferred Business Employees for their period of service recognized by Sellers and their Affiliates for all employment and benefit purposes, including for purposes of eligibility and vesting under the Plans of Buyers (including under the McGrath RentCorp Employee Stock Ownership Plan, but only if vesting credit for such plan is approved by US Buyer's board of directors, and provided further, that vesting credit under such plan for any Transferred Business Employee under no circumstance shall exceed the maximum vesting credit that would be applicable, as of the Closing Date, to an employee of US Buyer who enrolled in such plan on the date when participation in such plan was first made available to US Buyers' employees) and for purposes of any vacation, severance, deferred compensation or supplemental income arrangements sponsored or maintained by either Buyer. Subject to the approval of any insurance carrier and to the extent permitted by applicable Requirements of Laws, Buyers shall (or shall cause their designee or designees to) cause any and all pre-existing condition (or actively-at-work or similar) limitations, eligibility waiting periods and evidence of insurability requirements under any Welfare Plans maintained by Buyers to be waived with respect to Transferred Business Employees and their eligible dependents, except to the extent that such restrictions or requirements have not been satisfied under corresponding Welfare Plans maintained by Sellers as of the Closing Date, and shall provide Transferred Business Employees with credit for any co-payments, deductibles and offsets (or similar payments) made prior to the Closing Date under the Welfare Plans or Canadian Benefit Plans maintained by Sellers for purposes of satisfying any applicable co-payments, deductibles and offsets (or similar payments) under corresponding Welfare Plans or Canadian employee benefit plans, programs or arrangements maintained by Buyers in which they are eligible to participate after the Closing Date. Notwithstanding the foregoing, none of the provisions contained herein shall operate to duplicate any employee benefit provided to any Transferred Business Employee or the funding of any such benefit. It is understood that Buyers reserve the right and sole discretion to change, modify, discontinue or terminate any or all of its Welfare Plans at any time following the Closing Date to the extent permitted by applicable law.

(d) US Buyer shall establish or make available flexible spending accounts for medical and dependent care expenses under a new or existing plan established or maintained

under Section 125 and Section 129 of the Code ("US Buyer's FSA"), effective as of the Closing Date, for each Transferred Business Employee who, on or prior to the Closing Date, is a participant, and maintains a positive account balance, in a flexible spending account for medical or dependent care expenses under a Plan of CIT Technologies pursuant to Section 125 and Section 129 of the Code ("CIT Technologies' FSA"). As promptly as reasonably practicable following the Closing Date, CIT Technologies shall transfer cash equal to the aggregate value of the positive account balances of the Transferred Business Employees in CIT Technologies' FSA to US Buyer and, upon receipt thereof, US Buyer shall credit, effective as of the Closing Date, the applicable account of each such Transferred Business Employee under the US Buyer's FSA with an amount equal to the positive balance of each such Transferred Business Employee's account under the CIT Technologies' FSA on the date immediately prior to the Closing Date.

(e) Any vacation days accrued by Transferred Business Employees from January 1, 2004 through the Closing Date, but unused by such employees as of the Closing Date, shall be transferred to and assumed by Buyers as of the Closing Date, and Buyers shall recognize and provide all such unused paid vacation.

(f) During Sellers' or CIT's employment of the Leave Employees, Sellers or CIT shall have the liability and obligation for short-term disability, sick pay or salary continuation benefits for such employees. Except with respect to disabilities, illnesses or salary continuation events occurring on or after a Leave Employee's commencement of active employment with a Buyer, Buyers shall have no liability for or obligation relating to the provision of such benefits.

(g) CIT Technologies and US Buyer shall permit Transferred Business Employees who participate in the CIT Group, Inc. Savings Incentive Plan to make, in their sole discretion, elective transfers of their entire account balances thereunder to a tax-qualified defined contribution plan maintained by US Buyer. Any such transfers shall be in accordance with section 411(d)(6)(D) of the Code and Q&A-3 of Treas. Reg. §1.411(d)-4. CIT Technologies and US Buyer shall cooperate in providing Transferred Business Employees with written notification of their right to make such transfers and shall take any other actions necessary to effectuate such transfers, including, if necessary, amending their respective plans to permit such transfers. Prior to, and as a condition of, any elective transfer of assets, each party shall provide the other with satisfactory evidence that its plan is tax-qualified within the meaning of section 401(a) of the Code. As of the transfer date, US Buyer shall be liable for the payment of benefits accrued by and transferred in respect of the Transferred Business Employees who make elective transfers.

(h) Sellers shall be solely responsible for any liability or obligation which may arise under the Worker Adjustment and Retraining Notification ("WARN") Act and similar state or local rules, statutes and ordinances that is solely the result of any acts or omissions of CIT Technologies or CIT prior to the Closing or solely the result of the Closing (and, in each case, that does not in any way arise as a result of any aggregation of any decisions made or actions taken by CIT Technologies or CIT before, on or (with respect to any or all of the Excepted Business Employees and Leave Employees) after the Closing with any decisions made or actions taken by either Buyer on or after the Closing), and will indemnify, defend and hold Buyers harmless from and against any and all such liabilities in accordance with Section 11.1. US Buyer shall be solely responsible for any liability or obligation which may arise under the

WARN Act and similar state or local rules, statutes and ordinances that results in whole or in part from any acts or omissions of either Buyer on or after the Closing, including any such liability or obligation resulting from any decisions made or actions taken by CIT Technologies or CIT before, on or (with respect to any or all of the Excepted Business Employees and Leave Employees) after the Closing which, when aggregated with any decisions made or actions taken by either Buyer on or after the Closing, collectively cause or are alleged to cause the occurrence of a "plant closing" or "mass layoff" (or any comparable terms) or other liability or obligation within the meaning of the WARN Act or any similar state or local rules, statutes or ordinances, and US Buyer will indemnify, defend and hold Sellers harmless from and against any and all such liabilities in accordance with Section 11.2. Upon request, Sellers shall advise Buyers of the number of employee terminations at each facility of the Business that have occurred during the 90-day period prior to the Closing.

(i) Buyers shall have the obligation and liability for any workers' compensation or similar workers' protection claims of any Transferred Business Employee incurred on or after the Closing Date; provided, however, that Sellers shall retain the obligation and liability for any workers' compensation or similar workers' protection claims with respect to any Transferred Business Employee, whether incurred prior to, on or after the Closing Date which are the result of an injury or illness originating prior to the Closing Date (as evidenced by the Transferred Business Employee's submission of the initial workers' compensation or similar workers' protection claim with respect thereto prior to the Closing Date).

(j) Buyers shall be responsible for providing any Transferred Business Employee and any eligible dependent or spouse thereof who has a "qualifying event" within the meaning of section 4980B(f) of the Code after the Closing Date with health care continuation coverage as required by section 4980B(f) of the Code (or comparable state law) to the extent required by law. Sellers shall be responsible for providing any employee of the Business and any eligible dependent or spouse thereof who has a "qualifying event" within the meaning of section 4980B(f) of the Code on or prior to the Closing Date with health care continuation coverage as required by section 4980B(f) of the Code (or comparable state law) to the extent required by law.

(k) No Transferred Business Employee or other current or former employee of either Seller or CIT, including any beneficiary or dependent thereof, or any other person not a party to this Agreement, shall be entitled to assert any claim hereunder.

8.5. Nontransferable Letters of Credit.

(a) Following the Closing Date, Buyers shall use their reasonable best efforts to obtain a replacement letter of credit for each Nontransferable Letter of Credit, showing the applicable Buyer as the beneficiary thereof, and Sellers shall cooperate with Buyers to obtain any such replacement. Should Buyers fail to obtain such replacement letter of credit, Sellers shall have no further liability to Buyer for the applicable Nontransferable Letter of Credit, except as provided herein. Buyers shall promptly notify Sellers of the issuance of any such replacement or of the expiration of any Nontransferable Letter of Credit. Upon the expiration of a Nontransferable Letter of Credit, Sellers shall have no further liability and obligation to Buyers therefor.

(b) If any event shall occur prior to the earlier of (i) the second anniversary of the Closing Date and (ii) the expiration date of a Nontransferable Letter of Credit that permits a draw for the benefit of a Buyer under a Nontransferable Letter of Credit, the original of which is in the possession of a Seller along with all documents required to be presented for a draw, such Seller shall, if requested by such Buyer, request a draw in accordance with the terms of such Nontransferable Letter of Credit in an amount specified by such Buyer (but in no event greater than the amount available to be drawn under such letter of credit). Solely for purposes of making a draw under a Nontransferable Letter of Credit, such Seller shall be deemed to have such interest as is necessary with respect to the applicable Purchased Lease Document to make the draw.

(c) Except as provided in this Section 8.5, Sellers shall not take any action with respect to a Nontransferable Letter of Credit without the prior written consent of Buyers. Sellers shall promptly notify Buyers of any notices or other communications that Seller receives with respect to any Nontransferable Letter of Credit.

8.6. Business Trade Secrets. Each Seller and their respective Affiliates shall have the right to use each of the Business Trade Secrets in each other business of such Person that was currently using the Business Trade Secret, provided that each such Person shall seek to maintain the confidentiality of the same using the same degree of care that it uses to protect its own Trade Secrets.

ARTICLE IX

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYERS

The obligations of Buyers under this Agreement shall, at the option of the Buyers, be subject to the satisfaction or waiver, on or prior to the Closing Date, of the following conditions:

9.1. No Misrepresentation or Breach of Covenants and Warranties. There shall have been no material breach by CIT or either Seller in the performance of any of their respective covenants and agreements herein; each of the representations and warranties of CIT or a Seller contained or referred to herein that is qualified by material adverse change, material adverse effect or similar materiality limitations shall be true and correct, and each of the representations and warranties of CIT or a Seller contained or referred to herein that is not so qualified shall be true and correct in all material respects, in each case on the Closing Date as though made on the Closing Date, except for changes therein in conformity with the covenants and terms hereof and changes resulting from any transaction expressly consented to in writing by US Buyer; and there shall have been delivered to Buyers a certificate or certificates to such effect, dated the Closing Date and signed on behalf of each of CIT and each Seller by its President or any Vice President.

9.2. No Restraint or Litigation. No action, suit, investigation or proceeding shall have been instituted or threatened by any Governmental Body to restrain or prohibit or otherwise challenge the legality or validity of the transactions contemplated hereby.

9.3. Necessary Governmental Approvals. Buyers shall have received all approvals and actions of or by all Governmental Bodies that are necessary to consummate the transactions contemplated hereby, as specified in Schedule 9.3 (being those which Buyers are required by applicable law or regulation to have to own the Purchased Assets), other than any such approval or action as to which the failure to possess would not have a material adverse effect on the Purchased Assets and other than those which under applicable law can be obtained by Buyers after Closing without monetary loss or substantial risk of forfeiture or loss of material rights thereunder.

9.4. Necessary Consents. Sellers shall have received consents, in form and substance reasonably satisfactory to US Buyer, to the transactions contemplated hereby that are specified in Schedule 9.4.

Notwithstanding the failure of any one or more of the foregoing conditions, Buyers may proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions and without written waiver. To the extent that at the Closing CIT or a Seller delivers to Buyers a written notice specifying in reasonable detail the failure of any of such conditions or the breach by CIT or a Seller of any of their representations or warranties herein, and nevertheless Buyers proceed with the Closing, Buyers shall be deemed to have waived for all purposes any rights or remedies it may have against CIT or either Seller by reason of the failure of any such conditions or the breach of any such representations or warranties to the extent described in such notice.

ARTICLE X

CONDITIONS PRECEDENT TO OBLIGATIONS OF CIT AND SELLERS

The obligations of CIT and Sellers under this Agreement shall, at the option of CIT or a Seller, be subject to the satisfaction or waiver, on or prior to the Closing Date, of the following conditions:

10.1. No Misrepresentation or Breach of Covenants and Warranties. There shall have been no material breach by either Buyer in the performance of any of their respective covenants and agreements herein; each of the representations and warranties of either Buyer contained or referred to herein that is qualified by material adverse change, material adverse effect or similar materiality limitations shall be true and correct, and each of the representations and warranties of either Buyer contained or referred to herein that is not so qualified shall be true and correct in all material respects, in each case on the Closing Date as though made on the Closing Date, except for changes in conformity with the covenants and terms hereof and changes resulting from any transaction expressly consented to in writing by CIT Technologies or any transaction contemplated by this Agreement; and there shall have been delivered to CIT and Sellers a certificate to such effect, dated the Closing Date and signed on behalf of each Buyer by its President or any Vice President.

10.2. No Restraint or Litigation. No action, suit or proceeding by any Governmental Body shall have been instituted or threatened to restrain, prohibit or otherwise challenge the legality or validity of the transactions contemplated hereby.

10.3. Necessary Governmental Approvals. The parties shall have received all approvals and actions of or by all Governmental Bodies necessary to consummate the transactions contemplated hereby, which are required to be obtained prior to the Closing by applicable Requirements of Laws.

Notwithstanding the failure of any one or more of the foregoing conditions, CIT and Sellers may proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions and without written waiver. To the extent that at the Closing either Buyer delivers to CIT and Sellers a written notice specifying in reasonable detail the failure of any of such conditions or the breach by a Buyer of any of the representations or warranties of Buyer herein, and nevertheless CIT and Sellers proceed with the Closing, CIT and Sellers shall be deemed to have waived for all purposes any rights or remedies it may have against Buyers by reason of the failure of any such conditions or the breach of any such representations or warranties to the extent described in such notice.

ARTICLE XI

INDEMNIFICATION

11.1. Indemnification by Sellers.

(a) Sellers agree to indemnify and hold harmless Buyers from and against any and all Losses and Expense incurred by Buyers (the "Buyer Losses") in connection with or arising from:

(i) any breach or failure to perform by CIT or either Seller of any of its covenants or obligations in this Agreement or in any Seller Ancillary Agreement;

(ii) any Excluded Liability;

(iii) the failure of either Seller to comply with any applicable bulk sales law, except that this clause shall not affect the obligation of Buyers to pay and discharge the Assumed Liabilities; or

(iv) any breach of any warranty or the inaccuracy of any representation of CIT or either Seller contained in this Agreement as of the date hereof or the certificate or certificates delivered by or on behalf of CIT and Sellers pursuant to Section 9.1 as of the Closing Date;

provided, however, that:

(A) Buyers shall not be entitled to indemnification under clause (iv) above with respect to Buyer Losses which, on an individual basis, do not exceed $5,000 (it being agreed that individual Buyer Losses that arise out of, or relate to, the same event, occurrence or condition shall be aggregated for purposes of determining the applicability of this clause (A));

(B) Sellers shall be required to indemnify and hold harmless under clause (iv) above with respect to Buyer Losses unless the aggregate amount of such Buyer Losses subject to indemnification by Sellers under such clause (iv) exceeds $375,000, and once such amount is exceeded, Sellers shall indemnify Buyers only for the amount of Buyer Losses in excess of such amount; and

(C) in no event shall the aggregate amount required to be paid by Sellers pursuant to this Section 11.1(a) (other than in respect of Sections 11.1(a)((i), (ii) or (iii), as to which there shall be no limitation) exceed $10,000,000; and

provided, further, that Buyer Losses incurred as a result of the inaccuracies of the representations and warranties contained in Section 5.5(h) or Section 5.7 shall not be subject to the limitations set forth in clauses (A), (B) and (C) of the immediately preceding proviso.

(b) The indemnification provided for in Section 11.1(a) shall terminate on the 18-month anniversary of the Closing Date (and no claims shall be made by either Buyer under this Section 11.1 thereafter), except that the indemnification by Sellers shall be as follows as to:

(i) the representations and warranties set forth in Sections 5.1, 5.2(a) and 5.7, the covenants of Sellers set forth in Sections 13.2, 13.9 and 13.12, the obligations and representations under the Instrument of Assignment-Canada and the instrument of Assignment-US and the indemnification set forth in Section 11.1(a)(ii), as to which no time limitation shall apply;

(ii) the representation and warranty set forth in Section 5.9 and the covenants set forth in Sections 8.2 and 13.6(b), which shall survive until six years after the Closing Date;

(iii) the representation and warranty set forth in Section 5.5(h), which shall survive until six months after the Closing Date; and

(iv) unresolved matters described in a Claim Notice delivered by Buyers to Sellers in accordance with the requirements of Section 11.3 on or prior to the date such indemnification would otherwise terminate in accordance with this Section 11.1, as to which the obligation of Sellers shall continue until the liability of Sellers shall have been determined pursuant to this Article XI, and CIT or Sellers shall have reimbursed Buyers for the full amount of Buyer Loss arising from such matters in accordance with this Article XI.

(c) Buyers agree to take all commercially reasonable steps to mitigate all Buyer Losses upon and after becoming aware of any event which could reasonably be expected to give rise to any Buyer Losses that are indemnified hereunder, and the failure of Buyers to take such steps shall reduce the indemnification obligation of Sellers as to such Losses to the extent not mitigated because of such failure.

11.2. Indemnification by Buyers.

(a) Buyers agrees to indemnify and hold harmless each Seller Group Member from and against any and all Loss and Expense incurred by such Seller Group Member (the "Seller Losses") in connection with or arising from:

(i) any breach or failure to perform by either Buyer of any of its covenants or obligations in this Agreement or in any Buyer Ancillary Agreement;

(ii) any failure by Buyers to perform any of the Assumed Liabilities;

(iii) any breach of any warranty or the inaccuracy of any representation of either Buyer contained in this Agreement as of the date hereof or in the certificate delivered by or on behalf of either Buyer pursuant to Section 10.1 as of the Closing Date; or

(iv) any draw properly made at the instruction of a Buyer by either Seller under a Nontransferable Letter of Credit pursuant to Section 8.5(b).

(b) The indemnification provided for in Section 11.2(a) shall terminate on the 18-month anniversary of the Closing Date (and no claims shall be made by any Seller Group Member under this Section 11.2 thereafter), except that the indemnification by Buyers shall be as follows as to:

(i) the obligations of Buyer under the Instrument of Assumption-Canada and the instrument of Assumption-US, the representations and warranties set forth in Sections 6.1 and 6.2(a) and the covenants of Buyers set forth in Sections 13.2 and 13.9 and the indemnification set forth in Section 11.2(a)(ii), as to all of which no time limitation shall apply;

(ii) the covenants set forth in Sections 8.2 and 13.6(a), which shall survive until six years after the Closing Date; and

(iii) unresolved matters described in a Claim Notice delivered by any Seller Group Member to Buyers in accordance with the requirements of Section 11.3 on or prior to the date such indemnification would otherwise terminate in accordance with this Section 11.2, as to which the obligation of Buyers shall continue until the liability of Buyers shall have been determined pursuant to this Article XI, and Buyers shall have reimbursed all Seller Group Members for the full amount of Seller Loss arising from such matters in accordance with this Article XI.

(c) Sellers agree to take all commercially reasonable steps to mitigate all Losses and Expenses upon and after becoming aware of any event which could reasonably be expected to give rise to any Losses or Expenses that are indemnified hereunder, and the failure of Sellers to take such steps shall reduce the indemnification obligation of Buyers as to such Losses to the extent not mitigated because of such failure.

11.3. Notice of Claims.

(a) Buyers or any Seller Group Member seeking indemnification hereunder (the "Indemnified Party") shall give to the party obligated to provide indemnification to such Indemnified Party (the "Indemnitor") a notice (a "Claim Notice") describing in reasonable detail the facts giving rise to any claim for indemnification hereunder and shall include in such Claim Notice (if then known) the amount or the method of computation of the amount of such claim, and a reference to the provision of this Agreement or any other agreement, document or instrument executed hereunder or in connection herewith upon which such claim is based; provided, that a Claim Notice in respect of any action at law or suit in equity by or against a third Person as to which indemnification will be sought shall be given promptly after the action or suit is commenced (provided, however, that failure to give such notice shall not relieve the Indemnitor of its obligations hereunder except to the extent it shall have been prejudiced by such failure).

(b) After the giving of any Claim Notice pursuant hereto, the amount of indemnification to which an Indemnified Party shall be entitled under this Article XI shall be determined: (i) by the written agreement between the Indemnified Party and the Indemnitor; (ii) by a final judgment or decree of any court of competent jurisdiction; or (iii) by any other means to which the Indemnified Party and the Indemnitor shall agree. The judgment or decree of a court shall be deemed final when the time for appeal, if any, shall have expired and no appeal shall have been taken or when all appeals taken shall have been finally determined. The Indemnified Party shall have the burden of proof in establishing the amount of Loss and Expense suffered by it.

(c) Losses to which an Indemnified Party shall be entitled hereunder shall not include exemplary, punitive, speculative, remote or consequential damages; provided that if an Indemnified Party is obligated to pay a third Person (other than an Affiliate of the Indemnified Party) damages which include exemplary, punitive, speculative, remote or consequential damages and the Indemnitor is obligated under this Article XI to indemnify the Indemnified Party for Losses in respect of the matter giving rise to such damages, then Losses to which the Indemnified Party shall be entitled shall include such damages.

11.4. Third Person Claims.

(a) Subject to Section 11.4(b), the Indemnified Party shall have the right to conduct and control, through counsel of its choosing, the defense, compromise or settlement of any third Person claim, action or suit against such Indemnified Party as to which indemnification will be sought by the Indemnified Party from the Indemnitor hereunder, and in any such case the Indemnitor shall cooperate in connection therewith and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnified Party in connection therewith; provided, that the Indemnitor may participate, through counsel chosen by it and at its own expense, in the defense of any such claim, action or suit as to which the Indemnified Party has so elected to conduct and control the defense thereof; and provided, further, that the Indemnified Party shall not, without the written consent of the Indemnitor (which consent shall not be unreasonably withheld), pay, compromise or settle any such claim, action or suit. Notwithstanding the

foregoing, the Indemnified Party shall have the right to pay, settle or compromise any such claim, action or suit without such consent, provided, that in such event the Indemnified Party shall waive any right to indemnity therefor hereunder unless such consent was unreasonably withheld.

(b) If any third Person claim, action or suit against an Indemnified Party is solely for money damages or, where a Seller is the Indemnitor, will have no continuing effect in any material respect on the Purchased Assets, the Assumed Liabilities or either Buyer, then the Indemnitor shall have the right to conduct and control, through counsel of its choosing, the defense, compromise or settlement of any such third Person claim, action or suit against the Indemnified Party as to which indemnification will be sought by the Indemnified Party from the Indemnitor hereunder if the Indemnitor has acknowledged and agreed in writing that, if the same is adversely determined, the Indemnitor has an obligation to provide indemnification to the Indemnified Party in respect thereof to the extent provided herein, and in any such case the Indemnified Party shall cooperate in connection therewith and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by such Indemnitor in connection therewith; provided, that the Indemnified Party may participate, through counsel chosen by it and at its own expense, in the defense of any such claim, action or suit as to which the Indemnitor has so elected to conduct and control the defense thereof. Notwithstanding the foregoing, the Indemnified Party shall have the right to pay, settle or compromise any such claim, action or suit; provided, that in such event the Indemnified Party shall waive any right to indemnity therefor hereunder.

11.5. Exclusive Remedy. Except for remedies that cannot be waived as a matter of law, if the Closing occurs, this Article XI shall be the exclusive remedy for the breach of the representations and warranties contained or referred to in this Agreement, any Seller Ancillary Agreement or any Buyer Ancillary Agreement, or any certificate delivered by or on behalf of any party hereto or thereto.

11.6. Computation of Losses. The amount of any Losses for which indemnification is provided under this Article XI shall be reduced by any insurance recovery if and when actually realized or received, in each case in respect of such Losses. Any such recovery shall be promptly repaid by the Indemnified Party to the Indemnitor following the time at which such recovery is realized or received pursuant to the previous sentence, minus all reasonably allocable costs, charges and expenses incurred by the Indemnified Party in obtaining such recovery. Notwithstanding the foregoing, if (x) the amount of Losses for which the Indemnitor is obligated to indemnify the Indemnified Party is reduced by any in accordance with the provisions of this Section 11.6, and (y) the Indemnified Party subsequently is required to repay the amount of any such insurance recovery or such insurance recovery is disallowed, then the obligation of the Indemnitor to indemnify with respect to such amounts shall be reinstated immediately and such amounts shall be paid promptly to the Indemnified Party in accordance with the provisions of this Agreement.

11.7. Comparative Fault. Any Loss sustained by an Indemnified Party shall be reduced to the extent such party's own negligence or breach of representations, warranties or covenants under this Agreement caused such Loss.

11.8. Subrogation. Upon making any indemnification payment, the Indemnitor will, to the extent of such payment, be subrogated to all rights of the Indemnified Party against any third party in respect of the Loss and Expense to which the payment relates. Without limiting the generality of any other provision hereof, each such Indemnitor and Indemnified Party will duly execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation rights.

11.9. Indemnification Payments as Purchase Price Adjustment. Sellers and Buyers agree that, for purposes of computing the amount of any indemnification payment under this Article XI, any such indemnification payment shall be treated as an adjustment to the Purchase Price for all Tax purposes.

11.10. GST/QST Gross-Up. The Indemnitor agrees to pay to the Indemnified Party, in addition to any indemnification payments under this Article XI, any applicable GST and/or PST payable or remittable in connection with such payments.

ARTICLE XII

TERMINATION

12.1. Termination. Notwithstanding anything contained in this Agreement to the contrary, this Agreement may be terminated at any time prior to Closing.

(a) by the consent of all parties hereto;

(b) by any party hereto if the Closing shall not have occurred on or before August 1, 2004;

(c) by Buyers in the event of any material breach by CIT or either Seller of any of its agreements, representations or warranties contained herein and the failure of CIT or such Seller to cure such breach within ten days after receipt of notice from Buyers requesting such breach to be cured;

(d) by CIT or either Seller in the event of any material breach by either Buyer of any of such Buyer's agreements, representations or warranties contained herein and the failure of such Buyer to cure such breach within ten days after receipt of notice from CIT or Sellers requesting such breach to be cured; or

(e) by Buyers, CIT or Sellers if any court of competent jurisdiction in the United States of America or Canada or other Governmental Body shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby.

12.2. Notice of Termination. Any party desiring to terminate this Agreement pursuant to Section 12.1 shall give notice of such termination to all other parties to this Agreement.

12.3. Non-Solicitation. If this Agreement is terminated, neither Buyer nor any of their Affiliates will, prior to the second anniversary of such termination, without the prior written approval of CIT and Sellers, solicit or cause to be solicited the employment of, or hire, any person who is an employee of either Seller on the date hereof or at any time hereafter that precedes such termination; provided that the foregoing provision shall not prohibit the solicitation or employment of any such person (i) resulting from general advertisements for employment conducted by US Buyer or any of its Affiliates (including any recruitment efforts conducted by any recruitment agency, provided that US Buyer and its Affiliates have not directed such recruitment efforts at such person), (ii) if such person approaches US Buyer or one of its Affiliates on an unsolicited basis or (iii) following cessation of such person's employment with either Seller without any solicitation or encouragement, directly or indirectly, by US Buyer or one of its Affiliates. Without limiting the rights of CIT and Sellers to pursue all other legal and equitable rights available for a violation of this Section 12.3 by Buyers or their Affiliates, the parties hereto agree that other remedies cannot fully compensate CIT or Sellers for such a violation and that CIT and Sellers shall be entitled to injunctive relief to prevent a violation or continuing violation hereof. It is the intent and understanding of each party hereto that if, in any action before any court or agency legally empowered to enforce this Section 12.3, any term, restriction, covenant or promise in this Section 12.3 is found to be unreasonable and for that reason unenforceable, then such term, restriction, covenant or promise shall be deemed modified to the extent necessary to make it enforceable by such court or agency.

12.4. Effect of Termination. If this Agreement shall be terminated pursuant to this Article XII, all further obligations of the parties under this Agreement (other than Sections 12.3, 13.2 and 13.9 and other than the Confidentiality Agreement) shall be terminated without further liability of any party to the other; provided, that nothing herein shall relieve any party from liability for its willful breach of this Agreement.

ARTICLE XIII

GENERAL PROVISIONS

13.1. Survival of Obligations. All representations, warranties, covenants and obligations contained in this Agreement shall survive the consummation of the transactions contemplated by this Agreement; provided, however, that except as otherwise provided in Article XI, the representations and warranties contained in Articles V and VI shall terminate on the 18-month anniversary of the Closing Date. Except as otherwise provided herein, no claim shall be made for the breach of any representation or warranty contained in Article V or VI or under any certificate delivered with respect thereto under this Agreement after the date on which such representations and warranties terminate as set forth in this Section 13.1.

13.2. Confidential Nature of Information. Each party agrees that it will treat in confidence all documents, materials and other information which it shall have obtained regarding the other party during the course of the negotiations leading to the consummation of the transactions contemplated hereby (whether obtained before or after the date of this Agreement), the investigation provided for herein and the preparation of this Agreement and other related documents, and, if the transactions contemplated hereby shall not be consummated, each party will return to the other party all copies of nonpublic documents and materials which

have been furnished in connection therewith. Such documents, materials and information shall not be communicated to any third Person (other than, in the case of Buyers, to their counsel, accountants, financial advisors or lenders, and in the case of CIT and Sellers, to their counsel, accountants or financial advisors). No other party shall use any confidential information in any manner whatsoever except solely for the purpose of evaluating the proposed purchase and sale of the Purchased Assets; provided, however, that after the Closing, Buyers may use or disclose any confidential information included in the Purchased Assets or Assumed Liabilities or otherwise reasonably related to the Purchased Assets or Assumed Liabilities. The obligation of each party to treat such documents, materials and other information in confidence shall not apply to any information which (a) is or becomes available to such party from a source other than such party, (b) is or becomes available to the public other than as a result of disclosure by such party or its agents, (c) is required to be disclosed under applicable law or judicial process, or to any Governmental Body having regulatory authority over such party or its Affiliates, but only to the extent it must be disclosed, or (d) such party reasonably deems necessary to disclose to obtain any of the consents or approvals contemplated hereby.

13.3. No Public Announcement. No party hereto shall, without the approval of the other parties hereto, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that any such parties shall be so obligated by law or the rules of any stock exchange, in which case the other parties shall be advised and the parties shall use their reasonable efforts to cause a mutually agreeable release or announcement to be issued; provided, that the foregoing shall not preclude communications or disclosures necessary to implement the provisions of this Agreement or to comply with the stock exchange and Securities and Exchange Commission disclosure obligations.

13.4. Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be deemed given or delivered (a) when delivered personally or (b) if sent by registered or certified mail or by private courier, when received, and shall be addressed as follows:

If to US Buyer or Canadian Buyer, to:

McGrath RentCorp
5700 Las Positas Road
Livermore, CA 94551
Attention: Chief Executive Officer

with a copy to:

Morrison & Forrester LLP
425 Market Street
San Francisco, CA 94105
Attention: Bruce A. Mann, Esq.

If to CIT, CIT Technologies or CIT Canada, to:

CIT Group Inc.
1 CIT Drive
Livingston, New Jersey 07039
Attention: Executive Vice President,
Chief Credit Officer and Global
Servicing Director-Specialty Finance

with copies to:

CIT Group Inc.
1 CIT Drive
Livingston, New Jersey 07039
Attention: General Counsel

and

Sidley Austin Brown & Wood LLP
Bank One Plaza
10 South Dearborn Street
Chicago, Illinois 60603
Attention: Dennis V. Osimitz, Esq.

or to such other address as such party may indicate by a notice delivered to the other parties hereto.

13.5. Successors and Assigns.

(a) The rights of any party under this Agreement shall not be assignable by such party hereto prior to the Closing without the written consent of all other parties, except that the rights of US Buyer hereunder may be assigned prior to the Closing, without the consent of any party hereto, to any corporation or limited liability company all of the outstanding capital stock or membership interests of which are owned or controlled by US Buyer, provided that (i) the assignee shall assume in writing all of US Buyer's obligations hereunder, (ii) US Buyer shall not be released from any of its obligations hereunder by reason of such assignment and (iii) Sellers' obligations under this Agreement shall be subject to the delivery by such assignee, on or prior to the Closing Date, of a certificate signed on its behalf containing representations and warranties similar to those made by US Buyer in Article VI. Following the Closing, any party may assign any of its rights hereunder, but no such assignment shall relieve it of its obligations hereunder.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns. Except for any Person entitled to indemnification under Article XI who is not a party to this Agreement, nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any Person other than the parties and successors and assigns permitted by this Section 13.5 any right, remedy or claim under or by reason of this Agreement.

13.6. Access to Records after Closing.

(a) For a period of six years after the Closing Date, CIT, Sellers and their representatives shall have reasonable access to all of the books and records, including computer files, transferred by Sellers to Buyers hereunder to the extent that such access may reasonably be required by CIT or Sellers in connection with matters relating to or affected by its operations prior to the Closing Date. Such access shall be afforded by Buyers upon receipt of reasonable advance notice and during normal business hours. CIT and Sellers shall be solely responsible for any costs or expenses incurred by it pursuant to this Section 13.6(a). If Buyers shall desire to dispose of any of such books and records prior to the expiration of such six-year period, Buyers shall, prior to such disposition, give CIT and Sellers a reasonable opportunity, at their expense, to segregate and remove such books and records as CIT and Sellers may select.

(b) For a period of six years after the Closing Date, Buyers and their representatives shall have reasonable access to all of the books and records which CIT, Sellers or their Affiliates may retain after the Closing Date relating to the Purchased Assets or Assumed Liabilities. Such access shall be afforded by CIT, Sellers and their Affiliates upon receipt of reasonable advance notice and during normal business hours. Buyers shall be solely responsible for any costs and expenses incurred by it pursuant to this Section 13.6(b). If CIT, Sellers or any of their Affiliates shall desire to dispose of any of such books and records prior to the expiration of such six-year period, CIT and Sellers shall, prior to such disposition, give Buyers a reasonable opportunity, at their expense, to segregate and remove such books and records as Buyers may select.

13.7. Entire Agreement; Amendments. This Agreement and the Exhibits and Schedules referred to herein and the documents delivered pursuant hereto contain the entire understanding of the parties hereto with regard to the subject matter contained herein or therein, and supersede all prior agreements, understandings or letters of intent between or among any of the parties hereto, including the Confidentiality Agreement, except that the Confidentiality Agreement shall remain in effect until the Closing. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the parties hereto. Disclosure of any fact or item in any Schedule hereto referenced by a particular section in this Agreement shall be deemed to have been disclosed with respect to every other section in this Agreement. Neither the specification of any dollar amount in any representation or warranty contained in this Agreement nor the inclusion of any specific item in any Schedule hereto is intended to imply that such amount, or higher or lower amounts, or the item so included or other items, are or are not material, and no party shall use the fact of the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between the parties as to whether any obligation, item or matter not described herein or included in any Schedule is or is not material for purposes of this Agreement. CIT or either Seller may, from time to time prior to or at the Closing, by notice in accordance with the terms of this Agreement, supplement, amend or create any Schedule, in order to add information or correct previously supplied information. No such amendment shall be evidence, in and of itself, that the representations and warranties in the corresponding section are no longer true and correct in all material respects. It is specifically agreed that such Schedules may be amended to add immaterial, as well as material, items thereto. No such supplemental, amended or additional Schedule shall be deemed to cure any breach for purposes of Section 9.1. If, however, the

Closing occurs, any such supplement, amendment or addition will be effective to cure and correct for all other purposes any breach of any representation, warranty or covenant which would have existed if CIT or Sellers had not made such supplement, amendment or addition, and all references to any Schedule hereto which is supplemented or amended as provided in this Section 13.7 shall for all purposes after the Closing be deemed to be a reference to such Schedule as so supplemented or amended.

13.8. Waivers. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

13.9. Expenses. Each party hereto will pay all costs and expenses incident to its negotiation and preparation of this Agreement and to its performance and compliance with all agreements and conditions contained herein on its part to be performed or complied with, including the fees, expenses and disbursements of its counsel and accountants.

13.10. Partial Invalidity. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such a construction would be unreasonable.

13.11. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement, and shall become binding when one or more counterparts have been signed by each of the parties hereto and delivered to all other parties hereto.

13.12. Further Assurances.

(a) On the Closing Date, Sellers shall deliver to Buyers such other bills of sale, deeds, endorsements, assignments and other good and sufficient instruments of conveyance and transfer, in form reasonably satisfactory to Buyers and their counsel, as Buyers may reasonably request or as may be otherwise be reasonably necessary to vest in Buyers all the right, title and interest of Sellers in, to or under any or all of the Purchased Assets, and Buyers shall deliver to Sellers such other instruments of assumption, in form reasonably satisfactory to Sellers and their counsel, as Sellers may reasonably request. From time to time following the Closing, Sellers shall execute and deliver, or cause to be executed and delivered, to Buyer such other instruments of conveyance and transfer as Buyers may reasonably request or as may be

otherwise necessary to more effectively convey and transfer to, and vest in, Buyers any part of the Purchased Assets, and Buyers shall execute and deliver, or cause to be executed and delivered, to Sellers such other instruments of assumption as Seller may reasonably request. If any rights included in the Purchased Assets under any Purchased Lease Documents or Business Agreements cannot be transferred or assigned effectively without the consent of third parties, which consent has not been obtained prior to the Closing, Sellers shall use their reasonable best efforts to secure to Buyers the benefits thereof through the exercise of the rights of Sellers thereunder.

(b) Sellers recognize the possible need of US Buyer to have audited financial statements relating to the Purchased Assets and the Assumed Liabilities covering at least one fiscal year prior to the Closing Date and to have unaudited interim financial statements for the period from January 1, 2004 to the Closing Date. In light of this possible need, Sellers will use commercially reasonable efforts upon Buyers' request to (i) provide Buyers with such financial information relating to the Purchased Assets, the Assumed Liabilities and the Business as shall be in the possession of Sellers, including internal financial reports, payroll reports and other relevant financial information, covering the period under audit and the unaudited interim period, (ii) provide Buyers and their independent accountants with access during normal business hours to the accounting and financial personnel of Sellers who have prepared such reports or information and who are familiar with accounting matters with respect to the Business, and (iii) if applicable, provide access to the independent accountants of Sellers who are familiar with accounting matters relating to the Business.

(c) Buyers recognize the possible need of CIT and Sellers to have access to certain records relating to the Business and to certain personnel of Buyers in connection with Excluded Liabilities. In light of this possible need, Buyers will use commercially reasonable efforts upon the request of CIT or a Seller to provide such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection with the Excluded Liabilities.

13.13. Disclaimer of Warranties. Neither CIT nor either Seller makes any representations or warranties with respect to any projections, forecasts or forward-looking information provided to Buyers. There is no assurance that any projected or forecasted results will be achieved. **EXCEPT AS TO THOSE MATTERS EXPRESSLY COVERED BY THE REPRESENTATIONS AND WARRANTIES IN THIS AGREEMENT AND THE CERTIFICATE DELIVERED BY CIT AND SELLERS PURSUANT TO SECTION 4.4, SELLERS ARE SELLING THE PURCHASED ASSETS ON AN "AS IS, WHERE IS" BASIS AND CIT AND SELLERS DISCLAIM ALL OTHER WARRANTIES, REPRESENTATIONS AND GUARANTIES WHETHER EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.** Buyers acknowledge that neither CIT nor either Seller nor any of their representatives or any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any memoranda, charts or summaries heretofore made available by CIT, Sellers or their representatives to Buyers or any other information which is not included in this Agreement or the Schedules hereto, and neither CIT nor either Seller nor any of their representatives or any other Person will have or be subject to any liability to Buyers, any

Affiliate of Buyers or any other Person resulting from the distribution of any such information to, or use of any such information by, Buyers, any Affiliate of Buyers or any of their agents, consultants, accountants, counsel or other representatives.

13.14. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (as opposed to the conflict of laws provisions) of the State of Delaware.

13.15. Submission to Jurisdiction. The parties hereto hereby irrevocably submit in any suit, action or proceeding among them arising out of or related to this Agreement or any of the transactions contemplated hereby to the nonexclusive jurisdiction of the United States District Court for the District of Delaware, and waive any and all objections to jurisdiction that they may have under the laws of the United States of America.

13.16. Waiver of Jury Trial. **EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO IT THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (iii) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (iv) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 13.16.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

MCGRATH RENTCORP

By: /s/ Dennis C. Kakures

Name: Dennis C. Kakures
Title: President & CEO

BASEBALL II ACQUISITION INC.

By: /s/ Dennis C. Kakures

Name: Dennis C. Kakures
Title: Director

CIT GROUP INC.

By: /s/ Joseph M. Leone

Name: Joseph M. Leone
Title: Vice Chairman & Chief Financial Officer

TECHNOLOGY RENTALS & SERVICES,
A Division of CIT Technologies Corporation

By: /s/ Paul F. Hughes

Name: Paul F. Hughes
Title: Senior Vice President

CIT FINANCIAL LTD.

By: /s/ Paul F. Hughes

Name: Paul F. Hughes
Title: Senior Vice President

EXHIBITS

EXHIBIT	DESCRIPTION
A	Covenant Not to Compete
B-1	Instrument of Assignment-Canada
B-2	Instrument of Assignment-US
C-1	Instrument of Assumption-Canada
C-2	Instrument of Assumption-US
D-1	Limited Power of Attorney-Canada
D-2	Limited Power of Attorney-US

EXHIBIT B-1

INSTRUMENT OF ASSIGNMENT

Instrument of Assignment dated _____, 2004 ("Instrument") by CIT Financial Ltd., an Ontario corporation ("Seller"), in favor of Baseball II Acquisition Inc., a British Columbia corporation ("Buyer").

Pursuant to the Asset Purchase Agreement dated as of May 2, 2004 (the "Agreement") among CIT Group Inc., Technology Rentals & Services, a division of CIT Technologies Corporation, Seller, Buyer and McGrath RentCorp, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby sell, assign, transfer, convey and deliver unto Buyer, its successors and assigns, each and all of the Canadian Purchased Assets (as such term is defined in the Agreement), intending hereby to convey all of the right, title and interest of Seller therein.

Seller hereby covenants and agrees to and with Buyer, its successors and assigns, to do, execute, acknowledge and deliver to, or to cause to be done, executed, acknowledged and delivered to, Buyer, its successors and assigns, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances that may be reasonably requested by Buyer for the better selling, assigning, transferring, conveying, delivering, assuring and confirming to Buyer, its successors or assigns, any or all of the US Purchased Assets.

This Instrument shall be binding upon the successors and assigns of Seller and shall inure to the benefit of the successors and assigns of Buyer.

IN WITNESS WHEREOF, Seller has caused this Instrument to be duly executed and delivered as of the date first set forth above.

CIT FINANCIAL LTD.

By: _____

EXHIBIT B-2

INSTRUMENT OF ASSIGNMENT

Instrument of Assignment dated _____, 2004 ("Instrument") by Technology Rentals & Services, a division of CIT Technologies Corporation, a Michigan corporation ("Seller"), in favor of McGrath RentCorp, a California corporation ("Buyer").

Pursuant to the Asset Purchase Agreement dated as of May 2, 2004 (the "Agreement") among CIT Group Inc., CIT Financial Ltd., Seller, Buyer and Baseball II Acquisition Inc., for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller does hereby sell, assign, transfer, convey and deliver unto Buyer, its successors and assigns, each and all of the US Purchased Assets (as such term is defined in the Agreement), intending hereby to convey all of the right, title and interest of Seller therein.

Seller hereby covenants and agrees to and with Buyer, its successors and assigns, to do, execute, acknowledge and deliver to, or to cause to be done, executed, acknowledged and delivered to, Buyer, its successors and assigns, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances that may be reasonably requested by Buyer for the better selling, assigning, transferring, conveying, delivering, assuring and confirming to Buyer, its successors or assigns, any or all of the US Purchased Assets.

This Instrument shall be binding upon the successors and assigns of Seller and shall inure to the benefit of the successors and assigns of Buyer.

IN WITNESS WHEREOF, Seller has caused this Instrument to be duly executed and delivered as of the date first set forth above.

TECHNOLOGY RENTALS & SERVICES,
A DIVISION OF CIT TECHNOLOGIES CORPORATION

By: _____

EXHIBIT C-1

INSTRUMENT OF ASSUMPTION

Instrument of Assumption dated _____, 2004 ("Instrument") by Baseball Acquisition II Inc., a British Columbia corporation ("Buyer"), in favor of CIT Financial Ltd., an Ontario corporation ("Seller").

Pursuant to the Asset Purchase Agreement dated as of May 2, 2004 (the "Agreement") among CIT Group Inc., Technology Rentals & Services, a division of CIT Technologies Corporation, Seller, Buyer and McGrath RentCorp and in consideration for the sale by Seller to Buyer of the Canadian Purchased Assets (as such term is defined in the Agreement) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer hereby assumes and undertakes and agrees to discharge in accordance with the terms thereof each of the Canadian Assumed Liabilities (as such term is defined in the Agreement).

Nothing contained in this Instrument shall require Buyer to perform, pay or discharge any obligations assumed hereunder as long as Buyer in good faith shall contest the amount or validity thereof. Other than as specifically stated in this Instrument or in the Agreement, Buyer assumes no obligations of Seller.

This Instrument shall be binding upon the successors and assigns of Buyer and shall inure to the benefit of the successors and assigns of Seller.

IN WITNESS WHEREOF, Buyer has caused this Instrument to be duly executed and delivered as of the date first set forth above.

BASEBALL II ACQUISITION INC.

By: _____

EXHIBIT C-2

INSTRUMENT OF ASSUMPTION

Instrument of Assumption dated _____, 2004 ("Instrument") by McGrath RentCorp, a California corporation ("Buyer"), in favor of Technology Rentals & Services, a division of CIT Technologies Corporation, a Michigan corporation ("Seller").

Pursuant to the Asset Purchase Agreement dated as of May 2, 2004 (the "Agreement") among CIT Group Inc., CIT Financial Ltd., Buyer, Seller and Baseball II Acquisition Inc. and in consideration for the sale by Seller to Buyer of the US Purchased Assets (as such term is defined in the Agreement) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer hereby assumes and undertakes and agrees to discharge in accordance with the terms thereof each of the US Assumed Liabilities (as such term is defined in the Agreement).

Nothing contained in this Instrument shall require Buyer to perform, pay or discharge any obligations assumed hereunder as long as Buyer in good faith shall contest the amount or validity thereof. Other than as specifically stated in this Instrument or in the Agreement, Buyer assumes no obligations of Seller.

This Instrument shall be binding upon the successors and assigns of Buyer and shall inure to the benefit of the successors and assigns of Seller.

IN WITNESS WHEREOF, Buyer has caused this Instrument to be duly executed and delivered as of the date first set forth above.

MCGRATH RENTCORP

By: _____

EXHIBIT D-1

LIMITED POWER OF ATTORNEY

Limited Power of Attorney dated _____, 2004 ("Power") by CIT Financial Ltd., an Ontario corporation ("Seller"), in favor of Baseball II Acquisition Inc., a British Columbia corporation

Pursuant to the Asset Purchase Agreement dated as of May 2, 2004 (the "Agreement") among CIT Group Inc., Technology Rentals & Services, a division of CIT Technologies Corporation, Seller, Buyer and McGrath RentCorp, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby makes, constitutes and appoints Buyer and its successors and assigns as Seller's true and lawful attorney, in its name or otherwise, with specific power to negotiate or endorse to Buyer all notes, checks, money orders, drafts and other evidences of payment to be applied to the payment of the Valuation Date Receivables included in the Canadian Purchased Assets or amounts due under the Canadian Purchased Lease Documents and made payable to Seller; to enforce or resort to any Canadian Purchased Lease Collateral held in the name of Seller and to give releases thereof; and to sign or endorse title certificates, filings under any provincial personal property security legislation (or any legislation relating to the transfer of personal property or movables in the Provinces of Quebec and Newfoundland) and other instruments and documents in the name of Seller with respect to such Valuation Date Receivables or Canadian Purchased Lease Documents.

This Power is coupled with an interest and is therefor irrevocable.

This Power shall be governed by the internal laws of the Province of Ontario.

All capitalized terms used herein which are not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

IN WITNESS WHEREOF, Seller has caused this Instrument to be duly executed and delivered as of the date first set forth above.

CIT FINANCIAL LTD.

By: _____

EXHIBIT D-2

LIMITED POWER OF ATTORNEY

Limited Power of Attorney dated _____, 2004 ("Power") by Technology Rentals & Services, a division of CIT Technologies Corporation, a Michigan corporation ("Seller"), in favor of McGrath RentCorp, a California corporation ("Buyer").

Pursuant to the Asset Purchase Agreement dated as of May 2, 2004 (the "Agreement") among CIT Group Inc., CIT Financial Ltd., Seller, Buyer and Baseball II Acquisition Inc., for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby makes, constitutes and appoints Buyer and its successors and assigns as Seller's true and lawful attorney, in its name or otherwise, with specific power to negotiate or endorse to Buyer all notes, checks, money orders, drafts and other evidences of payment to be applied to the payment of the Valuation Date Receivables included in the US Purchased Assets or amounts due under the US Purchased Lease Documents and made payable to Seller; to enforce or resort to any US Purchased Lease Collateral held in the name of Seller and to give releases thereof; and to sign or endorse title certificates, Uniform Commercial Code Filings and other instruments and documents in the name of Seller with respect to such Valuation Date Receivables or US Purchased Lease Documents.

This Power is coupled with an interest and is therefor irrevocable.

This Power shall be governed by the internal laws of the State of Delaware.

All capitalized terms used herein which are not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

IN WITNESS WHEREOF, Seller has caused this Instrument to be duly executed and delivered as of the date first set forth above.

TECHNOLOGY RENTALS & SERVICES,
A DIVISION OF CIT TECHNOLOGIES CORPORATION

By: _____

SCHEDULES

TO

ASSET PURCHASE AGREEMENT

DATED AS OF MAY 2, 2004

AMONG

MCGRATH RENTCORP,

A CALIFORNIA CORPORATION,

BASEBALL II ACQUISITION INC.,

A BRITISH COLUMBIA CORPORATION,

CIT GROUP INC.,

A DELAWARE CORPORATION,

TECHNOLOGY RENTALS & SERVICES,
A DIVISION OF CIT TECHNOLOGIES CORPORATION,

A MICHIGAN CORPORATION,

AND

CIT FINANCIAL LTD.,

AN ONTARIO CORPORATION

LIST OF SCHEDULES

SCHEDULE	DESCRIPTION
1.1A	Knowledge of Sellers
2.2	Certain Excluded Assets
3.1(D)	Sample Computation of Purchase Price
3.3	Information to be in Purchased Leases and Test Equipment File
5.2	Conflicts; Consents
5.3(A)	Balance Sheet Date Pro Forma Balance Sheet
5.3(B)	Exceptions to GAAP in Balance Sheet Date Pro Forma Balance Sheet
5.4(A)	Material Adverse Changes Since Balance Sheet Date
5.4(B)	Exceptions to Operation of Business in Ordinary Course
5.5(A)	Information in Balance Sheet Date Leases Computer File
5.5(B)	Status of Valuation Date Receivables
5.5(C)	Certificates of Deposit and Letters of Credit
5.5(D)	Purchased Lease Documents
5.5(E)	Status of Purchased Lease Documents and Vendor Agreements
5.5(F)	Lease Commitments
5.6	Governmental Permits
5.7	Exceptions to Title
5.8	Compliance with Law; Litigation
5.9	Taxes
5.10(A)	Availability of Assets
5.10(B)	Services
5.11(B)	Leases of Real Property
5.12(A)	Owned Personal Property (Other than Purchased Equipment)
5.12(B)	Leases of Personal Property
5.13(A)	Owned or Licensed Copyrights, Patent Rights and Trademarks
5.13(B)	Owned or Licensed Software
5.13(C)	Licenses of Copyrights, Patent Rights and Trademarks
5.13(D)	Exceptions to Ownership or Right to Use Intellectual Property and Software
5.13(E)	Infringement
5.13(F)	Software
5.14(A)	Pension Plans and Welfare Plans Maintained for Benefit of Business Employees
5.14(B)	Material Non-Plan Employee Benefits of Business Employees
5.14(C)	Employment and Consulting Agreements
5.14(D)	Employees of the Business
5.15	Other Agreements
5.16	Status of Business Agreements
8.4(A)	Excepted Business Employees
8.4(C)	Buyers' Plans and Benefits
9.3	Necessary Governmental Approvals
9.4	Necessary Consents

[***]= INFORMATION MARKED WITH BRACKETS IS OMITTED SINCE IT REFERS TO A SCHEDULE OR SCHEDULES OF THE AGREEMENT WHICH ARE NOT BEING FILED WITH THE AGREEMENT, AND WHICH SCHEDULES THE REGISTRANT AGREES TO FURNISH SUPPLMENTALLY TO THE SECURITIES AND EXCHANGE COMMISSION UPON REQUEST.

Exhibit 2.2

FIRST AMENDMENT AND WAIVER
TO
ASSET PURCHASE AGREEMENT

This **FIRST AMENDMENT AND WAIVER** dated as of June 2, 2004 to the Asset Purchase Agreement dated as of May 2, 2004 (the "Agreement") by and among McGrath RentCorp, a California corporation ("US Buyer"), TRS-RenTelco Inc., a British Columbia corporation formerly known as Baseball II Acquisition Inc. ("Canadian Buyer") and a wholly owned subsidiary of US Buyer (US Buyer and Canadian Buyer each being sometimes referred to herein as a "Buyer" and collectively as "Buyers"), CIT Group Inc., a Delaware corporation ("CIT"), Technology Rentals & Services, a division of CIT Technologies Corporation, a Michigan corporation ("CIT Technologies") and an indirect wholly owned subsidiary of CIT, and CIT Financial Ltd., an Ontario corporation ("CIT Canada") and an indirect wholly owned subsidiary of CIT (CIT Technologies and CIT Canada each being sometimes referred to herein as a "Seller" and collectively as "Sellers"). Capitalized terms used herein without definition shall have the meetings respectively ascribed to them in the Agreement.

WHEREAS, Buyers, CIT and Sellers desire to amend the Agreement and waive the provisions thereof as set forth below, and desire that, except for such amendment and waiver, the Agreement shall remain in full force and effect;

NOW, THEREFORE, the parties hereto agree as follows:

1. The definition of "Premium" in Section 1.1 of the Agreement is hereby amended by changing "20,000,000" to "20,048,586."

2. Section 1.1 of the Agreement is hereby amended by adding the following defined terms:

"Canadian Credit Memo Adjustment" means the aggregate amount of credit adjustments issued by Canadian Buyer in respect of any Valuation Date Receivables attributable to Canadian Purchased Leases during the month of June, 2004 in accordance with the policies and practices of Sellers with respect to the Business.

"US Credit Memo Adjustment" means the aggregate amount of credit adjustments issued by US Buyer in respect of any Valuation Date Receivables attributable to US Purchased Leases during the month of June, 2004 in accordance with the policies and practices of Sellers with respect to the Business.

3. Sections 2.1(a)(i) and 2.1(b)(i) of the Agreement are each hereby amended by deleting the word "Date" after the word "Closing" in the fourth lines thereof.

4. Section 2.1(a)(xiii) of the Agreement is hereby amended by adding the following before the semi-colon: " and the contracts and other agreements to which CIT Technologies is a party or by which it is bound as of the Closing of the type described in Section 5.15 not required to be listed in Schedule 5.15 by the terms thereof".

5. Sections 2.1(a)(xiv) and 2.1(b)(xiv) of the Agreement are each hereby amended by deleting the word "Date" after the word "Closing" in the second and third lines thereof, respectively.

6. Section 2.1(b)(xiii) of the Agreement is hereby amended by adding the following before the semi-colon: " and the contracts and other agreements to which CIT Canada is a party or by which it is bound as of the Closing of the type described in Section 5.15 not required to be listed in Schedule 5.15 by the terms thereof".

7. Section 2.4(a) of the Agreement is hereby amended by adding the following words immediately prior to the semi-colon: "(other than liabilities of CIT Technologies under the Inventory Management Memorandum with Agilent Financial Services referred to in Schedule 5.2)".

8. Section 3.1(b) of the Agreement is hereby amended by removing the period at the end of clause (iv) thereof and adding the following:

"; minus

(v) the US Credit Memo Adjustment."

9. Section 3.1(c) of the Agreement is hereby amended by removing the period at the end of clause (iv) thereof and adding the following:

"; minus

(v) the Canadian Credit Memo Adjustment."

10. The first sentence of Section 4.1 of the Agreement is hereby amended by changing "June 1, 2004" to "June 2, 2004."

11. [***]

12. [***]

13. [***]

14. [***]

15. [***]

[***] = INFORMATION MARKED WITH BRACKETS IS OMITTED SINCE IT REFERS TO A SCHEDULE OR SCHEDULES OF THE AGREEMENT WHICH ARE NOT BEING FILED WITH THE AGREEMENT, AND WHICH SCHEDULES THE REGISTRANT AGREES TO FURNISH SUPPLMENTALLY TO THE SECURITIES AND EXCHANGE COMMISSION UPON REQUEST.

16. [***]

17. [***]

18. Buyers hereby waive receipt of the consents listed in Annex C to this First Amendment and Waiver for the purposes of Section 9.4 of the Agreement. CIT and Sellers agree, at the request of Buyers, to continue using commercially reasonable efforts to obtain such consents.

19. This First Amendment and Waiver may be executed in two or more counterparts which together shall constitute a single agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

20. This First Amendment and Waiver shall be governed by and construed in accordance with the internal laws (as opposed to the conflict of laws provisions) of the State of Delaware.

[***] = INFORMATION MARKED WITH BRACKETS IS OMITTED SINCE IT REFERS TO A SCHEDULE OR SCHEDULES OF THE AGREEMENT WHICH ARE NOT BEING FILED WITH THE AGREEMENT, AND WHICH SCHEDULES THE REGISTRANT AGREES TO FURNISH SUPPLMENTALLY TO THE SECURITIES AND EXCHANGE COMMISSION UPON REQUEST.

IN WITNESS WHEREOF, Buyers, CIT and Sellers have caused this First Amendment and Waiver to be signed by their respective officers thereunto duly authorized all as of the date first written above.

MCGRATH RENTCORP

By: /s/ Dennis C. Kakures

Name: Dennis C. Kakures
Title: President & CEO

TRS-RENTELCO INC.

By: /s/ Dennis C. Kakures

Name: Dennis C. Kakures
Title: President

CIT GROUP INC.

By: /s/ Tom Hallman

Name: Tom Hallman
Title: Vice Chairman

TECHNOLOGY RENTALS & SERVICES,
A Division of CIT Technologies Corporation

By: /s/ Paul F. Hughes

Name: Paul F. Hughes
Title: Senior Vice President

CIT FINANCIAL LTD.

By: /s/ Paul F. Hughes

Name: Paul F. Hughes
Title: Senior Vice President

MCGRATH RENTCORP

NOTE PURCHASE AND PRIVATE SHELF AGREEMENT

JUNE 2, 2004

$60,000,000 5.08% SERIES A SENIOR NOTES DUE JUNE 2, 2011
$20,000,000 PRIVATE SHELF FACILITY

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

MCGRATH RENTCORP
5700 Las Positas Road
Livermore, California 94550

As of June 2, 2004

Prudential Investment Management, Inc.
The Series A Purchasers listed on the Purchaser Schedule hereto
Each Prudential Affiliate (as hereinafter defined)
which becomes bound by certain provisions
of this Agreement as hereinafter provided
c/o Prudential Capital Group
Four Embarcadero Center, Suite 2700
San Francisco, California 94111

Ladies and Gentlemen:

The undersigned, McGrath RentCorp, a California corporation (the "**Company**"), hereby agrees with you as follows:

1. AUTHORIZATION OF ISSUE OF NOTES

1A. Authorization of Issue of Series A Notes.

The Company has authorized the issue and sale of its Series A Senior Notes (the "**Series A Notes**") in the aggregate principal amount of $60,000,000, to be dated the date hereof, to mature June 2, 2011, to bear interest on the unpaid balance thereof from the date thereof until the principal thereof shall have become due and payable at the rate of 5.08% per annum and on any overdue payment of principal, interest or Yield-Maintenance Amount at the rate specified in the Series A Notes, and to be substantially in the form of Exhibit A-1 attached hereto.

The terms "**Series A Note**" and "**Series A Notes**" as used herein shall include each Series A Note delivered pursuant to any provision of this Agreement and each Series A Note delivered in substitution or exchange for any such Series A Note pursuant to any such provision. Certain capitalized terms used in this Agreement are defined in paragraph 10; references to a paragraph are, unless otherwise specified, to one of the paragraphs of this Agreement and references to an "**Exhibit**" or "**Schedule**" are, unless otherwise specified, to one of the exhibits or schedules attached to this Agreement.

1B. Authorization of Issue of Shelf Notes.

The Company will authorize the issue of additional senior promissory notes (the "**Shelf Notes**") in an aggregate principal amount of up to $20,000,000, to be dated the date of issue

thereof, to mature, in the case of each Shelf Note so issued, no more than ten years after the date of original issuance thereof, to have an average life, in the case of each Shelf Note so issued, of no more than seven years, to bear interest on the unpaid balance thereof from the date thereof at the rate per annum, and to have such other particular terms, as shall be set forth, in the case of each Shelf Note so issued, in the Confirmation of Acceptance with respect to such Shelf Note delivered pursuant to paragraph 2B(5), and to be substantially in the form of Exhibit A-2 attached hereto.

The terms "**Shelf Note**" and "**Shelf Notes**" as used herein shall include each Shelf Note delivered pursuant to any provision of this Agreement and each Shelf Note delivered in substitution or exchange for any such Shelf Note pursuant to any such provision. The terms "**Note**" and "**Notes**" as used herein shall include each Series A Note and each Shelf Note delivered pursuant to any provision of this Agreement and each Note delivered in substitution or exchange for any such Note pursuant to any such provision. Notes which have (i) the same final maturity, (ii) the same principal prepayment dates, (iii) the same principal prepayment amounts (as a percentage of the original principal amount of each Note), (iv) the same interest rate, (v) the same interest payment periods and (vi) the same date of issuance (which, in the case of a Note issued in exchange for another Note, shall be deemed for these purposes the date on which such Note's ultimate predecessor Note was issued), are herein called a "**Series**" of Notes.

2. PURCHASE AND SALE OF NOTES

2A. Purchase and Sale of Series A Notes.

The Company hereby agrees to sell to each Series A Purchaser and, subject to the terms and conditions herein set forth, each Series A Purchaser hereby agrees to purchase from the Company the principal amount of Series A Notes set forth opposite such Series A Purchaser's name on the Purchaser Schedule attached hereto (the "**Purchaser Schedule**") at 100% of such principal amount. On June 2, 2004 (herein called the "**Series A Closing Day**"), the Company will deliver to each Series A Purchaser at the offices of Bingham McCutchen LLP, Three Embarcadero Center, San Francisco, California, one or more Series A Notes registered in its or its nominee's name (as specified in the Purchaser Schedule), evidencing the aggregate principal amount of Series A Notes to be purchased by such Series A Purchaser and in the denomination or denominations specified with respect to such Series A Purchaser in the Purchaser Schedule, against payment of the purchase price thereof by wire transfer of immediately available funds as set forth in the Series A Notes Funding Instruction Letter attached hereto as Exhibit B.

2B. Purchase and Sale of Shelf Notes.

2B(1). Facility.

Subject to paragraph 2B(2), PIM is willing to consider, in its sole discretion and within limits which may be authorized for purchase by PIM and Prudential Affiliates from time to time, the purchase of Shelf Notes pursuant to this Agreement. The willingness of PIM to consider such purchase of Shelf Notes is herein called the "**Facility**." At any time, (i) $20,000,000, minus (ii) the aggregate principal amount of

Shelf Notes purchased and sold pursuant to this Agreement prior to such time, minus (iii) the aggregate principal amount of Accepted Shelf Notes which have not yet been purchased and sold hereunder prior to such time is herein called the "**Available Facility Amount**" at such time. **NOTWITHSTANDING THE WILLINGNESS OF PIM TO CONSIDER PURCHASES OF SHELF NOTES, THIS AGREEMENT IS ENTERED INTO ON THE EXPRESS UNDERSTANDING THAT NEITHER PIM NOR ANY PRUDENTIAL AFFILIATE SHALL BE OBLIGATED TO MAKE OR ACCEPT OFFERS TO PURCHASE SHELF NOTES, OR TO QUOTE RATES, SPREADS OR OTHER TERMS WITH RESPECT TO SPECIFIC PURCHASES OF SHELF NOTES, AND THE FACILITY SHALL IN NO WAY BE CONSTRUED AS A COMMITMENT BY PIM OR ANY PRUDENTIAL AFFILIATE**.

2B(2). Issuance Period.

Shelf Notes may be issued and sold pursuant to this Agreement until the earlier of (i) the third anniversary of the date of this Agreement (or if any such anniversary is not a Business Day, the Business Day next preceding such anniversary) and (ii) the thirtieth day after PIM shall have given to the Company, or the Company shall have given to PIM, written notice stating that it elects to terminate the issuance and sale of Shelf Notes pursuant to this Agreement (or if such thirtieth day is not a Business Day, the Business Day next preceding such thirtieth day). The period during which Shelf Notes may be issued and sold pursuant to this Agreement is herein called the "**Issuance Period**."

2B(3). Request for Purchase.

The Company may from time to time during the Issuance Period make requests for purchases of Shelf Notes (each such request being herein called a "**Request for Purchase**"). Each Request for Purchase shall be made to PIM by facsimile or overnight delivery service, and shall (i) specify the aggregate principal amount of Shelf Notes covered thereby, which shall not be less than $5,000,000 and not be greater than the Available Facility Amount at the time such Request for Purchase is made, (ii) specify the principal amounts, final maturities (which shall be no more than ten years from the date of issuance), and principal prepayment dates and amounts (which shall result in an average life of no more than seven years) of the Shelf Notes covered thereby, (iii) specify the use of proceeds of such Shelf Notes, (iv) specify the proposed day for the closing of the purchase and sale of such Shelf Notes, which shall be a Business Day during the Issuance Period not less than ten days and not more than twenty-five days after the making of such Request for Purchase, (v) specify the number of the account and the name and address of the depository institution to which the purchase prices of such Shelf Notes are to be transferred on the Closing Day for such purchase and sale, (vi) certify that the representations and warranties contained in paragraph 8 are true on and as of the date of such Request for Purchase and that there exists on the date of such Request for Purchase no Event of Default or Default and (vii) be substantially in the form of Exhibit C attached hereto. Each Request for Purchase shall be in writing and shall be deemed made when received by PIM.

2B(4). Rate Quotes.

Not later than five Business Days after the Company shall have given PIM a Request for Purchase pursuant to paragraph 2B(3), PIM may, but shall be under no obligation to, provide to an Authorized Officer of the Company by telephone interest rate quotes for the several principal amounts, maturities and principal prepayment schedules of Shelf Notes specified in such Request for Purchase. Each such quote shall represent the interest rate per annum payable on the outstanding principal balance of such Shelf Notes at which PIM or a Prudential Affiliate would be willing to purchase such Shelf Notes at 100% of the principal amount thereof.

2B(5). Acceptance.

Within two minutes after PIM shall have provided any interest rate quotes pursuant to paragraph 2B(4), or such shorter period as PIM may specify to the Company (such period herein called the "**Acceptance Window**"), the Company may, subject to paragraph 2B(6), elect to accept such interest rate quotes as to not less than $5,000,000 aggregate principal amount of the Shelf Notes specified in the related Request for Purchase. Such election shall be made by an Authorized Officer of the Company notifying PIM by telephone or facsimile within the Acceptance Window (but not earlier than 9:30 a.m. or later than 1:30 p.m. (or such later time as PIM may agree), New York City local time) that the Company elects to accept such interest rate quotes, specifying the Shelf Notes (each such Shelf Note being herein called an "**Accepted Shelf Note**") as to which such acceptance (herein called an "**Acceptance**") relates. The day the Company notifies PIM of an Acceptance with respect to any Accepted Shelf Notes is herein called the "**Acceptance Day**" for such Accepted Shelf Notes. Any interest rate quotes as to which PIM does not receive an Acceptance within the Acceptance Window shall expire, and no purchase or sale of Shelf Notes hereunder shall be made based on such expired interest rate quotes. Subject to paragraphs 2B(2) and 2B(6) and the other terms and conditions hereof, the Company agrees to sell to PIM or a Prudential Affiliate, and PIM agrees to purchase, or to cause the purchase by a Prudential Affiliate of, the Accepted Shelf Notes at 100% of the principal amount of such Notes. As soon as practicable following the Acceptance Day, the Company, PIM and each Prudential Affiliate which is to purchase any such Accepted Shelf Notes will execute a confirmation of such Acceptance substantially in the form of Exhibit D attached hereto (herein called a "**Confirmation of Acceptance**"). If the Company should fail to execute and return to PIM within two Business Days following receipt thereof a Confirmation of Acceptance with respect to any Accepted Shelf Notes, PIM may at its election at any time prior to its receipt thereof cancel the closing with respect to such Accepted Shelf Notes by so notifying the Company in writing.

2B(6). Market Disruption.

Notwithstanding the provisions of paragraph 2B(5), if PIM shall have provided interest rate quotes pursuant to paragraph 2B(4) and thereafter, prior to the time an Acceptance with respect to such quotes shall have been notified to PIM in accordance with paragraph 2B(5), the domestic market for U.S. Treasury securities or derivatives

shall have closed or there shall have occurred a general suspension, material limitation, or significant disruption of trading in securities generally on the New York Stock Exchange or in the domestic market for U.S. Treasury securities or derivatives, then such interest rate quotes shall expire, and no purchase or sale of Shelf Notes hereunder shall be made based on such expired interest rate quotes. If the Company thereafter notifies PIM of the Acceptance of any such interest rate quotes, such Acceptance shall be ineffective for all purposes of this Agreement, and PIM promptly shall notify the Company that the provisions of this paragraph 2B(6) are applicable with respect to such Acceptance.

2B(7). Facility Closings.

Not later than 1:30 p.m. (New York City local time) on the Closing Day for any Accepted Shelf Notes, the Company will deliver to each Purchaser listed in the Confirmation of Acceptance relating thereto at the offices of Prudential Capital Group, Four Embarcadero Center, Suite 2700, San Francisco, California 94111 (or such other address as PIM may specify in writing), the Accepted Shelf Notes to be purchased by such Purchaser in the form of one or more Notes in authorized denominations as such Purchaser may request for each Series of Accepted Shelf Notes to be purchased on such Closing Day, dated the Closing Day and registered in such Purchaser's name (or in the name of its nominee), against payment of the purchase price thereof by transfer of immediately available funds for credit to the account(s) specified in the Request for Purchase of such Shelf Notes. If the Company fails to tender to any Purchaser the Accepted Shelf Notes to be purchased by such Purchaser on the scheduled Closing Day for such Accepted Shelf Notes as provided above in this paragraph 2B(7), or any of the conditions specified in paragraph 3 shall not have been fulfilled by the time required on such scheduled Closing Day, the Company shall, prior to 2:00 p.m., New York City local time, on such scheduled Closing Day notify PIM (which notification shall be deemed received by each Purchaser) in writing whether (i) such closing is to be rescheduled (such rescheduled date to be a Business Day during the Issuance Period not less than one Business Day and not more than 10 Business Days after such scheduled Closing Day (the "**Rescheduled Closing Day**")) and certify to PIM (which certification shall be for the benefit of each Purchaser) that the Company reasonably believes that it will be able to comply with the conditions set forth in paragraph 3 on such Rescheduled Closing Day and that the Company will pay the Delayed Delivery Fee, if applicable, in accordance with paragraph 2B(8)(ii), or (ii) such closing is to be canceled and the Company will pay the Cancellation Fee as provided in paragraph 2B(8)(iii). In the event that the Company shall fail to give such notice referred to in the preceding sentence, PIM (on behalf of each Purchaser) may at its election, at any time after 2:00 p.m., New York City local time, on such scheduled Closing Day, notify the Company in writing that such closing is to be canceled and the Company is obligated to pay the Cancellation Fee as provided in paragraph 2B(8)(iii). Notwithstanding anything to the contrary contained in this Agreement, the Company may elect to reschedule a closing with respect to any given Accepted Shelf Notes on not more than one (1) occasion, unless PIM shall have otherwise consented in writing.

2B(8). Fees.

2B(8)(i). Draw Fees.

The Company will pay to or as directed by PIM in immediately available funds a fee (herein called a "**Draw Fee**") on or before each Closing Day (including the Series A Closing Day) in an amount equal to 0.10% of the aggregate principal amount of Notes sold on such Closing Day.

2B(8)(ii). Delayed Delivery Fee.

If the closing of the purchase and sale of any Accepted Shelf Note is delayed for any reason beyond the original Closing Day for such Accepted Shelf Note, the Company will pay to or as directed by PIM on (x) the Cancellation Date or actual closing date of such purchase and sale or (y) if earlier, the next Business Day following 90 days after the Acceptance Day for such Accepted Shelf Note, a fee (herein called the "**Delayed Delivery Fee**") calculated as follows:

(BEY - MMY) X DTS/360 X PA

where "**BEY**" means Bond Equivalent Yield, *i.e.*, the bond equivalent yield per annum of such Accepted Shelf Note; "**MMY**" means Money Market Yield, *i.e.*, the yield per annum on a commercial paper investment of the highest quality selected by PIM on the date PIM receives notice of the delay in the closing for such Accepted Shelf Note having a maturity date or dates the same as, or closest to, the Rescheduled Closing Day or Rescheduled Closing Days (a new alternative investment being selected by PIM each time such closing is delayed); "**DTS**" means Days to Settlement, *i.e.*, the number of actual days elapsed from and including the original Closing Day with respect to such Accepted Shelf Note (in the case of the first such payment with respect to such Accepted Shelf Note) or from and including the date of the next preceding payment (in the case of any subsequent delayed delivery fee payment with respect to such Accepted Shelf Note) to but excluding the date of such payment; and "**PA**" means Principal Amount, *i.e.*, the principal amount of the Accepted Shelf Note for which such calculation is being made. In no case shall the Delayed Delivery Fee be less than zero. Nothing contained herein shall obligate any Purchaser to purchase any Accepted Shelf Note on any day other than the Closing Day for such Accepted Shelf Note, as the same may be rescheduled from time to time in compliance with paragraph 2B(7).

2B(8)(iii). Cancellation Fee.

If the Company at any time notifies PIM in writing that the Company is canceling the closing of the purchase and sale of any Accepted Shelf Note, or if PIM notifies the Company in writing under the circumstances set forth in the last sentence of paragraph 2B(5) or the penultimate sentence of paragraph 2B(7) that the closing of the purchase and sale of such Accepted Shelf Note is to be canceled, or if the closing of the purchase and sale of such Accepted Shelf Note is

not consummated on or prior to the last day of the Issuance Period (the date of any such notification, or the last day of the Issuance Period, as the case may be, being herein called the "**Cancellation Date**"), the Company will pay the Purchasers in immediately available funds an amount (the "**Cancellation Fee**") calculated as follows:

PI X PA

where "**PI**" means Price Increase, *i.e.*, the quotient (expressed in decimals) obtained by dividing (a) the excess of the ask price (as determined by PIM) of the Hedge Treasury Note(s) on the Cancellation Date over the bid price (as determined by PIM) of the Hedge Treasury Notes(s) on the Acceptance Day for such Accepted Shelf Note by (b) such bid price; and "**PA**" has the meaning ascribed to it in paragraph 2B(8)(ii). The foregoing bid and ask prices shall be as reported by such publicly available source of such market data as is then customarily used by PIM. Each price shall be based on a U.S. Treasury security having a par value of $100.00 and shall be rounded to the second decimal place. In no case shall the Cancellation Fee be less than zero.

3. CONDITIONS OF CLOSING.

The obligation of any Purchaser to purchase and pay for any Notes is subject to the satisfaction, on or before the applicable Closing Day, of the following conditions:

3A. Conditions to Series A Closing.

3A(1). Initial Draw Fee.

The Company shall have paid to or as directed by PIM in immediately available funds any unpaid balance of the initial Draw Fee payable pursuant to paragraph 2B(8)(i) in connection with the closing for the Series A Notes.

3A(2). Consents.

PIM shall have received evidence satisfactory to it that all government, contractual and other third-party approvals and consents, if any, necessary to the consummation of the transactions contemplated by this Agreement and the other Transaction Documents as of the Series A Closing Day have been obtained.

3A(3). Other Documents.

PIM shall have received the following documents, each duly executed and delivered by the party or parties thereto and in form and substance satisfactory to PIM:

(i) the Multiparty Guaranty, dated as of the date hereof, executed by each of the Subsidiary Guarantors in favor of the holders from time to time of the Notes, in the form of Exhibit E hereto (as amended, supplemented or otherwise modified from time to time, the "**Multiparty Guaranty**");

(ii) the Indemnity, Contribution and Subordination Agreement, dated as of the date hereof, among the Credit Parties, in the form of Exhibit F hereto (as amended, supplemented or otherwise modified from time to time, the "**Indemnity and Contribution Agreement**"); and

(iii) such other certificates, documents and agreements as PIM or any of the Series A Purchasers may request (including those referenced in paragraph 3B).

3A(4). Legal Opinion of Special Counsel to PIM and the Series A Purchasers.

PIM and the Series A Purchasers shall have received from Bingham McCutchen LLP, which is acting as their special counsel in connection with this transaction, an opinion reasonably satisfactory to PIM as to such matters incident to the matters herein contemplated as it may reasonably request.

3A(5). Payment of Legal Fees and Expenses.

Without limiting the provisions of paragraph 11B, the Company shall have paid the fees, charges and disbursements of Bingham McCutchen LLP, special counsel to PIM and the Series A Purchasers, in connection with the preparation and negotiation of this Agreement and the other Transaction Documents.

3A(6). Extension of Bank Facility.

The Company shall have amended and restated its existing revolving credit facility provided by the Banks, so that the aggregate commitments available thereunder are not less than $130,000,000 and such commitments are available to the Company through at least March 31, 2006 and otherwise upon terms and conditions satisfactory to PIM and the Series A Purchasers. The Company shall have delivered to PIM and the Series A Purchasers fully executed copies of the Bank Credit Agreement, the Sweep and each of the other instruments and agreements executed and/or delivered in connection therewith, each certified as true, correct and complete by an Authorized Officer of the Company.

3B. Conditions to Each Closing.

3B(1). Representations and Warranties; No Default.

The representations and warranties contained in this Agreement and each of the other Transaction Documents shall be true on and as of the applicable Closing Day (both before and after giving effect to the issuance and purchase of Notes on such Closing Day); if the Company provides updated disclosure schedules regarding the representations and warranties of paragraph 8, the same shall be acceptable to PIM; and there shall exist on such Closing Day (both before and after giving effect to the issuance and purchase of Notes on such Closing Day) no Event of Default or Default.

3B(2). Purchase Permitted by Applicable Laws.

The purchase of and payment for the Notes to be purchased by such Purchaser on the applicable Closing Day (including the use of the proceeds of such Notes by the Company) shall not violate any applicable law or governmental regulation (including, without limitation, Section 5 of the Securities Act or Regulation T, U or X of the Board of Governors of the Federal Reserve System) and shall not subject such Purchaser to any tax (excluding taxes on the revenue and net income of such Purchaser), penalty, liability or other onerous condition under or pursuant to any applicable law or governmental regulation, and such Purchaser shall have received such certificates or other evidence as it may reasonably request to establish compliance with this condition.

3B(3). Payment of Fees.

The Company shall have paid any fees due pursuant to or in connection with this Agreement, including any Draw Fee due pursuant to paragraph 2B(8)(i) and any Delayed Delivery Fee due pursuant to paragraph 2B(8)(ii) and, without limiting the provisions of paragraph 11B, the fees, charges and disbursements of the Purchasers' special counsel.

3B(4). Delivery of Certain Documents.

Each Purchaser shall have received the following, each in form and substance satisfactory to it:

(i) the Notes(s) to be purchased by such Purchaser;

(ii) Certified copies of the resolutions of the Board of Directors of each of the Credit Parties authorizing the execution and delivery of the Transaction Documents to which such Person is a party and, in the case of the Company, authorizing the issuance of the Notes, and of all documents evidencing other necessary corporate or similar action and governmental approvals, if any, with respect to the Transaction Documents to which such Credit Party is a party and the Notes (in the case of the Company);

(iii) a certificate of the Secretary or an Assistant Secretary of each of the Credit Parties certifying the names and true signatures of the officers of such Credit Party authorized to sign the Transaction Documents to which such Person is a party and, in the case of the Company, the Notes, to be delivered hereunder;

(iv) the Company shall have delivered to such Purchaser an Officer's Certificate, dated such Closing Day, certifying that the conditions specified in paragraph 3B(1) have been satisfied;

(v) Certified copies of the Certificate of Incorporation or Articles of Incorporation (or similar constitutive documents), as applicable, and By-laws of each of the Credit Parties;

(vi) An opinion of Christopher Ream, Esq., counsel to the Credit Parties (or such other counsel designated by the Credit Parties and acceptable to the Purchaser(s)), substantially in the form of Exhibit G-1 (in the case of the Series A Notes) or Exhibit G-2 (in the case of any Shelf Notes) attached hereto and as to such other matters as such Purchaser may reasonably request. The Company hereby directs such counsel to deliver such opinion, agrees that the issuance and sale of any Notes will constitute a reconfirmation of such direction and understands and agrees that each Purchaser receiving such an opinion will and is hereby authorized to rely on such opinion;

(vii) A good standing certificate for each Credit Party from the Secretaries of State of each Credit Party's state of formation, good standing certificates for each Credit Party from such other states as such Purchaser may reasonably request, and such other evidence of the status of each Credit Party as such Purchaser may reasonably request, each dated as of a recent date; and

(viii) Additional documents or certificates with respect to legal matters or corporate or other proceedings related to the transactions contemplated hereby as may be reasonably requested by such Purchaser.

3B(5). UCC Searches.

PIM and the Purchasers shall have received certified copies of Requests for Information or Copies (Form UCC-11) or equivalent reports listing all effective financing statements which name the Company, the Subsidiary Guarantors or any Active Subsidiary (under its present name and previous names) as debtor and which are filed in the offices of the Secretaries of State of each state in which the Company or any Subsidiary has its executive office or property located therein, together with copies of such financing statements.

3B(6). Private Placement Number.

A Private Placement number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes of each Series to be purchased on such Closing Day.

4. PREPAYMENTS.

The Series A Notes and any Shelf Notes shall be subject to required prepayment as and to the extent provided in paragraphs 4A and 4B, respectively. The Series A Notes and any Shelf Notes shall also be subject to prepayment under the circumstances set forth in paragraph 4C.

4A. Required Prepayments of Series A Notes. Until the Series A Notes shall be paid in full, the Company shall apply to the prepayment of the principal amount of the Series A Notes, without Yield-Maintenance Amount, the sum of $12,000,000 on June 2 of each year, commencing on June 2, 2007 through and including June 2, 2010, and such principal amounts of

the Series A Notes, together with interest thereon to the payment dates, shall become due on such payment dates. The remaining unpaid principal amount of the Series A Notes, together with interest accrued thereon, shall become due on the maturity date of the Series A Notes.

4B. Required Prepayments of Shelf Notes.

Each Series of Shelf Notes shall be subject to required prepayments, if any, set forth in the Notes of such Series.

4C. Optional Prepayment.

The Notes of each Series shall be subject to prepayment, in whole at any time or from time to time in part (in integral aggregate multiples of $100,000 and in a minimum aggregate amount of $5,000,000) at the option of the Company, at 100% of the principal amount so prepaid plus interest thereon to the prepayment date and the Yield-Maintenance Amount, if any, with respect to each such Note. Any partial prepayment of a Series of the Notes pursuant to this paragraph 4C shall be applied in satisfaction of remaining required payments of principal on a pro rata basis.

4D. Notice of Optional Prepayment.

The Company shall give the holder of each Note of a Series to be prepaid pursuant to paragraph 4C irrevocable written notice of such prepayment not less than five Business Days prior to the prepayment date, specifying (i) such prepayment date, (ii) the aggregate principal amount of the Notes of such Series to be prepaid on such date, (iii) the principal amount of the Notes of such Series held by such holder to be prepaid on that date and (iv) that such prepayment is to be made pursuant to paragraph 4C. Notice of prepayment having been given as aforesaid, the principal amount of the Notes specified in such notice, together with interest thereon to the prepayment date and together with the Yield-Maintenance Amount, if any, herein provided, shall become due and payable on such prepayment date. The Company shall, on or before the day on which it gives written notice of any prepayment pursuant to paragraph 4C, give telephonic notice of the principal amount of the Notes to be prepaid and the prepayment date to each holder of the Notes of such Series which shall have designated a recipient for such notices in the Purchaser Schedule attached hereto or the applicable Confirmation of Acceptance or by notice in writing to the Company.

4E. Partial Payments Pro Rata.

In the case of each prepayment of less than the entire unpaid principal amount of all outstanding Notes of any Series pursuant to paragraphs 4A or 4C, the amount to be prepaid shall be applied pro rata to all outstanding Notes of such Series (including, for the purpose of this paragraph 4E only, all Notes prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates other than by prepayment pursuant to paragraph 4A or 4C) according to the respective outstanding principal amounts thereof.

4F. Retirement of Notes.

The Company shall not, and shall not permit any of its Subsidiaries or Affiliates to, prepay or otherwise retire in whole or in part prior to their stated final maturity (other than by prepayment pursuant to paragraphs 4A, 4B or 4C or upon acceleration of such final maturity pursuant to paragraph 7A), or purchase or otherwise acquire, directly or indirectly, Notes of any Series held by any holder unless the Company or such Subsidiary or Affiliate shall have offered to prepay or otherwise retire or purchase or otherwise acquire, as the case may be, the same proportion of the aggregate principal amount of Notes of such Series held by each other holder of Notes of such Series at the time outstanding upon the same terms and conditions. Any Notes so prepaid or otherwise retired or purchased or otherwise acquired by the Company or any of its Subsidiaries or Affiliates shall not be deemed to be outstanding for any purpose under this Agreement, except as provided in paragraph 4E.

5. AFFIRMATIVE COVENANTS.

During the Issuance Period and so long thereafter as any Note or other amount owing under this Agreement or any other Transaction Document shall remain unpaid, the Company covenants as follows:

5A. Financial Statements; Notice of Defaults.

The Company covenants that it will deliver to each holder of any Notes:

(i) as soon as practicable and in any event within 45 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly period), consolidated statements of income and cash flows of the Company and its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, setting forth in each case in comparative form figures for the corresponding period in the preceding fiscal year, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly period, all in reasonable detail and prepared in accordance with GAAP and certified by an authorized financial officer of the Company as fairly presenting, in all material respects, the consolidated financial position of the companies being reported on their consolidated results of operations and changes in financial position, subject to changes resulting from year-end adjustments;

(ii) as soon as practicable and in any event within 90 days after the end of each fiscal year, consolidated statements of income, cash flows and shareholders' equity of the Company and its Subsidiaries for such year, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and prepared in accordance with GAAP and reported on by independent public accountants of recognized national standing, selected by the Company whose report shall be without a "going concern" or like qualification or exception and without limitation as to scope of the audit;

(iii) promptly upon their becoming available, (i) each financial statement, report, notice or proxy statement sent by the Company or any Subsidiary to public securities holders generally, and (ii) each regular or periodic report, each registration statement (without exhibits except as expressly required by such holder), and each prospectus and all amendments thereto filed by the Company or any Subsidiary with the Securities and Exchange Commission and of all press releases and other statements made available generally by the Company or any Subsidiary to the public concerning developments that are material in relation to the business, operations, affairs, financial condition, assets, properties or prospects of the Company and its Subsidiaries taken as a whole;

(iv) promptly upon receipt thereof, a copy of any other credit agreement or similar agreement to which the Company or any Subsidiary is a party not previously delivered pursuant to which the credit commitments available to the Company or any Subsidiary, individually or in the aggregate, and/or outstanding principal indebtedness incurred equals or exceeds $5,000,000, a copy of each notice of default or noncompliance received by the Company or any of its Subsidiaries with respect thereto, and promptly following execution and delivery thereof, a copy of any amendment, waiver or other modification of any such agreement;

(v) promptly upon receipt thereof, a copy of each other report pertaining to material items submitted to the Company or any Subsidiary by independent accountants in connection with any annual, interim or special audit made by them of the books of the Company or any Subsidiary;

(vi) within 60 days after the end of each fiscal year, (a) a copy of the Company's and its Subsidiaries' consolidated budget for the forthcoming fiscal year, in form and substance satisfactory to PIM, and (b) a summary forecast covering the period for the forthcoming fiscal year and two additional years (three years in total); and

(vii) with reasonable promptness, such other financial data as any holder of the Notes may reasonably request.

Together with each delivery of financial statements required by clause (i) above, the Company will deliver to each holder of Notes an Officer's Certificate demonstrating (with computations in reasonable detail) compliance by the Company and its Subsidiaries with the provisions of paragraphs 6A, 6B, 6D, 6E and 6F and stating that there exists no Event of Default or Default, or, if any Event of Default or Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto.

Together with each delivery of financial statements required by clause (ii) above, the Company will deliver to each holder of Notes (a) an Officer's Certificate demonstrating (with any computations in reasonable detail) compliance by the Company and its Subsidiaries with the provisions of paragraphs 6A, 6B, 6D, 6E and 6F and stating that there exists no Event of Default or Default, or, if any Event of Default or Default exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto and (b) a certificate of such accountants stating that, in making the audit necessary for their report on such financial statements, they have obtained no knowledge of any Event of Default or Default, or, if they have obtained knowledge of any Event of Default or Default, specifying the nature and period of existence thereof. Such accountants, however, shall not be liable to anyone by reason of their failure to obtain knowledge of any Event of Default or Default which would not be disclosed in the course of an audit conducted in accordance with generally accepted auditing standards.

5B. Notices; Reports.

The Company shall, and shall cause each Subsidiary to:

(i) As soon as practicable, and in any event no later than 5 days after any Responsible Officer obtains knowledge of (a) the occurrence of any Default or Event of Default, (b) the existence of any threatened or pending litigation, suit or administrative proceeding affecting the Company or any Subsidiary which might have a Material Adverse Effect, (c) a material labor dispute resulting in or threatening to result in a strike, slow down or work stoppage of any kind against the Company or any Subsidiary, or (d) any other event or circumstance which could reasonably be expected to result in a Material Adverse Effect, it will deliver to each holder of the Notes an Officer's Certificate specifying the nature and period of existence thereof, the effect, if any, of such event or circumstance on the results of operations, condition (financial or otherwise) or the ability of each Credit Party to comply with the Transaction Documents to which such Credit Party is a party, and what action the Company proposes to take with respect thereto; and

(ii) Promptly upon the transmission thereof by any Credit Party of any information, reports, statements or other information provided by such Credit Party to the Bank pursuant to the requirements of the Bank Credit Agreement, it shall deliver a copy thereof to each holder of the Notes.

5C. Inspection of Property.

The Company covenants that it will permit any Person designated by any holder of any Notes to visit and inspect any of the properties of the Company or its Subsidiaries, to examine the corporate books and financial records of the Company or its Subsidiaries and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of any of such Person with the principal officers of such Person and its independent public accountants, all at

such reasonable times and as often as such holder may reasonably request. The fees and costs of such visits, inspections and examinations incurred by or for the account of any such designated Person shall be at the expense of the Company if a Default or an Event of Default exists, or at the expense of the holder of such Notes if no Default or Event of Default exists.

5D. Information Required by Rule 144A.

The Company covenants that it will, upon the request of the holder of any Note, provide such holder, and any qualified institutional buyer designated by such holder, such financial and other information as such holder may reasonably determine to be necessary in order to permit compliance with the information requirements of Rule 144A under the Securities Act in connection with the resale of Notes, except at such times as the Company is subject to and in compliance with the reporting requirements of section 13 or 15(d) of the Exchange Act. For the purpose of this paragraph 5D, the term "qualified institutional buyer" shall have the meaning specified in Rule 144A under the Securities Act.

5E. Maintenance of Properties; Preservation of Rights.

The Company covenants that it will, and will cause each of its Subsidiaries to, (i) maintain and keep, or cause to be maintained and kept, all properties useful or necessary to the business of the Company or such Subsidiary, as the case may be, in good repair, working order and condition (other than ordinary wear and tear), and (ii) maintain and preserve all licenses, permits, governmental approvals, rights, privileges and franchises necessary or desirable for the normal conduct of its business. The Company shall notify the holders from time to time of the Notes thirty (30) days in advance of any change in the location of any of its places of business or of the establishment of any new, or the discontinuance of any existing, place of business of the Company or any Subsidiary.

5F. Compliance With Laws.

The Company covenants that it will, and will cause each of its Subsidiaries to, comply in a timely fashion with (a) all applicable laws, rules, regulations, decrees and orders of all federal, state or local courts or governmental agencies, authorities, instrumentalities or regulatory bodies (including, without limitation, ERISA, the USA Patriot Act, Environmental Laws and the Fair Labor Standards Act, as amended), and (b) all material agreements to which it is a party, other than such requirements or agreement with respect to which the non-compliance of the Company or such Subsidiary will not have a Material Adverse Effect. Without limitation of the foregoing, the Company will not, and will not permit any of its Subsidiaries to, become a Person described in section 1 of the Anti-Terrorism Order, or engage in any dealings or transactions, or otherwise be associated with, any such Person.

5G. Insurance.

The Company covenants that it will, and will cause each of its Subsidiaries to, maintain, with financially sound and reputable insurers, insurance in such amounts and against such liabilities and hazards as is customarily maintained by other companies operating similar businesses.

5H. Payment of Taxes and Claims.

The Company will, and will cause each Subsidiary to, pay and discharge when due all taxes, assessments and other governmental charges imposed upon it or any of its properties or assets or in respect of any of its franchises, business, income or profits before any penalty or interest accrues thereon, including without limitation federal and state income taxes and state and local property taxes and assessments and all claims (including claims for labor services, materials and supplies) for sums that have become due and payable and which by law have or might become a Lien upon any of its properties or assets; *provided*, that no such charge or claim need be paid if subject to a Good Faith Contest.

5I. Subsequent Guarantors; Release of Guarantors.

Within the earlier of (i) 10 days after any Person (including any Person holding assets acquired from TRS) becomes an Active Subsidiary and (ii) concurrent with such time as such Person becomes obligated under a Guarantee of any other credit facility, the Company will cause such Person to (a) become a party to the Multiparty Guaranty and the Indemnity and Contribution Agreement, and (b) execute and deliver to each holder of Notes an opinion of counsel (as to the due organization, valid existence and good standing of such Person; the power and authority and due authorization of such Person to execute, deliver and perform its obligations under each such Transaction Document; and the enforceability against such Person of its obligations under each such Transaction Document) and a certificate accompanying authorizing resolutions and corporate or similar documents of such Person, each of foregoing in form and substance satisfactory to the Required Holders. If any Subsidiary Guarantor ceases to be a Subsidiary and if, after giving effect thereto, no Default or Event of Default then exists, then the Company may deliver to PIM a certificate of a Responsible Officer to both such effects and, upon the later of (i) such delivery and (ii) concurrently with such time as that Subsidiary Guarantor has been released from all of its obligations under each Guarantee of other credit facilities, that Subsidiary Guarantor automatically shall be released from all of its obligations under the Multiparty Guaranty and that Subsidiary Guarantor shall no longer be a party to the Indemnity and Contribution Agreement, in each case without further approval of or action by any holder of any Notes.

5J. Covenant to Secure Notes Equally.

The Company covenants that if it or any Subsidiary shall create or assume any Lien upon any of its property or assets, whether now owned or hereafter acquired (other than Liens permitted under paragraph 6E), it will promptly notify each holder of Notes of such occurrence

and, upon the request of the Required Holders, make or cause to be made effective provision whereby the Notes will be secured by such Lien equally and ratably with any and all other Funded Debt thereby secured so long as any such other Funded Debt shall be so secured.

6. NEGATIVE COVENANTS.

During the Issuance Period and so long thereafter as any Note or other amount owing under this Agreement or any other Transaction Document shall remain unpaid, the Company covenants as follows:

6A. Financial Covenants.

6A(1). Minimum Tangible Net Worth.

The Company will not permit Tangible Net Worth, calculated as of the last day of each fiscal quarter, to be less than the sum of (i) $127,500,000, plus (ii) 50% of the Net Income (but only if a positive number) for each fiscal quarter ended subsequent to December 31, 2003, plus (iii) 90% of the net cash proceeds from the issuance of the Company's capital stock after December 31, 2003, excluding the first $2,000,000 of such proceeds from the exercise of stock options after December 31, 2003.

6A(2). Leverage Ratio.

The Company will not permit the ratio, calculated as of the last day of each fiscal quarter during the applicable period set forth below, of (i) Funded Debt as of such date to (ii) EBITDA for the period of four consecutive fiscal quarters of the Company ended as of such date, to be greater than the ratio set forth opposite such period:

Period	Ratio
Series A Closing Date through March 30, 2005	2.50:1.00
March 31, 2005 through March 30, 2006	2.25:1.00
March 31, 2006 and thereafter	2.00:1.00

For purpose of this paragraph 6A(2), Funded Debt shall exclude Funded Debt created under the Multiparty Guaranty or under a Guarantee of the obligations of the Company under the Bank Credit Agreement or the Sweep.

6A(3). Consolidated Fixed Charge Coverage Ratio.

The Company will not permit the ratio, calculated as of the last day of each fiscal quarter during the applicable period set forth below, of (i) EBITDA for the period of four consecutive fiscal quarters of the Company ended as of such date to (ii) Fixed Charges calculated as of such date, to be less than the ratio set forth opposite such period:

Period	Ratio
Series A Closing Date through December 31, 2004	1.50:1.00
January 1, 2005 through December 31, 2005	1.75:1.00
January 1, 2006 and thereafter	2.00:1.00

6B. Merger and Consolidation; Transfer of Assets.

The Company will not, and will not permit any Subsidiary to, consolidate or merge with or into, or Transfer any of its assets to, any other Person, except that, so long as no Default or Event of Default has occurred and is continuing or would result from any such event:

(i) the Company or any Subsidiary may sell inventory in the ordinary course of business;

(ii) any Subsidiary may consolidate or merge with or into the Company; provided that the Company is the continuing or surviving corporation;

(iii) any Subsidiary may consolidate or merge with or into any other wholly-owned Subsidiary or Active Subsidiary; provided that such wholly-owned Subsidiary or Active Subsidiary is the continuing or surviving corporation;

(iv) the Company or a Subsidiary may acquire another entity in a consensual, negotiated transaction that is structured as a merger with such other entity if the Company has furnished to the holders of Notes a written statement certified by a Responsible Officer demonstrating, in reasonable detail, that after giving effect to the consummation of such transaction, the Company and its Subsidiaries will remain in compliance with each of the financial tests set forth in paragraph 6A;

(v) any Subsidiary may Transfer assets to the Company, an Active Subsidiary or a wholly-owned Subsidiary;

(vi) the Company may Transfer assets to an Active Subsidiary or a wholly-owned Subsidiary;

(vii) the Company or any Subsidiary may sell worn-out, obsolete or surplus property (each to be determined by the Company or such Subsidiary in its reasonable judgment); and

(viii) the Company or any Subsidiary may otherwise Transfer assets; provided that after giving effect thereto (a) the Annual Percentage of Assets Transferred pursuant to this clause (viii) shall not exceed 10%, and (b) the Cumulative Percentage of Assets Transferred pursuant to this clause (viii) shall not exceed 30%.

6C. Nature of Business; Public Company Status.

The Company will not, and will not permit any of its Active Subsidiaries to, materially change the nature of its business. The Company will not cease to be a publicly held company.

6D. Sale of Stock and Indebtedness of Subsidiaries.

The Company will not, and will not permit any Subsidiary to, sell or otherwise dispose of, or part with control of, any shares of stock, partnership interests, membership interests or other equity interests in, or indebtedness of, any Subsidiary (in the case of the Company) or any other Subsidiary (in the case of a Subsidiary), *except* the sale of all equity interests and indebtedness of any Subsidiary at the time owned by or owed to the Company and one or more Subsidiaries sold as an entirety; *provided* that (a) such sale or other disposition is treated as a Transfer of assets of such Subsidiary and is permitted by paragraph 6B, and (b) at the time of such sale, such Subsidiary shall not own, directly or indirectly, any equity interests or indebtedness of any other Subsidiary (unless all of the equity interests and indebtedness of such other Subsidiary owned, directly or indirectly, by the Company and all Subsidiaries are simultaneously being sold as permitted by this paragraph 6D).

6E. Liens.

Neither the Company nor any of its Subsidiaries shall mortgage, pledge, grant, assume or permit to exist any Lien on property of the Company or any Subsidiary now or hereafter acquired, *except*:

(i) Liens in existence on the date hereof and disclosed on Schedule 6E or any Lien which replaces such a Lien; provided that the principal amount of the indebtedness secured by the replacing Lien does not exceed the principal amount at the time of replacement of the existing Lien, or cover property other than the property covered by the existing Lien;

(ii) Liens of carriers, warehousemen, mechanics, landlords, materialmen, suppliers, tax, assessments, other governmental charges and other like Liens arising in the ordinary course of business securing obligations that are not incurred in connection with the obtaining of any advance or credit and which are not overdue or are subject to a Good Faith Contest;

(iii) Liens arising in connection with workmen’s compensation, unemployment insurance, appeal and release bonds and progress payments under government contracts;

(iv) the giving, simultaneously with or within 90 days after the acquisition or construction of real property or tangible personal property, of any purchase money Lien (including vendors’ rights under purchase contracts under agreements whereby title is retained for the purpose of securing the purchase price thereof) on real property or tangible personal property hereafter acquired or constructed and not heretofore owned by the Company or any Subsidiary, or the acquiring hereafter of real property or personal tangible property not heretofore owned by the Company or any Subsidiary subject to any then existing Lien (whether or not assumed); provided that (a) in each such case such Lien is limited to such acquired or constructed real or tangible personal property, and (b) the Company is and remains in compliance with paragraph 6F;

(v) judgment Liens in existence less than 30 days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full by insurance; and

(vi) Liens arising from Real Property Debt; provided that the Company is and remains in compliance with paragraph 6F.

6F. Priority Debt.

The Company will not permit at any time Priority Debt to exceed 15% of Tangible Net Worth.

6G. Prepayment.

The Company will not, and will not permit any of its Subsidiaries to, prepay any Funded Debt (other than Funded Debt evidenced by the Notes and Funded Debt under and pursuant to the Bank Credit Agreement or the Sweep), or enter into or modify any agreement as a result of which the terms of payment of the Funded Debt (other than Funded Debt evidenced by the Notes and Funded Debt under and pursuant to the Bank Credit Agreement or the Sweep) are waived or modified unless such prepayment or modification will have no Material Adverse Effect.

6H. Related Party Transactions.

The Company will not, and will not permit any Subsidiary to, directly or indirectly, purchase, acquire or lease any property from, or sell, transfer or lease any property to, pay or agree to pay any management, advisory, consulting or other fees to, or otherwise deal with, in the ordinary course of business or otherwise, any Related Party other than on fair and reasonable terms and conditions at least as favorable to the Company or such Subsidiary as those that would be obtained through an arm's-length negotiation with an unaffiliated third party.

6I. Misrepresentations.

The Company will not, and will not permit any of its Subsidiaries to, furnish PIM or any holder of a Note any certificate or other document that contains any untrue statement of material fact or that will omit to state a material fact necessary to make it not misleading in light of the circumstances under which its was furnished.

6J. Use of Proceeds.

The Company will not use any of the proceeds from the sale of the Notes except, in the case of the Series A Notes for the purposes set forth in paragraph 8I and, in the case of any Shelf Notes, for the purpose set forth in the applicable Request for Purchase. In no event will the proceeds from the sale of any Notes be used to fund a Hostile Tender Offer.

7. EVENTS OF DEFAULT.

7A. Acceleration.

If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise):

(i) the Company defaults in the payment of any principal of, or Yield-Maintenance Amount payable with respect to, any Note when the same shall become due, either by the terms thereof or otherwise as herein provided; or

(ii) the Company defaults in the payment of any interest on any Note for more than five days after the date due; or

(iii) any Credit Party or any Subsidiary of a Credit Party defaults (whether as primary obligor or as guarantor or other surety) in any payment of principal of or interest on any other obligation for money borrowed (or any Capitalized Lease Obligation, any obligation under a conditional sale or other title retention agreement, any obligation issued or assumed as full or partial payment for property whether or not secured by a purchase money mortgage or any obligation under notes payable or drafts accepted representing extensions of credit) beyond any period of grace provided with respect thereto, or any Credit Party or any Subsidiary of a Credit Party fails to perform or observe any other agreement, term or condition contained in any agreement under which any such obligation is created (or if any other event thereunder or under any such agreement shall occur and be continuing) and the effect of such failure or other event is to cause, or to permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, such obligation to become due (or to be repurchased by any Credit Party or any Subsidiary of a Credit Party) prior to any stated maturity; provided that the aggregate amount of all obligations as to which such a payment default shall occur and be continuing or such a failure or other event causing or permitting acceleration (or resale to any Credit Party or any Subsidiary of a Credit Party) shall occur and be continuing exceeds $500,000; or

(iv) any representation or warranty made by any Credit Party herein or in any of the other Transaction Documents, or by any Credit Party or any of the officers of any such Credit Party in any writing furnished in connection with or pursuant to this Agreement or any of the other Transaction Documents shall be false in any material respect on the date as of which made; or

(v) the Company fails to perform or observe any agreement contained in paragraphs 5B, 5I, 5J or paragraph 6; or

(vi) any Credit Party fails to perform or observe any other agreement, term or condition contained herein or in any other Transaction Document and such failure shall not be remedied within 30 days after any Responsible Officer obtains actual knowledge thereof; or

(vii) any Credit Party or any Active Subsidiary makes an assignment for the benefit of creditors or is generally not paying its debts as such debts become due; or

(viii) any decree or order for relief in respect of any Credit Party or any Active Subsidiary is entered under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law, whether now or hereafter in effect (herein called the "**Bankruptcy Law**"), of any jurisdiction; or

(ix) any Credit Party or any Active Subsidiary petitions or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a trustee, receiver, custodian, liquidator or similar official of any Credit Party or any Active Subsidiary, or of any substantial part of the assets of any such Person, or commences a voluntary case under the Bankruptcy Law of the United States or any proceedings (other than proceedings for the voluntary liquidation and dissolution of a Subsidiary) relating to any Credit Party or any Active Subsidiary under the Bankruptcy Law of any other jurisdiction; or

(x) any such petition or application is filed, or any such proceedings are commenced, against any Credit Party or any Active Subsidiary and such Credit Party or Active Subsidiary by any act indicates its approval thereof, consent thereto or acquiescence therein, or an order, judgment or decree is entered appointing any such trustee, receiver, custodian, liquidator or similar official, or approving the petition in any such proceedings, and such order, judgment or decree remains unstayed and in effect for more than 30 days; or

(xi) any order, judgment or decree is entered in any proceedings against any Credit Party or any Active Subsidiary decreeing the dissolution of such Credit Party or Active Subsidiary and such order, judgment or decree remains unstayed and in effect for more than 30 days; or

(xii) any order, judgment or decree is entered in any proceedings against any Credit Party or any Active Subsidiary decreeing a split-up of such Credit Party or Active Subsidiary which requires the divestiture of assets representing a substantial part, or the divestiture of the stock of a Subsidiary whose assets represent a substantial part, of the consolidated assets of the Company and its Subsidiaries (determined in accordance with generally accepted accounting principles) or which requires the divestiture of assets, or stock of a Subsidiary, which shall have contributed a substantial part of the consolidated net income of the Company and its Subsidiaries (determined in accordance with generally accepted accounting principles) for any of the three fiscal years then most recently ended, and such order, judgment or decree remains unstayed and in effect for more than 30 days; or

(xiii) one or more final judgments in an aggregate amount in excess of $500,000 in any one (1) year period is rendered against any Credit Party or any Subsidiary of any Credit Party and, within 30 days after entry thereof, any such judgment is not discharged or execution thereof stayed pending appeal, or within 30 days after the expiration of any such stay, such judgment is not discharged; or

(xiv) (A) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under Section 412 of the Code, (B) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA Section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified any Credit Party, any Subsidiary of any Credit Party or any ERISA Affiliate that a Plan may become a subject of such proceedings, (C) the aggregate "**amount of unfunded benefit liabilities**" (within the meaning of Section 4001(a)(18) of ERISA) under all Plans of any Credit Party or any Subsidiary of any Credit Party, determined in accordance with Title IV of ERISA, shall exceed $500,000, (D) any Credit Party, any Subsidiary of any Credit Party or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (E) any Credit Party, any Subsidiary of any Credit Party or any ERISA Affiliate withdraws from any Multiemployer Plan, or (F) any Credit Party, any Subsidiary of any Credit Party establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would materially increase the liability of any Credit Party or any Subsidiary of any Credit Party thereunder; and any such event or events described in clauses (A) through (F) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(xv) any of the Transaction Documents shall cease for any reason to be in full force and effect or any party thereto (other than any holder from time to time of a Note) shall purport to disavow its obligations thereunder, shall declare that it does not have any further obligation thereunder or shall contest the validity or enforceability thereof;

then (a) if such event is an Event of Default specified in clause (i) or (ii) of this paragraph 7A, any holder of any Note may at its option during the continuance of such Event of Default, by notice in writing to the Company, declare all of the Notes held by such holder to be, and all of the Notes held by such holder shall thereupon be and become, immediately due and payable at par together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, payable with respect to such Notes, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company, (b) if such event is an Event of Default specified in clause (viii), (ix) or (x) of this paragraph 7A with respect to the Company, all of the Notes at the time outstanding shall automatically become immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, payable with respect to the Notes, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company and (c) with respect to any event constituting an Event of Default (including an Event of Default described in clause (i) or (ii) of this paragraph 7A), the Required Holder(s) of the Notes of any Series may at its or their option during the continuance of such Event of Default, by notice in writing to the Company, declare all of the Notes of such Series to be, and all of the Notes of such Series shall thereupon be and become, immediately due and payable together with interest accrued thereon and together with the Yield-Maintenance Amount, if any, with respect to each Note of such Series, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Company.

7B. Rescission of Acceleration.

At any time after any or all of the Notes of any Series shall have been declared immediately due and payable pursuant to paragraph 7A, the Required Holder(s) of the Notes of such Series may, by notice in writing to the Company, rescind and annul such declaration and its consequences if (i) the Company shall have paid all overdue interest on the Notes of such Series, the principal of and Yield-Maintenance Amount, if any, payable with respect to any Notes of such Series which have become due otherwise than by reason of such declaration, and interest on such overdue interest and overdue principal and Yield-Maintenance Amount at the rate specified in the Notes of such Series, (ii) the Company shall not have paid any amounts which have become due solely by reason of such declaration, (iii) all Events of Default and Defaults, other than non-payment of amounts which have become due solely by reason of such declaration, shall have been cured or waived pursuant to paragraph 11C, and (iv) no judgment or decree shall have been entered for the payment of any amounts due pursuant to the Notes of such Series or this Agreement. No such rescission or annulment shall extend to or affect any subsequent Event of Default or Default or impair any right arising therefrom.

7C. Notice of Acceleration or Rescission.

Whenever any Note shall be declared immediately due and payable pursuant to paragraph 7A or any such declaration shall be rescinded and annulled pursuant to paragraph 7B, the Company shall forthwith give written notice thereof to the holder of each Note at the time outstanding.

7D. Other Remedies.

If any Event of Default or Default shall occur and be continuing, the holder of any Note may proceed to protect and enforce its rights under this Agreement and such Note and the other Transaction Documents by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any covenant or other agreement contained in this Agreement or any other Transaction Document or in aid of the exercise of any power granted in this Agreement or any other Transaction Document. No remedy conferred in this Agreement or any other Transaction Document upon the holder of any Note is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein, in any other Transaction Document or now or hereafter existing at law or in equity or by statute or otherwise.

8. REPRESENTATIONS, COVENANTS AND WARRANTIES.

The Company represents, covenants and warrants as follows:

8A. Organization.

The Company is a corporation duly organized and existing in good standing under the laws of the State of California, each other Credit Party is duly organized and existing in good standing under the laws of the jurisdiction in which it is formed. Schedule 8A hereto is an accurate and complete list as of the Series A Closing Day of all Subsidiaries as of the date hereof, including the jurisdiction of organization and ownership of all such Subsidiaries. The Company and each Subsidiary has the corporate power to own its respective properties and to carry on its respective businesses as now being conducted and is duly qualified and authorized to do business in each other jurisdiction in which the character of its respective properties or the nature of its respective businesses require such qualification or authorization except where the failure to be so qualified or authorized could not reasonably be expected to have a Material Adverse Effect.

8B. Financial Statements.

The Company has furnished each Purchaser of the Series A Notes and any Accepted Shelf Notes with the following financial statements: (i) consolidated balance sheets of the Company and its Subsidiaries as at December 31st in each of the three fiscal years of the Company most recently completed prior to the date as of which this representation is made or repeated to such Purchaser (other than fiscal years completed within 90 days prior to such date for which audited financial statements have not been released) and consolidated statements of income, cash flows and shareholders' equity of the Company and its Subsidiaries for each such year, all reported on by Arthur Andersen LLP (in the case such financial statements for the fiscal year ended December 31, 2001) or by Grant Thornton LLP (in the case of all such financial statements for each fiscal year ended after December 31, 2001) and (ii) consolidated balance sheets of the Company and its Subsidiaries as at the end of the quarterly period (if any) most recently completed prior to such date and after the end of such fiscal year (other than quarterly periods completed within 45 days prior to such date for which financial statements have not been released) and the comparable quarterly period in the preceding fiscal year and consolidated statements of income, cash flows and shareholders' equity for the periods from the beginning of the fiscal years in which such quarterly periods are included to the end of such quarterly periods, prepared by the Company. Such financial statements (including any related schedules and/or notes) are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in accordance with GAAP consistently followed throughout the periods involved and show all liabilities, direct and contingent, of the Company and its Subsidiaries required to be shown in accordance with such principles. The balance sheets fairly present the consolidated condition of the Company and its Subsidiaries as at the dates thereof, and the statements of income, stockholders' equity and cash flows fairly present the results of the operations of the Company and its Subsidiaries and their cash flows for the periods indicated. There has been no material adverse change in the business, property or assets, financial condition, operations or prospects of the Company or its Subsidiaries taken as a whole since the end of the most recent fiscal year for which such audited financial statements have been furnished.

8C. Actions Pending.

There is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against any of the Credit Parties or any Subsidiaries or any properties or rights of such Persons, by or before any court, arbitrator or administrative or governmental body which could reasonably be expected to have a Material Adverse Effect.

8D. Outstanding Funded Debt.

The Credit Parties do not have outstanding any Funded Debt except as permitted by paragraphs 6A(2) and 6F. There exists no default under the provisions of any instrument evidencing such indebtedness or of any agreement relating thereto.

8E. Title to Properties.

Each of the Credit Parties and Subsidiaries has good and marketable title to its respective real properties and good and merchantable title to all of its other respective properties and assets, including the properties and assets reflected in the most recent audited balance sheet referred to in paragraph 8B (other than properties and assets disposed of in the ordinary course of business), subject to no Lien of any kind except Liens permitted by paragraph 6E. All leases necessary in any material respect for the conduct of the respective businesses of the Credit Parties and Subsidiaries are valid and subsisting and are in full force and effect.

8F. Taxes.

Each of the Credit Parties and Subsidiaries has filed all federal, state and other income tax returns which, to the best knowledge of the officers of such Credit Parties are required to be filed, and each has paid all taxes as shown on such returns and on all assessments received by it to the extent that such taxes have become due, except such taxes as are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP. The Company has no knowledge of any pending assessments or adjustments of its income tax payable with respect to any year that could, with reasonable likelihood, have a Material Adverse Effect.

8G. Conflicting Agreements and Other Matters.

None of the Credit Parties or Active Subsidiaries is a party to any contract or agreement or subject to any restriction which materially and adversely affects its business, property or assets, condition (financial or otherwise) or operations. Neither the execution and delivery of this Agreement, the Notes or any other Transaction Document, nor the offering, issuance and

sale of the Notes, nor the fulfillment of, nor the compliance with, the terms and provisions hereof and of the Notes will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of any Credit Party or Subsidiary pursuant to the charter or by-laws (or comparable governing documents) of any such Person, any award of any arbitrator or any agreement (including any agreement with equityholders of such Persons), instrument, order, judgment, decree, statute, law, rule or regulation to which such Person is subject. None of the Credit Parties or any Active Subsidiaries is a party to, or otherwise subject to any provision contained in, any instrument evidencing Funded Debt of such Person, any agreement relating thereto or any other contract or agreement (including its charter) which limits the amount of, or otherwise imposes restrictions on the incurring of, Funded Debt of such Person of the type to be evidenced by the Notes or created by the Multiparty Guaranty except as set forth in the agreements listed in Schedule 8G attached hereto (as such Schedule 8G may have been modified from time to time by written supplements thereto delivered by the Company to PIM).

8H. Offering of Notes.

Neither the Company nor any agent acting on its behalf has, directly or indirectly, offered the Notes or any similar security of the Company for sale to, or solicited any offers to buy the Notes or any similar security of the Company from, or otherwise approached or negotiated with respect thereto with, any Person other than PIM and the Purchasers, and neither the Company nor any agent acting on its behalf has taken or will take any action which would subject the issuance, offer or sale of the Notes to the provisions of Section 5 of the Securities Act or to the provisions of any securities or Blue Sky law of any applicable jurisdiction.

8I. Use of Proceeds.

The proceeds of the Series A Notes will be used to (i) refinance a portion of certain existing Funded Debt of the Company, (ii) provide working capital and funds for other corporate purposes, and (iii) to finance the acquisition of TRS. None of the proceeds of the sale of any Notes will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any “margin stock” as defined in Regulation U of the Board of Governors of the Federal Reserve System (herein called “margin stock”) or for the purpose of maintaining, reducing or retiring any indebtedness which was originally incurred to purchase or carry any stock that is then currently a margin stock or for any other purpose which would constitute the purchase of such Notes a “purpose credit” within the meaning of such Regulation U. Neither the Company nor any agent acting on its behalf has taken or will take any action which might cause this Agreement or the Notes to violate Regulation U, Regulation T or any other regulation of the Board of Governors of the Federal Reserve System or to violate the Exchange Act, in each case as in effect now or as the same may hereafter be in effect.

8J. ERISA.

No accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), whether or not waived, exists with respect to any Plan (other than a Multiemployer

Plan). No liability to the Pension Benefit Guaranty Corporation has been or is expected by the Credit Parties, any Subsidiary or any ERISA Affiliate to be incurred with respect to any Plan (other than a Multiemployer Plan) by the Credit Parties, any Subsidiary or any ERISA Affiliate which is or would be materially adverse to the business, property or assets, condition (financial or otherwise) or operations of the Credit Parties and Subsidiaries taken as a whole. Neither the Credit Parties, any Subsidiary nor any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan which is or would be materially adverse to the business, property or assets, condition (financial or otherwise) or operations of the Credit Parties and Subsidiaries taken as a whole. The execution and delivery of this Agreement and the issuance and sale of the Notes will be exempt from or will not involve any transaction which is subject to the prohibitions of section 406 of ERISA and will not involve any transaction in connection with which a penalty could be imposed under section 502(i) of ERISA or a tax could be imposed pursuant to section 4975 of the Code. The representation by the Company in the next preceding sentence is made in reliance upon and subject to the accuracy of the representation of each Purchaser in paragraph 9B as to the source of funds to be used by it to purchase any Notes.

8K. Governmental Consent.

Neither the nature of the Credit Parties or any Subsidiary, nor any of their respective businesses or properties, nor any relationship between any of the Credit Parties or any Subsidiary and any other Person, nor any circumstance in connection with the offering, issuance, sale or delivery of the Notes or the use of the proceeds thereof is such as to require any authorization, consent, approval, exemption or any action by or notice to or filing with any court or administrative or governmental body (other than routine filings after the Closing Day for any Notes with the Securities and Exchange Commission and/or state Blue Sky authorities) in connection with the execution and delivery of this Agreement and the other Transaction Documents, the offering, issuance, sale or delivery of the Notes or fulfillment of or compliance with the terms and provisions hereof or of any other Transaction Document.

8L. Compliance With Laws.

The Company and its Subsidiaries and all of their respective properties and facilities have complied at all times and in all respects with all foreign, federal, state, local and regional statutes, laws, ordinances and judicial or administrative orders, judgments, rulings and regulations, including all Environmental Laws and the Fair Labor Standards Act except, in any such case, where failure to comply could not, with reasonable likelihood, have a Material Adverse Effect.

8M. Foreign Assets Control Regulations, etc.

(i) Neither the sale of the Notes by the Company hereunder nor its use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(ii) Neither the Company nor any Subsidiary (a) is, or will become, a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (b) engages or will engage in any dealings or transactions, or is or will be otherwise associated, with any such Person. The Company and its Subsidiaries are in compliance, in all material respects with the USA Patriot Act.

(iii) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Company.

8N. Disclosure.

Neither this Agreement or any of the other Transaction Documents nor any other document, certificate or statement furnished to PIM or any Purchaser by or on behalf of any Credit Party or any Subsidiary in connection herewith or in connection with the issuance of the Notes contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact peculiar to any Credit Party or any Subsidiary that has or in the future may (so far as the Company can now foresee) have a Material Adverse Effect that has not been set forth herein or in the other documents, certificates and other writings delivered to any Purchaser by or on behalf of any Credit Party specifically for use in connection with the transactions contemplated hereby.

8O. Hostile Tender Offers.

None of the proceeds of the sale of any Notes will be used to finance a Hostile Tender Offer.

8P. Regulatory Status.

Neither any of the Credit Parties nor any Subsidiary (i) is an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, (ii) is a “holding company” or a “subsidiary company” or an “affiliate” of a “holding company” or a “subsidiary company” of a “holding company” within the meaning of the Public Utility Act of 1935, as amended, (iii) is a “public utility” within the meaning of the Federal Power Act, as amended, or (iv) is a Person described by section 1 of the Anti-Terrorism Order or engages in any dealings or transactions, or is otherwise associated, with any such Persons or entities.

8Q. Solvency.

Both before and after giving effect to the transactions contemplated by this Agreement, each of the Company and its Active Subsidiaries is solvent.

8R. Absence of Financing Statements.

Except with respect to Liens permitted by paragraph 6E hereof, there is no financing statement, security agreement, chattel mortgage, real estate mortgage or other document filed or recorded with any filing records, registry or other public office, that purports to cover, affect or give notice of any present or possible future Lien on, or security interest in, any assets or property of the Credit Parties or any rights relating thereto.

9. REPRESENTATIONS OF THE PURCHASERS.

Each Purchaser represents as follows:

9A. Nature of Purchase.

Such Purchaser is purchasing the Notes to be purchased by it hereunder for its own account or for one or more separate accounts or investment funds maintained or managed by it or for the account of one or more pension or trust funds (or commingled pension trust funds) and not with a view to the distribution thereof within the meaning of the Securities Act; *provided* that the disposition of such Purchaser's or such other Person's property shall at all times be and remain within its or their control.

9B. Source of Funds.

At least one of the following statements is an accurate representation as to each source of funds (a "**Source**") to be used by such Purchaser to pay the purchase price of the Notes to be purchased by such Purchaser hereunder:

(i) the Source is an "**insurance company general account**" (as the term is defined in the United States Department of Labor's Prohibited Transaction Exemption ("**PTE**") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the **"NAIC Annual Statement"**)) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(ii) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(iii) the Source is either (a) an insurance company pooled separate account, within the meaning of PTE 90-1 or (b) a bank collective investment fund, within the meaning of the PTE 91-38 and, except as disclosed by such Purchaser to the Company in writing pursuant to this clause (iii), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(iv) the Source constitutes assets of an "**investment fund**" (within the meaning of Part V of PTE 84-14 (the **"QPAM Exemption"**)) managed by a "**qualified professional asset manager**" or "**QPAM**" (within the meaning of Part V of the QPAM Exemption), no employee benefit plan's assets that are included in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Section V(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, exceed 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM (applying the definition of "**control**" in Section V(e) of the QPAM Exemption) owns a 5% or more interest in the Company and (a) the identity of such QPAM and (b) the names of all employee benefit plans whose assets are included in such investment fund have been disclosed to the Company in writing pursuant to this clause (iv); or

(v) the Source constitutes assets of a "**plan(s)**" (within the meaning of Section IV of PTE 96-23 (the **"INHAM Exemption"**)) managed by an "**in-house asset manager**" or "**INHAM**" (within the meaning of Part IV of the INHAM exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of "control" in Section IV(h) of the INHAM Exemption) owns a 5% or more interest in the Company and (a) the identity of such INHAM and (b) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (v); or

(vi) the Source is a governmental plan; or

(vii) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (vii); or

(viii) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this paragraph 9B, the terms “employee benefit plan,” “governmental plan,” and “separate account” shall have the respective meanings assigned to such terms in Section 3 of ERISA.

10. DEFINITIONS; ACCOUNTING MATTERS.

For the purpose of this Agreement, the terms defined in paragraphs 10A and 10B (or within the text of any other paragraph) shall have the respective meanings specified therein and all accounting matters shall be subject to determination as provided in paragraph 10C.

10A. Yield-Maintenance Terms.

“Called Principal” shall mean, with respect to any Note, the principal of such Note that is to be prepaid pursuant to paragraph 4C or becomes immediately due and payable pursuant to paragraph 7A, as the context requires.

“Discounted Value” shall mean, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis on which interest on such Note is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“Reinvestment Yield” shall mean, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by (i) the yields reported, as of 10:00 a.m. (New York City local time) on the Business Day next preceding the Settlement Date with respect to such Called Principal, for actively traded U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date on the display designated as “Page PX1” on Bloomberg Financial Markets (or, if Bloomberg Financial Markets shall cease to report such yields in Page PX1 or shall cease to be PIM’s customary source of information for calculating yield-maintenance amounts on privately placed notes, then such source as is then PIM’s customary source of such information), or if such yields shall not be reported as of such time or the yields reported as of such time shall not be ascertainable, (ii) the Treasury Constant Maturity Series yields reported, for the latest day for which such yields shall have been so reported as of the Business Day next preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (519) (or any comparable successor publication) for actively traded U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. Such implied yield shall be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between yields reported for various maturities. The Reinvestment Yield shall be rounded to that number of decimal places as appears in the applicable Notes.

“Remaining Average Life” shall mean, with respect to the Called Principal of any Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) each Remaining Scheduled Payment of such Called Principal (but not of interest thereon) by (b) the number of

years (calculated to the nearest one-twelfth year) which will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"Remaining Scheduled Payments" shall mean, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due on or after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date.

"Settlement Date" shall mean, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to paragraph 4C or becomes immediately due and payable pursuant to paragraph 7A, as the context requires.

"Yield-Maintenance Amount" shall mean, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Called Principal of such Note over the sum of (i) such Called Principal plus (ii) interest accrued thereon as of (including interest due on) the Settlement Date with respect to such Called Principal. The Yield-Maintenance Amount shall in no event be less than zero.

10B. Other Terms.

"**Acceptance**" shall have the meaning specified in paragraph 2B(5).

"**Acceptance Day**" shall have the meaning specified in paragraph 2B(5).

"**Acceptance Window**" shall have the meaning specified in paragraph 2B(5).

"**Accepted Shelf Note**" shall have the meaning specified in paragraph 2B(5).

"**Active Subsidiary**" shall mean any Subsidiary which owns assets with a fair market value or book value greater than $1,000,000 or is engaged in any operations or business.

"**Affiliate**" shall mean any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, the Company or another specified Person, except a Subsidiary. A Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"**Agreement**" shall mean this Note Purchase and Private Shelf Agreement, together with all exhibits and schedules hereto, as any of the foregoing may be amended, supplemented or otherwise modified from time to time.

"Annual Percentage of Assets Transferred" shall mean, as of any time of determination thereof, the sum of the Percentages of Assets Transferred for each of the assets of the Company or Subsidiaries that has been Transferred during the then current fiscal quarter and the three fiscal quarters immediately preceding the then current fiscal quarter.

"Anti-Terrorism Order" means United States Executive Order 13,224 of September 24, 2001 (Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism), 31 CFR Part 595 et seq., issued by the President of the United States.

"**Authorized Officer**" shall mean (i) in the case of the Company, its chief executive officer, its chief financial officer, any other officer of the Company designated as an "Authorized Officer" of the Company in the Information Schedule attached hereto or any other officer of the Company designated as an "Authorized Officer" of the Company for the purpose of this Agreement in an Officer's Certificate executed by the Company's chief executive officer or chief financial officer and delivered to PIM, and (ii) in the case of PIM, any officer of PIM designated as its "Authorized Officer" in the Information Schedule or any officer of PIM designated as its "Authorized Officer" for the purpose of this Agreement in a certificate executed by one of its Authorized Officers. PIM or the Company may, by written notice to the other given by an Authorized Officer, de-designate any person as one of its Authorized Officers hereunder. Any action taken under this Agreement on behalf of the Company by any individual who on or after the date of this Agreement shall have been an Authorized Officer of the Company and whom PIM in good faith believes to be an Authorized Officer of the Company at the time of such action shall be binding on the Company even though such individual shall have ceased to be an Authorized Officer of the Company, and any action taken under this Agreement on behalf of PIM by any individual who on or after the date of this Agreement shall have been an Authorized Officer of PIM, and whom the Company in good faith believes to be an Authorized Officer of PIM at the time of such action shall be binding on PIM even though such individual shall have ceased to be an Authorized Officer of PIM.

"**Available Facility Amount**" shall have the meaning specified in paragraph 2B(1).

"**Banks**" shall mean, collectively, each financial institution from time to time party to the Bank Credit Agreement acting in the capacity as lender thereunder.

"**Bank Credit Agreement**" shall mean that certain Third Amended and Restated Credit Agreement, dated as of May 7, 2004, by and among the Company, the Banks and Union Bank of California, N.A., in its capacity as Agent for the Banks, together with any renewal or replacement of said Third Amended and Restated Credit Agreement.

"**Bankruptcy Law**" shall have the meaning specified in clause (viii) of paragraph 7A.

"**Business Day**" shall mean any day other than (i) a Saturday or a Sunday, (ii) a day on which commercial banks in New York, New York or San Francisco, California are required or authorized to be closed and (iii) for purposes of paragraph 2B(3) hereof only, a day on which PIM is not open for business.

"**Cancellation Date**" shall have the meaning specified in paragraph 2B(8)(iii).

"**Cancellation Fee**" shall have the meaning specified in paragraph 2B(8)(iii).

"Capitalized Lease Obligation" shall mean, with respect to any Person, any rental obligation which, under GAAP, is or will be required to be capitalized on the books of such Person, taken at the amount thereof accounted for as indebtedness (net of interest expense) in accordance with such principles.

"**Closing Day**" shall mean, with respect to the Series A Notes, the Series A Closing Day and, with respect to any Accepted Shelf Note, the Business Day specified for the closing of the purchase and sale of such Accepted Shelf Note in the Request for Purchase of such Accepted Shelf Note; *provided* that (i) if the Company and the Purchaser which is obligated to purchase such Accepted Shelf Note agree on an earlier Business Day for such closing, the "Closing Day" for such Accepted Shelf Note shall be such earlier Business Day, and (ii) if the closing of the purchase and sale of such Accepted Shelf Note is rescheduled pursuant to paragraph 2B(7), the Closing Day for such Accepted Shelf Note, for all purposes of this Agreement except references to "original Closing Day" in paragraph 2B(8)(ii), shall mean the Rescheduled Closing Day with respect to such Accepted Shelf Note.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended.

"**Company**" shall have the meaning specified in the introductory sentence of this Agreement.

"**Confirmation of Acceptance**" shall have the meaning specified in paragraph 2B(5).

"**Credit Parties**" shall mean the Company and the Subsidiary Guarantors.

"Cumulative Percentage of Assets Transferred" shall mean, as at any time of determination thereof, the sum of the Percentages of Assets Transferred for each asset of the Company or Subsidiaries that has been Transferred from and after the date hereof.

"**Delayed Delivery Fee**" shall have the meaning specified in paragraph 2B(8)(ii).

"**Draw Fee**" shall have the meaning specified in paragraph 2B(8)(i).

"**EBIT**" shall mean, for the Company and its Subsidiaries on a consolidated basis for any period of determination, the sum of (i) Net Income, (ii) provision for income taxes, (iii) interest expense, and (iv) minority interest in the Net Income (if positive) of any Subsidiary, and minus minority interest in the Net Income (if negative) of any Subsidiary.

"**EBITDA**" shall mean, for the Company and its Subsidiaries on a consolidated basis for any period of determination, EBIT minus (i) non-cash items of income, and (ii) extraordinary income, plus (a) depreciation expense, (b) amortization expense, (c) other non-cash charges (provided that to the extent that any non-cash charge subsequently becomes a cash charge, such amount will be deducted in determining EBITDA for such subsequent period), and (d) extraordinary expense; provided that EBITDA shall, in addition, include a pro forma amount attributable to TRS (as defined below) calculated by multiplying $3,500,000 by the number of full months prior to the acquisition of TRS included in the determination of EBITDA.

"Environmental Laws" shall mean all federal, state, local and foreign laws relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or

hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water or land), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes, and any and all regulations, codes, plans, orders, decrees, judgments, injunctions, notices or demand letters issued, entered, promulgated or approved thereunder.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Affiliate**" shall mean any corporation which is a member of the same controlled group of corporations as the Company within the meaning of section 414(b) of the Code, or any trade or business which is under common control with the Company within the meaning of section 414(c) of the Code.

"**Event of Default**" shall mean any of the events specified in paragraph 7A; *provided* that there has been satisfied any requirement in connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act, and "**Default**" shall mean any of such events, whether or not any such requirement has been satisfied.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended.

"**Facility**" shall have the meaning specified in paragraph 2B(1).

"**Fixed Charges**" shall mean, for any date of determination, the aggregate amount of (i) interest expense of the Company and its Subsidiaries on a consolidated basis for the four consecutive fiscal quarter period ended on such date, (ii) the current portion of long term debt (as determined in accordance with GAAP) on such date, (iii) cash dividends paid by the Company and its Subsidiaries for the four consecutive fiscal quarter period ended on such date, and (iv) cash taxes paid by the Company and its Subsidiaries for the four consecutive fiscal quarter period ended on such date.

"**Funded Debt**" shall mean, with respect to the Company and its Subsidiaries on a consolidated basis, without duplication: (i) any indebtedness for borrowed money (including commercial paper, bankers' acceptances, revolving credit line borrowings whether under the Series A Notes, the Shelf Notes, the Bank Credit Agreement, the Sweep or otherwise and any and all Real Property Debt), or which is evidenced by bonds (other than assessment and other special bonds associated with real property holdings not issued in connection with the borrowing of money), debentures or notes, or which represents the deferred purchase price of property (but shall exclude accounts payable, accrued expenses, deferred income, minority interest in Subsidiaries and deferred taxes), (ii) indebtedness of a third party secured by Liens on the assets of such Person whether or not such obligation or liability is assumed by such Person, (iii) Capitalized Lease Obligations, and (iv) Guarantees.

"GAAP" shall mean generally accepted accounting principles as in existence from time to time.

"**Good Faith Contest**" shall mean an active contest or challenge initiated in a timely manner and in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP.

"**Guarantee**" shall mean, with respect to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any indebtedness, lease, dividend or other obligation of another, including, without limitation, any such obligation directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such Person, or in respect of which such Person is otherwise directly or indirectly liable, including, without limitation, any such obligation in effect guaranteed by such Person through any agreement (contingent or otherwise) to (i) maintain the solvency or any balance sheet or other financial condition of another Person or (ii) make payment for any products, materials or supplies or for any transportation or services regardless of the non-delivery or non-furnishing thereof, in any such case if the purpose or effect of such agreement is to provide assurance that such obligation will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected against loss in respect thereof. Guarantees shall include obligations of partnerships and joint ventures of which such Person is a general partner or co-venturer that are not expressly non-recourse to such Person.

"**Hedge Treasury Note(s)**" shall mean, with respect to any Accepted Shelf Note, the United States Treasury Note or Notes whose duration (as determined by PIM) most closely matches the duration of such Accepted Shelf Note.

"**Hostile Tender Offer**" shall mean, with respect to the use of proceeds of any Note, any offer to purchase, or any purchase of, shares of capital stock of any corporation or equity interests in any other entity, or securities convertible into or representing the beneficial ownership of, or rights to acquire, any such shares or equity interests, if such shares, equity interests, securities or rights are of a class which is publicly traded on any securities exchange or in any over-the-counter market, other than purchases of such shares, equity interests, securities or rights representing less than 5% of the equity interests or beneficial ownership of such corporation or other entity for portfolio investment purposes, and such offer or purchase has not been duly approved by the board of directors of such corporation or the equivalent governing body of such other entity prior to the date on which the Company makes the Request for Purchase of such Note.

"**including**" shall mean, unless the context clearly requires otherwise, "including without limitation."

"**Indemnity and Contribution Agreement**" shall have the meaning specified in paragraph 3A(3).

"**INHAM Exemption**" shall have the meaning specified in paragraph 9B.

"**Institutional Investor**" shall mean (i) an insurance company, bank, savings and loan association, finance company, mutual fund, registered money manager, pension fund, investment company, in each case, that is also an "accredited investor" within the meaning of Regulation D

of the Securities Act, or (ii) a "qualified institutional buyer" (as such term is defined under Rule 144A promulgated under the Securities Act, or any successor law, rule or regulation) or "accredited investor" (as such term is defined under Regulation D promulgated under the Securities Act, or any successor law, rule or regulation).

"**Issuance Period**" shall have the meaning specified in paragraph 2B(2).

"**Lien**" shall mean any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, lien (statutory or otherwise) or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement (other than precautionary filings in respect of true leases and consignment filings) under the Uniform Commercial Code of any jurisdiction) or any other type of preferential arrangement for the purpose, or having the effect, of protecting a creditor against loss or securing the payment or performance of an obligation.

"**Material Adverse Effect**" shall mean a material adverse change in, or a material adverse effect upon, any of (i) the business, assets, operations, affairs, condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole or (ii) the ability of any Credit Party to perform its respective obligations under the Transaction Documents to which such Person is a party, or (iii) the validity or enforceability of this Agreement, any Note, the Multiparty Guaranty, the Indemnity and Contribution Agreement or any other Transaction Document.

"**Multiemployer Plan**" shall mean any Plan which is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA.

"**Multiparty Guaranty**" shall have the meaning specified in paragraph 3A(3).

"**NAIC Annual Statement**" shall have the meaning specified in paragraph 9B.

"**Net Income**" shall mean, for the Company and its Subsidiaries on a consolidated basis for any period of determination, net income determined in accordance with GAAP.

"**Notes**" shall have the meaning specified in paragraph 1B.

"**Officer's Certificate**" shall mean a certificate signed in the name of the Company by a Responsible Officer of the Company.

"**PBGC**" shall mean the Pension Benefit Guaranty Corporation.

"**Percentage of Assets Transferred**" shall mean, with respect to each asset Transferred pursuant to paragraph 6B, the ratio (expressed as a percentage) of (i) the greater of such asset's fair market value or net book value on the date of such Transfer to (ii) the consolidated total assets of the Company and Subsidiaries as of the last day of the fiscal quarter immediately preceding the date of such Transfer.

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

"**PIM**" shall mean Prudential Investment Management, Inc.

"**Plan**" shall mean any employee pension benefit plan (as such term is defined in section 3 of ERISA) which is or has been established or maintained, or to which contributions are or have been made, by the Company or any ERISA Affiliate.

"**Priority Debt**" shall mean, at any time of determination, the sum of, without duplication, (i) Funded Debt of the Company's Subsidiaries (other than (a) Funded Debt owed to the Company or another Subsidiary, and (b) Funded Debt created under the Multiparty Guaranty or under a Guarantee of the obligations of the Company under the Bank Credit Agreement or the Sweep), *plus* (ii) Funded Debt of the Company secured by consensual Liens.

"**Prudential Affiliate**" shall mean (i) any corporation or other entity controlling, controlled by, or under common control with, PIM and (ii) any managed account or investment fund which is managed by PIM or a Prudential Affiliate described in clause (i) of this definition. For purposes of this definition, the terms "control," "controlling" and "controlled" shall mean the ownership, directly or through subsidiaries, of a majority of a corporation's or other Person's Voting Stock or equivalent voting securities or interests.

"**PTE**" shall have the meaning specified in paragraph 9B.

"**Purchaser Schedule**" shall have the meaning specified in paragraph 2A.

"**Purchasers**" shall mean the Series A Purchasers with respect to the Series A Notes and, with respect to any Accepted Shelf Notes, PIM and/or the Prudential Affiliate(s) which are purchasing such Accepted Shelf Notes.

"**QPAM Exemption**" shall have the meaning specified in paragraph 9B.

"**Real Property Debt**" shall mean Funded Debt which is secured by any or all of the Company's or any of its Subsidiaries' real property holdings.

"**Related Party**" shall mean: (i) any 10% or greater shareholder of the Company or any Subsidiary; (ii) all Persons to whom any Person described in clause (i) above is related (in not greater than the second degree) by blood, adoption or marriage; and (iii) all Affiliates of the Company and the foregoing Persons.

"**Request for Purchase**" shall have the meaning specified in paragraph 2B(3).

"**Required Holder(s)**" shall mean the holder or holders of at least 51% of the aggregate principal amount of the Notes or of a Series of Notes, as the context may require, from time to time outstanding and, if no Notes are outstanding, shall mean PIM.

"**Rescheduled Closing Day**" shall have the meaning specified in paragraph 2B(7).

"**Responsible Officer**" shall mean the chief executive officer, chief financial officer or chief accounting officer of the Company or any other officer of the Company involved principally in its financial administration or its controllership function.

"**Securities Act**" shall mean the Securities Act of 1933, as amended.

"**Series**" shall have the meaning specified in paragraph 1B.

"**Series A Closing Day**" shall have the meaning specified in paragraph 2A.

"**Series A Note(s)**" shall have the meaning specified in paragraph 1A.

"**Series A Purchasers**" shall mean each purchaser of Series A Notes named in the Purchaser Schedule.

"**Shelf Note(s)**" shall have the meaning specified in paragraph 1B.

"**Solvent**" shall mean, with respect to any Person at the applicable time of determination, that at such time (i) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (ii) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (iv) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital required for such Person's participation in such business or transaction. The amount of contingent liabilities at the applicable time of determination shall be computed as the amount that, in light of all the facts and circumstances existing at such time, reasonably can be expected to become an actual or matured liability.

"**Source**" shall have the meaning specified in paragraph 9B.

"**Subsidiary**" shall mean, as of any time of determination and with respect to any Person, any corporation, limited liability company, partnership, joint venture, association or other entity of which a majority of the Voting Stock (other than securities having such power only by reason of the happening of a contingency) are at the time beneficially owned, held or controlled by such Person and/or one or more Subsidiaries of such Person. Unless the context otherwise clearly requires otherwise, any reference to a "Subsidiary" is a reference to a Subsidiary of the Company.

"**Subsidiary Guarantors**" shall mean Enviroplex, Inc., a California corporation, Mobile Modular Management Corporation, a California corporation, and each Person that hereafter becomes a party to the Multiparty Guaranty pursuant to the requirements of paragraph 5I; provided that in the event a Person is released from the Multiparty Guaranty pursuant to paragraph 5I, such Person shall no longer be a Subsidiary Guarantor.

"**Sweep**" shall mean that certain committed credit facility of $5,000,000, evidenced by that certain Credit Line Note, dated May __, 2004, made by the Company in favor of Union

Bank of California, N.A. and the commitment letter dated May 11, 2004, from Union Bank of California, N.A. to the Company, to facilitate the automatic borrowing and repayment of the Company's loans in conjunction with its cash management services with Union Bank of California, N.A.; provided that the Sweep shall also mean any renewal or replacement of this type of credit extension to facilitate the Company's cash management services.

"**Tangible Net Worth**" shall mean, with respect to the Company and its Subsidiaries on a consolidated basis, total assets determined in accordance with GAAP, minus (i) total liabilities determined in accordance with GAAP, (ii) all intangible assets, including all assets which should be classified under GAAP as intangible assets (such as goodwill, patents, trademarks, copyrights, franchises, and deferred charges (including unamortized debt discount and research and development costs)), (iii) treasury stock, (iv) cash held in a sinking or other similar fund established for the purpose of redemption or other retirement of capital stock or Funded Debt, but only to the extent the amount of such Funded Debt is not included in the total liabilities of the Company and its Subsidiaries determined in accordance with GAAP, (v) to the extent not already deducted from total assets, reserves for depreciation, depletion, obsolescence or amortization of properties and other reserves or appropriations of retained earnings which have been or should be established in connection with the business conducted by the Company or its Subsidiaries, and (vi) any revaluation or other write-up in book value of assets subsequent to December 31, 2003.

"**Transaction Documents**" shall mean this Agreement, the Series A Notes, the Shelf Notes, the Multiparty Guaranty, the Indemnity and Contribution Agreement, and any and all other agreements, documents, certificates and instruments from time to time executed and delivered by or on behalf of any Credit Party related thereto.

"**Transfer**" shall mean, with respect to any property, the sale, exchange, conveyance, lease, transfer or other disposition of such property.

"**Transferee**" shall mean any direct or indirect transferee of all or any part of any Note purchased by any Purchaser under this Agreement.

"**TRS**" shall mean Technology Rentals and Services, a division of CIT Technologies Corporation; and references to the acquisition of TRS shall mean the acquisition of substantially all the operating assets of TRS and at the same time the acquisition of similar assets from CIT Financial, Ltd., an Ontario company.

"**Voting Stock**" shall mean, with respect to any Person, any shares of stock (or similar equity interests) of such Person whose holders are entitled under ordinary circumstances to vote for the election of directors (or similar body that has management authority of such Person) of such Person (irrespective of whether at the time stock (or similar equity interests) of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

10C. Accounting Principles, Terms and Determinations.

All references in this Agreement to "GAAP," and "generally accepted accounting principles" shall be deemed to refer to generally accepted accounting principles in effect in the United States of America at the time of application thereof. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all unaudited financial statements and certificates and reports as to financial matters required to be furnished hereunder shall be prepared, in accordance with generally accepted accounting principles applied on a basis consistent with the most recent audited consolidated financial statements of the Company and its Subsidiaries delivered pursuant to clause (ii) of paragraph 5A or, if no such statements have been so delivered, the most recent audited financial statements referred to in clause (i) of paragraph 8B.

11. MISCELLANEOUS.

11A. Note Payments.

The Company agrees that, so long as any Purchaser shall hold any Note, it will make payments of principal of, interest on, and any Yield-Maintenance Amount payable with respect to, such Note, which comply with the terms of this Agreement, by wire transfer of immediately available funds for credit (not later than 1:00 p.m., New York City local time, on the date due) to (i) the account or accounts of such Purchaser specified in the Purchaser Schedule attached hereto in the case of any Series A Note, (ii) the account or accounts of such Purchaser specified in the Confirmation of Acceptance with respect to such Note in the case of any Shelf Note or (iii) such other account or accounts in the United States of America as such Purchaser may from time to time designate in writing, notwithstanding any contrary provision herein or in any Note with respect to the place of payment. Each Purchaser agrees that, before disposing of any Note, it will make a notation thereon (or on a schedule attached thereto) of all principal payments previously made thereon and of the date to which interest thereon has been paid. The Company agrees to afford the benefits of this paragraph 11A to any Transferee which shall have made the same agreement as the Purchasers have made in this paragraph 11A.

11B. Expenses.

The Company agrees, whether or not the transactions contemplated hereby shall be consummated, to pay, and save PIM, each Purchaser and any Transferee harmless against liability for the payment of, all out-of-pocket expenses arising in connection with such transactions, including (i) all document production and duplication charges and the fees and expenses of any special counsel engaged by PIM, the Purchasers or any Transferee in connection with this Agreement and the other Transaction Documents, the transactions contemplated hereby and thereby and any subsequent proposed modification of, or proposed consent under, this Agreement or the other Transaction Documents, whether or not such proposed modification shall be effected or proposed consent granted, and (ii) the costs and expenses, including attorneys' fees, incurred by PIM, any Purchaser or any Transferee in enforcing (or determining whether or how to enforce) any rights under this Agreement or the Notes or any other Transaction

Document or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby or thereby or by reason of PIM, any Purchaser or any Transferee having acquired any Note, including, without limitation, costs and expenses incurred in any bankruptcy case. The obligations of the Company under this paragraph 11B shall survive the transfer of any Note or portion thereof or interest therein by PIM, any Purchaser or any Transferee and the payment of any Note.

11C. Consent to Amendments.

This Agreement may be amended, and any Credit Party or Subsidiary may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall consent thereto and shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s) of the Notes except that, (i) with the written consent of the holders of all Notes of a particular Series, and if an Event of Default shall have occurred and be continuing, of the holders of all Notes of all Series, at the time outstanding (and not without such written consents), the Notes of such Series may be amended or the provisions thereof waived to change the maturity thereof, to change or affect the principal thereof, to change or affect the rate or time of payment of interest on or any Yield-Maintenance Amount payable with respect to the Notes of such Series, (ii) without the written consent of the holder or holders of all Notes at the time outstanding, no amendment to or waiver of the provisions of this Agreement shall change or affect the provisions of paragraph 7A or this paragraph 11C insofar as such provisions relate to proportions of the principal amount of the Notes of any Series, or the rights of any individual holder of Notes, required with respect to any declaration of Notes to be due and payable or with respect to any consent, amendment, waiver or declaration, (iii) with the written consent of PIM (and not without the written consent of PIM) the provisions of paragraph 2B may be amended or waived (except insofar as any such amendment or waiver would affect any rights or obligations with respect to the purchase and sale of Notes which shall have become Accepted Shelf Notes prior to such amendment or waiver), and (iv) with the written consent of Purchasers which shall have become obligated to purchase a majority of the Accepted Shelf Notes of any Series (and not without the written consent of such Purchasers), any of the provisions of paragraphs 2B and 3 may be amended or waived insofar as such amendment or waiver would affect only rights or obligations with respect to the purchase and sale of the Accepted Shelf Notes of such Series or the terms and provisions of such Accepted Shelf Notes. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C, whether or not such Note shall have been marked to indicate such consent, but any Notes issued thereafter may bear a notation referring to any such consent. No course of dealing between any of the Credit Parties and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein and in the Notes, the term “this Agreement” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

11D. Form, Registration, Transfer and Exchange of Notes; Lost Notes.

The Notes are issuable as registered notes without coupons in denominations of at least $1,000,000, except as may be necessary to reflect any principal amount not evenly divisible by $1,000,000. The Company shall keep at its principal office a register in which the Company shall provide for the registration of Notes and of transfers of Notes. Upon surrender for registration of transfer of any Note at the principal office of the Company, the Company shall, at its expense, execute and deliver one or more new Notes of like tenor and of a like aggregate principal amount, registered in the name of such transferee or transferees. At the option of the holder of any Note, such Note may be exchanged for other Notes of like tenor and of any authorized denominations, of a like aggregate principal amount, upon surrender of the Note to be exchanged at the principal office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall, at its expense, execute and deliver the Notes which the holder making the exchange is entitled to receive. Each installment of principal payable on each installment date upon each new Note issued upon any such transfer or exchange shall be in the same proportion to the unpaid principal amount of such new Note as the installment of principal payable on such date on the Note surrendered for registration of transfer or exchange bore to the unpaid principal amount of such Note. No reference need be made in any such new Note to any installment or installments of principal previously due and paid upon the Note surrendered for registration of transfer or exchange. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or such holder's attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, so that neither gain nor loss of interest shall result from any such transfer or exchange. Upon receipt of written notice from the holder of any Note of the loss, theft, destruction or mutilation of such Note and, in the case of any such loss, theft or destruction, upon receipt of such holder's unsecured indemnity agreement, or in the case of any such mutilation upon surrender and cancellation of such Note, the Company will make and deliver a new Note, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Note.

11E. Persons Deemed Owners; Participations.

Prior to due presentment for registration of transfer, the Company may treat the Person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of and interest on, and any Yield-Maintenance Amount payable with respect to, such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary. Subject to the preceding sentence and applicable securities laws and regulations, the holder of any Note may from time to time grant participations in all or any part of such Note to any Person on such terms and conditions as may be determined by such holder in its sole and absolute discretion.

11F. Survival of Representations and Warranties; Entire Agreement.

All representations and warranties contained herein or made in writing by or on behalf of any Credit Party or Purchasers in connection herewith shall survive the execution and delivery of this Agreement, the Notes and the other Transaction Documents, the transfer by any Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf of any Purchaser or any Transferee. Subject to the preceding sentence, this Agreement, the Notes and the other Transaction Documents embody the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to such subject matter.

11G. Successors and Assigns.

All covenants and other agreements in this Agreement contained by or on behalf of any of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

11H. Independence of Covenants.

All covenants hereunder shall be given independent effect so that if a particular action or condition is prohibited by any one of such covenants, the fact that it would be permitted by an exception to, or otherwise be in compliance within the limitations of, another covenant shall not avoid the occurrence of a Default or Event of Default if such action is taken or such condition exists.

11I. Notices.

All written communications provided for hereunder (other than communications provided for under paragraph 2) shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to any Purchaser, addressed as specified for such communications in the Purchaser Schedule attached hereto (in the case of the Series A Notes) or the Purchaser Schedule attached to the applicable Confirmation of Acceptance (in the case of any Shelf Notes) or at such other address as any such Purchaser shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to it at such address as it shall have specified in writing to the Company or, if any such holder shall not have so specified an address, then addressed to such holder in care of the last holder of such Note which shall have so specified an address to the Company and (iii) if to the Company, addressed to it at 5700 Las Positas Road, Livermore, California 94551, Fax No. 925-453-3333, Attention: Chief Financial Officer. Any communication pursuant to paragraph 2 shall be made by the method specified for such communication in paragraph 2, and shall be effective to create any rights or obligations under this Agreement only if, in the case of a telephone communication, an Authorized Officer of the party conveying the information and of the party receiving the information are parties to the telephone call, and in the case of a facsimile communication, the communication is signed by an Authorized Officer of the party conveying the information, addressed to the attention of an

Authorized Officer of the party receiving the information, and in fact received at the facsimile terminal the number of which is listed for the party receiving the communication in the Purchaser Schedule or at such other facsimile terminal as the party receiving the information shall have specified in writing to the party sending such information.

11J. Payments Due on Non-Business Days.

Anything in this Agreement, the Notes or the other Transaction Documents to the contrary notwithstanding, any payment of principal of or interest on, or Yield-Maintenance Amount payable with respect to, any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day. If the date for any payment is extended to the next succeeding Business Day by reason of the preceding sentence, the period of such extension shall not be included in the computation of the interest payable on such Business Day.

11K. Severability.

If any provision of this Agreement is held to be prohibited or unenforceable in any jurisdiction, it shall be interpreted, to the extent possible, as to such jurisdiction to enhance its enforceability in order to achieve the intent of the parties to this Agreement; provided, if no feasible construction would save the provision, the parties agree to renegotiate such provision in good faith. In the event the parties cannot reach a mutually agreeable and enforceable replacement for such provision, its invalidity, illegality or unenforceability in such jurisdiction shall not affect any other provision of this Agreement; rather, this Agreement shall be construed as to such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein. The prohibition or unenforceability of any provision in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The invalidity of any provision of this Agreement as applied to certain circumstances shall not affect the validity or enforceability of such provision as applied to other circumstances or any other provisions of this Agreement.

11L. Descriptive Headings.

The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11M. Satisfaction Requirement.

If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement required to be satisfactory to any Purchaser, to any holder of Notes or to the Required Holder(s), the determination of such satisfaction shall be made by such Purchaser, such holder or the Required Holder(s), as the case may be, in the sole and exclusive judgment (exercised in good faith) of the Person or Persons making such determination.

11N. Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE INTERNAL LAW OF THE STATE OF NEW YORK, EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

11O. Severalty of Obligations.

The sales of Notes to the Purchasers are to be several sales, and the obligations of PIM and the Purchasers under this Agreement are several obligations. No failure by PIM or any Purchaser to perform its obligations under this Agreement shall relieve any other Purchaser or the Company of any of its obligations hereunder, and neither PIM nor any Purchaser shall be responsible for the obligations of, or any action taken or omitted by, any other such Person hereunder.

11P. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

11Q. Binding Agreement.

When this Agreement is executed and delivered by the Company, on the one hand, and PIM and the Series A Purchasers, on the other hand, it shall become a binding agreement between the Company, on the one hand, and PIM and the Series A Purchasers, on the other hand. This Agreement shall also inure to the benefit of each Purchaser which shall have executed and delivered a Confirmation of Acceptance, and each such Purchaser shall be bound by this Agreement to the extent provided in such Confirmation of Acceptance.

11R. Confidentiality.

For the purposes of this paragraph 11R, "**Confidential Information**" means information delivered to PIM or any Purchaser by or on behalf of the Company or any Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary or confidential in nature and that was clearly marked or labeled or otherwise adequately identified when received by PIM or such Purchaser as being confidential information of the Company or such Subsidiary; *provided* that such term does not include information that (a) was publicly known or otherwise known to PIM or such Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by PIM or such Purchaser or any Person acting on its behalf, (c) otherwise becomes known to PIM or such Purchaser other than through disclosure by the Company or any Subsidiary or (d) constitutes financial statements delivered to PIM or such Purchaser under paragraph 5A that are otherwise

publicly available. Each of PIM and the Purchasers will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by it in good faith to protect confidential information of third parties delivered to it; *provided* that PIM or such Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes) who agree to hold confidential the Confidential Information substantially in accordance with the terms of this paragraph 11R, (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this paragraph 11R, (iii) any other holder of any Note, (iv) any Institutional Investor to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this paragraph 11R), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this paragraph 11R), (vi) any federal or state regulatory authority having jurisdiction over it, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency, or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to PIM or such Purchaser, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which PIM or such Purchaser is a party or (z) if an Event of Default has occurred and is continuing, to the extent PIM or such Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under its Notes and the other Transaction Documents. Prior to the disclosure of Confidential Information pursuant to clauses (viii)(x) or (viii)(y), PMI or such Purchaser, as the case may be, to the extent permitted by applicable law, shall use its best effort to give the Company reasonable advance written notice, by nationwide overnight delivery service (the charges prepaid and with proof of delivery), of the intention to make such disclosure in order to enable the Company to take whatever action it may deem appropriate to protect the confidentiality of such Confidential Information. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this paragraph 11R as though it were a party to this Agreement.

11S. Jury Waiver.

THE COMPANY, PIM, THE PURCHASERS AND THE OTHER HOLDERS FROM TIME TO TIME OF THE NOTES AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT, OR ANY DEALINGS BETWEEN OR AMONG THEM RELATING TO THE SUBJECT MATTER OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY AND THE LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE COMPANY, PIM, THE

PURCHASERS AND EACH OF THE OTHER HOLDERS OF NOTES FROM TIME TO TIME EACH ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO THIS BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS, AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. THE COMPANY, PIM, THE PURCHASERS AND EACH OF THE OTHER HOLDERS OF NOTES FROM TIME TO TIME FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11T. Personal Jurisdiction.

The Company irrevocably agrees that any legal action or proceeding with respect to this Agreement, the Notes, the other Transaction Documents or any of the agreements, documents or instruments delivered in connection herewith may be brought in the courts of the State of California, the State of New York, or the United States of America for the Northern District of California or the Southern District of New York as PIM, the Purchasers and the other holders from time to time of Notes (as applicable) may elect, and, by execution and delivery hereof, the Company accepts and consents to, for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts and agrees that such jurisdiction shall be exclusive, unless waived by PIM, the Purchasers and the other holders from time to time of Notes (as applicable) in writing, with respect to any action or proceeding brought by the Company against any Purchaser or any holder of Notes. The Company hereby waives, to the full extent permitted by law, any right to stay or to dismiss any action or proceeding brought before said courts on the basis of *forum non conveniens*.

[Remainder of page intentionally left blank. Next page is signature page.]

Very truly yours,

MCGRATH RENTCORP,
a California corporation

By: _____

Name:
Title:

The foregoing Agreement is hereby accepted
as of the date first above written.

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: _____

Name:
Title: Vice President

GIBRALTAR LIFE INSURANCE CO., LTD.
By: Prudential Investment Management (Japan), Inc., as Investment Manager
By: Prudential Investment Management, Inc., as Sub-Advisor

By: _____

Name:
Title: Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: _____

Name:
Title: Vice President

BAYSTATE INVESTMENTS, LLC
By: Prudential Private Placement Investors, L.P., as Investment Advisor
By: Prudential Private Placement Investors, Inc., General Partner

By: _____

Name:
Title: Vice President

UNITED OF OMAHA LIFE INSURANCE COMPANY

By: Prudential Private Placement Investors, L.P., as Investment Advisor

By: Prudential Private Placement Investors, Inc., General Partner

By: _____

Name:

Title: Vice President

FARMERS NEW WORLD LIFE INSURANCE COMPANY

By: Prudential Private Placement Investors, L.P., as Investment Advisor

By: Prudential Private Placement Investors, Inc., General Partner

By: _____

Name:

Title: Vice President

FORTIS BENEFITS INSURANCE COMPANY

By: Prudential Private Placement Investors, L.P., as Investment Advisor

By: Prudential Private Placement Investors, Inc., General Partner

By: _____

Name:

Title: Vice President

PRUCO LIFE INSURANCE COMPANY

By: _____

Name:

Title: Vice President

AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA, INC.

By: Prudential Private Placement Investors, L.P., as Investment Advisor

By: Prudential Private Placement Investors, Inc., General Partner

By: _____

Name:

SCHEDULE A

PURCHASER INFORMATION

Purchaser Name	**GIBRALTAR LIFE INSURANCE CO., LTD.**
Name in Which Notes are to be Registered	GIBRALTAR LIFE INSURANCE CO., LTD.
Note Registration Numbers; Principal Amounts	RA-1; $13,762,000
Payment on Account of Note	
Method	Federal Funds Wire Transfer
Account Information	The Bank of New York New York, New York ABA # 021-000-018 Account: Gibraltar Life Insurance Co., Ltd. Account # 890-0543-612 Re: (See "Accompanying information" below)
Accompanying Information	Name of Company: McGRATH RENTCORP Description of Security: 5.08% Series A Senior Notes Due June 2, 2011 PPN: 580589 A@ 8 Due Date and Application (as among principal, premium and interest) of the payment being made:
Address for Notices Related to Payments	Gibraltar Life Insurance Co., Ltd. 2-13-10, Nagatacho Chiyoda-ku Tokyo 100-8953 Japan Attn: Yoshiki Saito Vice President of Investments, Operations Team Fax: 81-3-5501-6432 Email: yoshiki.saito@gib-life.co.jp
Address for All Other Notices	Prudential Capital Group Four Gateway Center 100 Mulberry Street Newark, NJ 07102 Attn: Albert Trank Managing Director Fax: 973-624-6432 Email: albert.trank@prudential.com
Other Instructions	GIBRALTAR LIFE INSURANCE CO., LTD. By: Prudential Investment Management (Japan), Inc., as Investment Manager By: Prudential Investment Management, Inc., as Sub-Advisor By: _____ Title: Vice President

Purchaser Name	**GIBRALTAR LIFE INSURANCE CO., LTD.**
Instructions re Delivery of Notes	Prudential Capital Group Four Embarcadero Center, Suite 2700 San Francisco, CA 94111-4180 Attn: James Evert
Tax Identification Number	98-0408643

Purchaser Name	**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**
Name in Which Notes are to be Registered	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA
Note Registration Numbers; Principal Amounts	RA-2; $11,090,000
Payment on Account of Note	Federal Funds Wire Transfer
Method	The Bank of New York New York, New York ABA # 021-000-018 Account # 890-0304-391
Account Information	Re: (See "Accompanying information" below)
Accompanying Information	Name of Company: McGRATH RENTCORP Description of Security: 5.08% Series A Senior Notes Due June 2, 2011 PPN: 580589 A@ 8 Due Date and Application (as among principal, premium and interest) of the payment being made:
Address for Notices Related to Payments	The Prudential Insurance Company of America c/o Investment Operations Group Gateway Center Two, 10th Floor 100 Mulberry Street Newark, NJ 07102-4077 Attn: Manager, Billings and Collections with telephonic prepayment notices to: Manager, Trade Management Group Tel: 973-367-3141
Address for All Other Notices	The Prudential Insurance Company of America c/o Prudential Capital Group Four Embarcadero Center, Suite 2700 San Francisco, California 94111-4180 Attn: Managing Director Fax: 415-421-6233
Other Instructions	THE PRUDENTIAL INSURANCE COMPANY OF AMERICA By: _____ Name: Title: Vice President
Instructions re Delivery of Notes	Prudential Capital Group Four Embarcadero Center, Suite 2700 San Francisco, CA 94111-4180 Attn: James Evert
Tax Identification Number	22-1211670

Purchaser Name	**BAYSTATE INVESTMENTS, LLC**
Name in Which Notes are to be Registered	BAYSTATE INVESTMENTS, LLC
Note Registration Numbers; Principal Amounts	RA-3; $8,350,000
Payment on Account of Note	Federal Funds Wire Transfer
Method	Fleet Bank ABA # 011-000-138 Account # 9429114060
Account Information	Re: (See "Accompanying information" below)
Accompanying Information	Name of Company: McGRATH RENTCORP Description of Security: 5.08% Series A Senior Notes Due June 2, 2011 PPN: 580589 A@ 8 Due Date and Application (as among principal, premium and interest) of the payment being made:
Address for Notices Related to Payments	Baystate Investments, LLC 200 Berkeley Street, Floor B-3 Mail Stop B-03-01 Boston, MA 02116 Attn: Bank Relations with telephonic prepayment notices to: Manager, Trade Management Group Tel: 973-802-8107
Address for All Other Notices	Prudential Private Placement Investors, L.P. Four Gateway Center 100 Mulberry Street Newark, NJ 07102 Attn: Albert Trank Managing Director Fax: 973-624-6432 Email: albert.trank@prudential.com
Other Instructions	BAYSTATE INVESTMENTS, LLC By: Prudential Private Placement Investors, L.P., as Investment Advisor By: Prudential Private Placement Investors, Inc., General Partner By: _____ Name: Title: Vice President

Purchaser Name	**BAYSTATE INVESTMENTS, LLC**
Instructions re Delivery of Notes	Baystate Investments, LLC 200 Clarendon Street, T-55 Boston, MA 02117 Attn: Scott Navin Investment Strategy Group Ph (617) 572-4386 with a copy to: Prudential Capital Group Four Gateway Center, 7th Floor 100 Mulberry Street Newark, NJ 07102 Attn: Manager, Trade Management
Tax Identification Number	04-1414660

Purchaser Name	**UNITED OF OMAHA LIFE INSURANCE COMPANY**
Name in Which Notes are to be Registered	UNITED OF OMAHA LIFE INSURANCE COMPANY
Note Registration Numbers; Principal Amounts	RA-4; $6,700,000
Payment on Account of Note	Federal Funds Wire Transfer
Method	JPMorgan Chase Bank ABA # 021-000-021
Account Information	Attn: Private Income Processing For credit to: United of Omaha Life Insurance Company Account #: 900-9000-200 A/C: G09588
	Re: (See "Accompanying information" below)
Accompanying Information	Name of Company: McGRATH RENTCORP
	Description of Security: 5.08% Series A Senior Notes Due June 2, 2011
	PPN: 580589 A@ 8
	Due Date and Application (as among principal, premium and interest) of the payment being made:
Address for Notices Related to Payments	JPMorgan Chase Bank 14201 Dallas Parkway, 13th Floor Dallas, TX 75254-2917 Attn: G. Ruiz Income Processing
	Re: A/C: G09588
Address for All Other Notices	Prudential Private Placement Investors, L.P. Four Gateway Center 100 Mulberry Street Newark, NJ 07102 Attn: Albert Trank Managing Director
	Fax: 973-624-6432 Email: albert.trank@prudential.com
Other Instructions	UNITED OF OMAHA LIFE INSURANCE COMPANY By: Prudential Private Placement Investors, L.P., as Investment Advisor By: Prudential Private Placement Investors, Inc., General Partner
	By: _____
	Name: Title:

Purchaser Name	**UNITED OF OMAHA LIFE INSURANCE COMPANY**
Instructions re Delivery of Notes	JP Morgan Chase North America Insurance, 5th Floor 3 Chase Metrotech Center Brooklyn, NY 11245 Attn: Patricia Radzicki Ph (718) 242-8475 Ref: United of Omaha Insurance Company Account # G09588 with a copy to: Prudential Capital Group Four Gateway Center, 7th Floor 100 Mulberry Street Newark, NJ 07102 Attn: Manager, Trade Management
Tax Identification Number	47-0322111

Purchaser Name	**FARMERS NEW WORLD LIFE INSURANCE COMPANY**
Name in Which Notes are to be Registered	FARMERS NEW WORLD LIFE INSURANCE COMPANY
Note Registration Numbers; Principal Amounts	RA-5; $6,600,000
Payment on Account of Note	
Method	Federal Funds Wire Transfer
Account Information	JPMorgan Chase Bank New York, NY ABA # 021-000-021 Account: Farmers Insurance Account #: 900-9000-168 Ref: PTFS For further credit to P58834 New World Life Re: (See "Accompanying information" below)
Accompanying Information	Name of Company: McGRATH RENTCORP Description of Security: 5.08% Series A Senior Notes Due June 2, 2011 PPN: 580589 A@ 8 Due Date and Application (as among principal, premium and interest) of the payment being made:
Address for Notices Related to Payments	Farmers Insurance Company 4680 Wilshire Boulevard, 4th Floor Los Angeles, CA 90010 Attn (1): Jim DeNicholas Director, Investment Operations / Accounting Attn (2): Laszlo Heredy Vice President and Chief Investment Officer <u>with a copy to</u>: Farmers New World Life Insurance Company 3003 77th Avenue Southeast, 5th Floor Mercer Island, WA 98040-2837 Attn (1): Joann Bronson Director, Investments & Separate Account Attn (2): Oscar Tengtio Vice President and Chief Financial Officer
Address for All Other Notices	Prudential Private Placement Investors, L.P. Four Gateway Center 100 Mulberry Street Newark, NJ 07102 Attn: Albert Trank Managing Director Fax: 973-624-6432 Email: albert.trank@prudential.com

Purchaser Name	**FARMERS NEW WORLD LIFE INSURANCE COMPANY**
Other Instructions	FARMERS NEW WORLD LIFE INSURANCE COMPANY By: Prudential Private Placement Investors, L.P., as Investment Advisor By: Prudential Private Placement Investors, Inc., General Partner By: _____ Name: Title:
Instructions re Delivery of Notes	JP Morgan Chase Bank 4 New York Plaza Ground Floor Window New York, NY 10004 Attn: Jennifer John Ph (212) 623-5953 Ref: Farmers New World Life Private Placement P58834 with a copy to: Prudential Capital Group Four Gateway Center, 7th Floor 100 Mulberry Street Newark, NJ 07102 Attn: Manager, Trade Management
Tax Identification Number	91-0335750

Purchaser Name	**FORTIS BENEFITS INSURANCE COMPANY**
Name in Which Notes are to be Registered	FORTIS BENEFITS INSURANCE COMPANY
Note Registration Numbers; Principal Amounts	RA-6; $5,350,000
Payment on Account of Note	Federal Funds Wire Transfer
Method	M&I Marshall & Ilsley Bank Milwaukee, WI ABA # 075-000-051
Account Information	DDA Account #: 27006 Account Name: General Trust Fund FFC: Account # 89-0035-76-9 Fortis Benefits Prudential Private Placements
	Re: (see “Accompanying Information” below)
Accompanying Information	Name of Company: McGRATH RENTCORP
	Description of Security: 5.08% Series A Senior Notes Due June 2, 2011
	PPN: 580589 A@ 8
	Due Date and Application (as among principal, premium and interest) of the payment being made:
Address for Notices Related to Payments	Marshall & Ilsley Trust Company 1000 North Water Street Milwaukee, WI 53202 Attn: Kim Palleon Fax: 414-287-7125
	with a copy to:
	Fortis, Inc. One Chase Manhattan Plaza New York, NY 10005 Attn: Kevin Mahoney AVP, Investment Accounting and Treasury Operations Fax: 212-859-7043
Address for All Other Notices	Prudential Private Placement Investors, L.P. Four Gateway Center 100 Mulberry Street Newark, NJ 07102 Attn: Albert Trank Managing Director
	Fax: 973-624-6432 Email: albert.trank@prudential.com
Other Instructions	FORTIS BENEFITS INSURANCE COMPANY By: Prudential Private Placement Investors, L.P., as Investment Advisor By: Prudential Private Placement Investors, Inc., General Partner
	By _____
	Name: Title:

Purchaser Name	**FORTIS BENEFITS INSURANCE COMPANY**
Instructions re Delivery of Notes	Marshall & Ilsley Trust Company, N.A. 1000 North Water Street Milwaukee, WI 53202 Attn: Margaret Armstrong Asset Booking, TR14 Ph (414) 287-8531 Ref: Fortis Benefits - Prudential Private Placements Account # 89-0035-76-9 with a copy to: Prudential Capital Group Four Gateway Center, 7th Floor 100 Mulberry Street Newark, NJ 07102 Attn: Manager, Trade Management
Tax Identification Number	81-0170040

Purchaser Name	**PRUCO LIFE INSURANCE COMPANY**
Name in Which Notes are to be Registered	PRUCO LIFE INSURANCE COMPANY
Note Registration Numbers; Principal Amounts	RA-7; $5,148,000
Payment on Account of Note	Federal Funds Wire Transfer
Method	Bank of New York New York, New York ABA # 021-000-018 Account # 890-0304-421
Account Information	Re: (see "Accompanying Information" below)
Accompanying Information	Name of Company: McGRATH RENTCORP Description of Security: 5.08% Series A Senior Notes Due June 2, 2011 PPN: 580589 A@ 8 Due Date and Application (as among principal, premium and interest) of the payment being made:
Address for Notices Related to Payments	Pruco Life Insurance Company c/o The Prudential Insurance Company of America c/o Investment Operations Group Gateway Center Two, 10th Floor 100 Mulberry Street Newark, NJ 07102-4077 Attn: Manager, Billings and Collections with telephonic prepayment notices to: Manager, Trade Management Group Tel: 973-367-3141
Address for All Other Notices	The Prudential Insurance Company of America c/o Prudential Capital Group Four Embarcadero Center, Suite 2700 San Francisco, California 94111-4180 Attn: Managing Director Fax: 415-421-6233
Other Instructions	PRUCO LIFE INSURANCE COMPANY By: _____ Name: Title:
Instructions re Delivery of Notes	Prudential Capital Group Four Embarcadero Center, Suite 2700 San Francisco, CA 94111-4180 Attn: James Evert
Tax Identification Number	22-1944557

Purchaser Name	**AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA, INC.**
Name in Which Notes are to be Registered	AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA, INC.
Note Registration Numbers; Principal Amounts	RA-8; $3,000,000
Payment on Account of Note	
Method	Federal Funds Wire Transfer
Account Information	JPMorgan Chase Bank ABA # 021-000-021 Account: JP Morgan Chase Account #: 900-9000-168 FFC: ABLAC - Prudential Private Placements Account # G09888 Re: (See "Accompanying information" below)
Accompanying Information	Name of Company: McGRATH RENTCORP Description of Security: 5.08% Series A Senior Notes Due June 2, 2011 PPN: 580589 A@ 8 Due Date and Application (as among principal, premium and interest) of the payment being made:
Address for Notices Related to Payments	JP Morgan Chase North America Insurance, 5S5 3 Chase Metrotech Center Brooklyn, NY 11245 Attn: Anna Marie Mazza Investor Services Fax: 718-242-8328 with a copy to: Fortis, Inc. One Chase Manhattan Plaza New York, NY 10005 Attn: Kevin Mahoney AVP, Investment Accounting and Treasury Operations Fax: 212-859-7043
Address for All Other Notices	Prudential Private Placement Investors, L.P. Four Gateway Center 100 Mulberry Street Newark, NJ 07102 Attn: Albert Trank Managing Director Fax: 973-624-6432 Email: albert.trank@prudential.com

Purchaser Name	**AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA, INC.**
Other Instructions	AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA, INC. By: Prudential Private Placement Investors, L.P., as Investment Advisor By: Prudential Private Placement Investors, Inc., General Partner By: _____ Name: Title:
Instructions re Delivery of Notes	JP Morgan Chase Bank 4 New York Plaza Ground Floor Window New York, NY 10004 Attn: Receive Window Ref: ABLAC - Prudential Private Placements Account # G09888 with a copy to: Prudential Capital Group Four Gateway Center, 7th Floor 100 Mulberry Street Newark, NJ 07102 Attn: Manager, Trade Management
Tax Identification Number	59-0676017

INFORMATION SCHEDULE

Authorized Officers for PIM

Mitchell W. Reed
Senior Vice President
Prudential Capital Group
Four Embarcadero Center, Suite 2700
San Francisco, California 94111

Telephone: (415) 291-5059
Facsimile: (415) 421-6233

Iris Krause
Vice President
Prudential Capital Group
Four Embarcadero Center, Suite 2700
San Francisco, California 94111

Telephone: (415) 291-5060
Facsimile: (415) 421-6233

Joseph Y. Alouf
Senior Vice President
Prudential Capital Group
Four Embarcadero Center, Suite 2700
San Francisco, California 94111

Telephone: (415) 291-5056
Facsimile: (415) 421-6233

Stephen J. DeMartini
Managing Director
Prudential Capital Group
Four Embarcadero Center, Suite 2700
San Francisco, California 94111

Telephone: (415) 291-5058
Facsimile: (415) 421-6233

James McCrane
Prudential Capital Group
100 Mulberry St.
7 Gateway Center Four
Newark NJ 07102

Telephone: (973) 802-4222
Facsimile: (973) 624-6432

Charles Senner
Prudential Capital Group
100 Mulberry St.
7 Gateway Center Four
Newark NJ 07102

Telephone: (973) 802-6660
Facsimile: (973) 624-6432

Authorized Officers for the Company

Dennis C. Kakures
President and CEO
5700 Las Positas Road
Livermore, California 94551

Telephone: (925) 453-3103
Facsimile: (925) 453-3333

Thomas J. Sauer
Vice President and CFO
5700 Las Positas Road
Livermore, California 94551

Telephone: (925) 453-3105
Facsimile: (925) 453-3333

EXHIBIT A-1

[FORM OF SERIES A NOTE]

MCGRATH RENTCORP

5.08% SERIES A SENIOR NOTE DUE JUNE 2, 2011

No. RA-[__] [Date]
$[_____] PPN: 580589 A@ 8

FOR VALUE RECEIVED, the undersigned, **MCGRATH RENTCORP** (the **"Company"**), a corporation organized and existing under the laws of the State of California, hereby promises to pay to **[_____]**, or registered assigns, the principal sum of **[_____] DOLLARS ($[_____])** on June 2, 2011, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance thereof at the rate of 5.08% per annum from the date hereof, payable semi-annually on the 2nd day of each June and December, commencing with the June 2 or December 2 next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest and any overdue payment of any Yield-Maintenance Amount (as defined in the Agreement (as defined below)), payable semi-annually as aforesaid (or, at the option of the registered holder hereof, on demand), at a rate per annum from time to time equal to the greater of (i) 7.08% or (ii) 2.0% over the rate of interest publicly announced by The Bank of New York from time to time in New York City as its prime rate.

Except as otherwise provided in paragraph 11A of the Agreement, payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made at the main office of The Bank of New York in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is one of the Series A Notes (herein called the **"Notes"**) issued pursuant to a Note Purchase and Private Shelf Agreement, dated as of June 2, 2004 (as amended, supplemented, restated or otherwise modified from time to time, the **"Agreement"**), between the Company, on the one hand, and the other Persons named as parties thereto, on the other, and is entitled to the benefits thereof.

This Note is a registered Note and, as provided in and subject to the terms of the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

The Company agrees to make required prepayments of principal on the dates and in the amounts specified in the Agreement. This Note is also subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement.

In case an Event of Default, as defined in the Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the internal laws of the State of New York without giving effect to principles of conflicts of laws.

MCGRATH RENTCORP

By: _____

Name:
Title:

EXHIBIT A-2

[FORM OF PRIVATE SHELF NOTE]

MCGRATH RENTCORP

SENIOR NOTE

No. R-[__]

Original Principal Amount:
Original Issue Date:
Interest Rate:
Interest Payment Dates:
Final Maturity Date:
Principal Prepayment Dates and Amounts:

FOR VALUE RECEIVED, the undersigned, **MCGRATH RENTCORP** (the **"Company"**), a corporation organized and existing under the laws of the State of California, hereby promises to pay to **[_____],** or registered assigns, the principal sum of **[_____] DOLLARS ($[_____])** [on the Final Maturity Date specified above] [, payable on the Principal Prepayment Dates and in the amounts specified above, and on the Final Maturity Date specified above in an amount equal to the unpaid balance of the principal hereof,] with interest (computed on the basis of a 360-day year, 30-day month) (a) on the unpaid balance thereof at the Interest Rate per annum specified above, payable on each Interest Payment Date specified above and on the Final Maturity Date specified above, commencing with the Interest Payment Date next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) on any overdue payment (including any overdue prepayment) of principal, any overdue payment of interest, and any overdue payment of any Yield-Maintenance Amount, payable on each Interest Payment Date as aforesaid (or, at the option of the registered holder hereof, on demand) at a rate per annum from time to time equal to the greater of (i) [**]% or (ii) 2% over the rate of interest publicly announced by The Bank of New York from time to time in New York City as its prime rate.

Payments of principal of, interest on and any Yield-Maintenance Amount payable with respect to this Note are to be made at the main office of The Bank of New York in New York City or at such other place as the holder hereof shall designate to the Company in writing, in lawful money of the United States of America.

This Note is one of the Shelf Notes (herein called the "**Notes**") issued pursuant to a Note Purchase and Private Shelf Agreement, dated as of June 2, 2004 (the **"Agreement"**), between the Company, on the one hand, and the other Persons named as parties thereto, on the other, and is entitled to the benefits thereof. As provided in the Agreement, this Note is subject to optional prepayment, in whole or from time to time in part, on the terms specified in the Agreement. Capitalized terms used and not otherwise defined herein shall have the meanings provided in the Agreement.

This Note is a registered Note and, as provided in and subject to the terms of the Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company shall not be affected by any notice to the contrary.

In case an Event of Default, as defined in the Agreement, shall occur and be continuing, the principal of this Note may be declared or otherwise become due and payable in the manner and with the effect provided in the Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the internal laws of the State of New York without giving effect to principles of conflicts of laws.

MCGRATH RENTCORP

By: _____

Name:
Title:

** [2% over the stated coupon]

EXHIBIT B

SERIES A NOTES FUNDING INSTRUCTION LETTER

Exhibit B-1

EXHIBIT C

[FORM OF REQUEST FOR PURCHASE]

MCGRATH RENTCORP

Reference is made to the Note Purchase and Private Shelf Agreement (the **"Agreement"**), dated as of June 2, 2004, between McGrath RentCorp (the **"Company"**) and the other Persons named therein as parties thereto. All terms herein that are defined in the Agreement have the respective meanings specified in the Agreement. Pursuant to paragraph 2B(3) of the Agreement, the Company hereby makes the following Request for Purchase:

Aggregate principal amount of the Notes covered hereby (the **"Notes"**) $ _____

Individual specifications of the Notes:

Principal Amount	Final Maturity Date	Principal Prepayment Dates and Amounts	Interest Payment Period
*	**	***	semi-annually

Use of proceeds of the Notes:

Proposed day for the closing of the purchase and sale of the Notes:

The purchase price of the Notes is to be transferred to:

Name, Address and ABA Routing Number of Bank	Number of Account	Name & Telephone No. of Bank Officer

The Company certifies (a) that the representations and warranties contained in paragraph

* Minimum of $5,000,000
** Not more than ten years.
*** Average life of not more than seven years.

8 of the Agreement are true on and as of the date of this Request for Purchase and (b) that there exists on the date of this Request for Purchase no Event of Default or Default (both before and after giving effect to the issuance and purchase of the Notes contemplated hereby).

Dated: _____ __, _____

MCGRATH RENTCORP

By: _____

Name:

Authorized Officer

EXHIBIT D

[FORM OF CONFIRMATION OF ACCEPTANCE]

MCGRATH RENTCORP

Reference is made to the Note Purchase and Private Shelf Agreement (the **"Agreement"**), dated as of June 2, 2004, between McGrath RentCorp (the **"Company")** and the other Persons named therein as parties thereto. All terms used herein that are defined in the Agreement have the respective meanings specified in the Agreement.

PIM or the Prudential Affiliate which is named below as a Purchaser of Notes hereby confirms the representations as to such Notes set forth in paragraph 9 of the Agreement, and agrees to be bound by the provisions of paragraphs 2B(5) and 2B(7) of the Agreement.

Pursuant to paragraph 2B(5) of the Agreement, an Acceptance with respect to the following Accepted Shelf Notes is hereby confirmed:

I. Accepted Shelf Notes: Aggregate principal amount $_____.

(A) (a) Name of Purchaser:
(b) Principal amount:
(c) Final maturity date:
(d) Principal prepayment dates and amounts:
(e) Interest rate:
(f) Interest payment period: semi-annually
(g) Payment and notice instructions: As set forth on attached Purchaser Schedule.

(B) (a) Name of Purchaser:
(b) Principal amount:
(c) Final maturity date:
(d) Principal prepayment dates and amounts:
(e) Interest rate:
(f) Interest payment period: semi-annually
(g) Payment and notice instructions: As set forth on attached Purchaser Schedule.

[(C), (D) . . . same information as above.]

II. Closing Day: _____ __, _____

Dated: _____ __, _____

MCGRATH RENTCORP

By: _____

Name:
Title:

PRUDENTIAL INVESTMENT MANAGEMENT, INC.

By: _____

Name:
Title: Vice President

[PRUDENTIAL AFFILIATE]

By: _____

Name:
Title: Vice President

EXHIBIT E

[FORM OF MULTIPARTY GUARANTY]

EXHIBIT F

[FORM OF INDEMNITY AND CONTRIBUTION AGREEMENT]

[FORM OF SERIES A LEGAL OPINION]

Exhibit G-1-1

[FORM OF SHELF OPINION]

Exhibit 10.13

MULTIPARTY GUARANTY

This **MULTIPARTY GUARANTY** ("***Guaranty***"), dated as of June 2, 2004, is made jointly and severally by **ENVIROPLEX, INC., MOBILE MODULAR MANAGEMENT CORPORATION** and each of the other Persons that from time to time becomes an Additional Guarantor pursuant to the terms of Section 13 of this Guaranty (each a "***Guarantor***" and collectively the "***Guarantors***"), in favor of the holders of Series A Notes (as defined below), Prudential Investment Management, Inc. ("***PIM***") and the holders of Shelf Notes (as defined below) which may be issued pursuant to the Note Agreement (as defined below) (the holders of Series A Notes, PIM and the holders of Shelf Notes each being referred to herein as a "***Beneficiary***" and collectively, as the "***Beneficiaries***"). Capitalized terms used but not defined herein shall have the meanings given to them in the Note Agreement (as defined below).

RECITALS

A. McGrath RentCorp, a California corporation (the "***Company***"), on the one hand, and PIM and each of the Series A Purchasers, on the other hand, have entered into that certain Note Purchase and Private Shelf Agreement, dated as of June 2, 2004 (as the same from time to time may be amended, restated, supplemented or otherwise modified, the "***Note Agreement***"), pursuant to which, subject to the terms and conditions set forth therein, (i) the Company has agreed to issue and sell to the Series A Purchasers, and the Series A Purchasers have agreed to buy from the Company, its 5.08% Series A Senior Notes due June 2, 2011 in the initial aggregate principal amount of $60,000,000 (as the same may be amended, restated, supplemented or otherwise modified from time to time, collectively, the "***Series A Notes***", such term to include any such notes issued in substitution therefor pursuant to paragraph 11D of the Note Agreement) and (ii) PIM and Prudential Affiliates are willing to consider, in their sole discretion and within limits which may be authorized for purchase by them from time to time, the purchase of the Company's additional senior secured promissory notes in the aggregate principal amount of up to $20,000,000 (the "***Shelf Notes***" and, together with the Series A Notes, the "***Notes***"). Certain Subsidiaries are required to become Guarantors hereunder to the extent required under paragraph 5J of the Note Agreement.

B. Each Guarantor is a member of an affiliated group of companies that includes the Company and each other Guarantor, and the proceeds from the issuance and sale of the Notes will be used, in part, to enable the Company and the Guarantors to make transfers amongst themselves in connection with their respective operations.

C. The Beneficiaries are willing to purchase Notes under the Note Agreement only on the condition, among others, that the Guarantors shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Guarantor hereby agrees as follows:

1. GUARANTY.

(a) Unconditional Guaranty. Each Guarantor hereby unconditionally, absolutely and irrevocably guarantees to each of the Beneficiaries the complete payment when due (whether at stated maturity, by acceleration or otherwise) and due performance of all Guaranteed Obligations. The term "***Guaranteed Obligations***" means all loans, advances, debts, liabilities and obligations for monetary amounts and otherwise from time to time owing by the Company to PIM or the holders from time to time of the Notes in connection with the Note Agreement, the Notes and the other Transaction Documents, whether due or to become due, matured or unmatured, liquidated or unliquidated, contingent or non-contingent, and all covenants and duties regarding such amounts, of any kind or nature, present or future, whether or not evidenced by any note, agreement or instrument, arising under or in respect of the Note Agreement, the Notes or the other Transaction Documents. This term includes all principal, interest (including interest that accrues after the commencement with respect to the Company of any action under Bankruptcy Law), the Yield-Maintenance Amount, if any, or other prepayment consideration, overdue interest, indemnification payments, fees, expenses, costs or other sums (including, without limitation, all fees and disbursements of any law firm or other external counsel) chargeable to the Company under the Note Agreement, the Notes or the other Transaction Documents.

(b) Reimbursement of Expenses Under This Guaranty. Each Guarantor also agrees to pay upon demand all costs and expenses of PIM and the holders of the Notes (including, without limitation, all fees and disbursements of any law firm or other external counsel) incurred by PIM or any holder of Notes in enforcing any rights under this Guaranty.

(c) Guaranteed Obligations Unaffected. No payment or payments made by any other Guarantor, guarantor or by any other Person, or received or collected by any of the Beneficiaries from any other Guarantor, guarantor or from any other Person by virtue of any action or proceeding or any setoff or appropriation or application at any time or from time to time in reduction of or in payment of the Guaranteed Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of each of the Guarantors hereunder which shall, notwithstanding any such payments, remain liable for the Guaranteed Obligations, subject to Section 6 below, until the Guaranteed Obligations are indefeasibly paid in full.

(d) Joint and Several Liability. All Guarantors and their respective successors and assigns shall be jointly and severally liable for the payment of the

Guaranteed Obligations and the expenses required to be reimbursed to PIM or the holders of the Notes pursuant to Section 1(b), above, notwithstanding any relationship or contract of co-obligation by or among the Guarantors or their successors and assigns.

(e) Enforcement of Guaranteed Obligations. Each Guarantor hereby jointly and severally agrees, in furtherance of the foregoing and not in limitation of any other right that any Beneficiary may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Company to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. § 362(a)), each Guarantor will upon demand pay, or cause to be paid, in cash, the unpaid amount of all Guaranteed Obligations owing to the Beneficiary or Beneficiaries making such demand an amount equal to all of the Guaranteed Obligations then due to such Beneficiary or Beneficiaries.

(f) Notice of Payment Under Guaranty. Each Guarantor agrees that whenever, at any time, or from time to time, it shall make any payment to any of the Beneficiaries on account of its liability hereunder, it will notify such Beneficiary in writing that such payment is made under this Guaranty for such purpose.

2. SUBROGATION.

Notwithstanding any payment or payments made by any Guarantor hereunder, each Guarantor hereby irrevocably waives, solely with respect to such payment or payments, any and all rights of subrogation to the rights of the Beneficiaries against the Company and, except to the extent otherwise provided in the Indemnity and Contribution Agreement, any and all rights of contribution, reimbursement, repayment, assignment, indemnification or implied contract or any similar rights against the Company, any endorser or other guarantor of all or any part of the Guaranteed Obligations, in each case until such time as the Guaranteed Obligations have been paid in full (subject to Section 6 below). In furtherance of the foregoing, for so long as any Guaranteed Obligations remain outstanding, no Guarantor shall take any action or commence any proceeding against the Company or any other guarantor of the Guaranteed Obligation, (or any of their respective successors, transferees or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in the respect of payments made under this Guaranty to the Beneficiaries. If, notwithstanding the foregoing, any amount shall be paid to any Guarantor on account of such subrogation or other rights at any time when all of the Guaranteed Obligations shall not have been irrevocably paid in full, such amount shall be held by such Guarantor in trust for the Beneficiaries, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to each Beneficiary (ratably based on the principal amount outstanding of Notes held by such Beneficiary at such time as a percentage of the aggregate principal amount outstanding of Notes held by all the Beneficiaries at such time) in the exact form received by such Guarantor (duly endorsed by such Guarantor to such Beneficiary if required), to be applied against the Guaranteed Obligations, whether matured or unmatured, in such order as such Beneficiary may determine.

3. AMENDMENTS, ETC., WITH RESPECT TO THE GUARANTEED OBLIGATIONS.

Each Guarantor shall remain obligated hereunder notwithstanding: (a) that any demand for payment of any of the Guaranteed Obligations made by any Beneficiary may be rescinded by such Beneficiary, and any of the Guaranteed Obligations continued; (b) that this Guaranty, the Guaranteed Obligations, or the liability of any other party upon or for any part of the Guaranteed Obligations, or any collateral security or guaranty therefor or right of setoff 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 any Beneficiary or such other party; (c) that the Note Agreement, the Notes, the other Transaction Documents and any other document executed in connection with any of them may be renewed, extended, amended, modified, supplemented or terminated, in whole or in part (and each Guarantor expressly waives any and all of its rights to consent to any of the foregoing actions described in this clause (c) and agrees that no such action, absent such Guarantor's consent, will result in the exoneration of such Guarantor under applicable law); (d) that any guaranty, collateral or right of setoff at any time held by any Person for the payment of the Guaranteed Obligations may be sold, exchanged, waived, surrendered or released; (e) any loss or impairment of any rights of subrogation, reimbursement, repayment, contribution, indemnification or other similar rights of any Guarantor against the Company, any other Guarantor or any other Person with respect to all or any part of the Guaranteed Obligations; (f) any permitted assignment or other transfer by any holder of the Notes of any part of the Guarantied Obligations or the Notes; (g) any impossibility of performance, impracticability, frustration of purpose or illegality under the Note Agreement, the Notes or any other Transaction Document or any force majeure or act of any governmental authority; or (h) any reorganization, merger, amalgamation or consolidation of the Company or any Guarantor with or into any other Person. When making any demand hereunder against any Guarantor, each Beneficiary may, but shall be under no obligation to, make a similar demand on any other Credit Party or any other Person, and any failure by such Beneficiary to make any such demand or to collect any payments from any other Credit Party or any other Person or any release of any such other Credit Party or Person shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of such Beneficiary against the Guarantors. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

4. GUARANTY ABSOLUTE AND UNCONDITIONAL; TERMINATION.

Each Guarantor waives any and all notice of the creation, renewal, extension, amendment, modification or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by any Beneficiary upon this Guaranty or acceptance of this Guaranty. The Note Agreement, the Notes, the other Transaction Documents and the Guaranteed Obligations in respect of any of them, shall conclusively be deemed to have been created, contracted for or incurred in reliance upon this Guaranty; and all dealings between the Company or the Guarantors, on the one hand, and any of the Beneficiaries, on the other, shall likewise conclusively be presumed to have been had or consummated in reliance upon this Guaranty. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Company, the other Guarantors, any other guarantor or itself with respect to the Guaranteed Obligations. This Guaranty shall be construed as a

continuing, irrevocable, absolute and unconditional guaranty of payment, performance and compliance when due (and not of collection) and is a primary obligation of each Guarantor without regard to (a) the validity or enforceability of the Note Agreement, the Notes, the other Transaction Documents, any of the Guaranteed Obligations or any other guaranty or right of setoff with respect thereto at any time or from time to time held by any Beneficiary, (b) any defense, setoff or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Company or any one or more of the other Guarantors or Credit Parties against any Beneficiary, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Company or any other Guarantor, Credit Party or guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Company, the other Guarantors or any other guarantor of the Guaranteed Obligations, in bankruptcy or in any other instance. Each of the Guarantors hereby agrees that it has complete and absolute responsibility for keeping itself informed of the business, operations, properties, assets, condition (financial or otherwise) of the Company, the other Guarantors, any and all endorsers and any and all guarantors of the Guaranteed Obligations and of all other circumstances bearing upon the risk of nonpayment of the obligations evidenced by the Notes or the Guaranteed Obligations, and each of the Guarantors further agrees that the Beneficiaries shall have no duty, obligation or responsibility to advise it of any such facts or other information, whether now known or hereafter ascertained, and each Guarantor hereby waives any such duty, obligation or responsibility on the part of the Beneficiaries to disclose such facts or other information to such Guarantor.

When pursuing its rights and remedies hereunder against any of the Guarantors, any Beneficiary may, but shall be under no obligation to, pursue such rights and remedies as it may have against any other Credit Party or any other Person under a guaranty of the Guaranteed Obligations or any right of setoff with respect thereto, and any failure by such Beneficiary to pursue such other rights or remedies or to collect any payments from any such other Credit Party or Person or to realize upon any such guaranty or to exercise any such right of setoff, or any release of any such other Credit Party or Person or any such guaranty or right of setoff, shall not relieve the Guarantors of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of each of the Beneficiaries against the Guarantors. This Guaranty shall remain in full force and effect until the Issuance Period has terminated and all Guaranteed Obligations shall have been satisfied by payment in full, upon the occurrence of which this Guaranty shall, subject to Section 6 below, terminate.

5. REPRESENTATIONS AND WARRANTIES.

Each Guarantor hereby represents and warrants to each of the Beneficiaries that, as of the date such Person becomes a party hereto:

(a) Such Guarantor, if it is a corporation, limited partnership or limited liability company: (i) is an entity duly organized, validly existing and in good standing under the laws of the state of its formation; (ii) is duly registered or qualified to do business and is in good standing in every jurisdiction where the nature of its business requires it to be so registered or qualified (except where the failure to so register or qualify could not, with reasonable likelihood, have a material adverse effect on such Guarantor’s business, property or assets, condition (financial or otherwise), operations or

prospects or on such Guarantor's ability to pay or perform the Guaranteed Obligations); (iii) has all requisite organizational power and authority to own its properties and to carry on its business as now conducted and as proposed to be conducted, and to execute and deliver this Guaranty and to perform its obligations hereunder; and (iv) is in compliance in all material respects with all applicable laws, rules, regulations and orders;

(b) Such Guarantor, if it is a general partnership: (i) has all requisite partnership power and authority to conduct its business, to own and lease its property or assets, to execute and deliver this Guaranty and to perform its obligations hereunder; and (ii) is in compliance in all material respects will all applicable laws, rules, regulations and orders;

(c) The execution, delivery and performance by such Guarantor of this Guaranty: (i) are within such Guarantor's organizational or partnership powers and have been duly authorized by all necessary organizational or partnership action; (ii) do not contravene such Guarantor's charter documents, bylaws, partnership agreement, operating agreement or any similar agreement, or any law or any material contractual restriction binding on or affecting such Guarantor or by which such Guarantor's property or assets may be affected; (iii) do not require any authorization or approval or other action by, or any notice to or filing with, any governmental authority or any other Person under any indenture, mortgage, deed of trust, lease, agreement or other instrument to which such Guarantor is a party or by which such Guarantor or any of its property or assets is bound, except such as have been obtained or made; and (iv) do not result in the imposition or creation of any Lien upon the property or assets of such Guarantor;

(d) This Guaranty constitutes a valid and binding obligation of such Guarantor, enforceable against such Guarantor in accordance with its terms, except as the enforceability thereof may be subject to or limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally and general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or in equity;

(e) There is no action, suit or proceeding affecting such Guarantor pending or, to the best knowledge of such Guarantor, threatened before any court, arbitrator, or governmental authority, domestic or foreign, which could reasonably be expected to have a material adverse effect on the ability of such Guarantor to perform its obligations under this Guaranty;

(f) The Guaranteed Obligations are not subject to any offset or defense of any kind against any Beneficiary or the Company;

(g) The giving by such Guarantor of this Guaranty will not cause such Guarantor to: (i) become insolvent; (ii) be left with unreasonably small capital for any business or transaction in which such Guarantor is presently engaged or plans to be engaged; or (iii) be unable to pay its debts as such debts mature;

(h) Such Guarantor has made its appraisal of and investigation into the business, prospects, operations, property or assets, condition (financial or otherwise) and creditworthiness of the Company and the other Guarantors and has made its decision to enter into this Guaranty independently based on such documents and information as it has deemed appropriate and without reliance upon any of the Beneficiaries or any of their partners, directors, members, officers, agents, designees or employees, and such Guarantor has established adequate means of obtaining from the Company and the other Guarantors, on a continuing basis, financial or other information pertaining to the business, prospects, operations, property, assets, condition (financial or otherwise) of the Company and the other Guarantors; and

(i) Neither such Guarantor nor its properties or assets have any immunity from jurisdiction of any court or from any legal process (whether through service of process or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under applicable law.

6. REINSTATEMENT.

This Guaranty shall continue to be effective, or be reinstated, as the case may be, if at any time the payment, or any part thereof, of any of the Guaranteed Obligations is rescinded or otherwise must be restored or returned by any Beneficiary in connection with the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or any other Credit Party upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Company or any other Credit Party or any substantial part of their respective property or assets, or otherwise, all as though such payments had not been made.

7. PAYMENTS.

Each Guarantor hereby agrees that the Guaranteed Obligations will be paid to each of the Beneficiaries without setoff or counterclaim in U.S. dollars in immediately available funds at the location specified by such Beneficiary pursuant to the Note Agreement.

8. SEVERABILITY.

Whenever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Guaranty shall be prohibited by or invalid under any such law or regulation, it shall be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without the remainder thereof or any of the remaining provisions of this Guaranty being prohibited or invalid.

9. HEADINGS.

Section headings in this Guaranty are included herein for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose or be given any substantive effect.

10. APPLICABLE LAW.

THIS GUARANTY SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, EXCLUDING CHOICE-OF-LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

11. ENTIRE AGREEMENT.

This Guaranty constitutes the final, entire agreement among the parties hereto relating to the subject matter hereof and supersedes any and all prior and contemporaneous commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of the Guarantors, on the one hand, and the Beneficiaries, on the other hand. There are no oral agreements between the Guarantors, on the one hand, and the Beneficiaries, on the other hand.

12. CONSTRUCTION.

Each of the Guarantors and the Beneficiaries acknowledges that it has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Guaranty with such legal counsel.

13. ADDITIONAL GUARANTORS.

The initial Guarantors hereunder shall be such Subsidiaries of the Company as are signatories on the date hereof. From time to time subsequent to the date hereof, additional Persons may become parties hereto, as additional Guarantors (each an "***Additional Guarantor***"), by executing a counterpart of this Guaranty. Upon delivery of any such executed counterpart, notice of which is hereby waived by the Guarantors, each such Additional Guarantor shall be a Guarantor under this Guaranty with the same force and effect, and subject to the same agreements, representations, guarantees, indemnities, liabilities and obligations as if such Additional Guarantor were an original signatory hereof. Each Guarantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Guarantor hereunder, nor by any election of the Beneficiaries not to cause any Person otherwise obligated to become a Guarantor hereunder pursuant to the terms of the Note Agreement to become an Additional Guarantor hereunder. This Guaranty shall be fully effective as to any Guarantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Guarantor hereunder. The execution of a counterpart of this Guaranty by any Person shall not require the consent of any other Guarantor and all of the Guaranteed Obligations of each Guarantor under this Guaranty shall remain in full force and effect notwithstanding the addition of any Additional Guarantor to this Guaranty.

14. COUNTERPARTS; EFFECTIVENESS.

This Guaranty and any amendments, waivers, consents, or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of

which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Guaranty shall become effective as to each Guarantor upon the execution and delivery of a counterpart hereof by such Guarantor (whether or not a counterpart hereof shall have been executed by any other Person) and receipt of written or telephonic notification of such execution and authorization of delivery thereof. Delivery of an executed counterpart hereof by any Guarantor by facsimile shall be as effective as delivery of a manually executed counterpart hereof and shall be considered a representation that an original executed counterpart hereof will be delivered.

15. WAIVERS AND AMENDMENTS; SUCCESSORS AND ASSIGNS.

No amendment or waiver of any term or provision of this Guaranty or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same is in writing and signed by the Required Holders. This Guaranty is a continuing guaranty and shall be binding upon each Guarantor and its successors and assigns; *provided* that no Guarantor shall assign this Guaranty or any of the rights or obligations of such Guarantor hereunder without the prior written consent of all Beneficiaries. This Guaranty shall inure to the benefit of each of the Beneficiaries and its successors, assigns and transferees.

16. ADDRESS FOR NOTICES.

All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to any Series A Purchasers, addressed as specified for such communications in the Purchaser Schedule attached to the Note Agreement, or at such other address as any Series A Purchaser shall have specified to the Company, on behalf of each of the Credit Parties, in writing, (ii) if to any other Beneficiary, addressed to such Person at such address as it shall have specified in writing to the Company or, if any such Person shall not have so specified an address, then addressed to such Person in care of the last holder of Notes held by such Person which shall have so specified an address to the Company and (iii) if to any Guarantor, addressed as specified below such Guarantor's signature on the signature pages hereto, or such other address as such Guarantor may have specified by notice in writing to the Beneficiaries.

17. FAILURE OR INDULGENCE NOT WAIVER; REMEDIES CUMULATIVE.

No failure or delay on the part of any Beneficiary in the exercise of any power, right or privilege hereunder shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing under this Guaranty are cumulative to, and not exclusive of, any rights or remedies otherwise available.

18. PERSONAL JURISDICTION.

Each of the Guarantors irrevocably agrees that any legal action or proceeding with respect to this Guaranty, the Notes, the other Transaction Documents or any of the agreements, documents or instruments delivered in connection herewith shall be brought in the courts of the State of California, the State of New York, or the United States of America for the Northern

District of California or the Southern District of New York as the Required Holders may elect, and, by execution and delivery hereof, each of the Guarantors accepts and consents to, for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts and agrees that such jurisdiction shall be exclusive, unless waived by each holder of Notes in writing, with respect to any action or proceeding brought by any or all Guarantors against any holder of Notes. Each of the Guarantors hereby waives, to the full extent permitted by law, any right to stay or to dismiss any action or proceeding brought before said courts on the basis of *forum non conveniens*.

19. WAIVER OF JURY TRIAL.

EACH OF THE GUARANTORS IRREVOCABLY AGREES TO WAIVE ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS GUARANTY, ANY OTHER TRANSACTION DOCUMENT, OR ANY DEALINGS BETWEEN OR AMONG THE GUARANTORS AND THE BENEFICIARIES RELATING TO THE SUBJECT MATTER OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH OF THE GUARANTORS FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, THIS GUARANTY MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[Remainder of page intentionally left blank. Next page is signature page.]

IN WITNESS WHEREOF, the undersigned has caused this Guaranty to be duly executed as of the date first above written.

GUARANTOR:

ENVIROPLEX, INC.

By: _____

Name:
Title:

Address for Notices:

c/o the Company at the address for notices provided for in the Note Agreement.

MOBILE MODULAR MANAGEMENT CORPORATION

By: _____

Name:
Title:

Address for Notices:

c/o the Company at the address for notices provided for in the Note Agreement.

IN WITNESS WHEREOF, the undersigned Additional Guarantor has caused this Multiparty Guaranty to be duly executed and delivered as of _____ ___, _____.

_____

(ADDITIONAL GUARANTOR)

By: _____

Name:
Title:

Address for Notices:

_____

_____

_____

[Signature Page to Multiparty Guaranty]

Exhibit 10.14

INDEMNITY, CONTRIBUTION AND SUBORDINATION AGREEMENT

This **INDEMNITY, CONTRIBUTION AND SUBORDINATION AGREEMENT** (this "***Agreement***"), dated as of June 2, 2004, is entered into among Enviroplex, Inc., a California corporation, Mobile Modular Management Corporation, a California corporation, and such other Persons who from time to time become parties hereto in accordance with Section 9 of this Agreement, collectively, the "***Guarantors***" and individually, a "***Guarantor***") and McGrath RentCorp, a California corporation (the "***Company***"). The Company and the Guarantors are sometimes referred to herein as the "***Credit Parties***".

Reference is made to the Note Purchase and Private Shelf Agreement, dated as of June 2, 2004 (as the same from time to time may be amended, supplemented or otherwise modified, the "***Note Agreement***"), by and between the Company, on the one hand, and Prudential Investment Management, Inc. ("***PIM***"), each of the Series A Purchasers and such other Prudential Affiliates as may become bound by certain provisions thereof, on the other hand, pursuant to which, subject to the terms and conditions set forth therein, (i) the Company has agreed to issue and sell to the Series A Purchasers, and the Series A Purchasers have agreed to buy from the Company, its 5.08% Series A Senior Notes due June 2, 2011 in the initial aggregate principal amount of $60,000,000 (the "***Series A Notes***") and (ii) PIM and Prudential Affiliates are willing to consider, in their sole discretion and within limits which may be authorized for purchase by them from time to time, the purchase of the Company's additional senior secured promissory notes in the aggregate principal amount of up to $20,000,000 (the "***Shelf Notes***" and, together with the Series A Notes, the "***Notes***"). Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Note Agreement.

Each Guarantor is a Subsidiary or other Affiliate of the Company, and the proceeds from the issuance and sale of the Notes will be used, in part, to enable the Company and the Guarantors to make transfers amongst themselves in connection with their respective operations.

Pursuant to the Transaction Documents, the Credit Parties are jointly and severally liable for all obligations (the "***Obligations***") of the Company evidenced by the Notes and under the Note Agreement and the other Transaction Documents. Each Credit Party acknowledges that it has received and expects to receive financial and other support, directly or indirectly, from the other Credit Parties (including, without limitation, in the form of existing liquidity provided to the Credit Parties by the extension of credit from the issuance and sale of Notes under the Note Agreement); accordingly, each Credit Party has determined that it is in its interest and to its financial benefit to execute and deliver an agreement in the form hereof.

Accordingly, the Credit Parties agree as follows:

SECTION 1. INDEMNITY AND CONTRIBUTION.

A. Definitions. The following defined terms are used in this Section 1:

"Claiming Credit Party" shall mean any Credit Party which has made an Excess Payment, until the amount thereof has been reduced to zero through reimbursements to such Credit Party hereunder or otherwise.

"Excess Payment" shall mean, with respect to any payment made by a Credit Party to any holder of a Note pursuant to the terms of the Note Agreement, the Notes, the Multiparty Guaranty or any other Transaction Documents on or after any Payment Date, the amount by which such payment exceeds the aggregate amount of proceeds of the Notes received, directly or indirectly, by such Credit Party as of such Payment Date as a result of the credit provided from the issuance and sale of the Notes. For purposes of this definition of "*Excess Payment*", the amount of any payment made by a Credit Party shall include an amount equal to the gross proceeds from any sale of such Credit Party's assets pursuant to the Transaction Documents to which such Credit Party is a party to satisfy all or any part of the Obligations.

"First Round Contributing Credit Party" shall mean each Credit Party as to which a Payment Deficiency exists.

"Net Worth" shall mean the difference between the following: (1) the aggregate value of all assets (including contingent assets) of a Credit Party (at fair valuation and present fair saleable value), less (2) the aggregate amount of all liabilities (including contingent liabilities) of that Credit Party. Net Worth shall be measured, in the case of each Credit Party, as of the date of this Agreement, subject to adjustment in accordance with the provisions of Sections 1C and/or 1D below. In the event that the Net Worth of any Credit Party is less than zero, the Net Worth of such Credit Party shall be zero for purposes of any computation pursuant to Section 1C and/or 1D below.

"Payment Date" shall mean the maturity date of any of the Notes or the date of any notice of acceleration delivered by any holder of the Notes to the Company pursuant to paragraph 7A of the Note Agreement with respect to any of the Notes.

"Payment Deficiency" shall mean, with respect to any Credit Party as of any Payment Date, the amount by which the aggregate amount of proceeds of the Notes received by such Credit Party, directly or indirectly, from the issuance and sale of the Notes as of such Payment Date exceeds the payments made by such Credit Party under the Note Agreement, the Notes, the Multiparty Guaranty or any other Transaction Documents as of such Payment Date.

"Second Round Contributing Credit Party" shall mean each Credit Party having a positive Net Worth after giving effect to payments made or received by that Credit Party pursuant to Section 1B below.

B. First Round Contributions. Each Credit Party agrees (subject to Section 3 hereof) that in the event a payment shall be made by any other Credit Party under any

of the Transaction Documents or assets of any other Credit Party shall be sold pursuant to any mortgage, security agreement or similar instrument or agreement to satisfy any Obligations at any time on or after a Payment Date, each First Round Contributing Credit Party shall be responsible, by way of contribution, for the reimbursement to the Claiming Credit Parties of an amount equal to the Excess Payment of each Claiming Credit Party; *provided* that the aggregate amount owed by any First Round Contributing Credit Party shall not exceed the Payment Deficiency of such First Round Contributing Credit Party. The aggregate amounts so reimbursed by all First Round Contributing Credit Parties shall be allocated, among all Claiming Credit Parties, in proportion to the Excess Payment made by each such Claiming Credit Party as compared to the aggregate Excess Payments made by all such Claiming Credit Parties.

C. Second Round Contributions. In the event that an Excess Payment made by a Claiming Credit Party is not completely reimbursed pursuant to Section 1B above, and such Claiming Credit Party has a negative Net Worth after giving effect to such prior reimbursements (but without giving effect to any other reimbursement right under this Section 1), then there shall be a second contribution round for the benefit of that Claiming Credit Party in accordance with this Section 1C. The Second Round Contributing Credit Parties shall reimburse, to such Claiming Credit Parties, an aggregate amount equal to the total remaining Excess Payments of such Claiming Credit Parties; *provided*, *however*, that in no event shall the amount so paid by any Second Round Contributing Credit Party exceed the amount of its Net Worth (before giving effect to the contribution made by such party under this Section 1C). Subject to the foregoing proviso, the amount so contributed by each Second Round Contributing Credit Party shall be equal to such total remaining Excess Payments multiplied by a fraction, the numerator of which is the Net Worth of such Second Round Contributing Credit Party, and the denominator of which is the aggregate Net Worth of all Second Round Contributing Credit Parties. The aggregate amount of such contributions under this Section 1C shall, in turn, be allocated among such Claiming Credit Parties in proportion to the remaining Excess Payment of each.

D. Subsequent Round Contributions. In the event that an Excess Payment made by a Claiming Credit Party pursuant to Section 1C above is not completely reimbursed pursuant thereto (or pursuant to any subsequent round of contribution payments made under this Section 1D), then there shall be a further contribution round in which each Credit Party which made a contribution in the immediately preceding round and continues to have a positive Net Worth after giving effect thereto shall be responsible, by way of contribution, for its pro rata share of such remaining unreimbursed Excess Payments. The calculation of such further pro rata contribution obligations as between such contributing Credit Parties, and the allocation of such contributions among such Claiming Credit Parties, shall proceed in each such subsequent round in accordance with the respective proration and allocation provisions generally set forth in Section 1C. Nothing in this Section 1 shall affect any Credit Party's joint and several liability for all Obligations.

SECTION 2. No Waiver of Other Rights. All rights of each Credit Party under Section 1 shall be in addition to and not in derogation of any and all other rights of

indemnity, contribution, reimbursement or subrogation which such Credit Party may have under applicable law in respect of the Note Agreement, the Notes, the Multiparty Guaranty or any other Guarantee, as applicable, but in all events subject to the subordination provisions in Section 3. However, such Credit Party shall be entitled to only a single satisfaction of any claim giving rise to any rights under Section 1 and applicable law in respect of the Transaction Documents to which such Person is a party, and any such other rights of indemnity, contribution, reimbursement or subrogation shall be expressly subordinate (in time and right of payment) to the contractual rights of each Credit Party under Section 1.

SECTION 3. Subordination. Each Credit Party (i) subordinates all present and future indebtedness owing to it from any of the other Credit Parties (including, without limitation, under Section 1 and under such Credit Party's rights of indemnity, contribution, reimbursement or subrogation under applicable law) to the indefeasible payment in full in cash of all of the Obligations, (ii) agrees that it will not accelerate, or make a claim in respect of, such indebtedness or otherwise attempt to enforce any of its right under Section 1 until all Obligations have been indefeasibly paid in full in cash and (iii) agrees that it will not assign or pledge to any Person all or any part of such indebtedness. If, notwithstanding the foregoing, any Credit Party shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such Credit Party as trustee for the holders of the Notes, and shall promptly be paid over to the holders of the Notes for application to the Obligations in accordance with the terms of the Note Agreement, without affecting in any manner the liability of the other Credit Parties to such Credit Party hereunder. Notwithstanding anything to the contrary in this Section 3, any Credit Party may make payments to any other Credit Party in respect of indebtedness owing by such Credit Party to any such other Credit Party during such times as no Event of Default has occurred and is continuing.

SECTION 4. Waivers.

A. Each of the Credit Parties waives any right to require a Claiming Credit Party to: (i) proceed against any Person, including another Credit Party; (ii) proceed against or exhaust any collateral held from another Credit Party or any other Person; (iii) pursue any other remedy in the Claiming Credit Party's power; or (iv) make any presentments, demands for performance, or give any notices of nonperformance, protests, notices of protests or notices of dishonor in connection with any of the payments required under this Agreement.

B. Each of the Credit Parties waives any defense arising by reason of: (i) any disability or other defense of, any other Credit Party or any other Person; (ii) the cessation from any cause whatsoever, other than payment in full, of any liability of any Credit Party or any other Person; (iii) any act or omission by a Claiming Credit Party which directly or indirectly results in or aids the discharge of a Credit Party from the obligation to make payments required by this Agreement by operation of law or otherwise; and (iv) any modification of the obligations, in any form whatsoever, including any modification made after revocation hereof to any obligations incurred prior

to such revocation, and including without limitation the renewal, extension, acceleration or other change in time for payment of the obligations, or other change in the terms of the obligations or any part thereof, including increase or decrease of the rate of interest thereon.

C. Each of the Credit Parties waives all rights and defenses arising out of an election of remedies by a Claiming Credit Party, even though that election of remedies, might prejudice the Credit Party's rights of subrogation and reimbursement against another Credit Party.

SECTION 5. Termination. This Agreement shall survive and remain in full force and effect so long as any part of the Obligations has not been paid in full in cash, and shall continue to be effective or be reinstated, as the case may be, if at any time any part of a payment of the Obligations is rescinded or must otherwise be restored by any holder of Notes or any Credit Party upon the bankruptcy or reorganization of any Credit Party, or otherwise.

SECTION 6. No Waiver. No failure on the part of any Credit Party to exercise, and no delay in exercising, any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy by any Credit Party preclude any other or further exercise or the exercise of any other right, power or remedy. All remedies under this Agreement are cumulative and are not exclusive of any other remedies provided by law. No Credit Party shall be deemed to have waived any rights under this Agreement unless the waiver is in writing and signed by the party or parties affected.

SECTION 7. Binding Agreement. Whenever in this Agreement any of the parties is referred to, the reference shall include the successors and assigns of the party; and all covenants, promises and agreements by or on behalf of the parties that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns. This Agreement shall not be amended or terminated, nor any provision herein waived, and no Credit Party may assign or delegate any of its obligations under this Agreement (and any attempted assignment or delegation shall be void), without in each case the prior written consent of the Required Holders. Each Credit Party acknowledges and agrees that the holders from time to time of Notes are intended indirect beneficiaries of the benefits created in favor of each Credit Party by the indemnification and contribution provisions of this Agreement.

SECTION 8. Severability. To the extent that any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, no party shall be required to comply with the provision for so long as the provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9. Additional Credit Parties. From time to time subsequent to the date hereof, additional Persons may become parties hereto as Guarantors. Each such Person shall become a party to this Agreement by executing and delivering to the holders of the Notes, with a copy to the other parties hereto, a counterpart of this Agreement and, thereupon, shall be deemed a Guarantor for all purposes hereunder with the same force and effect as if originally named as a Guarantor herein. The addition of any new Guarantor as a party to this Agreement shall not require the consent of any other Credit Party hereunder.

SECTION 10. Counterparts. This Agreement may be executed in two or more identical counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute but one instrument. The counterpart signature pages may be detached and assembled to form a single original document. This Agreement shall be effective with respect to any Credit Party when a counterpart bearing the signature of such Credit Party shall have been executed and delivered to all parties. In the event that any Person shall become a Credit Party after the date hereof, that Person may become a party to this Agreement by executing and delivering to all parties a counterpart of this Agreement. Upon execution and delivery of the counterpart, such Person shall be a Credit Party for purposes of this Agreement.

SECTION 11. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, EXCLUDING CHOICE OF LAW PRINCIPLES OF THE LAW OF SUCH STATE THAT WOULD REQUIRED THE APPLICATION OF THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE.

[*Remainder of Page Intentionally Blank*]

The parties have caused this Agreement to be duly executed as of the date hereof.

McGRATH RENTCORP, a California corporation

By: _____

Thomas J. Sauer
Vice President and Chief Financial Officer

ENVIROPLEX, INC., a California corporation

By: _____

Thomas J. Sauer
Vice President and Chief Financial Officer

MOBILE MODULAR MANAGEMENT CORPORATION, a California corporation

By: _____

Thomas J. Sauer
Chief Financial Officer

Exhibit "A"

FORM OF

COMPLIANCE CERTIFICATE

This Compliance Certificate is furnished pursuant to Section 7.3(d) of that certain Third Amended and Restated Credit Agreement dated as of May 7, 2004, among the Borrower, certain Banks parties thereto and Union Bank of California, N.A., as Agent for the Banks, as from time to time modified, supplemented or amended (the "Agreement"). Unless otherwise defined, all capitalized terms used in this Compliance Certificate have the respective meanings ascribed to them in the Agreement.

Borrower hereby represents and warrants as follows:

1. I am familiar with the Agreement and the business and operations of Borrower.

2. Except as otherwise specifically indicated, the information contained in this Certificate is true and accurate on and as of _____, __ (the "Certification Date").

3. As of the Certification Date and at all times during the quarter ending on the Certification Date, Borrower has performed all obligations to be performed by it under (a) the Agreement, (b) any instrument or agreement to which Borrower is a party or under which Borrower is obligated, and (c) any judgment, decree, or order of any court or governmental authority binding on Borrower. No Default or Event of Default has occurred, whether or not the same was cured, during such quarter.

4. As of the Certification Date, the information set forth below is true, accurate and complete:

(a) Section 7.11(a): Tangible Net Worth

Tangible Net Worth	$
Minimum Tangible Net Worth calculation:	
Base amount	$ 127,500,000
Plus: Fifty percent of Net Income (without reduction for Net Loss) after December 31, 2003	$
Plus: 90% of the gross proceeds from stock issuance (excluding the first $2,000,000 of proceeds from the exercise of stock options after December 31, 2003)	$
Minimum Tangible Net Worth Total	$

(b) Section 7.11(b): Funded Debt to EBITDA

This calculation is also used for Determination of Applicable Margin (Section 2.3.2) and Commitment Fee Percentage (Section 3.7)

Funded Debt (A)	$
EBITDA (B)	$
Ratio of A to B	

Maximum permitted from Effective Date through December 31, 2004: 2.50 to 1.00

Maximum permitted from January 1, 2005 through December 31, 2005: 2:25 to 1:00

Maximum permitted from and after January 1, 2006: 2:00 to 1:00

(c) Section 7.11(c): Fixed Charge Coverage Ratio

1. EBITDA (A)	$
2. Interest expense for the 4 fiscal quarter periods immediately ending on the date hereof	$
3. Borrower's current portion of long term debt (as determined in accordance with GAAP)	$
4. Cash dividends paid for the 4 fiscal quarter periods immediately ending on the date hereof	$
5. Cash taxes paid for the 4 fiscal quarter periods immediately ending on the date hereof	$
6. Sum of 2 through 5 (B)	$
Ratio of A to B	

Minimum required from Effective Date through December 31, 2004: 1.50 to 1

Minimum required from January 1, 2005 to December 31, 2005: 1.75 to 1

Minimum required from and after January 1, 2006: 2.00 to 1

Executed this _____ day of _____, __.

By: _____

Name: _____

Title: _____

EXHIBIT "B"

FORM OF

LOAN REQUEST

[Date]

Union Bank of California, N.A., as Agent
East Bay Commercial Banking Group
Two Walnut Creek Center
200 Pringle Avenue, Suite 260
Walnut Creek, CA 94596-3570

Attention: Buddy Montgomery, Vice President

Re: Third Amended and Restated Credit Agreement dated as of May 7, 2004 among McGrath RentCorp, a California corporation ("Borrower"), certain Banks parties thereto, and Union Bank of California, N.A., as Agent for the Banks, as from time to time modified, supplemented or amended (the "Agreement"). (Terms defined in the Agreement shall have the same meanings herein).

Dear Mr. Montgomery:

1. The Borrower hereby gives notice that it requests a Loan under the Agreement, as follows:

   (a) The Funding Date is _____.

   (b) The amount is $ _____.

   (c) The Rate Option selected is:

   ( ) Eurodollar Loan
   ( ) Reference Rate Loan

   (d) The Eurodollar Period selected (if applicable) is _____.

2. The Borrower hereby gives notice that it requests continuation of an existing Eurodollar Loan as follows:

   (a) The Funding Date is _____.

   (b) The amount of the Loan to be continued is:

   Original amount: $_____

Increase (Decrease) being requested: $_____
Amount to be continued: $_____

(c) The Eurodollar Period selected is: _____.

3. The Borrower hereby gives notice that it requests a conversion from one Rate Option to another Rate Option, as follows:

(a) The Funding Date is _____.

(b) The aggregate amount to be converted is $ _____.

(c) Convert the Rate Option:

From:	To:
( ) Eurodollar Loan	( ) Eurodollar Loan
( ) Reference Rate Loan	( ) Reference Rate Loan

(d) The new Eurodollar Period selected (if applicable) is _____.

Borrower hereby represents and warrants that each of the conditions precedent set forth in Section 5.2 of the Agreement will be satisfied on and as of the Funding Date of such Loan and, specifically:

(a) There exists no Default or Event of Default;

(b) The representations and warranties contained in Article 6 of the Agreement will be true and correct as of the Funding Date of the Loan, except to the extent that changes in the facts and conditions on which such representations and warranties are based are required or permitted under the Agreement.

Very truly yours,

McGRATH RENTCORP,
a California corporation

By: _____

Name: _____

Title: _____

EXHIBIT "C"

FORM OF

OFFICER'S CERTIFICATE

[Borrower's Letterhead]

May __, 2004

Union Bank of California, N.A., as Agent
East Bay Commercial Banking Group
Two Walnut Creek Center
200 Pringle Avenue, Suite 260
Walnut Creek, CA 94596-3570

Attention: Buddy Montgomery, Vice President

Dear Mr. Montgomery:

Terms not otherwise defined herein shall have the meanings ascribed to them in the Third Amended and Restated Credit Agreement dated as of May 7, 2004 (the "Agreement"). In connection with the Agreement, the undersigned hereby certifies that:

1. The representations and warranties of the Borrower contained in Article 6 of the Agreement are true and correct on and as of the date of this certificate with the same effect as though such representations and warranties had been on and as of such date.
2. The Borrower has performed and complied with all agreements and covenants contained in the Agreement required to be performed and complied with by it prior to or on the date of this certificate.
3. No proceedings looking toward the dissolution or liquidation of the Borrower have been commenced and no such proceedings are contemplated.
4. Attached is a true and correct copy of certain resolutions, which comply with the requirements of Section 5.1(a)(v) of the Agreement, duly adopted by the Board of Directors of the Borrower at a duly authorized meeting, duly held at the office of the Borrower on _____, 2004 at which meeting a quorum of directors was present in person throughout and voted in favor thereof, and such resolutions have not been in any way modified, amended, rescinded or revoked and remain on the date hereof in full force and effect.

5. The Borrower is duly incorporated, validly existing and in good standing under the laws of the State of California and no provision in the Articles of Incorporation or By-laws of the Borrower, or any shareholder agreement, limits the power of the Board of Directors to pass the foregoing resolutions, that such resolutions are in conformity with the provisions of said Articles of Incorporation and Bylaws and that no approval of the shareholders or of the outstanding shares of the borrower is required with respect to the matters which are the subject of the foregoing resolutions.

6. Attached hereto is an incumbency certificate which complies with the requirements of Section 5.1(a)(vi) of the Agreement.

7. The copies of the Articles of Incorporation and By-laws of the Borrower delivered to Agent in connection with the Agreement pursuant to Section 5.1(a)(iv) of the Agreement, are true, accurate and complete copies of such Articles and By-laws of Borrower and such documents remain in effect and have not been modified.

8. Agent is hereby authorized to rely on this Certificate until a new Certificate certified by the Secretary (or Assistant Secretary) of the Borrower is received by the Agent, even in the event that one or more of the foregoing individuals ceases to act in such capacity.

IN WITNESS WHEREOF, we have hereto set our hand this _____ day of May, 2004.

McGrath RentCorp

By: _____

Name: _____

Title: _____

EXHIBIT "D"

FORM OF

REVOLVING NOTE

NOT TO EXCEED
$35,000,000.00

San Francisco, California
May 7, 2004

FOR VALUE RECEIVED, the undersigned, McGrath RentCorp, a California corporation ("Borrower"), promises to pay to UNION BANK OF CALIFORNIA, N.A. (the "Bank", or order, on or before the Revolving Loan Termination Date, or as otherwise provided in the Third Amended and Restated Credit Agreement dated as of May 7, 2004, among the Borrower, certain banks parties thereto, and Union Bank of California, N.A., as Agent for the Banks, as from time to time modified, supplemented or amended, (the "Agreement), the lesser of (i) the principal sum of THIRTY FIVE MILLION DOLLARS ($35,000,000) or (ii) the aggregate unpaid principal amount of all Revolving Loans made by the Bank to Borrower pursuant to the Agreement. Terms defined in the Agreement have the same meanings herein.

Borrower further promises to pay to the Bank, or order, interest on the unpaid principal amount hereunder from time to time outstanding from the date hereof until such amount shall have become due and payable (whether at the stated maturity, by acceleration, or otherwise) at the rate(s) of interest and at the times provided in the Agreement. Borrower further promises to pay interest on any overdue payment of principal and (to the extent permitted by law) interest as set forth in the Agreement.

Bank is authorized, but not required, to record the date, amount, type, interest rate and Eurodollar Period (if applicable) of each Loan made by the Bank to Borrower, and each payment made on account thereof, on its books and records or on the schedule annexed hereto, and, in the absence of manifest error, such recordation shall constitute prima facie evidence of the accuracy of the information so recorded; provided, however, that failure by the Bank to make any such recordation shall not affect any of the Obligations of Borrower.

All payments of principal, interest, fees, or other amounts due from Borrower hereunder, shall be in Dollars and in immediately available funds, without setoff, counterclaim or other deduction of any nature, and shall be made to Agent, at its address set forth on the signature pages of the Agreement, prior to 10:00 a.m., San Francisco time, on the last date permitted therefor.

Except as otherwise provided in the Agreement, if any payment of principal or interest hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next following Business Day and such extension of time shall be included in computing interest in connection with such payment.

This Revolving Note is one of the "Revolving Notes" referred to in, evidences obligations of Borrower under, and is entitled to the benefits of, the Agreement, which, among other things, provides for the acceleration of the maturity hereof upon the occurrence of certain circumstances and upon certain terms and conditions.

Borrower hereby expressly waives presentment, demand, notice of dishonor, protest, as such terms are defined in Division 3 of the California Commercial Code, and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Revolving Note and the Agreement.

This Revolving Note shall be governed by, construed and enforced in accordance with the laws of the State of California.

MCGRATH RENTCORP

By: _____

Name: Thomas J. Sauer
Title: Vice President and Chief Financial Officer

SCHEDULE OF LOANS

This Revolving Note evidences Loans made, continued or converted under the Agreement to Borrower, on the dates, in the principal amounts, of the types, bearing interest at the rates and having Eurodollar Periods (if applicable) set forth below, subject to the payments, prepayments, continuations and conversions of principal set forth below:

Date Made, Continued or Converted	Principal Amount of Loan	Type of Loan	Interest Rate	Duration of Eurodollar Period	Amount Paid Prepaid Continued Or Converted	Unpaid Principal Amount	Notation Made By

EXHIBIT "E"

Form of

CONTINUING GUARANTY

1. Obligations Guarantied. For consideration, the adequacy and sufficiency of which is acknowledged, [ENVIROPLEX, INC. / MOBILE MODULAR MANAGEMENT CORPORATION], a California corporation ("Guarantor"), hereby unconditionally guaranties and promises: (a) to pay to UNION BANK OF CALIFORNIA, N.A., as agent ("Agent"), for the ratable benefit of the lending banks under the Credit Agreement hereinafter defined ("Banks") on demand, in lawful United States money, all Obligations to Agent and Banks of McGRATH RENTCORP, a California corporation ("Borrower"); and (b) to perform all undertakings of Borrower in connection with the Obligations. "Obligations" is used herein in its most comprehensive sense and includes any and all debts, liabilities, rental obligations, and other obligations and liabilities of every kind of Borrower to Agent and to the Banks signatory from time to time to that certain Third Amended and Restated Credit Agreement dated as of May 7, 2004 (the "Credit Agreement," the terms defined therein and not otherwise defined herein being used herein as therein defined), by and among Borrower, Agent and such Banks, whether made, incurred or created previously, concurrently or in the future, whether voluntary or involuntary and however arising, whether incurred directly or acquired by Banks by assignment or succession, whether due or not due, absolute or contingent, liquidated or unliquidated, legal or equitable, whether Borrower is liable individually or jointly or with others, whether incurred before, during or after any bankruptcy, reorganization, insolvency, receivership or similar proceeding ("Insolvency Proceeding"), and whether recovery thereof is or becomes barred by a statute of limitations or is or becomes otherwise unenforceable, together with all expenses of, for and incidental to collection, including reasonable attorneys' fees. Guarantor is a subsidiary of Borrower and will derive substantial direct and indirect economic benefit if Agent and Banks enter into the Credit Agreement, and Banks and Agent are willing to do so, but only upon the condition, among others, that Guarantor shall have executed and delivered this Guaranty.

2. Limitation on Guarantor's Liability. Although this Guaranty covers all Obligations, Guarantor's liability under this Guaranty for Borrower's Obligations shall not exceed at any one time the sum of the following (the "Guarantied Liability Amount"): (a) One Hundred Thirty Million Dollars ($130,000,000.00) for Obligations representing principal ("Principal Amount"), (b) all interest, fees like charges owing and allocable to the Principal Amount as determined by Bank, and (c) without allocation in respect of the Principal Amount all costs, attorneys' fees, and expenses of Agent and Banks relating to or arising out of the enforcement of the Obligations and all indemnity liabilities of Guarantor under this Guaranty. The foregoing limitation applies only to Guarantor's liability under this particular Guaranty. Unless Banks otherwise agree in writing, every other guaranty of any Obligations previously, concurrently, or hereafter given to Banks by Guarantor is independent of this Guaranty and of every other such guaranty. Without notice to Guarantor, Banks may permit the Obligations to, exceed the Principal Amount and may apply or reapply any amounts received in respect of the Obligations from any source other than from Guarantor to that portion of the Obligations not included within the Guarantied Liability Amount.

3. Continuing Nature/Revocation/Reinstatement. This Guaranty is in addition to any other guaranties of the Obligations, is continuing and covers all Obligations, including those arising under successive transactions which continue or increase the Obligations from time to time, renew all or part of the Obligations after they have been satisfied, or create new Obligations. Revocation by one or more signers of this Guaranty or any other guarantors of the Obligations shall not (a) affect the obligations under this Guaranty of a non-revoking Guarantor, (b) apply to Obligations outstanding when Banks receive written notice of revocation, or to any extensions, renewals, readvances, modifications, amendments or replacements of such Obligations, or (c) apply to Obligations, arising after Banks receive such notice of revocation, which are created pursuant to a commitment existing at the time of the revocation, whether or not there exists an unsatisfied condition to such commitment or Banks have another defense to its performance. All of Agent's and Banks' rights pursuant to this Guaranty continue with respect to amounts any Obligations which are thereafter restored or returned by any Bank, whether in an Insolvency Proceeding of Borrower or for any other reason, all as though such amounts had not been paid to such Bank; and Guarantor's liability under this Guaranty (and all its terms and provisions) shall be reinstated and revived, notwithstanding any surrender or cancellation of this Guaranty. Each Bank, at its sole discretion, may determine whether any amount paid to it must be restored or returned; provided, however, that if such Bank elects to contest any claim for return or restoration, Guarantor agrees to indemnify and hold Bank harmless from and against all costs and expenses, including reasonable attorneys' fees, expended or incurred by Bank in connection with such contest. No payment by Guarantor shall reduce the Guarantied Liability Amount hereunder unless, at or prior to the time of such payment, Banks receive Guarantor's written notice to that effect. If any Insolvency Proceeding is commenced by or against Borrower or Guarantor, at the election of Banks, Guarantor's obligations under this Guaranty shall immediately and without notice or demand become due and payable, whether or not then otherwise due and payable.

4. Authorization. Guarantor authorizes Agent and Banks, without notice and without affecting Guarantor's liability under this Guaranty, from time to time, whether before or after any revocation of this Guaranty, to (a) renew, compromise, extend, accelerate, release, subordinate, waive, amend and restate, or otherwise amend or change, the interest rate, time or place for payment or any other terms of all or any part of the Obligations; (b) accept delinquent or partial payments on the Obligations; (c) take or not take security or other credit support for this Guaranty or for all or any part of the Obligations, and exchange, enforce, waive, release, subordinate, fail to enforce or perfect, sell, or otherwise dispose of any such security or credit support; (d) apply proceeds of any such security or credit support and direct the order or manner of its sale or enforcement as Banks, at their sole discretion, may determine; and (e) release or substitute Borrower or any guarantor or other person or entity liable on the Obligations .

5. Waivers. To the maximum extent permitted by law, Guarantor waives (a) all rights to require Agent or Banks to proceed against Borrower, or any other guarantor, or proceed against, enforce or exhaust any security for the Obligations or to marshal assets or to pursue any other remedy in Agent's or any Bank's power whatsoever; (b) all defenses arising by reason of any disability or other defense of Borrower, the cessation for any reason of the liability of Borrower, any defense that any other indemnity, guaranty or security was to be obtained, any claim that Agent or any Bank has made Guarantor's obligations more burdensome or more burdensome than Borrower's obligations, and the use of any proceeds of the Obligations other than as

intended or understood by Agent, such Bank or Guarantor; (c) all presentments, demands for performance, notices of nonperformance, protests, notices of dishonor, notices of acceptance of this Guaranty and of the existence or creation of new or additional Obligations, and all other notices or demands to which Guarantor might otherwise be entitled; (d) all conditions precedent to the effectiveness of this Guaranty; (e) all rights to file a claim in connection with the Obligations in an Insolvency Proceeding filed by or against Borrower; (f) all rights to require Agent or any Bank to enforce any of its respective remedies; and (g) until the Obligations are satisfied or fully paid with such payment not subject to return: (i) all rights of subrogation, contribution, indemnification or reimbursement, (ii) all rights of recourse to any assets or property of Borrower, or to any collateral or credit support for the Obligations, (iii) all rights to participate in or benefit from any security or credit support Banks may have or acquire, and (iv) all rights, remedies and defenses Guarantor may have or acquire against Borrower.

6. Guarantor to Keep Informed. Guarantor warrants having established with Borrower adequate means of obtaining, on an ongoing basis, such information as Guarantor may require concerning all matters bearing on the risk of nonpayment or nonperformance of the Obligations. Guarantor assumes sole, continuing responsibility for obtaining such information from sources other than from Agent or any Bank. Neither Agent nor any Bank has any duty to provide any information to Guarantor until Agent or such Bank receives Guarantor's written request for specific information in Bank's possession and Borrower has authorized Agent or such Bank, as applicable, to disclose such information to Guarantor.

7. Subordination. All obligations of Borrower to Guarantor which presently or in the future may exist ("Guarantor's Claims") are hereby subordinated to the Obligations. At Agent's request, Guarantor's Claims will be enforced and performance thereon received by Guarantor only as a trustee for Banks, and Guarantor will promptly pay over to Agent, for the ratable benefit of Banks, all proceeds recovered for application to the Obligations without reducing or affecting Guarantor's liability under other provisions of this Guaranty.

8. Security. To secure Guarantor's obligations under this Guaranty, Guarantor grants Bank a security interest in all moneys, general and special deposits, instruments and other property of Guarantor at any time maintained with or held by Agent and/or any Bank, and all proceeds of the foregoing.

9. Authorization. Neither Agent nor any Bank need inquire into or verify the powers of Guarantor or authority of those acting or purporting to act on behalf of Guarantor, and this Guaranty shall be enforceable with respect to any Obligations Banks grant or create in reliance on the purported exercise of such powers or authority.

10. Assignments. This Guaranty shall be binding upon Guarantor, its successors and assigns and shall inure to the benefit of and be enforceable by Agent and the Banks and their successors, transferees and assigns.

11. Counsel Fees and Costs. The prevailing party shall be entitled to attorneys' fees (including a reasonable allocation for Agent's and Banks' internal counsel) and all other costs and expenses which it may incur in connection with the enforcement or preservation of its rights under, or defense of, this Guaranty or in connection with any other dispute or proceeding relating

to this Guaranty, whether or not incurred in any Insolvency Proceeding, arbitration, litigation or other proceeding. Without limitation on any other Obligations or remedies of the Agent or the Banks under this Guaranty, Guarantor shall, to the fullest extent permitted by law, indemnify, defend and save and hold harmless the Agent and each Bank from and against, and shall pay on demand, any and all losses, liabilities, damages, costs, expenses and charges (including the fees and disbursements of the Agent's and such Bank's legal counsel) suffered or incurred by the Agent and such Bank as a result of any failure of any Obligations to be the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms.

12. Integration/Severability/Amendments. This Guaranty is intended by Guarantor and Agent as the complete, final expression of their agreement concerning its subject matter. It supersedes all prior understandings or agreements with respect thereto and may be changed only by a writing signed by Guarantor and Agent. No course of dealing, or parole or extrinsic evidence shall be used to modify or supplement the express terms of this Guaranty. If any provision of this Guaranty is found to be illegal, invalid or unenforceable, such provision shall be enforced to the maximum extent permitted, but if fully unenforceable, such provision shall be severable, and this Guaranty shall be construed as if such provision had never been a part of this Guaranty, and the remaining provisions shall continue in full force and effect.

13. Notice. Any notice, including notice of revocation, given by any party under this Guaranty shall be effective only upon its receipt by the other party and only if (a) given in writing and (b) personally delivered or sent by United States mail, postage prepaid, and addressed to Agent or Guarantor at their respective addresses for notices indicated below. Guarantor and Agent may change the place to which notices, requests, and other communications are to be sent to them by giving written notice of such change to the other.

14. Choice of Law. The Loan Documents (other than those containing a contrary express choice of law provisions) shall be construed in accordance with the internal laws (and not the law of conflicts) of the State of California, but giving effect to federal laws applicable to national banks.

15. CONSENT TO JURISDICTION. GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR CALIFORNIA STATE COURT SITTING IN SAN FRANCISCO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND GUARANTOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY BANK TO BRING PROCEEDINGS AGAINST GUARANTOR IN THE COURTS OF ANY OTHER JURISDICTION.

16. JURY TRIAL WAIVER. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED

WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

IN WITNESS WHEREOF, Guarantor and Agent have caused this Guaranty to be duly executed on this __ day of May, 2004.

[ENVIROPLEX, INC. / MOBILE MODULAR MANAGEMENT CORPORATION]

BY: _____

TITLE: _____

Address for notices to Guarantor:

5700 Las Positas Road
Livermore, California 94550
Attention: Mr. Thomas Sauer, Chief Financial Officer

UNION BANK OF CALIFORNIA, N.A., as Agent

BY: _____

TITLE: _____

Address for notices to Agent:

Union Bank of California, N.A., as Agent
East Bay Commercial Banking Group
Two Walnut Creek Center
200 Pringle Avenue, Suite 260
Walnut Creek, CA 94596-3570

Attention: Buddy Montgomery, Vice President

Exhibit 10.15

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDED AND RESTATED CREDIT AGREEMENT dated as of May 7, 2004 is entered into by and among McGRATH RENTCORP, a California corporation (the "Borrower"), the banks listed on the signature pages hereof (individually a "Bank" and collectively "Banks"), and UNION BANK OF CALIFORNIA, N.A., as agent (the "Agent") for Banks.

Recitals

A. The parties hereto desire to amend and restate that certain Amended and Restated Credit Agreement dated as of June 28, 2001 by and among the Borrower, Banks and Agent, as agent for Banks (the "Existing Agreement").

B. In consideration of the mutual covenants and agreements contained herein, the parties hereto agree to amend and restate the Existing Agreement as follows:

ARTICLE 1

DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"Active Subsidiary" means any Subsidiary which owns any material assets or is engaged in any operations or business.

"Affiliate" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (and the correlative terms, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"Agreement" means this Third Amended and Restated Credit Agreement as originally executed and as the same may from time to time be amended, supplemented or restated.

"Applicable Law" means, with respect to any Bank at any time, the Law of any jurisdiction applicable to Loans made by such Bank to Borrower hereunder, including, without limitation, Laws prescribing the maximum rates of interest on loans and extensions of credit.

"Applicable Margin" means the percentage to be added to a Rate Option in determining the rate of interest applicable to a Loan, as set forth in Section 2.3 hereof.

"Authorized Officer" means the President or Chief Financial Officer of Borrower.

"Bank" means, individually, Union Bank of California, N.A., U.S. Bank National Association, Comerica Bank, Bank of America, N.A., Wells Fargo Bank, N.A., and their respective successors, and such other banks as may become party to this Agreement, collectively referred to herein as "Banks."

"Business Day" means any day other than a Saturday or Sunday on which national banks are generally open for business in San Francisco, California and, with respect to Eurodollar Loans, such a day on which dealings in foreign currencies and exchange are also carried on in the interbank Eurodollar market.

"Capitalized Lease Obligations" means any and all lease obligations that, in accordance with GAAP, are required to be capitalized on the books of a lessee.

"Commercial Account" means Borrower's deposit account number 001-201-6481 at the office of Agent.

"Commitment" means, subject to the terms and conditions of this Agreement, and adjusted from time to time in accordance therewith, the obligation of Banks to make Loans to Borrower in the aggregate principal amount outstanding at any time not to exceed One Hundred Thirty Million Dollars ($130,000,000).

"Commitment Fee" means the commitment fee payable by Borrower pursuant to and as provided in Section 3.7.

"Compliance Certificate" means a certificate in the form of Exhibit "A" to be delivered to Agent in accordance with Section 7.3(d).

"Continuing Guaranty" means a continuing guaranty substantially in the form of Exhibit "E" executed and delivered to Agent in accordance with Section 7.3(l).

"Debt" means, with respect to Borrower, the aggregate amount of, without duplication, (a) all obligations for borrowed money, including, without limitation, the Loans, and Real Property Debt, (b) all obligations evidenced by bonds, other than assessment and other special bonds associated with real property holdings, debentures, notes or other similar instruments, (c) all Capitalized Lease Obligations, (d) all obligations or liabilities of others secured by a Lien on any asset of Borrower, whether or not such obligation or liability is assumed, and (e) all obligations or liabilities of Borrower, whether direct or indirect, contingent or otherwise, with respect to the obligations or liability of another, including, without limitation, all guaranties.

"Default" means any event that with the giving of notice or passage of time, or both, would be an Event of Default.

"Dollars and $" means United States dollars or such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts in the United States.

"EBIT" means, for any period of four (4) consecutive fiscal quarters, determined as of the last day of such period, the sum of (a) Net Income, (b) provision for income taxes, (c) interest expense, and (d) minority interest in the Net Income of any Subsidiary, and minus minority interest in the Net Loss of any Subsidiary.

"EBITDA" means, for any period of four (4) consecutive fiscal quarters, determined as of the last day of such period, EBIT minus non-cash items of income and extraordinary income and expense, plus (a) depreciation, (b) amortization expense, and (c) other non-cash charges, provided that EBITDA shall include proforma EBITDA from the Borrower's acquisition of TRS (as defined below) calculated by multiplying $3,500,000 by the number of full months prior to the acquisition of TRS included in the determination of EBITDA.

"Effective Date" means May 7, 2004, provided that all conditions precedent specified in Section 5.1 have been satisfied and that satisfaction of such conditions precedent has been confirmed by written notice delivered by the Agent to Borrower and Banks.

"Eligible Assignee" means (a) any Bank and any Affiliate of any Bank, and (b) any commercial bank, savings and loan association, savings bank, finance company, insurance company, mutual fund or other financial institution, fund or investor or other Person which has been approved in writing as an Eligible Assignee for purposes of this Agreement by both Agent and, unless an Event of Default has occurred and is continuing, the Borrower, as provided in Section 11.20. Notwithstanding anything to the contrary in this Agreement, in no event shall any Person that is primarily engaged in a business in competition with Borrower, or any Affiliate of such Person, be an Eligible Assignee.

"Environmental Laws" means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any governmental authorities, in each case relating to environmental, health, or safety matters.

"ERISA" means the Employee Retirement Income Security Act of 1974, as the same may from time to time be amended or supplemented, including any rules or regulations issued in connection therewith and any successor statute.

"Eurocurrency Reserve Percentage" means, with respect to each Eurodollar Period, the percentage, as prescribed by the Federal Reserve Board, for determining reserve requirements (including any marginal, supplemental or emergency reserves) applicable to Eurocurrency liabilities pursuant to Regulation D, or any other then applicable regulation of the Board of Governors which prescribes reserve requirements applicable to 'Eurocurrency liabilities,' as presently defined in Regulation D, in each case, as applicable to Agent. The Interbank Rate (Reserve Adjusted) shall be adjusted automatically on the effective date of any change in the Eurocurrency Reserve Percentage. For purposes of this definition, any Eurodollar Loans hereunder shall be deemed to be Eurocurrency liabilities. The Eurocurrency Reserve Percentage shall be conclusive and binding, absent manifest error, even if estimated or projected.

"Eurodollar Loan" means any Loan which bears interest at a rate determined with reference to the Interbank Rate (Reserve Adjusted).

"Eurodollar Period" means, with respect to any Eurodollar Loan, the period commencing on the date specified by Borrower in a Loan Request and ending one (1), two (2), three (3), six (6) or (if available to Banks) twelve (12) months thereafter, as specified by Borrower in such Loan Request; provided that:

(a) the first day of any Eurodollar Period shall be a Business Day;

(b) no Eurodollar Period for any Eurodollar Loan made prior to the Termination Date shall extend beyond the Termination Date;

(c) no Eurodollar Period shall extend beyond a date when a principal payment is due if the principal balance of the Loans after such payment will be less than the aggregate Eurodollar Loans outstanding; and

(d) any Eurodollar Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such next succeeding Business Day falls in another calendar month, in which case such Eurodollar Period shall end on the next preceding Business Day.

"Event of Default" means an event set forth in Article 9.

"Federal Funds Effective Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to (a) 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 for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York; or (b) if such rate is not published for any day which is a Business Day, the average of the quotations at approximately 10:00 a.m. San Francisco time for such day on such transactions received by Agent from three (3) federal funds brokers of recognized standing selected by it.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System or any governmental authority succeeding to its functions.

"Fixed Charges" means, as of any date of determination, the aggregate amount of (a) interest expense for the four (4) consecutive fiscal quarter periods ended most recently prior to such date, (b) Borrower's current portion of long term debt (as determined in accordance with GAAP), (c) cash dividends paid by Borrower for the four (4) consecutive fiscal quarter periods ended most recently prior to such date and (d) cash taxes paid by Borrower for the four (4) consecutive fiscal quarter periods ended most recently prior to such date.

"Funded Debt" means, as of any date of determination, the aggregate amount of Debt of Borrower as defined in clauses (a), (b) and (c) of the definition of Debt.

"Funded Debt/EBITDA Ratio" means, as of any date of determination, the ratio of Borrower's Funded Debt as of such date, to Borrower's EBITDA for the four (4) consecutive fiscal quarter period ended most recently prior to such date.

"Funding Date" means the date of the funding of a Loan, including the date a Loan is converted from a Loan with one Rate Option to a Loan with another Rate Option.

"GAAP" means generally accepted accounting principles, consistently applied.

"Governmental Agency" means (a) any international, foreign, federal, state, county or municipal government or political subdivision thereof, or (b) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (c) any court or administrative tribunal.

"Interbank Rate" means, with respect to each Eurodollar Period, the rate per annum determined by the Agent two (2) Business Days prior to the beginning of such Eurodollar Period, at which the Agent is offered deposits in dollars by major banks in the interbank eurodollar market at or about 11:00 a.m. London time, for delivery on the first day of such Eurodollar Period, in an amount and period equal to the amount of the Eurodollar Loan to be outstanding during such Eurodollar Period.

"Interbank Rate (Reserve Adjusted)" means, with respect to any Eurodollar Loan for any Eurodollar Period, a rate per annum (rounded upwards, if necessary, to the nearest one-hundredth of one percent (1/100 of 1%)) determined pursuant to the following formula:

$$\text{Interbank Rate (Reserve Adjusted)} = \frac{\text{Interbank Rate}}{\text{1-Eurocurrency Reserve Percentage}}$$

"Law" means collectively all international, foreign, federal, state and local statutes, treaties, rules, regulations, directives, ordinances, policies, orders and codes.

"Liabilities" means the aggregate amount of all liabilities of Borrower that would, in accordance with GAAP, be required to be set forth on a balance sheet as liabilities, excluding deferred taxes.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, affecting any asset of Borrower, including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and/or the filing of or agreement to give any financing statement (other than a financing statement which disclaims the existence of a security interest and states that it is filed only as a precaution) under the Uniform Commercial Code or comparable Law with respect to any asset of Borrower.

"Loan" means a Revolving Loan or, if the context requires, the Revolving Loans.

"Loan Documents" means, collectively, this Agreement, the Notes, and any and all other agreements, documents, instruments and certificates of any type or nature heretofore or hereafter

executed or delivered by Borrower to Agent or Banks in any way relating to or in furtherance of this Agreement, and each Continuing Guaranty executed and delivered by an Active Subsidiary, in each case either as originally executed or as the same may from time to time be supplemented, modified, amended, restated or extended.

"Loan Request" means a written request by Borrower for a Loan, substantially in the form of Exhibit "B", duly executed on Borrower's behalf and properly completed to provide all information required to be included therein.

"Maximum Amount" means, with respect to each Loan by each Bank at any time, the maximum amount of interest which, under Applicable Law, such Bank is permitted to charge with respect to such Loan.

"Net Income" has the meaning ascribed to it in accordance with GAAP.

"Net Loss" has the meaning ascribed to it in accordance with GAAP.

"Notes" means, collectively, the Revolving Notes.

"Obligations" means all present and future obligations of every kind or nature of Borrower or at any time and from time to time owed to Agent or Banks or any one or more of them, under any one or more of the Loan Documents, whether due or to become due, matured or unmatured, liquidated or unliquidated, or contingent or non-contingent, including obligations of performance as well as obligations of payment, and including interest that accrues after the commencement of any proceeding under any debtor relief law by or against Borrower.

"Officer's Certificate" means a certificate substantially in the form of Exhibit "C", completed and duly executed by an Authorized Officer of Borrower.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted Lien" has the meaning ascribed to it in Section 8.3.

"Person" means any individual or entity.

"Plan" means an employee pension or other benefit plan of Borrower subject to Title IV of ERISA or to which Section 412 of the Internal Revenue Code of 1954, as amended, applies, other than Borrower's Employee Stock Ownership Plan as amended in existence as of the date of this Agreement.

"Private Placement" means a private placement offering by Borrower to Prudential Capital Group or its affiliates in an aggregate amount of up to Eighty Million Dollars ($80,000,000).

"Pro Rata Share" means, with respect to each Bank, the percentage set forth next to that Bank's name as follows:

Bank	Pro Rata Share
Union Bank of California, N.A.	26.92307693%
U.S. Bank National Association	15.38461538%
Bank of America, N.A.	19.23076923%
Comerica Bank	19.23076923%
Wells Fargo Bank, N.A.	19.23076923%

"Rate Option" means one of the interest rate options available to Borrower for the Loans as provided in Section 2.3.2, which are the Interbank Rate (Reserve Adjusted) or Reference Rate.

"Real Property Debt" means Debt which is secured by any or all of Borrower's real property holdings.

"Reference Rate" means, at any time, the greater of (a) Agent's floating commercial loan rate then most recently announced by Agent at San Francisco, California as its prime or reference rate or (b) the Federal Funds Effective Rate plus 0.50%. Each change in the Reference Rate shall take effect hereunder on the effective date of the change in such Reference Rate. The Reference Rate is used as a reference point for pricing certain loans. Agent may price its loans at, above or below the Reference Rate.

"Reference Rate Loan" means any Loan which bears interest at a rate determined by reference to the Reference Rate.

"Register" is defined in Section 11.20(c).

"Regulation D" means Regulation D, as at any time amended, of the Federal Reserve System, or any other regulation in substance substituted therefor.

"Required Banks" means Banks having Pro Rata Shares at least sixty-six and two-thirds percent (66-$^{2}/_{3}$%) of the Commitment or, if the Commitment has been terminated, Banks holding at least sixty-six and two-thirds percent (66-$^{2}/_{3}$%) of the aggregate principal amount of outstanding Loans.

"Revolving Credit Facility" means the credit accommodation provided to Borrower as more fully described in Section 2.1.

"Revolving Loan" means an extension of credit under the Revolving Credit Facility in accordance with Section 2.1.

"Revolving Loan Commitment Period" means the period from and including the date of this Agreement to, but not including, the Revolving Loan Termination Date.

"Revolving Loan Termination Date" means the earlier of (a) the Termination Date, or (b) the date Banks may terminate making Loans or accelerate the due date of the Revolving Loans pursuant to the rights of Banks under Article 9.

"Revolving Note" means each promissory note payable to a Bank evidencing the Revolving Loans, substantially in the form set forth in Exhibit "D", with appropriate insertions.

"Solvent" and "Solvency" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital required for such Person's participation in such business or transaction. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subsidiary" means any corporation at least the majority of whose securities having ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) are at the time owned by Borrower and/or one or more Subsidiaries.

"Tangible Net Worth" means, with respect to Borrower, its assets as determined in accordance with GAAP, minus (a) Liabilities and (b) all intangible assets of Borrower, including, without limitation (i) all assets which should be classified as intangible assets (such as goodwill, patents, trademarks, copyrights, franchises, and deferred charges (including unamortized debt discount and research and development costs)), (ii) treasury stock, (iii) cash held in a sinking or other similar fund established for the purpose of redemption or other retirement of capital stock, (iv) to the extent not already deducted from total assets, reserves for depreciation, depletion, obsolescence or amortization of properties and other reserves or appropriations of retained earnings which have been or should be established in connection with the business conducted by Borrower, and (v) any revaluation or other write-up in book value of assets subsequent to the fiscal year of Borrower last ended at the date of this Agreement.

"Termination Date" means July 2, 2007.

"TRS" means Technology Rentals and Services, a division of CIT Technologies Corporation; and references to the acquisition of TRS shall mean the acquisition of substantially all the operating assets of TRS and at the same time the acquisition of similar assets from CIT Financial, Ltd., an Ontario (Canada) corporation.

1.2 Accounting Terms; Financial Tests. All accounting terms not specifically defined in this Agreement shall be construed, and all financial data and ratios required to be submitted pursuant to this Agreement shall be prepared, in conformity with GAAP and on a consolidated basis for Borrower and its Subsidiaries except as otherwise specifically provided in this Agreement. In the event that GAAP changes during the term of this Agreement such that the financial covenants contained herein would then be calculated in a different manner or with different components, Borrower and Banks agree to amend this Agreement in such respects as are necessary to conform those covenants as criteria for evaluating Borrower's financial condition to substantially the same criteria as were effective prior to such change in GAAP.

1.3 Exhibits and Schedules. All Exhibits and Schedules to this Agreement, either as originally existing or as the same may from time to time be supplemented, modified or amended, are incorporated herein by this reference.

1.4 Miscellaneous Terms. All terms defined in this Agreement shall be applicable to both the singular and plural forms thereof, as the context requires. The term "or" is disjunctive; the term "and" is conjunctive. The term "shall" is mandatory; the term "may" is permissive. The term "including" is by way of example and not limitation. Terms not otherwise expressly defined herein shall have the meaning ascribed to them in the California Uniform Commercial Code, if applicable.

ARTICLE 2

THE CREDITS

2.1. Revolving Loan Facility.

2.1.1 General. Subject to the terms and conditions of this Agreement, at any time and from time to time, during the Revolving Loan Commitment Period, each Bank severally, and not jointly, according to its Pro Rata Share, agrees to make Revolving Loans to Borrower in such amounts as Borrower may request that do not exceed in the aggregate at any one time outstanding the amount of such Bank's Pro Rata Share of the Commitment. Subject to the terms and conditions of this Agreement, Borrower may borrow, repay and reborrow, in whole or in part, under the Revolving Credit Facility at any time prior to the Revolving Loan Termination Date. The Revolving Loans and all amounts owing with respect thereto shall be due and payable on the Revolving Loan Termination Date. No Bank shall be responsible for any default by any other Bank in such other Bank's obligation to make a Revolving Loan hereunder, nor shall the Pro Rata Share of any Bank be increased or decreased as a result of the default by any other Bank in such other Bank's obligation to make a Revolving Loan hereunder.

2.1.2 Revolving Notes. The Revolving Loans shall be evidenced by a Revolving Note for each Bank in the principal amount of such Bank's Pro Rata Share of the Commitment. Each Bank is hereby authorized to record the amount and type of each Revolving Loan made by such Bank and the date and the amount of each payment or prepayment of principal thereof on the schedule annexed to its Revolving Note, or on its books and records, and any such recordation shall, in the absence of manifest error, constitute prima facie evidence of the accuracy of the information so recorded; provided, however, that failure by a Bank to make any such recordation on its Revolving Note or on its books and records shall not affect any of the Obligations of Borrower under such Revolving Note or this Agreement.

2.2. [Intentionally Omitted]

2.3 Interest on Loans. The Loans shall bear interest at a rate per annum equal to the lesser of (a) the sum of (i) the Applicable Margin plus (ii) the Rate Option(s) specified by Borrower pursuant to a Loan Request, and (b) the Maximum Amount; provided, however, that interest on overdue payments shall bear interest in accordance with Section 2.3.3; provided, further, that the Borrower may not have more than ten (10) Eurodollar Loans owing to any Bank outstanding at any one time.

2.3.1. General. Interest on the outstanding principal balance of the Loans shall accrue daily from the date of each Loan until payment in full.

2.3.2. Rate Options and Applicable Margins. The Rate Options and Applicable Margins for Loans shall be determined based upon the type of Loan and the current Funded Debt/EBITDA Ratio, as set forth in the table below:

Type of Loan / Rate Option	Funded Debt/ EBITDA Ratio	Applicable Margin on Revolving Loans
Eurodollar Loans / Interbank Rate (Reserve Adjusted):	Equal to or greater than 2.25 to 1.00	1.375%
	Equal to or greater than 1.75 to 1.00 but less than 2.25 to 1.00	1.20%
	Equal to or greater than 1.25 to 1.00 but less than 1.75 to 1.00	1.00%
	Less than 1.25 to 1.00	0.85%
Reference Rate Loans / Reference Rate:	[Not applicable]	0.00%

The Applicable Margin shall be subject to reduction or increase, as applicable and as set forth in the table above, on a quarterly basis according to the performance of Borrower as measured by the Funded Debt/EBITDA Ratio for the immediately preceding fiscal quarter of Borrower. Any such increase or reduction in the Applicable Margin shall be effective on the next Business Day after receipt by Agent of the applicable financial statements and the corresponding Compliance Certificate. If the financial statements and the Compliance Certificate of Borrower setting forth the Funded Debt/EBITDA Ratio are not received by the Agent by the date required pursuant to this Agreement, the Applicable Margin shall be determined as if the Funded Debt/EBITDA Ratio exceeds 2.25 to 1.00, commencing on the date when Borrower's time to deliver such financial statements and Compliance Certificate shall have expired and continuing until such time as such financial statements and Compliance Certificate are received and any Event of Default resulting

from a failure to timely deliver such financial statements or Compliance Certificate has been waived in writing by the Required Banks. Notwithstanding anything to the contrary in this Section 2.3.2, from the Closing Date up to and including the date of the first Compliance Certificate due hereunder, which is due on or before August 15, 2004, the Applicable Margin for Eurodollar Loans shall be 1.20%.

2.3.3. Interest on Overdue Payments. Overdue payments of principal (and of interest to the extent permitted by law) on the Loans shall bear interest at a fluctuating rate per annum equal to the lesser of (i) the Reference Rate plus two percent (2%) or (ii) the Maximum Amount until such unpaid amount has been paid in full (whether before or after judgment). All interest provided for in this Section 2.3.3 shall be compounded monthly and payable on demand.

2.3.4. Computation. Interest shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days from, and including, the first day of a Loan, but excluding, the last day thereof.

2.4 Procedure for Loans.

2.4.1 General. Borrower shall deliver to Agent an irrevocable Loan Request (i) no later than 10:00 a.m. San Francisco time on the proposed Funding Date of any Reference Rate Loan, and (ii) at least three (3) Business Days prior to the Revolving Loan Termination Date or the proposed Funding Date of any Eurodollar Loan. Each Loan Request shall specify:

(a) the Funding Date of such Loan, which shall be a Business Day;

(b) the amount of such Loan;

(c) the Rate Option(s) selected for such Loan; and

(d) if applicable, the Eurodollar Period(s) therefor.

If Borrower shall fail to specify a Rate Option, such Loan shall be made as a Reference Rate Loan. If Borrower shall fail to specify a Eurodollar Period with respect to a proposed Eurodollar Loan, Borrower shall be deemed to have elected a Eurodollar Period of one (1) month’s duration.

2.4.2. Alternate Procedure. Alternatively, on any Business Day, an Authorized Officer, may give Agent telephonic notice of the proposed Loan within the notice periods, and specifying the information, required in Section 2.4.1, provided that (a) an Authorized Officer may designate any other person to provide such telephonic notice for a specific period of time by delivering to Agent by telecopy a copy of such person’s authorization to give telephonic notice of the proposed Loan within the notice periods, which authorization must be signed by an Authorized Officer, and (b) such telephonic notice of the proposed Loan shall be confirmed in writing by delivery to Agent of a Loan Request signed by an Authorized Officer no later than the third day after such telephonic notice. All such telephonic notices shall be irrevocable. Neither Agent nor Bank shall incur any liability to Borrower in acting upon any such telephonic notice that Agent believes in good faith to have been given by a person duly authorized to give such notice on behalf of Borrower or for otherwise acting in good faith under this Section 2.4.2.

2.4.3. Extensions and Conversions. Subject to the terms and conditions of this Agreement, Borrower may continue a Rate Option for any Eurodollar Loan, or convert any Loan into a different Rate Option by complying with the provisions of Section 2.4.1 or 2.4.2 in the same manner as if Borrower were requesting a new Loan; provided, however, that Eurodollar Loans may be converted without penalty only on the last day of the applicable Eurodollar Period.

2.4.4. Minimum Amount of Revolving Loans. Loan Requests for Revolving Loans shall be in one or the other of the following minimum amounts, as the case may be, with integral multiples of Twenty-five Thousand Dollars ($25,000) in excess of such minimum amounts:

(a) for a Reference Rate Loan, a minimum amount of Four Hundred Thousand Dollars ($400,000); and

(b) for a Eurodollar Loan, a minimum amount of One Million Dollars ($1,000,000).

2.4.5. Minimum Payment of Revolving Loans. The Borrower shall have the right to prepay the Revolving Loans in whole or in part in minimum principal amounts equal to at least One Hundred Thousand Dollars ($100,000) and in integral multiples of Twenty-five Thousand Dollars ($25,000) in excess of such minimum amount.

2.5. Funding of Loans.

(a) Promptly after receipt of a Loan Request (or telephonic notice thereof), Agent shall notify each Bank of the amount of the proposed Loan, the Pro Rata Share of such Bank, and the Rate Option and (if applicable) Eurodollar Period selected by Borrower therefor.

(b) In the case of Revolving Loans, each Bank shall make the amount of its Loan available to Agent, in same day funds, at the office of Agent specified on the signature pages of this Agreement no later than noon San Francisco time on the Funding Date. Agent shall make the proceeds of such Loans available to Borrower on such Funding Date by causing an amount of same day funds equal to the proceeds of all such Loans received by Agent to be credited to Borrower's Commercial Account no later than 2:00 p.m. San Francisco time on the Funding Date.

2.6. Non-Receipt of Funds by Agent. Unless the Borrower or a Bank, as the case may be, notifies Agent prior to the date on which it is scheduled to make payment to Agent of (a) in the case of a Bank, the proceeds of a Loan or (b) in the case of the Borrower, a payment of principal, interest or fees to Agent for the account of Banks, that it does not intend to make such payment, Agent may assume that such payment has been made. Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Bank or the Borrower, as the case may be, has not in fact made such payment to Agent, the recipient of such payment shall, on demand by Agent, repay to Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by Agent until the date Agent recovers such amount at a rate per

annum equal to (a) in the case of repayment by a Bank, the Federal Funds Effective Rate for such day or (b) in the case of repayment by the Borrower, the interest rate applicable to the relevant Loan.

2.7. Reduction or Termination of the Commitment. Upon not less than three Business Days' notice to the Agent at any time, and from time to time, Borrower may, at any time permanently reduce the amount of the Commitment in increments of One Million Dollars ($1,000,000) or integral multiples thereof; provided, however, that the Commitment may not be reduced to an amount less than the amount of the then outstanding Loans. Except as expressly provided in this Section 2.7, the Commitment may not be adjusted by Borrower.

ARTICLE 3

PAYMENTS AND FEES

3.1. Revolving Loans.

3.1.1. Interest. Interest accrued on each Revolving Loan shall be payable in arrears (a) if a Reference Rate Loan, quarterly on the last Business Day of each calendar quarter, or (b) if a Eurodollar Loan, on the last day of the Eurodollar Period and, if such Eurodollar Period is in excess of three (3) months, each three (3) month anniversary of the commencement of such Eurodollar Period. Such interest payments shall commence on the first such day after the Effective Date and continue through the Revolving Loan Termination Date, on which date all accrued and unpaid interest shall be due and payable in full.

3.1.2. Principal. If not sooner paid, the principal indebtedness evidenced by the Revolving Notes shall be due and payable as follows:

(a) the principal amount of each Eurodollar Loan shall be converted, extended or due and payable on the last day of the Eurodollar Period for such Loan;

(b) the amount, if any, by which the principal indebtedness evidenced by the Revolving Notes at any time exceeds the Commitment shall be due and payable immediately; and

(c) in any event, the principal indebtedness evidenced by the Revolving Notes shall be due and payable on the Revolving Loan Termination Date.

3.2. [Intentionally Omitted]

3.3. Optional Repayment. Any prepayment of all or any part of any Eurodollar Loan on a day other than the last day of the applicable Eurodollar Period shall be subject to Section 4.1.4, as applicable, and Borrower shall pay Banks all amounts due as therein provided.

3.4. Mandatory Prepayments. If at any time the aggregate principal amount of the Loans outstanding exceeds the Commitment, as is then in effect, Borrower shall immediately upon demand by Agent prepay an amount equal to such excess. The provisions of Section 3.3 shall also apply to mandatory prepayments pursuant to this Section 3.4.

3.5. Payments. All payments hereunder shall be made, irrespective of and without condition or deduction for any counterclaim, defense, recoupment or setoff, in Dollars and in immediately available funds and shall be made prior to 10:00 a.m. San Francisco time on the date of the scheduled payment to Agent at its office set forth on the signature pages of this Agreement. All payments received after 10:00 a.m. San Francisco time shall be considered to have been received the next Business Day. Any payment which falls on a non-Business Day shall be rescheduled to the next succeeding Business Day and interest shall continue to accrue to such Business Day. Agent shall promptly after receipt of each payment cause to be distributed like funds relating to the payment of principal, interest, or fees ratably to each Bank for its account, in each case to be applied in accordance with, and subject to, the terms of this Agreement,.

3.6. Facility Fee. Borrower shall pay to Agent upon execution of this Agreement a facility fee in the amount of $195,000, to be distributed among Banks in accordance with their respective Pro Rata Shares.

3.7. Commitment Fee. Borrower shall pay to Agent, for distribution to each Bank in proportion to that Bank's Pro Rata Share, commitment fees (the "Commitment Fee") at the rate per annum shown in the table below which corresponds to the current Funded Debt/EBITDA Ratio, applied to the daily unused Commitment, computed for the actual number of days elapsed on the basis of a year consisting of 360 days for the period from and including the date of this Agreement to and including the Revolving Loan Termination Date, payable in arrears (i) in quarterly installments on the last Business Day of each March, June September and December commencing on the first such date to occur after the Effective Date, and (ii) on the Termination Date or the date on which the Commitment is terminated in full pursuant to Section 2.7 or Section 9.2.

Funded Debt/ EBITDA Ratio	**Commitment Fee Percentage**
Equal to or greater than 2.25 to 1.00	0.30%
Equal to or greater than 1.75 to 1.00 but less than 2.25 to 1.00	0.25%
Equal to or greater than 1.25 to 1.00 but less than 1.75 to 1.00	0.20%
Less than 1.25 to 1.00	0.15%

The applicable Commitment Fee percentage shall be subject to reduction or increase, as applicable and as set forth in the table above, on a quarterly basis according to the performance of Borrower as measured by the Funded Debt/EBITDA Ratio for the immediately preceding fiscal quarter of Borrower. Any such increase or reduction in the Commitment Fee percentage shall be effective on the next Business Day after receipt by Agent of the applicable financial statements and the corresponding Compliance Certificate. If the financial statements and the Compliance Certificate of Borrower setting forth the Funded Debt/EBITDA Ratio are not

received by the Agent by the date required pursuant to this Agreement, the Commitment Fee percentage shall be determined as if the Funded Debt/EBITDA Ratio exceeds 2.25 to 1.00, commencing on the date when Borrower's time to deliver such financial statements and Compliance Certificate shall have expired and continuing until such time as such financial statements and Compliance Certificate are received and any Event of Default resulting from a failure to timely deliver such financial statements or Compliance Certificate has been waived in writing by the Required Banks. Notwithstanding anything to the contrary in this Section 3.7, from the Closing Date up to and including the date of the first Compliance Certificate due hereunder, which is due on or before August 15, 2004, the applicable Commitment Fee percentage shall be 0.25%.

3.8. Agent's Fee. Borrower shall pay Agent, for Agent's own account, an agent fee in an amount and on the terms as mutually agreed between Agent and Borrower.

ARTICLE 4

ADDITIONAL PROVISIONS RELATING TO EURODOLLAR LOANS AND CAPITAL ADEQUACY

4.1. Eurodollar Loans.

4.1.1. Eurodollar Increased Cost. If, as a result of the adoption or application of any Law, or any change therein, or in the interpretation, administration or application thereof, including Regulation D, or compliance by any Bank with any request or directive (whether or not having the force of law) from any court or Governmental Agency, central bank or comparable authority or instrumentality:

(a) the basis of taxation of payments to any Bank of the principal of or interest on any Eurodollar Loan (other than income, franchise or similar taxes imposed on the gross or net income of a Bank) is changed;

(b) any reserve, special deposit, minimum capital, capital ratio or similar requirements against assets of, deposits with or for the account of, credit extended by, or Commitment of, any Bank is imposed, modified or deemed applicable; or

(c) any other condition affecting this Agreement, the Eurodollar Loans or Commitment is imposed on any Bank or the interbank eurodollar market;

and any Bank determines that, by reason thereof, the cost to such Bank of making or maintaining any of the Eurodollar Loans is increased, or the amount of any sum receivable by such Bank hereunder in respect of any of the Eurodollar Loans is reduced; then, Borrower shall pay to such Bank within two (2) Business Days after demand (which demand shall be accompanied by a statement setting forth the basis for the calculation thereof but only to the extent not theretofore provided to Borrower, a copy of which shall be delivered to Agent) such additional amount or amounts as will compensate such Bank for such additional cost or reduction (provided such amount has not been compensated for in the calculation of the Eurocurrency Reserve Percentage). Determinations by a Bank for purposes of this Section 4.1.1 of the additional amounts required to compensate such Bank in respect of the foregoing circumstances shall be conclusive, absent manifest error.

4.1.2. Eurodollar Deposits Unavailable or Interest Rate Unascertainable. If any Bank determines (which determination shall be conclusive and binding on Borrower) that deposits of the necessary amount for a Eurodollar Period are not available to such Bank in the interbank Eurodollar market or that, by reason of circumstances affecting such market, adequate and reasonable means do not exist for ascertaining the Interbank Rate applicable to such Eurodollar Period, such Bank shall promptly give notice of such determination to Borrower and, thereupon, any Loan Request with respect to new Eurodollar Loan(s) previously given by Borrower and not yet borrowed or converted shall be deemed a Loan Request to make a Reference Rate Loan in the amount of the requested Eurodollar Loan(s) and Borrower shall be obligated to convert any outstanding Eurodollar Loan(s) to Reference Rate Loans on the last day of the then current Eurodollar Period(s) with respect thereto.

4.1.3. Changes in Law Affecting Eurodollar Loans. If at any time after the date of this Agreement due to any new Law, or any interpretation thereof by any Governmental Agency or other regulatory authority charged with the administration thereof, or for any other reason arising subsequent to the date hereof, it shall become unlawful for any Bank to fund any Eurodollar Loan which it is committed to make hereunder, the obligation of such Bank to provide Eurodollar Loans shall, upon the happening of such event, forthwith be suspended for the duration of such illegality. If any such change shall make it unlawful for any Bank to continue Eurodollar Loans previously made by it hereunder, such Bank shall, upon the happening of such event, notify Borrower stating the reasons therefor, and Borrower shall, on the earlier of (a) the last day of the then current Eurodollar Period or (b) if required by such Law or interpretation, on such date as shall be specified in such notice, convert such unlawful Eurodollar Loans to Reference Rate Loans.

4.1.4. Eurodollar Loan Indemnity. Borrower agrees to indemnify each Bank and shall hold each Bank harmless from any loss, cost, damage or expense which such Bank may sustain or incur as a consequence of:

(a) any failure by Borrower to borrow, continue or convert a Eurodollar Loan on a date specified in a Loan Request;

(b) a payment, prepayment or conversion of a Eurodollar Loan on a day which is not the last day of the Eurodollar Period with respect thereto; and

(c) the acceleration of the obligations pursuant to Section 9.2, in each case including any such loss, cost, damage or expense arising from interest, fees or other charges payable by such Bank to lenders of funds obtained by it in order to make or maintain such Eurodollar Loan hereunder.

Borrower shall pay within two (2) Business Days after demand (which demand shall be accompanied by a statement setting forth such Bank's calculation thereof, a copy of which shall be delivered to Agent) the amount due hereunder. Such statement and calculation shall, in the absence of manifest error, be conclusive. This covenant shall survive termination of this Agreement and payment in full of the Notes.

4.2. Discretion as to Manner of Funding. Notwithstanding any provision of this Agreement to the contrary, each Bank shall be entitled to fund and maintain its funding of all or any part of the Eurodollar Loans in any manner it may elect, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if each Bank had actually funded and maintained each Eurodollar Loan during the Eurodollar Period for such Eurodollar Loan through the purchase of deposits having a maturity corresponding to the last day of such Eurodollar Period and bearing an interest rate equal to the Interbank Rate for such Eurodollar Period. Any Bank may, if it so elects, fulfill any commitment to make Eurodollar Loans by causing a foreign branch or affiliate to make or continue such Eurodollar Loans at no additional cost to Borrower, provided, however, that in such event such Loans shall be deemed for the purposes of this Agreement to have been made by such Bank, and the obligation of Borrower to repay such Loans shall nevertheless be to such Bank and shall be deemed held by such Bank, to the extent of such Loans, for the account of such branch or affiliate.

4.3. Capital Adequacy. If after the date hereof, the adoption or application of any Law regarding capital adequacy of general applicability, or any change therein, or any change in the interpretation or administration thereof by any Governmental Agency, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank with any request or directive regarding capital adequacy of general applicability (whether or not having the force of law) of any such Governmental Agency, central bank or comparable agency, has or would have the effect, of reducing the rate of return on such Bank's capital to a level below that which such Bank could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then such Bank may increase the applicable interest rate(s) set forth in Section 2.3.2 above for Loans from such Bank to compensate such Bank for such reduction in its rate of return on capital. Such increase shall be effective thirty (30) days after written notice thereof to Borrower; and such notice shall be accompanied by such Bank's statement setting forth its calculations thereof, which shall, in the absence of manifest error, be conclusive.

ARTICLE 5

CONDITIONS PRECEDENT

5.1. Conditions to Effectiveness of this Agreement. The amendment and restatement of the Existing Agreement accomplished by this Agreement shall not become effective until the following conditions precedent have been satisfied:

(a) Agent shall have received the following on or before the Effective Date, each dated as of the Effective Date or such earlier date as shall be acceptable to Agent, in form and substance satisfactory to Agent and (except for the Revolving Notes) in sufficient copies for each Bank.

(i) Counterparts of this Agreement duly executed by Borrower, Agent and each of the Banks.

(ii) Revolving Notes, duly executed by Borrower, one payable to the order of each Bank.

(iii) a Continuing Guaranty in the form attached hereto as Exhibit "E", executed by each Active Subsidiary and Agent.

(iv) Copies of the Articles of Incorporation and By-laws of Borrower, together with all amendments thereto, to the extent such Articles or By-laws have changed, or amendments thereto have been added, since such documents were delivered to Agent in connection with the Existing Agreement.

(v) Copies, certified by the Secretary or an Assistant Secretary of Borrower, of its Board of Directors' resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for Agent) authorizing Borrower to execute, deliver and perform this Agreement and the other Loan Documents executed or to be executed by Borrower and to consummate the transactions contemplated hereby and thereby.

(vi) An incumbency certificate, executed by the Secretary or an Assistant Secretary of Borrower, which shall identify by name and title and bear the specimen signatures of the officers of Borrower authorized on behalf of Borrower to execute, deliver and perform this Agreement and the other Loan Documents executed or to be executed by Borrower and to consummate the transactions contemplated hereby and thereby.

(vii) A duly completed Officer's Certificate.

(viii) An opinion of legal counsel to Borrower and Active Subsidiary, as to their legal existence, due authorization, execution and delivery and enforceability of the Loan Documents to which each is a party, and such other matters as Agent and the Banks may reasonably request.

(ix) Such other documents as Agent or its counsel may reasonably request.

(b) The representations and warranties of Borrower contained in Article 6 hereof and in the Officer's Certificate are true and correct as of the Effective Date.

(c) Borrower shall have paid the Facility Fee to Agent for the ratable benefit of Banks, and shall have reimbursed all attorneys' fees and costs of counsel to Agent incurred in the preparation and negotiation of the Loan Documents.

5.2. Each Loan. Banks shall not be required to make any Loan, or convert or continue any Loan unless on the applicable Funding Date:

(a) There exists no Default or Event of Default.

(b) The representations and warranties contained in Article 6 are true and correct as of such Funding Date, except to the extent that changes in the facts and conditions on which such representations and warranties are based are required or permitted under this Agreement.

(c) Borrower shall have delivered a Loan Request therefor.

(d) Borrower shall have furnished such other documents as Agent may have reasonably requested.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF BORROWER

In order to induce Banks to enter into this Agreement, Borrower makes the following representations and warranties which shall survive the execution and delivery of this Agreement and the Notes, and the making of the Loans:

6.1. Due Organization. Each of Borrower and its Active Subsidiaries is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction in which it is incorporated, and is duly qualified to conduct business as a foreign corporation in all jurisdictions where the failure to do so would have a material or adverse effect on its respective business.

6.2. Subsidiaries. Borrower has no Subsidiaries as of the date of this Agreement, except: Mobile Modular Management Corporation, Space-Co Corporation, eRentCorp.com, AskSpecs.com, Enviroplex, Inc., and eRentNetworks. Borrower has no Active Subsidiaries as of the date of this Agreement except Enviroplex, Inc. and Mobile Modular Management Corporation.

6.3. Requisite Power. Each of Borrower and its Active Subsidiaries has all requisite corporate powers and all governmental licenses, authorizations, consents and approvals necessary to own and operate its respective properties and to carry on its business as now conducted and as proposed to be conducted, other than such governmental licenses, authorizations, consents and approvals the absence of which will not materially or adversely effect the business, operations or conditions, financial or otherwise, of Borrower. Borrower has all requisite corporate powers to borrow the sums provided for in this Agreement, and to execute and deliver this Agreement and the Notes to which Borrower is required hereunder to be a party. The execution, delivery and performance of this Agreement and the Notes to which Borrower is required hereunder to be a party have been duly authorized by Borrower's Board of Directors and do not require any consent or approval of the stockholders of Borrower. Each Active Subsidiary has all requisite corporate power to execute and deliver its Continuing Guaranty, and the execution, delivery and performance of such Continuing Guaranty by it have been duly authorized by such Active Subsidiary's Board of Directors and do not require any consent or approval of the stockholders of such Active Subsidiary

6.4. Binding Agreement. This Agreement has been duly executed and delivered by Borrower and constitutes, and each of the Notes when executed and delivered by Borrower will constitute, a legal, valid and binding obligation of Borrower, enforceable against it in accordance with its terms, except as the enforceability thereof may be affected by (a) bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, (b) the availability of certain equitable remedies or limitations imposed by certain equitable principles of general applicability and (c) limitations based on statutes or on public policy limiting a Person's right to waive the benefits of statutory provisions or common law rights. Each Continuing Guaranty, when executed and delivered by an Active Subsidiary, will constitute, a legal, valid and binding obligation of such

Active Subsidiary, enforceable against it in accordance with its terms, except as the enforceability thereof may be affected by (a) bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, (b) the availability of certain equitable remedies or limitations imposed by certain equitable principles of general applicability and (c) limitations based on statutes or on public policy limiting a Person's right to waive the benefits of statutory provisions or common law rights.

6.5. Other Agreements. The execution, delivery and performance of this Agreement and the Notes will not (a) violate any provision of law or regulation (including, without limitation, Regulations X and U of the Federal Reserve Board), or any order of any governmental authority, court, arbitration board or tribunal or Articles of Incorporation or By-laws of Borrower, other than such violations which will not materially and adversely affect the business, operations or conditions, financial or otherwise, of Borrower or (b) result in the breach of, constitute a default under, contravene any provisions of, or result in the creation of any security interest, lien, charge or encumbrance upon any of the property or assets of Borrower pursuant to any indenture or agreement to which Borrower or any of its properties is bound.

6.6. Litigation. There is no litigation, investigation or proceeding in any court or before any arbitrator or governmental regulatory commission, board, administrative agency or other governmental authority pending, or, to the knowledge of Borrower, threatened against or affecting Borrower or any Active Subsidiary or any of its respective properties, which (a) may affect the performance by Borrower of this Agreement or the Notes or any of the transactions contemplated hereby or thereby and (b) if adversely determined would have a material adverse effect on the business, operations or condition, financial or otherwise, of Borrower or any Active Subsidiary.

6.7. Consents. No consent, license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority or agency is required in connection with the execution, delivery and performance by Borrower of this Agreement or the Notes or the transactions contemplated hereby or thereby (except for standard disclosure requirements of federal securities laws and regulations).

6.8. Financials. The audited consolidated financial statement of Borrower as of December 31, 2003, for the fiscal year ended on such date and the unaudited consolidated financial statement of Borrower as of March 31, 2004 for the three (3) months ended on such date, copies of which have been heretofore delivered to the Banks, are true, complete and correct and fairly present the financial condition of Borrower as of such dates and the results of its operations for the periods then ended. The aforementioned financial statements have been prepared in accordance with GAAP applied on a consistent basis; provided, however, if the date of delivery is prior to May 10, 2004 and Borrower's first quarter financials have not yet been prepared, then Borrower shall deliver instead preliminary first quarter financial information. There has been no material adverse change in the business, operations or condition, financial or otherwise, of Borrower, since the date of such financial statements. As of the date thereof, Borrower does not have any material liabilities, direct or contingent, except as disclosed in the aforementioned financial statements.

6.9. Use of Proceeds. The proceeds of the Loans shall be used by Borrower for (a) general working capital needs, (b) the acquisition of TRS and (c) general corporate purposes.

6.10. Regulation U. Borrower is not engaged principally, or as one of its principal activities in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations G, T, U or X of the Federal Reserve Board). No part of the proceeds of the Loans will be used by Borrower to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

6.11. ERISA. Borrower is in compliance in all material aspects with all applicable provisions of ERISA and the regulations and published interpretations thereunder. If Borrower has a Plan, no Reportable Event (as defined in ERISA) has occurred with respect to any such Plan nor are there any unfunded vested liabilities thereunder; Borrower has met its minimum funding requirements under ERISA with respect to each such Plan and has not incurred any material liability to the PBGC in connection with any such Plan.

6.12. Tax Returns. All tax returns required to be filed by Borrower and each Subsidiary which are now due in any jurisdiction have been filed; all taxes, assessments, fees and other governmental charges upon Borrower, each Subsidiary, or upon any of its respective properties, incomes or franchises, which are due and payable have been paid, or adequate reserve has been provided, in Borrower's financial statements, for payment thereof.

6.13. Licenses, Trademarks, etc. Each of Borrower and its Active Subsidiaries has all patents, licenses, trademarks, trademark rights, trade names, trade name rights, copyrights, permits and franchises which are required in order for it to conduct its business and to operate its properties as now or proposed to be conducted without known conflict with the rights of others.

6.14. Burdensome Agreement. Neither Borrower nor any Active Subsidiary is a party to any unusual or unduly burdensome agreement or undertaking, nor is it subject to any unusual or unduly burdensome court order, court writ, injunction or decree of any court or governmental instrumentality, domestic or foreign, which materially and adversely affects its business or property, assets, operations or condition, financial or otherwise.

6.15. Title and Lien. Except for Permitted Liens, the real property and all other property and assets of Borrower reflected in the audited consolidated financial statement of Borrower dated December 31, 2003, referenced in Section 6.8, are free from all liens, charges, security interests and encumbrances of any nature whatsoever; and, except as aforesaid, Borrower has a good and marketable title in fee simple to all such real property and good and marketable title to all other such property and assets, except those disposed of in the ordinary course of business.

6.16. Existing Defaults. Neither Borrower nor any Active Subsidiary is in default under any material term of any mortgage, indenture, deed of trust or any other material agreement to which it is a party or by which it or any of its properties may be bound. Neither Borrower nor any Active Subsidiary is in violation of any Law to which it or any of its properties is subject, other than such Laws the violation of which will not materially and adversely effect the business, operations or conditions, financial or otherwise, of Borrower.

6.17. Other Contracts. Neither Borrower nor any Active Subsidiary is in default in any material respect under the provision of any contract or commitment with a party which does not contemplate completion of performance by either party within one year, and to the best of

Borrower's knowledge, there are no facts or conditions which, with the giving of notice or passage of time (or both), would result in such a default under any provision of any such contract or commitment which would, individually or in the aggregate, materially and adversely affect the business or financial position of Borrower or such Active Subsidiary, as applicable.

6.18. Leases. Each of Borrower and its Active Subsidiaries enjoys peaceful and undisturbed possession under all the leases to which it is a party or under which it is a lessee. All such leases and all leases under which each of Borrower and its Active Subsidiaries is lessor are legal, valid and binding obligations of lessor and lessee and are enforceable in accordance with their terms, except as the enforceability thereof may be affected by (a) bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally, (b) the availability of certain equitable principles of general applicability, and (c) limitations based on statutes or on public policy limiting a Person's right to waive the benefits of statutory provisions or common law rights. No default exists under any such leases under which each of Borrower and its Active Subsidiaries is lessee and each of Borrower and its Active Subsidiaries is not in default under any such leases under which it is lessor.

6.19. Fire and Explosion. Neither the business nor the properties or operations of Borrower and any Active Subsidiary are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), materially and adversely affecting such business or properties or operations.

6.20. No Default. No Default or Event of Default has occurred and is continuing.

6.21 Solvency. Each of Borrower and its Active Subsidiaries is Solvent.

ARTICLE 7

AFFIRMATIVE COVENANTS

Borrower covenants that, so long as any Obligations remain unpaid or not fully performed or any Commitment remains unused in whole or in part, unless the Required Banks shall otherwise consent in writing:

7.1. Inspection. Borrower shall maintain, and cause each Active Subsidiary to maintain, adequate books and accounts established and admitted in accordance with GAAP, and permit Banks by their representatives and agents at least on an annual basis to inspect any of the properties, operating procedures, corporate books and financial records of Borrower and each Active Subsidiary, to examine and make copies of the books of account and other financial records of Borrower and each Active Subsidiary, and to discuss the affairs, finances and accounts of Borrower with, and to be advised of the same by, Borrower's officers at such reasonable times and intervals as Banks may designate by reasonable prior notice to Borrower.

7.2. Proceeds. Borrower shall use the proceeds of the Loans for (a) general working capital needs, (b) the acquisition of TRS and (c) general corporate purposes.

7.3. Financial Statements. Borrower will furnish to Agent and to each Bank:

(a) within forty-five (45) days after the close of each of the first three fiscal quarters of each fiscal year, a copy of the consolidated balance sheet of Borrower and the related statements of consolidated income of Borrower for such fiscal quarter and for the period from the beginning of the fiscal year to the end of such fiscal quarter, and the consolidated cash flow statement of Borrower from the beginning of the fiscal year to the end of such fiscal quarter, all in reasonable detail, subject to year-end audit adjustments and certified by an Authorized Officer to be complete and correct in all material respects and to fairly present the consolidated financial position of Borrower at the dates indicated and the results of its operations and cash flow for the periods indicated;

(b) within ninety (90) days after the close of each fiscal year, (i) a copy of the annual audit report of Borrower for such fiscal year for Borrower including therein a consolidated balance sheet and related statements of consolidated income, consolidated shareholders equity, and consolidated cash flow, audited by an independent certified public accountant acceptable to the Agent, and certified by such accountants to have been prepared in accordance with GAAP consistently applied, together with (ii) a certificate of such accounting firm, stating that in the course of the regular audit of the business of Borrower, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge of an Event of Default (insofar as it pertains to accounting matters), or an event which with notice or the passage of time or both would constitute an Event of Default (insofar as it pertains to accounting matters), has occurred and is continuing, or if, in the opinion of such accounting firm, an Event of Default (insofar as it pertains to accounting matters) has occurred and is continuing, a statement as to the nature thereof;

(c) within sixty (60) days after the close of each fiscal year, (i) a copy of Borrower's annual budget for the forthcoming fiscal year, in form and substance satisfactory to Agent and (ii) a summary forecast covering the period from the forthcoming fiscal year up to and including the Termination Date, which budgets and forecasts each Bank will hold in confidence.

(d) contemporaneously with the delivery of financial statements, budgets and forecasts required by Sections 7.3(a), 7.3(b) and 7.3(c), a Compliance Certificate of an Authorized Officer stating that such officer has individually reviewed the provisions of this Agreement and has individually reviewed or supervised the review of the activities of Borrower during such year or quarterly period, as the case may be, with a view to determining whether Borrower has fulfilled all its obligations under this Agreement, and that Borrower has observed and performed each undertaking contained in the Agreement and is not in Default in the observance or performance of any of the provisions hereof or, if Borrower shall be so in Default, specifying all such Defaults and events of which such officer may have knowledge, and otherwise containing the information and certifications (including calculation of the financial covenants set forth in Section 7.11 hereof) required in the form of Compliance Certificate shown on Exhibit "A";

(e) promptly after sending or making available or filing of the same, copies of all reports, proxy statements and financial statements that Borrower sends or makes available to its stockholders and all registration statements and reports that Borrower files with the Securities and Exchange Commission, or any material reports that Borrower files with any other governmental official, agency or authority;

(f) as soon as possible and in any event within five (5) days after Borrower has knowledge of (i) the occurrence of a Default or an Event of Default, or (ii) any default or event of default as defined in any evidence of Debt or under any agreement, indenture or other instrument under which such Debt has been issued, whether or not such Debt is accelerated or such default waived and which default or event of default has resulted or may result in a material adverse change in Borrower's condition (financial or otherwise) or operations, a statement of an Authorized Officer setting forth details thereof, and the action which Borrower proposes to take with respect thereto;

(g) as soon as available any written report pertaining to material items in respect to Borrower's internal control matters submitted to Borrower by independent accountants in connection with each annual or interim special audit of the financial conditions of Borrower made by Borrower's independent public accountants;

(h) prompt written notice of any condition or event which has resulted or might result in (i) a material adverse change in Borrower's condition (financial or otherwise) or operations, or (ii) a breach of or noncompliance with any term, condition or covenant contained herein, or (iii) a material breach of or noncompliance with any term, condition or covenant of any material contract to which Borrower is a party or by which it or its property may be bound;

(i) prompt written notice of any claims, proceedings or disputes (whether or not purportedly on behalf of Borrower) against, or to the knowledge of Borrower threatened, or affecting, Borrower or any Active Subsidiary which, if adversely determined, would have a material adverse effect on the business, properties or condition (financial or otherwise) of Borrower (without in any way limiting the foregoing, claims, proceedings or disputes involving monetary amounts in excess of Five Hundred Thousand Dollars ($500,000) not fully covered by insurance shall be deemed to be material), or any material labor controversy resulting in or threatening to result in a strike against Borrower, or any proposal by any public authority to acquire any of the material assets or business of Borrower;

(j) promptly after receipt thereof a copy of any notice Borrower receives from the Pension Benefit Guaranty Corporation or the Internal Revenue Service with respect to any Plan; provided, however, that this Section 7.3(j) shall not apply to notices of general application promulgated by the Department of Labor, and prompt written notice if Borrower adopts or becomes liable to contribute to any Plan;

(k) at least fifteen (15) days prior to incurring any Real Property Debt, a statement by Borrower to Agent, in form and substance satisfactory to Agent, which (i) verifies that Borrower is in compliance with Section 8.4 of this Agreement; (ii) details Borrower's calculation of such compliance; and (iii) includes, without limitation, attachments detailing the appraisal of Borrower's property which is the subject of such Real Property Debt;

(l) promptly upon a Subsidiary becoming an Active Subsidiary, including, without limitation, any Subsidiary holding assets acquired from TRS, or upon the formation or acquisition by Borrower of an Active Subsidiary, written notice of such occurrence and cause such Active Subsidiary to execute and deliver to Agent a Continuing Guaranty in the form attached hereto as Exhibit "E", together with an opinion of legal counsel to such Subsidiary as to its legal existence, and the due authorization, execution, delivery and enforceability of such Guaranty; and

(m) such other financial or other information as Agent may from time to time reasonably request.

7.4. Corporate Existence. Borrower shall preserve and maintain its corporate existence and all of its rights, privileges, and franchises necessary or desirable in the normal course of its business, and shall cause each Active Subsidiary to maintain its corporate existence and all of its rights, privileges, and franchises necessary or desirable in the normal course of its business.

7.5. Compliance with Law. Borrower shall comply, and cause each Active Subsidiary to comply, with the requirements of all applicable Laws (including without limitation, ERISA with respect to each of Borrower's Plans and Environmental Laws) and all material agreements to which it is a party, other than such requirements or agreements with respect to which the non-compliance of Borrower or such Active Subsidiary will not materially and adversely effect the business, operations or conditions, financial or otherwise, of Borrower.

7.6. Insurance. Borrower shall maintain and keep in force, and cause each Active Subsidiary to maintain and keep in force, insurance of the types and in amounts customarily carried in its lines of business, including but not limited to fire, public liability, property damage, workmen's compensation insurance carried by companies and in amounts satisfactory to Banks, and deliver to Banks from time to time, as Banks may request, schedules setting forth all insurance then in effect.

7.7. Facilities. Borrower shall keep, and cause each Active Subsidiary to keep, those properties useful or necessary to its business in good repair and condition, and from time to time make necessary repairs, renewals, and replacements thereto so that its property shall be fully and efficiently preserved and maintained.

7.8. Taxes and Other Liabilities. Borrower shall pay and discharge when due, and cause each Active Subsidiary to pay and discharge when due, any and all indebtedness, obligations, assessments, taxes real and personal, including federal and state income taxes, except such as it may in good faith contest or as to which a bona fide dispute may arise; provided provision is made to the satisfaction of the Required Banks for prompt payment thereof in the event that it is found that the same is its obligation.

7.9. Litigation. Borrower shall give immediate notice to Banks of: (a) any litigation or proceeding in which it and/or an Active Subsidiary is a party if any adverse decision therein would require Borrower and/or an Active Subsidiary to pay more than Five Hundred Thousand Dollars ($500,000) or require Borrower and/or an Active Subsidiary to deliver assets the value of which exceeds such sum (whether or not the claim is considered to be covered by insurance); and (b) the institution of any other suit or proceeding involving Borrower and/or any Active Subsidiary that might materially and adversely affect Borrower's operations, financial condition, property or business.

7.10. Change of Location. Borrower shall notify Banks (30) thirty days in advance of any change in the location of any of its places of business or of the establishment of any new, or the discontinuance of any existing, place of business of Borrower or of any Active Subsidiary.

7.11. Financial Tests. Borrower will maintain, measured quarterly on a consolidated basis as of the last day of each fiscal quarter in accordance with GAAP:

(a) Tangible Net Worth of at least the sum of (i) One Hundred Twenty Seven Million Five Hundred Thousand Dollars ($127,500,000), plus (ii) fifty percent (50%) of Borrower's Net Income (without reduction for any Net Loss) generated after December 31, 2003, plus (iii) ninety percent (90%) of the cash proceeds from the issuance of Borrower's capital stock after December 31, 2003, excluding the first Two Million Dollars ($2,000,000) of such proceeds from the exercise of stock options after December 31, 2003;

(b) a ratio of Funded Debt to EBITDA of not more than: (i) 2.50 to 1.00 from the Effective Date through December 31, 2004; (ii) 2.25 to 1.00 from January 1, 2005 through December 31, 2005; and (iii) 2.00 to 1.00 from and after January 1, 2006; and

(c) a ratio of EBITDA to Fixed Charges of not less than: (i) 1.50 to 1.00 from the Effective Date through December 31, 2004; (ii) 1.75 to 1.00 from January 1, 2005 through December 31, 2005; and (iii) 2.00 to 1.00 from and after January 1, 2006.

ARTICLE 8

NEGATIVE COVENANTS

So long as any Obligations remain unpaid or not fully performed or any Commitment remains unused in whole or in part, unless the Required Banks shall otherwise consent to in writing, Borrower agrees that:

8.1. Mergers/Changes. Each of Borrower and any Active Subsidiary shall not change the nature of its business, sell (whether in any one transaction or a series of transactions) all or substantially all of its assets, enter into any merger, consolidation, reorganization or recapitalization, reclassify its capital stock, cease (in the case of Borrower) to be a publicly held company, or become a subsidiary of any other company; provided, however, that either Borrower or any Active Subsidiary may acquire the assets or stock of another entity in a consensual, negotiated transaction with such other entity, provided that Borrower has furnished to Agent a written statement demonstrating, in reasonable detail, that after giving effect to such transaction Borrower will remain in compliance with each of the financial tests set forth in Section 7.11 and no other Event of Default will result therefrom. Notwithstanding the foregoing, an Active Subsidiary may merge or consolidate with Borrower or another Subsidiary, and the survivor of such merger or consolidation shall be considered an Active Subsidiary for purposes of this Agreement.

8.2. Sale of Assets. Subject to Section 8.1, each of Borrower and any Active Subsidiary shall not sell, transfer, lease or otherwise dispose of (a "Transfer") any of its assets outside the ordinary

course of its business except for (i) Transfers of assets for fair consideration in cash or a cash equivalent so long as all net proceeds of such Transfer are immediately applied to repayment of outstanding Loans, and (ii) Transfers of worn-out, obsolete or surplus property (each as determined by Borrower and/or any Active Subsidiary in its reasonable judgment).

8.3. Liens. Each of Borrower and any Active Subsidiary shall not mortgage, pledge, grant or permit to exist a Lien upon any of its assets of any kind, now owned or hereafter acquired, except for (collectively the "Permitted Liens"):

(a) existing Liens reflected on the audited consolidated financial statement of Borrower dated December 31, 2003 furnished to Banks pursuant to Section 6.8 hereof, or any Lien which replaces an existing Lien, provided the principal amount of the debt secured by the replacing Lien does not exceed the principal amount at the time of replacement of the existing Lien, or cover property other than the property covered by the existing Lien;

(b) Liens of carriers, warehousemen, mechanics, landlords, materialmen, suppliers, tax, assessments, other governmental charges and other like Liens arising in the ordinary course of business securing obligations that are not incurred in connection with the obtaining of any advance or credit and which are not overdue or are being contested in good faith by appropriate proceedings, provided provision is made to the satisfaction of Agent for the eventual payment thereof in the event it is found that such obligation is payable by Borrower or an Active Subsidiary;

(c) Liens arising in connection with workmen's compensation, unemployment insurance, appeal and release bonds and progress payments under government contracts;

(d) the giving, simultaneously with or within ninety (90) days after the acquisition or construction of real property or tangible personal property, of any purchase money Lien (including vendor's rights under purchase contracts under an agreement whereby title is retained for the purpose of securing the purchase price thereof) on real property or tangible personal property hereafter acquired or constructed and not heretofore owned by Borrower or any Active Subsidiary, or the acquiring hereafter of real property or personal tangible property not heretofore owned by Borrower or any Active Subsidiary subject to any then existing Lien (whether or not assumed); provided, however, that in each such case such Lien is limited to such acquired or constructed real or tangible personal property; provided, further, that Borrower is and remains in compliance with Section 8.4 of this Agreement;

(e) judgment Liens in existence less than thirty (30) days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full by insurance; and

(f) Liens arising from the Real Property Debt, provided, however, that Borrower is and remains in compliance with Sections 7.3(k) and 8.4 of this Agreement.

8.4. Indebtedness. Borrower and its Active Subsidiaries shall not incur, create, assume, or permit to exist Debt (other than the Loans) which in the aggregate exceeds One Hundred Million Dollars ($100,000,000). The foregoing limitation shall not apply to Debt between Borrower and any of its Active Subsidiaries or from one Active Subsidiary to another Active Subsidiary.

8.5. Prepayment. Each of Borrower and any Active Subsidiary shall not prepay any Debt (other than Loans), or enter into or modify any agreement as a result of which the terms of payment of the Debt (other than Loans) are waived or modified unless such prepayment or modification will have no material adverse affect on the condition (financial or otherwise) or operations of Borrower. The foregoing restrictions shall not apply to Debt between Borrower and any of its Active Subsidiaries or from one Active Subsidiary to another Active Subsidiary.

8.6 Transaction with Affiliates. Borrower shall not, directly or indirectly, enter into any transaction with or for the benefit of an Affiliate on terms more favorable to the Affiliate than would have been obtainable in arms' length dealings.

8.7. Misrepresentations. Borrower shall not furnish Agent or any Bank any certificate or other document that will contain any untrue statement of material fact or that will omit to state a material fact necessary to make it not misleading in light of the circumstances under which it was furnished.

8.8. Regulations. Borrower shall not directly or indirectly apply any part of the proceeds of the Loans to the purchasing or carrying of any "margin stock" within the meaning of Regulation U of the Federal Reserve Board, or any regulations, interpretations or rulings thereunder.

8.9. Partnerships. Borrower shall not be, or permit or cause any Active Subsidiary to be, a general or limited partner in any partnership or a joint venturer in any joint venture without the written consent of the Required Banks.

ARTICLE 9

EVENTS OF DEFAULT

9.1. Events of Default. The occurrence of any of the following events shall constitute an Event of Default:

(a) Borrower fails to pay any installment of principal (including without limitation any mandatory prepayment pursuant to Section 3.4) when due, or any installment of interest or a Commitment Fee within five (5) calendar days after the date payable hereunder;

(b) Borrower fails to observe or perform any material, term, covenant, obligation or agreement to be observed or performed by it under this Agreement or any Loan Documents when required to be observed or performed and (i) such failure shall continue for ten (10) calendar days after notice to Borrower from Agent of such failure or (ii) such failure shall continue for fifteen (15) calendar days after Agent is notified of such failure by Borrower; or any Active Subsidiary revokes or terminates its Continuing Guaranty;

(c) a default shall occur as defined in any evidence of Debt (other than the Loans and the Private Placement) by Borrower or any Active Subsidiary or under any indenture, agreement or other instrument under which the same may be issued, or any event upon any occurrence of which any holder or holders of the Debt outstanding thereunder may declare the same due and payable

before its stated maturity, and which default (i) shall continue for a period of ten (10) calendar days after notice thereof and (ii) in the reasonable opinion of the Required Banks, has resulted or may result in a material adverse change in Borrower's condition (financial or otherwise) or operations, provided, however, that such default shall not be considered an Event of Default hereunder when the amount thereof is being contested in good faith by appropriate proceedings with adequate reserves therefor being set aside by Borrower;

(d) any certified or audited financial statement, representation, warranty or certificate made or furnished by Borrower or any Active Subsidiary to Agent or any Bank in connection with this Agreement, or as inducement to Banks to enter into this Agreement, or in any separate statement or document to be delivered hereunder to Banks, shall be materially false, incorrect, or incomplete when made;

(e) Borrower or any Active Subsidiary shall suffer one or more final judgments for payment of money aggregating in excess of Five Hundred Thousand Dollars ($500,000) in any one (1) year period and shall not have the same satisfied, vacated or dismissed within a period of thirty (30) days unless, pending further proceedings, execution has not been commenced or, if commenced, has been effectively stayed;

(f) Borrower or any Active Subsidiary shall: (i) have an order for relief entered with respect to it under the Federal Bankruptcy Code; (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due; (iii) make an assignment for the benefit of creditors; (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property; (v) institute any proceeding seeking an order for relief under the Federal Bankruptcy Code or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it; (vi) take any corporate action to authorize or affect any of the foregoing actions set forth in this Section 9.1(f); or (vii) fail to contest in good faith any appointment or proceeding described in Section 9.1(g);

(g) without the application, approval or consent of Borrower or any Active Subsidiary, a receiver, trustee, examiner, liquidator or similar official shall be appointed for Borrower or any Active Subsidiary, or any substantial part of its respective property, or a proceeding described in Section 9.1(f) shall be instituted against Borrower or any Active Subsidiary and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of thirty (30) consecutive days;

(h) at any time Borrower or any Active Subsidiary has a Plan and any Reportable Event occurs, as defined in ERISA, which creates or results in a liability in excess of Five Hundred Thousand Dollars ($500,000) for which Borrower or any Active Subsidiary is or may become obligated to pay, and such liability continues to exist for thirty (30) consecutive days;

(i) the Required Banks shall have reasonably determined in good faith (which determination, if made reasonably and in good faith, shall be final and conclusive and shall be binding upon the parties to this Agreement) that one or more conditions exist or events have

occurred which might indicate, or result in, a material adverse change in the operations, business, property or assets or in the condition (financial or otherwise) of Borrower, or in the ability of Borrower or any Active Subsidiary to meet in the normal course of business its obligations under this Agreement, the Notes or, in the case of an Active Subsidiary, its Continuing Guaranty, and such conditions or events continue for a period of ten (10) calendar days following notice; or

(j) Borrower shall be in default beyond any applicable period of grace or cure under any agreement, document or instrument involving the Private Placement.

9.2. Acceleration. If any Event of Default described in Section 9.1(f) or 9.1(g) shall occur and be continuing, the obligations of Banks to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of Agent or any Bank. If any other Event of Default shall occur and be continuing, the Required Banks may (and at the direction of the Required Banks, Agent shall) terminate or suspend the obligations of Banks to make Loans hereunder, or declare the obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of dishonor of any kind, as such terms are defined in Division 3 of the California Commercial Code, all of which Borrower hereby expressly waives. Agent shall give Borrower prompt notice of any termination or suspension of its obligations or acceleration of Borrower's Obligations hereunder. After any acceleration, Banks shall have, in addition to the rights and remedies given to them by this Agreement and the Notes, all those allowed by all Applicable Laws.

ARTICLE 10

AGENT

10.1. Appointment; Powers. Each Bank hereby irrevocably appoints and authorizes Agent to act as its agent under the Loan Documents and authorizes Agent to take such actions on Bank's behalf and to exercise such powers under the Loan Documents as are specifically delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto. Agent agrees to act as such upon the express conditions contained in this Article 10. Agent shall have no duties or responsibilities except those expressly set forth in the Loan Documents, may perform such duties by or through its agent or employees and shall not by reason of the Loan Documents have a fiduciary relationship with any Bank. The provisions of this Article 10 are solely for the benefit of Agent and Banks; and Borrower shall not have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, Agent shall act solely as agent of Banks, and does not assume and shall not be deemed to have assumed any obligations towards or relationship of agency or trust with or for Borrower.

10.2. Agent as Bank. The agency hereby created shall in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon Agent in its individual capacity. With respect to its Commitments and the Loans made by it, Agent shall have the same rights and powers under the Loan Documents as any Bank and may exercise the same as though it were not Agent, and the term "Bank" or "Banks" shall, unless the context otherwise indicates, include Agent in its capacity as a Bank hereunder. Agent and any Bank and their respective Affiliates may accept deposits from, lend money to (including loans which may be repaid by Loans under this

Agreement), and generally engage in any kind of business with Borrower or any of its Affiliates as if it were not Agent or a Bank and without any duty to account therefor to the other parties to this Agreement.

10.3. Independent Credit Analysis. Each Bank represents and warrants that (a) it has, independently and without reliance upon Agent, any other Bank, or the directors, officers, agents, or employees of Agent or of any other Bank, and instead in reliance upon information supplied to it by or on behalf of Borrower, and upon such other information as it has deemed appropriate, made its own independent investigation of the financial condition and affairs of Borrower and its own independent credit analysis and decision to enter into this Agreement, and (b) it shall independently and without reliance upon Agent, any other Bank, or the directors, officers, agents or employees of Agent, or of any other Bank, continue to make its own independent credit analyses and decisions in acting or not acting under the Loan Documents. Agent shall not have any duty or responsibility to make any such investigation or appraisal on behalf of Banks or provide any Bank with any credit or other information concerning the affairs, financial condition or business of Borrower which may at any time come into the possession of Agent or any of its Affiliates, unless such information shall have been delivered to Agent in writing (i) with directions to deliver the same to Banks or (ii) in satisfaction of a specific requirement of this Agreement.

10.4. General Immunity. Neither Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under any of the Loan Documents or in connection therewith, unless caused by its or their gross negligence or willful misconduct. Without limiting the generality of the foregoing, Agent:

(a) shall not be responsible to any Bank for any recitals, statements, warranties or representations in the Loan Documents or in any written or oral statement or in any financial or other statements, agreements, instruments, reports, certificates or other documents relative thereto or for the financial condition of Borrower;

(b) shall not be responsible for the authenticity, accuracy, completeness, value, validity, effectiveness, due execution, legality, genuineness, enforceability or sufficiency of the Loan Documents or any other agreements or any assignments, certificates, requests, financial statements, notice schedules or any opinions of counsel executed and delivered pursuant thereto;

(c) shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, provisions, agreements, covenants or conditions contained in the Loan Documents on the part of Borrower, or any of the terms of any such agreement by any party thereto or as to the use of the proceeds of the Loans and shall have no duty to inspect the property (including the books and records) of Borrower;

(d) shall incur no liability under or in respect of the Loan Documents or any other document by acting upon any notice, consent, certificate or other instrument or writing believed by Agent in good faith to be genuine and signed or sent by the proper party;

(e) may consult with legal counsel (including counsel for Borrower), independent public accountants and other experts selected by Agent and shall not be liable for any action taken or omitted to be taken in good faith in accordance with the advice of such counsel, accountants or experts; and

(f) subject to the provisions of Section 10.6(c), (i) Agent may act or refrain from acting under the Loan Documents in accordance with the instructions of the Required Banks or Banks, where appropriate in accordance with the terms of the Loan Documents, (ii) Agent shall be entitled to refrain from exercising any power, discretion or authority vested in it under any Loan Document unless and until it has obtained the instructions of Required Banks, where appropriate in accordance with the terms of the Loan Documents, or Banks, and (iii) no Bank shall have any right of action against Agent for acting or refraining from acting in accordance with this Section 10.4(f).

10.5. Right to Indemnity. Agent shall be fully justified in failing or refusing to take any action under the Loan Documents unless it shall first be indemnified (upon requesting such indemnification) to its satisfaction by Banks (in accordance with each Bank's Pro Rata Share, determined in each case as of the date on which the event giving rise to the claim for indemnification arose) against any and all liability and expense which it may incur by reason of taking or continuing to take any such action. Each Bank severally agrees to indemnify Agent (to the extent not reimbursed under Section 11.5), in the amount of its Pro Rata Share (determined as aforesaid) for any and all liabilities, obligations, losses, damages, penalties, actions judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Agent in any way relating to or arising out of the Loan Documents or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any other documents, provided no such liability, obligation, loss, damage, penalty, action, judgment, suit, claim, cost, expense or disbursement results from Agent's gross negligence or willful misconduct. Each Bank agrees to reimburse Agent in the amount of its Pro Rata Share of any out-of-pocket expenses and costs, including, without limitation, attorneys' fees, incurred for the benefit of Banks and not reimbursed by Borrower pursuant to Section 11.5 of this Agreement. Nothing contained herein shall release Borrower from any obligations to make payments to Agent pursuant to Section 3.8.

10.6. Action by Agent

(a) Actual Knowledge. Agent may assume that no Default or Event of Default has occurred and is continuing, unless Agent has actual knowledge of the Default or Event of Default, has received notice from Borrower, its counsel or its independent certified public accountants stating the nature of the Default or Event of Default, or has received notice from a Bank stating the nature of the Default or Event of Default and that Bank considers the Default or Event of Default to have occurred and be continuing.

(b) Agent; Obligations. Agent has only those obligations under the Loan Documents that are expressly set forth therein. Without limitation on the foregoing, Agent shall have no duty to inspect any property of Borrower, although Agent may in its discretion periodically inspect the property from time to time.

(c) Discretion to Act. Except for any obligation expressly set forth in the Loan Documents and as long as Agent may assume that Default or Event of Default has occurred and is continuing, Agent may, but shall not be required to, exercise its discretion to act or not act, except

that Agent shall be required to act or not act upon the instructions of the Required Banks (or of all Banks in any circumstances governed by the provisions of Section 11.1 of this Agreement) and those instructions shall be binding upon Agent, all Banks, and all holders of the Notes; provided, that Agent shall not be required to act or not act if to do so would be contrary to any Loan Document or to Applicable Law.

(d) Action Upon Instructions. If Agent has knowledge (as provided in Section 10.6(a)) that a Default or Event of Default has occurred and is continuing, Agent shall give notice thereof to Banks and shall act or refrain from acting upon the instructions of the Required Banks, where appropriate in accordance with the terms of this Agreement, or Banks; or provided that Agent shall not be required to act or not act if to do so would be contrary to any Loan Document or to Applicable Law. If the Required Banks or Banks, as the case may be, entitled to instruct Agent fail, for fifteen (15) Business Days after the giving of notice by Agent, to instruct Agent, then Agent in its discretion may act or not act as it deems advisable for the protection of the interests of Banks.

10.7. Payee of Note Treated as Owner. Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the payee of any Note or the holder of any Note (if Agent has received written notice of the assignment or transfer thereof) shall be conclusive and binding on any subsequent holder, transferee or assignee of that Note or of any Note or Notes issued in exchange therefor.

10.8. Agent's Resignation. Agent may resign at any time by giving at least ninety (90) days' prior written notice of its intention to do so to each Bank and to Borrower. Such resignation shall become effective upon the appointment by Borrower, with the consent of the Required Banks, which consent shall not be unreasonably withheld, of a successor Agent which is a Bank; provided that upon the occurrence and continuance of an Event of Default, the Required Banks shall appoint such successor without the consent of Borrower. Upon the acceptance of any appointment as an Agent hereunder by a successor Agent, that successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any resigning Agent's resignation hereunder as Agent, the provisions of this Article 10 shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent hereunder. Upon such appointment, the term "Agent" shall for all purposes of this Agreement thereafter mean such successor.

10.9 IRS Withholding Representation. Each Bank represents and warrants that it is entitled to receive any payments hereunder without the withholding of any tax and will furnish to Agent such forms, certifications, statements and other documents as Agent may request from time to time to evidence such Bank's exemption from the withholding of any tax imposed by any jurisdiction or to enable Agent to comply with any applicable laws or regulations relating thereto.

Without limiting the effect of the foregoing, if any Bank is not created or organized under the laws of the United States or any state thereof, such Bank further represents and warrants that it is engaged in the conduct of a business within the United States and that the payments made hereunder are or are reasonably expected to be effectively connected with the conduct of that trade

or business and are or will be includible in its gross income or, if Bank is not engaged in a U.S. trade or business with which such payments are effectively connected, that such Bank is entitled to the benefits of a tax convention which exempts the income from U.S. withholding tax and that it has satisfied all requirements to qualify for the exemption from tax.

Each Bank agrees that it will, immediately upon the request of Agent, furnish to Agent Form 4224 or Form 1001 of the Internal Revenue Service, or such other forms, certifications, statements or documents, duly executed and completed by such Bank as evidence of its exemption from the withholding of U.S. tax with respect thereto. If any Bank determines that, as a result of any change in applicable law, regulation, or treaty or in any official application or interpretation thereof, it ceases to qualify for exemption from any tax imposed by any jurisdiction with respect to payments made hereunder, such Bank shall promptly notify Agent of such fact and Agent may, but shall not be required to withhold the amount of any such applicable tax from amounts paid to such Bank hereunder. Agent shall not be obligated to make any payments hereunder to such Bank in respect of its Loans until such Bank shall have furnished to Agent the requested form, certification, statement or document and may withhold the amount of such applicable tax from amounts paid to Bank hereunder.

Each Bank shall reimburse, indemnify and hold Agent harmless for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed upon, incurred by or asserted against Agent due to its reliance upon the representation hereby made that such Bank is exempt from withholding of tax. Unless Agent receives written notice to the contrary, each Bank shall be deemed to have made the representations contained in this Section and in each subsequent tax year of such Bank.

ARTICLE 11

MISCELLANEOUS

11.1. Amendments. Subject to the provisions of this Article 11 and except as otherwise provided in any Loan Document, the Required Banks (or the Agent with the consent in writing of the Required Banks) and the Borrower, may enter into agreements supplemental hereto or thereto for the purpose of adding to or modifying any provisions of the Loan Documents or changing in any manner the rights of the Banks or of the Borrower, as the case may be, hereunder or thereunder or waiving any Default or Event of Default hereunder or thereunder; provided, however, that no such supplemental agreement shall, without the written consent of all the Banks:

(a) Extend the maturity of any Loan or Note, reduce the principal amount thereof, reduce the rate of interest or fees (including the Commitment Fee) thereon, or extend the time of payment of interest or fees (including the Commitment Fee) thereon, or release an Active Subsidiary from its Continuing Guaranty.

(b) Change the percentage specified in the definition of Required Banks.

(c) Extend the Termination Date, or increase the Pro Rata Share of any Bank or amount of the Commitment of any Bank hereunder, or permit the Borrower to assign its rights under this Agreement.

(d) Amend this Section 11.1 or Section 11.4.

No amendment of any provision of this Agreement relating to the Agent shall be effective without the written consent of the Agent. The Agent may amend or waive payment of the fee required under Section 3.8 without obtaining the consent of any of the Banks.

11.2. Preservation of Rights. No delay or omission of the Agent or any Bank to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or Event of Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or Event of default or the inability of the Borrower to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Banks required pursuant to Section 11.1, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Banks until the Obligations have been paid in full.

11.3. Setoff. In addition to, and without limitation of, any rights of the Banks under applicable Law, if the Borrower becomes insolvent, however evidenced, or any Default or Event of Default occurs, any indebtedness from any Bank to the Borrower (including all account balances, whether provisional or final and whether or not collected or available) may be offset and applied toward the payment of the Obligations owing to such Bank, whether or not the Obligations, or any part hereof, shall then be due.

11.4. Ratable Payments. If any Bank, whether by setoff or otherwise, has payment made to it upon its Loans in a greater proportion than that received by any other Bank, such Bank agrees, promptly upon demand, to purchase a portion of the Loans held by the other Banks so that after such purchase each Bank will hold its ratable proportion of Loans.

11.5. Expenses. Whether or not the transactions contemplated hereby shall be consummated, Borrower agrees to promptly pay (a) all the actual and reasonable costs and expenses of preparation of this Agreement, the Notes and the other Loan Documents, and of all the costs of furnishing all opinions by counsel for Borrower (including without limitation any opinions requested by Agent as to any legal matters arising hereunder or thereunder), and of Borrower's performance of and compliance with all agreements and conditions contained herein on its part to be performed or complied with; (b) the reasonable fees, expenses and disbursements of Agent (including fees, expenses and disbursements of counsel to Agent) in connection with the administration of this Agreement, the Notes, the other Loan Documents, and the Loans hereunder, and any amendments and waivers hereto; and (c) after the occurrence of an Event of Default, all costs and expenses (including reasonable attorneys' fees and costs of settlement) incurred by Banks in enforcing any Obligations of or in collecting any payments due from Borrower hereunder or under the Notes by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceeding.

11.6. Indemnity. In addition to the payment of expenses pursuant to Section 11.5, whether or not the transactions contemplated hereby shall be consummated, Borrower agrees to indemnify, pay and hold Banks and any holder of any Note, and the officers, directors, employees and agents of Banks and such holders (individually called an "Indemnitee" and collectively called the "Indemnitees") harmless from and against, any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnitee shall be designated a party thereto), which may be imposed on, incurred by, or asserted against such Indemnitee, in any manner relating to or arising out of the use or intended use of the proceeds of the Loans hereunder (the "indemnified liabilities"); provided that Borrower shall have no obligation to an Indemnitee hereunder with respect to indemnified liabilities arising from the gross negligence or willful misconduct of that Indemnitee. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them.

11.7. Survival of Representations. All representations and warranties of the Borrower contained in this Agreement shall survive delivery of the Notes and the making of the Loans herein contemplated.

11.8. Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Bank shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable Law.

11.9. Taxes. Any taxes (excluding income taxes) payable or ruled payable by Federal or State authority in respect of the Loan Documents shall be paid by the Borrower, together with interest and penalties, if any.

11.10. Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

11.11. Several Obligations. The respective obligations of the Banks hereunder are several and not joint and no Bank shall be the partner or agent of any other (except to the extent to which the Agent is authorized to act as such). The failure of any Bank to perform any of its obligations hereunder shall not relieve any other Bank from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

11.12. Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Agent with sufficient counterparts so that the Agent may furnish one to each of the Banks.

11.13 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

11.14. Non-Liability of Banks. The relationship between the Borrower and the Banks and the Agent shall be solely that of borrower and lender. Neither the Agent nor any Bank shall have any fiduciary responsibilities to the Borrower. Neither the Agent nor any Bank undertakes any responsibility to the Borrower to review or inform the Borrower of any matter in connection with any phase of the Borrower's business or operations.

11.15. Choice of Law. The Loan Documents (other than those containing a contrary express choice of law provisions) shall be construed in accordance with the internal laws (and not the law of conflicts) of the State of California, but giving effect to federal laws applicable to national banks.

11.16. CONSENT TO JURISDICTION. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR CALIFORNIA STATE COURT SITTING IN SAN FRANCISCO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT OR ANY BANK TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION.

11.17. Compliance with Applicable Laws. It is not the intent of the Borrower, the Agent or the Banks to make an agreement in violation of Applicable Law. Regardless of any provision contained herein, no Bank shall be entitled to receive, collect or apply, as interest on the Loans, any amount in excess of the Maximum Amount. If any Bank ever receives, collects or applies, as interest, any such excess, such amount which would be excessive interest shall be deemed a partial repayment of principal and treated hereunder as such; and if principal is paid in full, any remaining excess shall be paid to the Borrower. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the Maximum Amount, the Borrower and each Bank shall, to the maximum extent permitted under Applicable Law, (a) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effect thereof, and (c) amortize, prorate, allocate and spread in equal parts, the total amount of interest throughout the entire contemplated term of the Obligations so that the interest rate is uniform throughout the entire term of the Obligations; provided, however, that if the Loans are paid and performed in full prior to the end of the full contemplated term of the Obligations, and if the interest received for the actual period of existence thereof exceeds the Maximum Amount, each Bank shall refund to the Borrower the amount of such excess or credit the amount of such excess against the total principal amount of the Loans owing, and, in such event, each Bank shall not be subject to any penalties provided by Applicable Law for contracting for, charging or receiving

interest in excess of the Maximum Amount. This Section 11.17 shall control every other provision of all agreements pertaining to the transactions contemplated by or contained in the Transaction Documents.

11.18. Confidentiality. Agent and each Bank agrees to hold any information which it may receive from Borrower pursuant to this Agreement in confidence, and further agrees not to disclose any such information to any Person or to use any such information for any purpose other than in connection with this Agreement. The restrictions of this Section 11.18 shall not apply to any information which has been disseminated to the public.

(a) Agent and each Bank agrees that, at any time that it has in its possession any of Borrower's confidential information and for not less than seventy-two (72) hours after such information is made available to the public, it will not buy or sell, or place orders to buy or sell, directly or indirectly, any securities of Borrower.

(b) Notwithstanding the foregoing, Agent and Banks may disclose such Borrower's confidential information to other Banks or to other Bank's employees, attorneys, accountants, or other professional advisors as is necessary for Agent or such Banks to perform its obligations or protect its interests under this Agreement. Agent and each Bank shall take such steps to protect Borrower's confidential information as it does to protect its own confidential information.

(c) Notwithstanding the foregoing, Agent and Banks may disclose such of Borrower's confidential information as each of them may be required to do so (i) to regulatory officials, (ii) pursuant to law, regulation or legal process, or (iii) in connection with any legal proceeding to which Agent or a Bank may be a party; provided that Agent or such Bank shall have first given Borrower such written notice of its intention to so disclose Borrower's confidential information promptly after it receives notice that it is required to disclose such information unless Agent or such Bank is prohibited by law or a court order from giving such written notice.

11.19. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of Agent, Banks and Borrower and their respective successors and assigns; provided, however, that Borrower may not assign or transfer its rights or obligations under this Agreement without the prior written consent of the Banks.

11.20 Assignments; Participations.

(a) Subject to the provisions of subsection 11.20(h), each Bank may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Pro Rata Share of the Commitments, the Loans owing to it and the Note held by it); provided, however, that (i) any such assignment (other than any assignment to an existing Bank) shall be in a minimum aggregate amount of $5,000,000 (or, if less, the remaining amount of the Commitment being assigned by such Bank) of the Commitments or an integral multiple of $1,000,000 in excess thereof, (ii) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations under and in respect of the Revolving Loan facility, (iii) each such assignment shall be to an Eligible Assignee and (iv) the parties to each such assignment shall execute and deliver to Agent, for its acceptance and recording in the Register, an assignment and acceptance in form customary and reasonably

satisfactory to Agent (an "Assignment and Acceptance"), together with any Note or Notes subject to such assignment and a processing and recordation fee of $3,500. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Bank hereunder and (y) the Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and 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 Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Bank assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrower or any guarantor or the performance or observance by the Borrower or any guarantor of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Bank.

(c) Agent shall maintain a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Banks and each Bank's share of the Commitment, and principal amount of the Loans owing to each such Bank from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and Borrower, Agent and the Banks may treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Bank and an assignee, together with any Note or Notes subject to such assignment, Agent shall (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and

(iii) give prompt notice thereof to Borrower. Within five Business Days after its receipt of such notice, Borrower, at its own expense, shall, on request, execute and deliver to Agent in exchange for any surrendered Note or Notes a new Note to the order of such Eligible Assignee in an amount equal to the portion of the Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Bank has retained a portion of the Commitment hereunder, a new Note to the order of the assigning Bank in an amount equal to the portion of the Commitment retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit "D" hereto.

(e) Each Bank may sell participations in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Pro Rata Share of the Commitment, the Loans owing to it and the Note or Notes, if any, held by it); provided, however, that (i) such Bank's obligations under this Agreement (including, without limitation, its Pro Rata Share of the Commitment) shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Bank shall remain the holder of any such Note for all purposes of this Agreement, (iv) Borrower, Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement and (v) no participant under any such 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 party therefrom, except and solely to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, postpone any date fixed for any payment of principal of, or interest on, the Loans or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

(f) Any Bank may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 11.20, disclose to the assignee or participant or proposed assignee or participant any information relating to Borrower furnished to such Bank by or on behalf of Borrower; provided, that such assignee or participant or proposed assignee or participant agrees to maintain the confidentiality of any confidential information delivered pursuant hereto.

(g) Notwithstanding any other provision set forth in this Agreement, any Bank may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Loans owing to it and the Note or Notes, if any, held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

(h) If any Bank (an "Assigning Bank") desires to make an assignment under subsection 11.20(a) to proposed Eligible Assignee who is not then an existing Bank or Affiliate of an existing Bank, the Assigning Bank shall first give written notice of such intention to Agent and to Borrower, including a statement of the dollar amount of Commitment proposed to be assigned by such Assigning Bank and, if known by the Assigning Bank, the name of each Person to whom the Assigning Bank proposes to make an assignment (an "Assignment Notice"). Within seven (7(Business Days after receipt by Borrower of an Assignment Notice, Borrower may deliver to the

Assigning Bank a written response (a "Response") indicating (i) Borrower's objection, if any, to any proposed assignee identified in the Assignment Notice and the basis for such objection, and (ii) one or more Persons whom Borrower has selected and proposes as an Eligible Assignee in lieu of the Person(s) identified by the Assigning bank. Borrower and the Assigning Bank agree to cooperate with each other in effectuating an assignment to the Person(s) selected by Borrower, assuming such Person otherwise satisfies the provisions of this Section 11.20.

11.21. Notices.

(a) Except as otherwise expressly provided in this Agreement:

(i) All notices, requests, demands, directions and other communications provided for hereunder or under any other Loan Document must be in writing and must be mailed, telecopied, or delivered to the appropriate party at the address set forth on the signature pages of this Agreement or, as to any party to any Loan Document, at any other address as may be designated by it in a written notice sent to all other parties to such Loan Document in accordance with this Section 11.20; and

(ii) Any notice, request, demand, direction or other communication given by telecopier must be confirmed within 48 hours by letter mailed or delivered to the appropriate party at its respective address.

(b) Except as otherwise expressly provided in any Loan Document, if any notice, request, demand, direction or other communication required or permitted by any Loan Document is given by mail it will be effective on the earlier of receipt or the third calendar day after deposit in the United States mail with first class or airmail postage prepaid; if given by telecopier, when sent; or if given by personal delivery, when delivered.

11.22. Entire Agreement. The Loan Documents represent the final and entire agreement between the parties hereto and supersede all prior and contemporaneous agreements and understandings relating to the subject matter of this Agreement.

11.23. Jury Trial. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

IN WITNESS WHEREOF, Borrower, Agent, and Banks have caused this Agreement to be duly executed on the day and year first written at the head of this Agreement.

BORROWER:

McGRATH RENTCORP

By: /s/ Thomas J. Sauer

Thomas J. Sauer
Title: Vice President and Chief Financial Officer

Notice Address:
5700 Las Positas Road
Livermore, California 94550
Attention: Mr. Thomas Sauer, Chief Financial Officer
Fax: 925-453-3200

BANKS:

UNION BANK OF CALIFORNIA, N.A.,
individually and as Agent

By: /s/ Henry G. Montgomery

Henry G. Montgomery
Title: Vice President

Notice Address:
East Bay Commercial Banking Group
Two Walnut Creek Center
200 Pringle Avenue, Suite 260
Walnut Creek, CA 94596-3570
Attention: Mr. Buddy Montgomery
Fax No.: (925) 947-2424

Pro Rata Share of
Commitment: $35,000,000
Pro Rata Share: 26.92307693%

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Scott T. Smith

Name: Scott T. Smith

Title: Vice President

Notice Address:
1331 N. California Boulevard, Suite 350
Walnut Creek, CA 94596
Attention: Scott T. Smith, V.P.
Fax No.: (925) 945-6919

Pro Rata Share of
Commitment: $20,000,000
Pro Rata Share: 15.38461538%

BANK OF AMERICA, N.A.

By: /s/ Ronald J. Drodny

Name: Ronald J. Drodny

Title: Senior Vice President

Notice Address:
315 Montgomery Street, 13th Floor
San Francisco, CA 94104
Attention: Ronald Drobny, Senior V.P.
Fax No.: (415) 622-1878

Pro Rata Share of
Commitment: $25,000,000
Pro Rata Share: 19.23076923%

COMERICA BANK

By: /s/ Alice Lew

Name: Alice Lew

Title: Corporate Banking Officer

Notice Address:
1331 N. California Boulevard, Suite 400
Walnut Creek, CA 94596
Attention: Alice Lew, Corporate Banking Officer
Fax No.: (925) 941-1999

Pro Rata Share of
Commitment: $25,000,000
Pro Rata Share: 19.23076923%

WELLS FARGO BANK, N.A.

By: /s/ Martha L. Woods

Name: Martha L. Woods

Title: Vice President

Notice Address:
1200 Concord Avenue
Concord, CA 94520
Attention: Martha L. Woods, V.P.
Fax No.: (925) 682-7347

Pro Rata Share of
Commitment: $25,000,000
Pro Rata Share: 19.23076923%

Exhibit 10.16

May 11, 2004

Mr. Thomas J. Sauer
Vice President and
Chief Financial Officer
McGrath RentCorp
5700 Las Positas Road
Livermore, CA 94550

Re: $5,000,000.00 Committed Credit Facility

Dear Mr. Sauer:

Union Bank of California, N.A. ("Bank") is pleased to offer McGrath RentCorp, a California corporation ("Borrower") a committed credit facility ("Facility") under which the Bank will make advances to the Borrower from time to time up to and including July 2, 2007, not to exceed at any time the maximum principal amount of Five Million Dollars ($5,000,000.00), to be governed by the terms of the enclosed Credit Line Note ("Credit Line Note") in favor of Bank, and subject to the conditions and agreements set forth below.

1. This Facility is made available only in connection with Borrower's use of the Bank's sweep service for management of its checking account balances ("Sweep Service"). Therefore, this Facility shall commence on the date ("Effective Date") Borrower becomes a Sweep Service customer and this Facility shall terminate, if not earlier terminated, on the date Borrower ceases to continue as a Sweep Service customer. Upon such termination Bank shall have no further obligation to fund advances under this Facility, and all amounts owing under the Credit Line Note shall become immediately due and payable.

2. As provided in the Credit Line Note, the occurrence of an Event of Default under the Multibank Agreement shall be a default under this Facility. The term "Multibank Agreement" as used herein means that certain Third Amended and Restated Credit Agreement dated as of May 7, 2004, by and among Borrower, Bank, U.S. Bank National Association, Bank of America, N.A., Comerica Bank—California, and Wells Fargo Bank, N.A. and shall include any amendments thereto as are consented to by Bank as set forth herein. Each capitalized term not otherwise defined herein shall have the meaning set forth in the Multibank Agreement.

3. Borrower shall comply with, and repeats as if fully set forth herein as of the date hereof, all of the representations, covenants and obligations of Borrower set forth under Articles 6, 7, 8 and 11 (and including any definitions and related provisions) of the Multibank Agreement. In the event the Multibank Agreement terminates or expires prior to the termination or expiration of this Facility, the foregoing representations, covenants and obligations of Borrower shall nevertheless survive as between Borrower and Bank with respect to this Facility and shall continue in effect until this Facility terminates or expires. No amendment or waiver of any provision of the Multibank Agreement after the date hereof shall be effective with respect to this Facility unless the Bank consents thereto in writing.

4. Borrower acknowledges that any amount outstanding under the Credit Line Note is included within the definition of "Debt" and "Outside Debt" under the Agreement.

5. Borrower shall pay to Bank a non-refundable commitment fee for this Facility for the period of time during which this Facility is available. Such fee shall be payable in arrears in quarterly installments on the last day of each March, June, September, and December, and on the last day this Facility is available, to be computed at the rate per annum equal to 0.125% on the average unused amount of the Facility during such period.

6. This Facility letter will be governed by the laws of the State of California.

Enclosed is the original Credit Line Note and a copy of the this Facility letter together with an Authorization to Pay Proceeds of Note and Loan Disbursement Instructions, and any other contract, instrument or document Bank requires to be executed and delivered in connection with this Facility (each a "Loan Document"). The Borrower's executing the Loan Documents and returning them to Bank together with an appropriate corporate resolution and incumbency certificate acceptable to Bank constitutes its agreement to the terms and conditions of this Facility.

BORROWER AND BANK HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER THIS FACILITY LETTER, THE CREDIT LINE NOTE OR ANY OTHER LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND ANY SUCH CLAIM, DEMAND ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY. BORROWER OR BANK MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THIS CONSENT OF BORROWER AND BANK TO WAIVE THEIR RIGHT TO TRIAL BY JURY.

This offer expires on May 31, 2004 unless the executed Loan Documents are returned to the Bank by then. If the Effective Date has not occurred by May 31, 2004 this Facility letter and the Credit Line Note shall terminate and be of no further force and effect on such date.

We look forward to continuing to serve you.

Yours truly,

Union Bank of California, N. A.

By: /s/ Henry G. Montgomery III

Henry G. Montgomery III
Vice President

ACCEPTED AND AGREED:
MCGRATH RENTCORP, a
California Corporation

By: /s/ Thomas J. Sauer

Thomas J. Sauer
Vice President and Chief
Financial Officer

Date: May 13, 2004

CREDIT LINE NOTE

Borrower Name
MCGRATH RENTCORP., a California corporation

Borrower Address	Office	Loan Number
5700 Las Positas Road Livermore, California 94550	East Bay Corporate Banking	
	Maturity Date July 2, 2007	Amount $5,000,000

$5,000,000 May 13, 2004

FOR VALUE RECEIVED, on July 2, 2007, the undersigned ("Borrower") promises to pay to the order of **UNION BANK OF CALIFORNIA, N.A.** ("Bank"), as indicated below, the principal sum of Five Million Dollars ($5,000,000), or so much thereof as is disbursed, together with interest on the balance of such principal sum from time to time outstanding, at a per annum rate equal to the Reference Rate, such per annum rate to change as and when the Reference Rate shall change.

As used herein, the term "Reference Rate" shall mean the rate announced by Bank from time to time at its corporate headquarters as its "Reference Rate." The Reference Rate is an index rate determined by Bank from time to time as a means of pricing certain extensions of credit and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by Bank at any given time.

All computations of interest under this note shall be made on the basis of a year of 360 days, for actual days elapsed.

1. PAYMENTS.

1.1 INTEREST PAYMENTS. Borrower shall pay interest on the last day of each quarter commencing on the first such date to occur after the first advance under this note. Should interest not be so paid, it shall become a part of the principal and thereafter bear interest as herein provided.

1.2 PRINCIPAL PAYMENTS. All principal outstanding on this note is due and payable on the earlier of July 2, 2007 or any accelerated maturity date.

Borrower shall pay all amounts due under this note in lawful money of the United States at Bank's East Bay Corporate Banking Office, or such other office as may be designated by Bank, from time to time.

2. INTEREST RATE FOLLOWING DEFAULT. In the event of default, at the option of Bank, and, to the extent permitted by law, interest shall be payable on the outstanding principal under this note at a per annum rate equal to two percent (2%) in excess of the interest rate specified in the initial paragraph of this note, calculated from the date of default until all amounts payable under this note are paid in full.

3. DEFAULT AND ACCELERATION OF TIME FOR PAYMENT. Default shall include, but not be limited to, any of the following: (a) the failure of Borrower to make any payment required

under this note when due; (b) any breach misrepresentation or other default by Borrower, any guarantor, co-maker endorser, or any person or entity other than Borrower providing security for this note (hereinafter individually and collectively referred to as the "Obligor") under any security agreement, guaranty or other agreement between Bank and any Obligor; (c) the insolvency of any Obligor or the failure of any Obligor generally to pay such Obligor's debts as such debts become due; (d) the commencement as to any Obligor of any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief; (e) the assignment by any Obligor for the benefit of such Obligor's creditors; (f) the appointment, or commencement of any proceedings for the appointment, of a receiver, trustee custodian or similar official for all or substantially all of any Obligor's property; (g) the commencement of any proceeding for the dissolution or liquidation of any Obligor; (h) the termination of existence or death of any Obligor; (i) the failure of any Obligor to comply with any order, judgment, injunction, decree, writ or demand of any court or other public authority; (j) the filing or recording against any Obligor, or the property of any Obligor, of any notice of levy, notice to withhold, or other legal process for taxes other than property taxes; (k) the default by any Obligor personally liable for amounts owed hereunder on any obligation concerning the borrowing of money; (I) the issuance against any Obligor, or the property of any Obligor, of any writ of attachment, execution, or other judicial lien; (m) the deterioration of the financial condition of any Obligor which results in Bank deeming itself, in good faith, insecure; (n) Borrower's failure to comply with any provision of the Multibank Agreement (as defined in that certain facility letter between Borrower and Bank dated May 11, 2004 ("Facility Letter"), executed in connection herewith); or (o) Borrower's failure to comply with any provision of the Facility Letter. Upon the occurrence of any such default, Bank may declare, in its discretion, all obligations under this note immediately due and payable; however, upon the occurrence of an event of default under d, e, f, g, or n all principal and interest shall automatically become immediately due and payable.

4. ADDITIONAL AGREEMENTS OF BORROWER. If any amounts owing under this note are not paid when due, Borrower promises to pay all costs and expenses, including reasonable attorneys' fees, incurred by Bank in the collection or enforcement of this note. Borrower and any endorsers of this note for the maximum period of time and the full extent permitted by law (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this note. If this note is signed by more than one party, the term 'Borrower" includes each of the undersigned and any successors in interest thereof; all of whose liability shall be joint and several. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this note shall accrue until the funds are deemed collected. In any action brought under or arising out of this note, Borrower and any endorser of this note, including their successors and assigns, hereby consents to the jurisdiction of any competent court within the State of California, except as provided in any alternative dispute resolution agreement executed between Borrower and Bank, and consents to service of process by any means authorized by said state law. The term "Bank" includes, without limitation, any holder of this note. This note shall be construed in accordance with and governed by the laws of the State of California.

This note is subject to the terms of the Facility Letter between Borrower and Bank executed in connection herewith but in the event of any conflict between the terms of such Facility Letter and this note the terms of this note shall prevail.

MCGRATH RENTCORP, a
California corporation

By: /s/ Thomas J. Sauer

Thomas J. Sauer
Vice President and
Chief Financial Officer