

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 10-K

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

For the fiscal year ended December 31, 2001.

Commission File Number 1-12804

mobile mini, inc.[®]

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

86-0748362
(IRS Employer Identification No.)

7420 S. Kyrene Road, Suite 101
Tempe, Arizona 85283
(Address of Principal Executive Offices)

(480) 894-6311
(Registrant's Telephone Number)

Securities Registered Under Section 12(g) of the Exchange Act:

<i>Title of Class</i>	<i>Name of Each Exchange on Which Registered</i>
Common Stock, \$.01 par value	
Preferred Share Purchase Rights	Nasdaq National Market

Indicate by checkmark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value on March 15, 2002 of the voting stock owned by non-affiliates of the registrant was approximately \$479.7 million (calculated by excluding all shares held by executive officers, directors and non-institutional holders of five percent or more of the voting power of the registrant, without conceding that such persons are "affiliates" of the registrant for purposes of the federal securities laws).

As of March 15, 2002, there were outstanding 14,230,307 shares of the issuer's common stock, par value \$.01.

Documents incorporated by reference: Portions of the Proxy Statement for the Registrant's 2002 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Form 10-K to the extent stated herein. Certain Exhibits are incorporated in Item 14 of this Report by reference to other reports and registration statements of the Registrant which have been filed with the Securities and Exchange Commission. Exhibit Index is at page 47.

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PART I

Except for historical information, the following description of Mobile Mini's business contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those set forth in these forward-looking statements as a result of a number of factors, including those set forth below in Item 1 in this report under the heading "Factors That May Affect Future Operating Results."

ITEM 1. DESCRIPTION OF BUSINESS.

We are the nation's largest provider of portable storage solutions through our lease fleet of over 71,000 portable storage and office units. At March 15, 2002, we had 36 branches and operate in 19 states. Our products provide secure, accessible temporary storage for a diversified client base of over 52,000 customers, including Wal-Mart, Motorola, Frito Lay, Holiday Inns, Target, Home Depot, numerous municipalities and the United States military. Our customers use our products for a wide variety of storage applications, including retail and manufacturing inventory, construction materials and equipment, documents and records and household goods. We obtain our portable storage units by purchasing used ocean-going containers, which we refurbish and modify, and by manufacturing our own units. We offer a wide range of products in varying lengths and widths with an assortment of differentiated features such as our patented security systems, multiple doors, electrical wiring and shelving. We also have a product line of both steel and wood office units in various sizes that we lease through our branch locations. In addition to our leasing operations, we sell new and used portable storage units and provide ancillary services.

In 1996, we initiated a strategy of focusing on leasing instead of selling our portable storage units. We initiated this strategic shift because we believe leasing allows us to achieve strong growth, improved profitability and increased predictability of our business. Since 1996, we have increased our lease fleet by over 56,000 units, for a compound annual growth rate, or CAGR, of approximately 38.9%. We believe our leasing model is highly attractive because our steel portable storage units:

- provide predictable, recurring revenues from leases with an average duration of approximately 20 months;
- have average monthly lease rates that recoup our current unit investment within an average of 30 months;
- have long useful lives, low maintenance and high residual values; and
- produce incremental leasing operating margins above 60%.

As a result of shifting our focus to leasing, we have achieved substantial increases in our revenues and profitability. Our annual leasing revenues have increased from \$17.9 million in 1996 to \$99.7 million in 2001, representing a CAGR of 41.0%. Over this same period, our operating income increased from \$4.7 million in 1996 to \$40.6 million in 2001, representing a CAGR of 53.6% and our operating margin has grown from 11.2% in 1996 to 35.3% in 2001.

Industry Overview

The storage industry includes two principal segments, fixed self-storage and portable storage.

The fixed self-storage segment consists of permanent structures located away from customer locations. Fixed self-storage is used primarily by consumers to temporarily store excess household goods. This segment is highly fragmented but includes several large national companies such as Public Storage and Shurgard Storage Centers.

The portable storage segment, in which our business operates, differs from the fixed self-storage segment because it brings the storage solution to the customer's location and addresses the need for secure, temporary storage with immediate access. The advantages of portable storage include convenience, immediate accessibility, better security and lower price. In contrast to fixed self-storage, the portable storage segment is primarily used by businesses. This segment of the storage industry is highly fragmented with only a few national participants. Although there are no published estimates of the size of the portable storage segment, we believe the size of the segment is expanding due to increasing awareness of the advantages of portable storage.

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Our products also serve the mobile office industry. This industry provides temporary office space and is estimated to exceed \$2.5 billion annually. We offer steel and wooden portable offices in varying lengths and widths, with lease terms averaging approximately 11 months.

We also offer portable record storage units and many of our regular storage units are used for document and record storage. The documents and records storage industry is experiencing significant growth as businesses continue to generate substantial paper records that must be kept for extended periods.

Our goal is to be the leading national provider of portable storage solutions. We believe that our competitive strengths and growth strategy, as outlined below, will enable us to achieve this goal.

Competitive Strengths

Our competitive strengths include the following:

Market Leadership. We have a lease fleet of about 71,000 portable storage units and are the largest provider of portable storage solutions in a majority of our markets. We believe we are creating brand awareness and that "Mobile Mini" is associated with high quality portable storage products and superior customer service. We have achieved significant growth in new and existing markets by capturing market share from competitors and by creating demand among businesses and consumers who were previously unaware of the availability of our products to meet their storage needs.

Superior, Differentiated Products. We offer the industry's broadest range of portable storage products in varying lengths and widths to better meet our customers' temporary storage needs. Our manufacturing, refurbishment and maintenance capabilities enable us to offer products that our competitors are unable to match. Most competitors offer as portable storage containers only standard eight-foot-wide ocean-going shipping containers in 20-, 40- or 45-foot lengths, while our portable storage units range in size from five to 48 feet in length and eight to 10.5 feet in width. Our manufactured 10.5-foot wide units, introduced in 1998, provide 50% more usable storage space than the standard eight-foot-wide ocean-going containers offered by our competitors. Our products also have patented locking systems, multiple door options, electrical wiring, shelving and other customized features.

Customer Service Focus. We believe that the portable storage industry is very service intensive and essentially local. Our entire organization is focused on providing high levels of customer service. We have trained our sales force to focus on all aspects of customer service from the sales call onward. We differentiate ourselves by providing flexible lease terms, security, convenience, product quality, broad product selection and availability, and competitive lease rates. We conduct on-going training programs for our sales force to assure high levels of customer service and awareness of local market competitive conditions. Our salespeople work out of our local branch locations rather than from a centralized or regional call center. This allows them to interact directly with customers, better understand local market needs and develop each market in response to those needs. Our customized management information systems increase our responsiveness to customer inquiries and enable us to efficiently monitor our sales force's performance. As a result of this customer service focus, we enjoy high levels of repeat business and word-of-mouth referrals.

Sales and Marketing Emphasis. We target a diverse customer base and, unlike most of our competitors, we have developed sophisticated sales and marketing programs enabling us to expand market awareness of our products and generate strong internal growth. We assist our salespeople by providing them with our highly customized contact management system and intensive sales training programs. We monitor our salespersons' effectiveness through our extensive sales monitoring programs. Yellow page and direct mail advertising is an integral part of our sales and marketing approach. In 2001, our total advertising costs were \$5.2 million, and we mailed over 7.4 million product brochures to existing and prospective customers.

Diverse Customer Base. During 2001, we served more than 52,000 customers across a wide range of industries and believe this diversity reduces our susceptibility to economic downturns in our markets or in any of the industries in which our customers operate. Our diverse customer base also demonstrates the broad applications for our products and the opportunity to create future demand through targeted marketing. Our customers include large and small retailers, construction companies, medical centers, schools, utilities, distributors, the U.S. military, hotels, restaurants, entertainment complexes and households. In 2001, our largest customer accounted for 6.1% of our leasing revenues. Our ten largest customers combined accounted for approximately 9.5% of our 2001 lease revenues.

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National Accounts Program. Our national presence in the US allows us to offer our products to larger customers who wish to centralize the procurement of portable storage on a multi-regional or national basis. We are well equipped to meet multi-regional customers needs through our National Account Program, which simplifies the procurement, rental and billing process for those customers. Our National Account Program currently serves over 250 customers. We also provide our national account customers with service guarantees which assure them that they will receive the same high level of customer service from any of our branch locations. This program has helped us succeed in leveraging customer relationships developed at one branch throughout our branch system.

Customized Management Information Systems. We have made substantial investments in our management information systems to optimize fleet utilization, capture detailed customer data, improve financial performance and support our growth. Our management information systems enable us to carefully monitor the size, mix, utilization and lease rates of our lease fleet by branch on a daily basis. We have maintained an average annual utilization rate of our lease fleet above 82.5% while growing our lease fleet from 13,600 units in 1996 to almost 70,100 units at the end of 2001, representing a CAGR of 38.9%. Our systems also capture relevant customer demographic and usage information, which we use to target new customers within our existing and new markets. Our headquarters and each branch are linked through a scaleable PC-based wide area network that provides real-time transaction processing and detailed reports on a branch by branch basis.

Flexibility Afforded By Manufacturing Capability. We design and manufacture our own portable storage units in addition to restoring and modifying used ocean-going containers. These capabilities allow us to offer a wide range of products and proprietary features to better meet our customers' needs, charge premium lease rates and gain market share from our competitors with more limited product offerings. Our manufacturing capability also provides us with an additional supply of units to support our growth.

Growth Strategy

Our growth strategy consists of the following:

Focus on Core Portable Storage Leasing Business. We focus on growing our core leasing business because it provides predictable, recurring revenue and high margins. We believe there is substantial demand for our portable storage units throughout the United States. Our focus on leasing has allowed us to increase our leasing revenues from \$17.9 million in 1996 to \$99.7 million in 2001, representing a CAGR of 41.0%, and expand our operating margins from 11.2% to 35.3% over the same period.

Generate High Levels of Internal Growth. We focus on increasing the number of portable storage units we lease from our existing branches to both new and repeat customers. We have historically been able to generate strong internal growth within our existing markets through aggressive marketing and lease fleet growth. In 2001, our internal lease revenues in markets opened for at least one year grew approximately 22.2%. When we measure internal growth, we do not include growth created by acquisitions. We believe that by increasing awareness of the benefits of portable storage and through our targeted marketing and advertising programs, we can continue to increase our leasing revenues and generate strong internal growth. For example, in the Los Angeles area, our largest market and a market we have served for over 12 years, we increased leasing revenues by approximately 19% in 2001 from their levels in 2000, demonstrating the high levels of internal growth we can realize from our existing branches.

Continue Branch Expansion. We intend to use our branch model to expand to new markets throughout the United States. We have identified many markets in the United States where we believe demand for portable storage units is underdeveloped. These markets are currently being served by small, local competitors. In 1998, we began our expansion strategy by entering four new markets, three by acquisition and one by start-up. In 1999, we entered seven new markets, six by acquisition and one by start-up. In 2000, we entered 10 new markets, nine by acquisition and one by start-up, and in 2001, we entered six new markets, all by acquisition. We anticipate entering 6 to 12 new markets in 2002, and through February 2002 we have entered one new market through an acquisition. Whenever feasible, we enter a new market by acquiring the storage units and leases of a local portable storage business in order to generate immediate revenue to cover overhead and forego typical branch start-up expenses.

Introduce New Products. We attempt to introduce new products and new applications for our products through an active research and development effort. For example, in 1998 we introduced a 10.5-foot wide storage unit that has proven to be a popular product with our customers. In 1999, we completed the design of a records storage unit, which provides highly secure, on-site, easily accessible storage. We market this unit as a records storage solution for semi-active records. In 2000, we added mobile offices as a complementary product to better serve our customers. In 2001, we redesigned and improved our security locking system, making it easier to use, especially in colder climates and applied for a patent on the new design. We believe our design and manufacturing capabilities increase our ability to service our customers' needs and demand for our portable storage solutions.

Products

We provide a broad range of portable storage products to meet our customers' varying needs. Our products are managed and our customers are serviced locally by our employee team at each of our branches, including management, sales personnel and yard facilities employees. Some features of our different products are listed below:

- *Refurbished and Modified Storage Units.* We purchase used ocean-going containers from leasing companies or brokers. These containers are often referred to as "ISO containers" because they must meet the standards set by the International Organization for Standardization (ISO) when they are used as ocean-going containers. ISO containers are eight feet wide, 8'6" to 9'6" high and 20, 40 or 45 feet long. After acquisition, we refurbish and modify ocean-going containers. Restoring typically involves cleaning, removing rust and dents, repairing floors and sidewalls, painting, adding our signs and installing new doors and our patented locking system. Modification typically involves splitting those containers into 5-, 10-, 15-, 20- or 25-foot lengths.
- *Manufactured Storage Units.* We manufacture portable storage units for our lease fleet and for sale. We do this at our manufacturing facility in Maricopa, Arizona. We can manufacture units up to 12 feet wide and 50 feet long and can add doors, windows, locks and other customized features. Typically, we manufacture "knock-down" units, which we ship to one of our seven branches with assembly capabilities or to third party assemblers. This method of shipment is less expensive than shipping fully assembled storage units.
- *Steel Mobile Office Units.* We manufacture steel mobile office units that range from 10 to 40 feet in length. We offer these units in various configurations, including office and storage combination units that provide a 10- or 15-foot office with the remaining area available for storage. We believe our office units provide the advantage of ground accessibility for ease of access and high security in an all-steel design. These units are equipped with electrical wiring, heating and air conditioning, phone jacks, carpet or tile, proprietary doors and windows with security bars.
- *Wood Mobile Office Units.* We added wood office units to our product line in 2000. We purchase these units, which range from 8 to 24 feet in width and 20 to 60 feet in length, from manufacturers. These units have a wide range of exterior and interior options, including exterior stairs or ramps, awnings and skirting. These units are equipped with electrical wiring, heating and air conditioning, phone jacks, carpet or tile and windows with security bars. Many of these units contain restrooms.
- *Records Storage Units.* We market and manufacture proprietary portable records storage units that enable customers to store documents at their location for easy access, or at one of our facilities. Our units are 10.5 feet wide and are available in 12- and 23-foot lengths. The units feature high-security doors and locks, electrical wiring, shelving, folding work tables and air filtration systems. We believe our product is a cost-effective alternative to mass warehouse storage, with a high level of fire and water damage protection.
- *Van Trailers and Other Non-Core Storage Units.* Our acquisitions typically entail the purchase of small companies with lease fleets primarily comprised of standard containers. However, many of these companies also have van trailers and other manufactured storage products that are inferior to standard containers. It is our goal to purge these sub-standard units from our fleet either as their initial rental period ends or within a few years. We do not refurbish these products.

We purchase used ocean-going containers and refurbish and modify them at our facilities in Arizona, California, Colorado, North Carolina, Oklahoma and Texas. We also contract with third parties to refurbish and modify the units at their locations. We manufacture new portable storage units at our Arizona facility. We believe we are able to purchase used ocean-going containers at competitive prices because of our volume purchasing power. The used ocean-going containers we purchase are typically about eight to 12 years old. We believe our portable storage units and mobile offices have estimated lives of 20 years from the date we acquire and refurbish them, with residual values of our per unit investment ranging from 50% for our mobile offices to 70% for our core steel product. Van trailers, which comprised approximately 1.2% of our lease fleet investment, are depreciated much more rapidly. For the past three years, our cost to repair and maintain our portable storage units averaged approximately 1.7% of our lease revenues. Repainting the outside of storage units is the most frequent maintenance item.

Product Lives And Durability

Core Steel Products. Most of our fleet is comprised of refurbished and customized ISO containers, steel containers and record storage units we have manufactured and steel security offices. These products are built to last a long period of time with proper maintenance.

We generally purchase ISO shipping containers when they are approximately 8 to 12 years old, at which time their useful life as ocean-going shipping containers is over. Because we do not have the same stacking and strength requirements as apply in the ocean-going shipping industry, we have no need for these containers to meet ISO standards. We purchase these containers in large quantities, truck them to our locations, refurbish them by removing any rust, paint them with a rust inhibiting paint, and add our locking system and further customize them, typically by adding our proprietary, easy opening door system.

We maintain our steel containers on a regular basis by painting them on average every two to three years, removing rust, and occasionally replacing the wooden floor or a rusted panel. This maintenance, which is expensed as incurred, maintains the container in the similar condition to which it was in when we initially refurbished it.

Our lenders have our containers appraised on a periodic basis, and the appraiser does not differentiate value based upon the age of the container or the length of time it has been in our fleet. Our manufactured containers and steel offices are not built to ISO standards, but are built in a similar manner so that like the ISO containers, they will maintain their value as long as they are maintained in accordance with our strict maintenance program. As with our refurbished and customized ISO containers, our lenders' appraiser does not differentiate value of manufacture units based upon the age of the unit. During the most recent appraisal, by an independent firm chosen by our lenders and completed in January 2002, our fleet was appraised at a fair market value in excess of 120% of net book value.

Approximately 13% of our 2001 revenue was derived from sales of storage and office units. Because the containers in the lease fleet do not significantly depreciate in value, we have no program in place to sell lease fleet containers as they reach a certain age. Instead, most of our container sales involve either highly customized containers that would be difficult to lease on a recurrent basis, or unrefurbished and refurbished containers which we had recently acquired but not yet leased.

In addition, due primarily to availability of inventory at various locations at certain times of the year, we sell a certain portion of containers and offices from the lease fleet. The following table shows the gross margin on containers and offices sold from inventory (which we call our sales fleet) and from our lease fleet from 1997 through 2001 based on the length of time in the lease fleet. Gross margins increase for containers in the lease fleet for greater lengths of time because, although these units have been depreciated based upon a 20 year useful life, and 70% salvage value (1.5% per year), in most cases fair value may not decline by nearly that amount due to the nature of the assets and our stringent maintenance policy. Our depreciation policy on our steel storage products is consistent with our largest competitor.

	Number of Units	Sales Revenue	Original Cost(1)	Margin Based on Original Cost	Margin Based on Net Book Value
Sales fleet(2):	10,228	\$36,740,144	\$24,900,533	32.2%	32.2%
Lease fleet by period held before sale:					
Less than 5 years	3,876	\$15,048,359	\$10,231,683	32.0%	33.8%
5 to 10 years	1,332	4,035,838	2,799,877	30.6%	37.0%
10 to 15 years	102	311,731	214,225	31.3%	41.9%
15 to 18 years	15	48,090	34,632	28.0%	42.7%

(1) "Original cost" for purposes of this table includes (i) the price we paid for the unit plus (ii) the cost of our manufacturing, which includes both the cost of customizing units and refurbishment costs incurred, plus (iii) the freight charges to our branch where the unit is first placed in service. For manufactured units, cost includes our manufacturing cost and the freight charges to the branch location.

(2) Includes sales of unrefurbished ISO containers.

Because steel storage containers keep their value when properly maintained, we are able to lease containers that have been in our lease fleet for various lengths of time at similar rates, without regard to the age of the container. Our lease rates vary by the size and type of unit leased, length of contractual term, custom features and the geographic location of our branch. To a degree, competition,

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market conditions and other factors can influence our leasing rates. The following chart shows, for containers that have been in our lease fleet for various periods of time, the average monthly lease rate that we currently receive for various types of containers. We have added our manufactured containers and security offices to the fleet only in the last several years and those types of units are not included in this chart. This chart includes the eight major types of containers in the fleet for at least 10 years (we have been in business for approximately 18 years), and specific details of such type of unit are not provided due to competitive considerations.

		Age of Containers (by number of years in our lease fleet)				Total Number/ Average Dollar
		0 – 5	6 – 10	11 – 15	16 – 18	
Type 1	Number of Units	2,872	587	5	—	3,464
	Average rent	\$ 84.05	\$ 81.43	\$ 75.83	—	\$ 83.59
Type 2	Number of Units	1,020	184	59	—	1,263
	Average rent	\$ 81.61	\$ 82.63	\$ 78.77	—	\$ 81.63
Type 3	Number of Units	5,639	3,087	234	1	8,961
	Average rent	\$ 81.72	\$ 83.66	\$ 84.37	\$ 81.25	\$ 82.46
Type 4	Number of Units	924	109	5	1	1,039
	Average rent	\$117.95	\$105.27	\$102.92	\$ 92.08	\$ 116.53
Type 5	Number of Units	1,516	92	9	2	1,619
	Average rent	\$126.86	\$126.16	\$134.81	\$121.88	\$ 126.86
Type 6	Number of Units	3,157	423	37	9	3,626
	Average rent	\$132.49	\$137.14	\$136.30	\$141.44	\$ 133.09
Type 7	Number of Units	13,015	842	88	15	13,960
	Average rent	\$114.70	\$131.61	\$131.72	\$130.87	\$ 115.85
Type 8	Number of Units	410	71	11	1	493
	Average rent	\$172.47	\$180.81	\$167.70	\$184.17	\$ 173.59

We believe any fluctuations in rental rates based on container age are primarily a function of the location of the branch from which the container was leased rather than age of the container. Some of the units added to our lease fleet over recent years have lower lease rates than the rates we typically obtain because the units are still on lease on terms (including lower rental rates) that were in place when we obtained the units in acquisitions.

Wood Mobile Office Units. We began adding these units to the lease fleet in 2000. At December 31, 2001, we had 2,471 of these units at an average original book value of approximately \$16,750 per unit. These units are manufactured by third parties and very similar to the units in the lease fleets of other mobile office rental companies. Because of the wood structure of these units, they are more susceptible to wear and tear than steel units. We depreciate these units over 20 years down to a 50% residual value (2.5% per year) which we believe to be consistent with most of our major competitors in this industry.

Because these units lose value over time, we may sell older units from time to time. However, at this time, our mobile offices are all under two years old.

Because these units are so much more expensive than storage units, their addition has had the effect of increasing the average carrying value per unit in the lease fleet over the last two years.

Because the operating margins on portable offices are lower than the margins on portable storage, and because we have added minimum inventories of these units to each branch (initially resulting in lower utilization rates), the addition of mobile offices has reduced our overall return on invested capital. However, these mobile offices are rented using our existing infrastructure and therefore provide incremental returns far in excess of our cost of capital. This adds to our profitability.

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Van Trailers and Other Non-Core Storage Products. When we acquire companies in our industry, the acquired companies often have van trailers and other manufactured storage products that are sub-standard compared to our regular storage product. We attempt to purge most of these inferior units from our fleet as they come off rent or within a few years after we acquire them. We do not utilize our resources to refurbish these products and resell them instead.

Van trailers are our most prominent “non-core” storage product and make up slightly more than 1% of our initial investment in our lease fleet.

Van trailers are initially manufactured to be affixed to trucks to move merchandise in interstate commerce. The initial cost of these units can be \$18,000 or more. They are leased to, or purchased by, cross country truckers and other companies involved in cross country transportation of merchandise. They are made of light weight material in order to make them ideal for transport and have wheels and brakes. They are typically made of aluminum, but have steel base frames to maintain some structural integrity. Because of their light weight, moving parts, the heavy loads they carry and the wear and tear involved in hundreds of thousands of miles of transport, these units depreciate quite rapidly. This business and the cartage business described below are also very economically cyclical.

Once these units become too old to use in interstate commerce without frequent maintenance and downtime, they are sold to companies that use them as “cartage trailers”. At this point, they may have a depreciated cost of approximately \$5,000. As cartage trailers, they are used to move loads of merchandise much shorter distances and may be used to store goods for some period of time and then to move them from one part of a facility or a city to another part. They continue to depreciate quite rapidly until they reach the point where they are not considered safe or cost effective to move loaded with merchandise.

At this point, near the end of the life cycle of a van trailer, it may be used for storage. Unlike a storage container, however, van trailers are much less secure, can fairly easily be stolen (as they are on wheels) and are unsightly. Most importantly, they are not ground level and, under the Occupational Safety and Health Administration (OSHA) regulations, must be attached to approved stairs or ramps to prevent accidents when they are accessed.

Mobile Mini has found that when it markets steel storage containers against storage van trailers, customers recognize the superiority of containers. As a result, we believe that eventually the use of van trailers will be limited to dock height storage and to customers who must frequently move storage units.

The average initial value given to the van trailers we have purchased in acquisitions is approximately \$1,950, and we depreciate these units over 7 years down to a 20% residual value. As noted above, we sell these units as soon as practicable. A large part of our sales effort involves demonstrating to our customers the superiority of our containers to van trailers.

Portable Storage Lease Fleet Configuration

Our lease fleet is comprised of different types of units. Throughout the year we add to our fleet through purchases of used ISO containers and containers obtained through acquisitions, both of which we refurbish and customize. We also purchase new manufactured mobile offices in various configurations and sizes, and manufacture our own custom steel units. Our initial cost basis of an ISO container includes the purchase price from the seller, the cost of refurbishment, which can include removing rust and dents, repairing floors, sidewalls and ceilings, painting, signage, installing new door, seals and locking system. Additional modification may involve the splitting of a unit to create several smaller units and adding customized features. The restoring and modification processes do not necessarily occur in the same year the units are purchased or acquired. We procure larger containers, typically 40 foot units, and split them into two 20 foot units or one 25 foot and one 15 foot unit, or other configurations as needed, and then add new doors along with our patented locking system and sometimes custom features. Occasionally, we will sell units from our lease fleet to our customers.

Our depreciation policy for our lease fleet uses the straight-line method over our units’ estimated useful life, in most cases 20 years after the date that we put the unit in service, with estimated residual values of 70% on steel units and 50% on wood office units. Van trailers, which are a small part of our fleet, are depreciated over 7 years to a 20% residual value. Van trailers are only added to the fleet in connection with acquisitions of portable storage businesses.

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We periodically review our depreciation policy against various factors, including the following:

- Results of our lenders' independent appraisal of our lease fleet;
- Practices of the larger competitors in our industry;
- Profit margins we are achieving on sales of depreciated units; and
- Lease rates we obtain on older units.

The table below outlines those transactions that effectively increased our lease fleet from \$195.9 million to \$277.0 million at December 31, 2001:

	Dollars	Units
Lease fleet at December 31, 2000, net	\$195,864,789	55,472
Purchases:		
Container purchases and containers obtained through acquisitions, including freight	14,362,903	7,417
Non-core units obtained through acquisitions, primarily trailer vans	1,446,344	726
Manufactured units:		
Steel containers, combination units and steel security offices	30,901,811	5,504
New wood mobile offices	24,368,636	1,405
Refurbishment and customization:		
Refurbishment or customization of 5,744 units purchased or acquired in the current year	5,973,372	
Refurbishment or customization of 8,358 units purchased in a prior year	9,069,267	737 ⁽¹⁾
Refurbishment or customization of 3,076 units obtained through acquisition in a prior year	2,569,959	
Other	169,117	59
Cost of sales from lease fleet	(3,616,406)	(1,250)
Depreciation	(4,089,457)	
Lease fleet at December 31, 2001, net	<u>\$277,020,335</u>	<u>70,070</u>

- (1) These units represent the net additional units that were the result of splitting steel containers into one or more shorter units, such as splitting a 40-foot container into two 20-foot units, or one 25-foot unit and one 15-foot unit.

The table below outlines the composition of our lease fleet at December 31, 2001:

	Net Book Value	Number of Units
Steel storage containers	\$ 193,738,850	60,324
Offices	90,104,773	7,924
Van trailers	3,530,821	1,822
Other, primarily chassis	384,330	
Accumulated depreciation	(10,738,439)	
	<u>\$ 277,020,335</u>	<u>70,070</u>

[Table of Contents](#)**Branch Operations**

We locate our branches in markets with attractive demographics and strong growth prospects. Within each market, we have located our branches in areas that allow for easy delivery of portable storage units to our customers. We also, when cost effective, seek locations that are visible from high traffic roads as an effective way to advertise our products and our name. Our branches maintain an inventory of portable storage units available for lease, and some of our branches also provide on-site storage of units under lease. The following table shows information about our branches:

Location	Functions	Approximate Size	Year Established
Phoenix, Arizona	Leasing, on-site storage, sales	14 acres	1983
Tucson, Arizona	Leasing, on-site storage, sales	5 acres	1986
Los Angeles, California	Leasing, on-site storage, sales, refurbishment and assembly	15 acres	1988
San Diego, California	Leasing, on-site storage, sales	5 acres	1994
Dallas, Texas	Leasing, on-site storage, sales, refurbishment and assembly	17 acres	1994
Houston, Texas	Leasing, on-site storage, sales, refurbishment and assembly	7 acres	1994
San Antonio, Texas	Leasing, on-site storage, sales	8 acres	1995
Austin, Texas	Leasing, on-site storage, sales	5 acres	1995
Las Vegas, Nevada	Leasing and sales	2 acres	1998
Oklahoma City, Oklahoma	Leasing, sales, refurbishment and assembly	6 acres	1998
Albuquerque, New Mexico	Leasing and sales	4 acres	1998
Denver, Colorado	Leasing, sales, refurbishment and assembly	6 acres	1998
Tulsa, Oklahoma	Leasing and sales	5 acres	1999
Colorado Springs, Colorado	Leasing and sales	2 acres	1999
New Orleans, Louisiana	Leasing and sales	4 acres	1999
Memphis, Tennessee	Leasing and sales	8 acres	1999
Salt Lake City, Utah	Leasing, on-site storage, sales	3 acres	1999
Chicago, Illinois	Leasing and sales	4 acres	1999
Knoxville, Tennessee	Leasing and sales	5 acres	1999
Seattle, Washington	Leasing and sales	3 acres	2000
El Paso, Texas	Leasing and sales	4 acres	2000
Pharr, Texas	Leasing and sales	6 acres	2000
Corpus Christi, Texas	Leasing and sales	2 acres	2000
Jacksonville, Florida	Leasing and sales	4 acres	2000
Miami/ Ft. Lauderdale, Florida	Leasing and sales	5 acres	2000
Ft. Myers, Florida	Leasing and sales	3 acres	2000
Tampa, Florida	Leasing and sales	9 acres	2000
Orlando, Florida	Leasing and sales	5 acres	2000
Atlanta, Georgia	Leasing and sales	15 acres	2000
Kansas City, Kansas/ Missouri	Leasing and sales	5 acres	2001
Milwaukee, Wisconsin	Leasing and sales	5 acres	2001
Charlotte, North Carolina	Leasing, sales, and assembly	4 acres	2001
Nashville, Tennessee	Leasing and sales	6 acres	2001
San Francisco, California	Leasing and sales	4 acres	2001
Raleigh, North Carolina	Leasing, sales, and refurbishment	7 acres	2001
Columbus, Ohio	Leasing and sales	7 acres	2002

Each branch has a branch manager who has overall supervisory responsibility for all activities of the branch. Branch managers report to one of our nine regional managers. Our regional managers, in turn, report to one of our two senior vice presidents. Incentive bonuses are a substantial portion of the compensation for these senior vice presidents, branch and regional managers.

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Each branch has its own sales force, a transportation department that delivers and picks up portable storage units from customers, and a branch manager. Each branch has delivery trucks and forklifts to load, transport and unload units and a storage yard staff responsible for unloading and stacking units. Steel units are stored by stacking them three high to maximize usable ground area. Our larger branches also have a fleet maintenance department to maintain the branch's trucks, forklifts and other equipment. Our smaller branches perform preventative maintenance tasks and outsource major repairs.

Sales and Marketing

We have approximately 250 dedicated sales people at our branches and 13 people in management at our headquarters that conduct sales and marketing on a full-time basis. We believe that by locating most of our sales and marketing staff in our branches, we can better understand the portable storage needs of our customers and provide high levels of customer service. Our sales force handles all of our products and we do not maintain separate sales forces for our various product lines.

Our sales and marketing force provides information about our products to prospective customers by handling inbound calls and by initiating cold calls. We have on-going sales and marketing training programs covering all aspects of leasing and customer service. Our branches communicate with one another and with corporate headquarters through our management information system. This enables the sales and marketing team to share leads and other information and permits the headquarters staff to monitor and review sales and leasing productivity on a branch by branch basis. Our sales and marketing employees are compensated primarily on a commission basis.

Our national presence in the US allows us to offer our products to larger customers who wish to centralize the procurement of portable storage on a multi-regional or national basis. We are well equipped to meet multi-regional customers needs through our National Account Program, which simplifies the procurement, rental and billing process for those customers. Our National Account Program currently serves over 250 customers. We also provide our national account customers with service guarantees which assure them that they will receive the same high level of customer service from any of our branch locations. This program has helped us succeed in leveraging customer relationships developed at one branch throughout our branch system.

We advertise our products in the yellow pages and use a targeted direct mail program. In 2001, we mailed over 7.4 million product brochures to existing and prospective customers. These brochures describe our products and features and highlight the advantages of portable storage. Our total advertising costs were approximately \$4.1 million in 2000 and \$5.2 million in 2001.

Customers

During 2001, more than 52,000 customers leased our portable storage units, compared to about 43,000 in 2000. Our customer base is diverse and consists of businesses in a broad range of industries. During 2001, our largest single customer was Wal-Mart, which accounted for 6.1% of our leasing revenues, and our next largest customer accounted for less than 1.3% of our leasing revenues. During 2000, our largest single customer was Wal-Mart, which accounted for 5.2% of our leasing revenues. Our next largest customer accounted for less than 3.0% of our leasing revenues in 2000. Our ten largest customers combined accounted for approximately 9.5% of our lease revenues in 2001 and approximately 10.4% of our lease revenues in 2000.

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We target customers who can benefit from our portable storage solutions either for seasonal, temporary or long-term storage needs. Customers use our portable storage units for a wide range of purposes. The following table provides an overview at December 31, 2001 of our customers and how they use our portable storage and office units:

Business	Approximate Percentage of Units on Lease	Representative Customers	Typical Applications
Consumer service and retail businesses	43.9%	Department, drug, grocery and strip mall stores, hotels, restaurants, dry cleaners and service stations	Inventory storage, record storage and seasonal needs
Construction	29.6%	General, electrical, plumbing and mechanical contractors, landscapers and residential homebuilders	Equipment and materials storage and job site offices
Consumers	10.9%	Homeowners	Backyard storage and storage of household goods during relocation or renovation
Industrial and commercial	8.0%	Distributors, trucking and utility companies, finance and insurance companies and film production companies	Raw materials, equipment, document storage, in-plant offices and seasonal needs
Institutions, government agencies and others	7.6%	Hospitals, medical centers and military, Native American tribal governments and reservations and Federal, state, county and local agencies	Athletic equipment storage, disaster preparedness supplies, record storage, supplies, equipment storage, temporary office space and seasonal needs

Manufacturing

We build new portable storage units, steel mobile offices and custom-designed steel structures and refurbish used ocean going containers at our Maricopa, Arizona manufacturing plant. Our manufacturing capabilities allow us to differentiate our products from our competitors and enable us to provide a broader product selection to our customers. Our manufacturing process includes cutting, shaping and welding raw steel, installing customized features and painting the newly constructed units. Many of our manufactured portable storage units are "knock-down" units, which we ship to one of our seven branches with assembly capabilities or to companies we hire to assemble units for us. We also refurbish used ocean-going containers at this plant and at our branches in Los Angeles, Houston, Dallas, Denver, Oklahoma City, Charlotte and Raleigh. We can ship up to twelve 20-foot containers on a single flat-bed trailer. By comparison, only two or three assembled 20-foot ocean-going containers can be shipped on a flat-bed trailer. This reduces our cost of transporting units to our branches and permits us to economically ship our manufactured units to any city in the continental US or Canada. We have about 210 manufacturing workers at our Maricopa facility, and about 295 manufacturing workers in our branch facilities. We believe we can expand the capacity of our Maricopa facility at a relatively low cost, and that numerous companies have the facilities needed to perform refurbishment and assembly services for us on a contract basis.

We purchase raw materials such as steel, vinyl, wood, glass and paint, which we use in our manufacturing and restoring operations. We typically buy these raw materials on a purchase order basis. We do not have long-term contracts with vendors for the supply of any raw materials.

Our manufacturing capacity protects us to some extent from price increases for used ocean-going containers. Used ocean-going containers vary in price from time to time based on market conditions. Should the price of used ocean-going containers increase substantially, we can increase our manufacturing volume and reduce the number of used steel containers we buy and refurbish.

Management Information Systems

We use a customized management information system in an effort to optimize lease fleet utilization and the effectiveness of our sales and marketing. This system consists of a wide-area network that connects our headquarters and all of our branches. Headquarters and each branch can enter data into the system and access data on a real-time basis. We generate weekly management reports by branch with leasing volume, fleet utilization, lease rates and fleet movement as well as monthly profit and loss statements on a consolidated and branch basis. These reports allow management to monitor each branch's performance on a daily, weekly and monthly basis. We track each portable storage unit by its serial number. Lease fleet and sales information is entered in the system daily at the branch level and verified through periodic physical inventories by branch employees. Branch salespeople also use the system to track customer leads and other sales data, including information about current and prospective customers.

Lease Terms

Our portable storage unit leases have an average initial term of over eight months and provide for the lease to continue at the same rental rate on a month-to-month basis until the customer cancels the lease. The average duration of these leases has been 20 months and the average monthly rental rate for units on lease was \$105 during 2001. Most of our portable storage units rent for approximately \$50 to \$205 per month. Our trailer vans normally lease for substantially lower amounts than our portable storage units.

Our offices typically have a scheduled lease duration of over 12 months, and typically rent for \$100 to \$1,000 per month. Our leases provide that the customer is responsible for the cost of delivery at lease inception and pickup at lease termination. Our leases specify that the customer is liable for any damage done to the unit beyond ordinary wear and tear. However, our customers may purchase a damage waiver from us to avoid some of this liability. This provides us with an additional source of recurring revenue. The customer's possessions stored within the portable storage unit are the responsibility of the customer.

Competition

We face competition from several local companies and usually one or two regional or national companies in all of our current markets. We compete with several large national and international companies in our mobile office product line. Our competitors include lessors of storage units, mobile offices, used van trailers and other structures used for portable storage. We compete with conventional fixed self-storage facilities to a lesser extent. We compete primarily in terms of security, convenience, product quality, broad product selection and availability, lease rates and customer service. Our largest competitors include GE Capital Modular Space, Williams Scotsman, McGrath RentCorp, Mobile Storage Group, Inc. and Pac Van. We compete against Mobile Storage in the portable storage business and with GE Capital Modular Space, Williams Scotsman, McGrath RentCorp and Pac Van primarily in the mobile office business.

In most markets our major competitors are companies that are much smaller than us, with limited financial resources. However, competition in our markets may increase significantly in the future. New competitors may enter our markets and may have greater marketing and financial resources than we do. This may allow them to gain market share at our expense. We may have to lower our lease rates because of greater competition. This would lower our profit margins. If our competitors have greater financial resources, they may be able to sustain these pricing pressures better than we can. Prolonged price competition is likely to have a material adverse effect on our business and results of operations.

Employees

As of March 15, 2002, we had approximately 1,355 full-time employees. Our employees are represented by the following major categories:

Management	70
Administrative	190
Sales and marketing	250
Manufacturing	505
Drivers and storage unit handling	340

Our employees are not represented by a labor union. We consider our relations with our employees to be good.

Factors That May Affect Future Operating Results

Our discussion and analysis in this report, in other reports that we file with the Securities and Exchange Commission, in our press releases and in public statements of our officers and corporate spokespersons contain forward-looking statements. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current events. They include words such as “anticipate,” “estimate,” “expect,” “intend,” “plan,” “believe” and other words of similar meaning in connection with discussion of future operating or financial performance. These include statements relating to future actions, acquisition and growth strategy, future performance or results of current and anticipated products, sales efforts, expenses, the outcome of contingencies such as legal proceedings and financial results.

Forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many factors mentioned in this report, for example, the availability to Mobile Mini of additional equity and debt financing that will be needed to continue to achieve growth rates similar to those of the last several years, will be important in determining future results. No forward-looking statement can be guaranteed, and actual results may vary materially from those anticipated in any forward-looking statement.

Mobile Mini undertakes no obligation to update any forward-looking statement. We provide the following discussion of risks and uncertainties relevant to our business. These are factors that we think could cause our actual results to differ materially from expected and historical results. Mobile Mini could also be adversely affected by other factors besides those listed here.

We must successfully manage our planned growth, and our growth may strain our management, operating and other resources.

Our future performance will depend in large part on our ability to manage our planned growth. Our growth could strain our management, human and other resources. To successfully manage this growth, we must continue to add managers and employees and improve our operating, financial and other internal procedures and controls. We also must effectively motivate, train and manage our employees. We cannot be sure that we can integrate our future acquisitions and new branches into our operations. If we do not manage our growth effectively, some of our acquisitions and new branches may fail, and we may have to close unprofitable locations. Closing a branch would likely result in additional expenses that would cause our operating results to suffer.

Because we operate with a high amount of debt, fluctuations in interest rates could increase our operating costs, decrease profitability and limit our planned growth.

Our operations are capital intensive, and we operate with a high amount of debt relative to our size. On February 11, 2002, we entered into a credit facility with a group of banks, which allowed us to borrow up to 90% of the lesser of cost or appraised orderly liquidation value, as defined, of our lease fleet and certain amounts on accounts receivable, inventory and property, plant and equipment. Under this credit facility, we can borrow up to \$250.0 million on a revolving loan basis, which means that amounts repaid may be reborrowed. As of March 15, 2002, we had borrowings of approximately \$168.7 million under the credit facility, leaving approximately \$81.3 million available for further borrowing, of which approximately \$69.7 million was immediately available under the terms of the agreement. Our high amount of debt makes us more vulnerable to a downturn in the general economy or in the industries we serve. In addition, amounts we borrow under our credit facility bear interest at a variable rate. We have fixed the rate on \$85 million of borrowings through interest rate swap agreements that expire in 2004. Because a significant portion of our indebtedness bears interest at floating rates, interest rate changes which result in higher prevailing interest rates will increase the amount of interest we have to pay on our debt. This could harm our profitability and our ability to grow as quickly as we plan.

Under our credit facility, we must comply with a variety of covenants and restrictions. These include minimum fixed charge coverage, maximum debt ratio, minimum borrowing base availability and lease fleet utilization requirements. The terms of our credit facility also limit the amount we can spend on capital expenditures, business acquisitions, incurrence of additional debt and repurchases of our common stock as well as prohibit us from paying cash dividends. These covenants and restrictions could limit our ability to respond to market conditions and restrict our planned growth. If we fail to comply with any of these covenants and restrictions, the lenders have the right to refuse to lend us additional funds, and they may require early payment of amounts we owe them. If this happens, we may be unable to fund our operations and we would have to scale back our leasing activities. Furthermore, if we default, our lenders may foreclose on most of our assets because our assets serve as collateral to secure our obligations to our lenders.

We will need additional debt or equity to sustain our growth, and we may not be able to obtain this financing on acceptable terms.

Our ability to continue growing at the pace we have historically grown at will depend in part on our ability to obtain either additional debt or equity financing. We cannot be sure, however, that we will be able to obtain the necessary debt or equity financing on acceptable terms. Also, additional debt financing or the sale of additional equity securities may cause the market price of our common stock to decline. If we are unable to obtain additional debt or equity financing on acceptable terms, we may have to curtail our growth by delaying our lease fleet expansion or new branch openings.

A slowdown in the economy could reduce demand from some of our customers.

In 2001, customers in the construction industries accounted for 30% of our leasing and sales revenues. This industry tends to be cyclical and particularly susceptible to slowdowns in the overall economy. If sustained economic slowdown occurs, we may experience less demand for leases and sales of our products. If we do, our results of operations may decline, and we may decide to slow the pace of our planned lease fleet growth and new branch expansion.

Our operating results and financial performance may fluctuate.

Demand for leases of our portable storage units is stronger from September through December because large retailers need to store more inventory for the holiday season. Our retail customers usually return leased units to us early in the following year. As a result, we experience lower lease fleet utilization rates during the first quarter of each year.

Our results of operations may fluctuate significantly from period to period due to a variety of additional factors that affect demand for our portable storage units. These factors include:

- general economic and industry conditions;
- availability and cost of used ocean-going containers;
- changes in our marketing and sales expenditures;
- pricing pressures from our competitors;
- market acceptance of our portable storage units, particularly in new markets we enter;
- timing and number of new branches we acquire or start-up; and
- introduction and timing of new products or features by ourselves or our competitors.

Our growth strategy may be limited by the risks relating to our acquiring existing businesses and our establishing additional branches in new markets.

Our strategy is to grow in part through branch expansion, either by acquisitions or new branch openings. This strategy involves a number of risks, including the following:

- we may not find suitable acquisition targets or locations for new branches;
- competition for acquisition candidates could cause purchase prices to significantly increase;
- we may fail to adequately integrate the operations we acquire into our existing business structure;
- the costs of completing an acquisition and integrating and operating it could be higher than we expect; and
- we may acquire or start a branch in a new market that turns out not to have enough demand for our portable storage units to make the branch profitable.

There is uncertainty and risk in the supply and price of used ocean-going containers, which are a key component of our product line.

We purchase, refurbish and modify used ocean-going containers in order to expand our lease fleet. The availability of these

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containers depends in part on the level of international trade and overall demand for containers in the ocean cargo shipping business. When international shipping increases, the availability of used ocean-going containers for sale often decreases, and the price of available containers increases. Conversely, an oversupply of used ocean-going containers may cause container prices to fall. Our competitors may then lower the lease rates on their storage units. As a result, we may need to lower our lease rates to remain competitive. This would cause our revenues and our earnings to decline.

Several types of businesses purchase used ocean-going containers. These include various freight transportation companies, freight forwarders and commercial and retail storage companies. Some of these companies have greater financial resources than we do. As a result, if the number of available containers for sale decreases, these competitors may be able to absorb an increase in the cost of containers, while we could not. If used ocean-going container prices increase substantially, we may not be able to manufacture enough new units to grow our fleet. These price increases also could increase our expenses and reduce our earnings.

The amount we can borrow under our credit facility depends in part on the value of the portable storage units in our lease fleet. If the value of our lease fleet declines, we cannot borrow as much. Therefore, we may be unable to add as many units to our fleet as we would like. Also, we are required to satisfy several covenants with our lenders that are affected by changes in the value of our lease fleet. We would breach some of these covenants if the value of our lease fleet drops below specified levels. If this happened, we could not borrow the amounts we would need to expand our business, and we could be forced to liquidate a portion of our existing fleet.

Competition could reduce our market share and decrease our revenues.

We face competition from several local companies and usually from one or two regional or national companies in each of our current portable storage markets and from several national and international companies in our mobile office product line. Our competitors include lessors of storage units, mobile offices, used van trailers and other structures used for portable storage. We also compete with conventional fixed self-storage facilities to a lesser extent. We compete primarily in terms of security, convenience, product quality, broad product selection and availability, lease rates and customer service. Some of our competitors have greater market share in some markets than we do. Sometimes, a competitor will lower its lease rates in one of our markets to try to gain market share. This may require us to lower our lease rates as well, which would reduce our profitability in those markets.

Competition in our markets may increase significantly in the future. New competitors may enter our markets and may have greater marketing and financial resources than we do. This may allow them to gain market share at our expense. We may have to lower our lease rates because of greater competition. This would lower our profit margins. If our competitors have greater financial resources, they may be able to sustain these pricing pressures better than we can. Prolonged price competition is likely to harm our business and results of operations.

The supply and cost of raw materials we use in manufacturing fluctuates and could increase our operating costs.

We manufacture portable storage units to add to our lease fleet and for sale. In our manufacturing process, we purchase steel, vinyl, wood, glass and other raw materials from various suppliers. We cannot be sure that an adequate supply of these materials will continue to be available on terms acceptable to us. The raw materials we use are subject to price fluctuations that we cannot control. Changes in the cost of raw materials can have a significant effect on our operations and earnings. Rapid increases in raw material prices are difficult to pass through to customers. If we are unable to pass on these higher costs, our profitability will decline. If raw material prices decline significantly, we may have to write down our raw materials inventory values. If this happens, our results of operations and financial condition will decline.

Some zoning laws restrict the use of our storage units and therefore limit our ability to offer our products in all markets.

Most of our customers use our storage units to store their goods on their own properties. Local zoning laws in some of our markets do not allow some of our customers to keep portable storage units on their properties or do not permit portable storage units unless located out of sight from the street. If local zoning laws in one or more of our markets no longer allow our units to be stored on customers' sites, our business would be adversely affected. Also, we probably would not enter a new market where zoning laws do not allow our units to be stored on customers' sites.

We may not be able to retain our existing personnel or hire and retain the additional personnel that we need to sustain and grow our business.

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Our future success will depend on our ability to attract, retain and motivate employees with various skills, as well as semi-skilled and unskilled labor for our branches and manufacturing plants. Competition for all types of employees, including skilled and unskilled laborers, is intense. A shortage in available labor could require us to increase our wages and benefits to attract and retain enough employees. An increase in our labor costs, or our inability to attract, retain and motivate employees, would likely harm our growth plans and may adversely affect our business and results of operations.

Compliance with existing and future governmental regulation could increase our operating costs.

We manufacture, refurbish or modify portable storage units at seven branch locations. Our facilities are subject to regulation by several federal and state government agencies, including OSHA and the Environmental Protection Agency (EPA).

Our facilities are subject to worker safety and health laws and regulations administered by OSHA. Our employees work with metal presses, heavy materials and welding equipment, and the possibility of injury is quite high. This means that OSHA is likely to inspect our facilities from time to time. If we were found to be out of compliance, we may have to pay fines or even reconfigure our operations at considerable cost. New OSHA regulations may be enacted in the future that could increase our cost of manufacturing and restoring portable storage units.

Various environmental laws and regulations may expose us to liability for past or present spills, disposals or other releases of hazardous or toxic substances or waste products. This may be the case even if we did not know about or cause the problem. We generate waste and by-products from our painting operations, potentially exposing us to environmental liability or contamination. Federal or state agencies may impose more stringent disposal regulations for paint waste and by-products. This could increase our costs of manufacturing and restoring portable storage units.

We depend on a few key management persons.

We are substantially dependent on the personal efforts and abilities of Steven G. Bunger, our Chairman, President and Chief Executive Officer, and Lawrence Trachtenberg, our Executive Vice President and Chief Financial Officer. The loss of either of these officers or our other key management persons could harm our business and prospects for growth.

The market price of our common stock has been volatile and may continue to be volatile and the value of your investment may decline.

The market price of our common stock has been volatile and may continue to be volatile. This volatility may cause wide fluctuations in the price of our common stock on the Nasdaq National Market. The market price of our common stock is likely to be affected by:

- changes in general conditions in the economy or the financial markets;
- variations in our quarterly operating results;
- changes in financial estimates by securities analysts;
- other developments affecting us, our industry, customers or competitors;
- the operating and stock price performance of companies that investors deem comparable to us; and
- the number of shares available for resale in the public markets under applicable securities laws.

ITEM 2. DESCRIPTION OF PROPERTY.

We own our branch locations in Dallas, Texas, Oklahoma City, Oklahoma and a portion of our Phoenix, Arizona location. We lease all of our other branch locations. All of our major leased properties have remaining lease terms of at least 4 years, and we believe that satisfactory alternative properties can be found in all of our markets if necessary.

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We own our manufacturing facility in Maricopa, Arizona, approximately 30 miles south of Phoenix. This facility is ten years old and is on approximately 45 acres. The facility includes nine manufacturing buildings, totaling approximately 166,600 square feet. These buildings house our manufacturing, assembly, restoring, painting and vehicle maintenance operations.

We lease our corporate and administrative offices in Tempe, Arizona. These offices have 25,000 square feet of space. The lease term is through May 2005.

ITEM 3. LEGAL PROCEEDINGS.

We are a party to routine claims incidental to our business. Most of these claims involve alleged damage to customers' property while stored in units they lease from us. We carry insurance to protect us against loss from these types of claims, subject to deductibles under the policy. We do not believe that any current litigation, individually or in the aggregate, is likely to have a material adverse effect on our business or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of our security holders during the quarter ended December 31, 2001.

Executive Officers of Mobile Mini, Inc.

Set forth below is information respecting the name, age and position with Mobile Mini of our executive officer who is not a continuing director or a director nominee. Information respecting our executive officers who are continuing directors and director nominees is set forth in Item 10 of this report.

Deborah K. Keeley has served as our Vice President of Accounting since August 1996 and Corporate Controller since September 1995. Prior to joining us, she was Corporate Accounting Manager for Evans Withycombe Residential, an apartment developer, for six years. Ms. Keeley has an Associates degree in Computer Science and received her Bachelors degree in Accounting from Arizona State University in 1989. Age 38.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Our Common Stock trades on the Nasdaq National Market under the symbol "MINI". The following are the high and low sale prices for the common stock during the periods indicated as reported by the Nasdaq Stock Market.

	2000		2001	
	HIGH	LOW	HIGH	LOW
Quarter ended March 31,	\$22.00	\$15.50	\$27.75	\$19.13
Quarter ended June 30,	25.50	15.75	34.65	25.00
Quarter ended September 30,	28.00	16.81	36.00	24.32
Quarter ended December 31,	23.00	16.38	39.85	25.20

We had approximately 100 holders of record of our common stock on March 15, 2002, and we estimate that we have more than 2,000 beneficial owners of our common stock.

Mobile Mini has not paid cash dividends on its common stock and does not expect to do so in the foreseeable future, as it intends to retain all earnings to provide funds for the operation and expansion of its business. Our credit agreement precludes the payment of cash dividends on our stock.

ITEM 6. SELECTED FINANCIAL DATA.

The following table shows our selected consolidated historical financial data for the stated periods. You should read this material with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements included elsewhere in this report.

	Year Ended December 31,				
	1997	1998	1999	2000	2001
(in thousands, except per share and operating data)					
Consolidated Statements of Operations Data:					
Revenues:					
Leasing	\$24,870	\$36,461	\$53,302	\$76,084	\$ 99,684
Sales	20,528	15,623	12,820	13,406	14,519
Other	685	593	531	686	520
Total revenues	46,083	52,677	66,653	90,176	114,723
Costs and expenses:					
Cost of sales	14,546	10,730	8,506	8,681	9,546
Leasing, selling and general expenses	20,586	25,724	32,218	44,369	56,387
Depreciation and amortization	2,253	2,885	4,065	6,023	8,237
Income from operations	8,698	13,338	21,864	31,103	40,553
Other income (expense):					
Interest income	4	31	47	80	34
Interest expense	(5,035)	(5,896)	(6,162)	(9,511)	(9,959)
Income before provision for income taxes and extraordinary item	3,667	7,473	15,749	21,672	30,628
Provision for income taxes	1,467	2,989	6,300	8,452	11,945
Income before extraordinary item	2,200	4,484	9,450	13,220	18,683
Extraordinary item, net of income tax benefit of \$283 in 1999	—	—	(424)	—	—
Preferred stock dividend	—	—	(22)	—	—
Net income available to common stockholders	\$ 2,200	\$ 4,484	\$ 9,004	\$13,220	\$ 18,683
Net income per share:					
Basic:					
Income before extraordinary item	\$ 0.33	\$ 0.57	\$ 0.93	\$ 1.15	\$ 1.38
Extraordinary item	—	—	(0.04)	—	—
Net income	\$ 0.33	\$ 0.57	\$ 0.89	\$ 1.15	\$ 1.38
Diluted:					
Income before extraordinary item	\$ 0.32	\$ 0.53	\$ 0.89	\$ 1.11	\$ 1.34
Extraordinary item	—	—	(0.04)	—	—
Net income	\$ 0.32	\$ 0.53	\$ 0.85	\$ 1.11	\$ 1.34
Weighted average number of common and common share equivalents outstanding:					
Basic	6,752	7,840	10,153	11,542	13,515
Diluted	6,800	8,417	10,640	11,944	13,954
Operating Data:					
Number of branches (at year end)	8	12	19	29	35
Lease fleet units (at year end) ⁽¹⁾	18,051	25,768	37,077	55,472	70,070
Lease fleet utilization (annual average)	85.7%	87.0%	85.6%	85.3%	82.5%
Lease revenue growth from prior year	39.1%	46.6%	46.2%	42.7%	31.0%
Operating margin	18.9%	25.3%	32.8%	34.5%	35.3%
Net income margin	4.8%	8.5%	13.5%	14.7%	16.3%

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Consolidated Balance Sheet Data:

At December 31,

	1997	1998	1999	2000	2001
Lease fleet, net ⁽¹⁾	\$49,151	\$ 76,590	\$121,277	\$195,865	\$277,020
Total assets	84,052	116,790	178,392	279,960	376,506
Total debt	54,026	71,900	78,271	150,090	162,490
Stockholders' equity	19,027	29,872	77,387	92,431	161,703

(1) Excludes certain types of units (e.g., modular buildings) that we discontinued prior to 1998.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations should be read together with the consolidated financial statements and the accompanying notes included elsewhere in this report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in those forward-looking statements as a result of certain factors, including, but not limited to, those described under Item 1, "Description of Business — Factors That May Affect Future Operating Results" and included in other portions of this report.

Overview

In 1996, we transitioned our business to focus on the leasing of portable storage units rather than their sale. This has caused the composition of our revenues and expenses to change. Leasing revenues as a percentage of our total revenues increased to 86.9% in 2001, from 84.4% in 2000, 80.0% in 1999, 69.2% in 1998, 54.0% in 1997 and 42.1% in 1996. The number of portable storage and office units in our lease fleet increased from 13,604 at the end of 1996 to 70,070 at the end of 2001, representing a CAGR of 38.9%.

Our leasing revenues include all rent and ancillary revenues we receive for our portable storage and portable office units. Our sales revenues include sales of portable storage units and portable offices to customers. Our other revenues consist principally of charges for the delivery of the portable storage units we sell. Our principal operating expenses are (1) cost of sales; (2) leasing, selling and general expenses; and (3) depreciation and amortization, primarily depreciation of the portable storage units in our lease fleet. Cost of sales includes both our cost to buy, transport, refurbish and modify used ocean-going containers and our cost to manufacture portable storage units and other structures. Leasing, selling and general expenses include advertising and other marketing expenses, commissions and corporate overhead for both our leasing and sales activities. Annual repair and maintenance expenses on our leased units have averaged approximately 1.7% of lease revenues and are included in leasing, selling and general expenses. We expense our normal repair and maintenance costs as incurred (including the cost of periodically repainting units). Our lease fleet units are depreciated on the straight-line method over our units' estimated useful life, in most cases 20 years after the date that we put the unit in service, with estimated residual values of 70% on steel units and 50% on wood office units. Van trailers, which are a small part of our fleet, are depreciated over 7 years to a 20% residual value. Van trailers, which are only added to the fleet in connection with acquisitions of portable storage businesses, are of much lower quality than storage containers and consequently depreciate more rapidly. We believe that over time the use of van trailers for portable storage is becoming less desirable and will only be used for dock height storage and by those who must frequently move their storage units.

Results of Operations

The following table shows the percentage of total revenues represented by the key items that make up our statements of operations:

	Year Ended December 31,				
	1997	1998	1999	2000	2001
Revenues:					
Leasing	54.0%	69.2%	80.0%	84.4%	86.9%
Sales	44.5	29.7	19.2	14.9	12.7
Other	1.5	1.1	0.8	0.7	0.4
Total revenues	100.0	100.0	100.0	100.0	100.0
Costs and expenses:					
Cost of sales	31.5	20.4	12.8	9.6	8.3
Leasing, selling and general expenses	44.7	48.8	48.3	49.2	49.2
Depreciation and amortization	4.9	5.5	6.1	6.7	7.2
Income from operations	18.9	25.3	32.8	34.5	35.3
Other expense:					
Interest expense	(10.9)	(11.1)	(9.2)	(10.5)	(8.7)
Income before provision for income taxes and extraordinary item	8.0	14.2	23.6	24.0	26.7
Provision for income taxes	3.2	5.7	9.4	9.3	10.4
Income before extraordinary item	4.8	8.5	14.2	14.7	16.3
Extraordinary item and preferred stock dividend	—	—	(0.7)	—	—
Net income available to common stockholders	4.8%	8.5%	13.5%	14.7%	16.3%

2001 Compared to 2000

Total revenues in 2001 increased by \$24.6 million, or 27.2%, to \$114.7 million from \$90.2 million in 2000. Leasing revenues in 2001 increased by \$23.6 million, or 31.0%, to \$99.7 million from \$76.1 million in 2000. This increase resulted from a 30.2% increase in the average number of portable storage units on lease and a 0.6% increase in the average rent per unit. In 2001, our internal growth rate was approximately 22.2%. We define internal growth as the growth in revenues in markets open one year or longer, excluding any revenues from operations acquired at locations in which we are already doing business. Our revenues from the sale of units increased by \$1.1 million, or 8.3%, to \$14.5 million in 2001 from \$13.4 million in 2000.

Cost of sales is associated only with the cost of units that we sold during this comparative period. Cost of sales increased by \$0.9 million, or 10.0%, to \$9.5 million in 2001 from \$8.7 million in 2000. Cost of sales, as a percentage of sales revenues, increased to 65.7% in 2001 from 64.8% in 2000. This slight reduction in sales margins is not significant and not attributable to any particular factors. Gross margins in 2001 were more in line with margins in 1999 and 1998.

Leasing, selling and general expenses increased \$12.0 million, or 27.1%, to \$56.4 million in 2001 from \$44.4 million in 2000. Leasing, selling and general expenses, as a percentage of total revenues, was constant at 49.2% in both 2001 and 2000. These expenses as a percentage of total revenues declined at older branches, as we were able to benefit from economies of scale as those branches grew. This was offset by higher leasing, selling and general expenses as a percentage of total revenues at newer branches. In general, new branches initially have lower operating margins until their fixed operating costs are covered by higher leasing volumes that typically are not achieved until the branch has been operated for several years.

Depreciation and amortization expenses increased by \$2.2 million, or 36.7%, to \$8.2 million in 2001 from \$6.0 million in 2000. The increase was primarily due to our larger lease fleet, including mobile offices which depreciate at a faster rate than our steel storage containers, additional transportation and manufacturing equipment and amortization of goodwill associated with acquisitions completed in the first half of 2001.

Interest expense increased by \$0.5 million, or 4.7%, to \$10.0 million in 2001 from \$9.5 million in 2000. The increase was primarily the result of higher average debt outstanding during 2001. Our average debt outstanding increased by 26.2%, due to an additional borrowing under our credit facility to fund the growth of our business. During 2001, the largest portion of our growth was funded by net proceeds of \$47.1 million from a public equity offering in March 2001 and by \$37.5 million of cash generated from

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operations. We used some additional debt financing primarily to expand our lease fleet and fund our branch expansion. The weighted average interest rate on our debt decreased to 6.3% in 2001 from 7.7% in 2000, excluding amortization of debt issuance costs. Including amortization of debt issuance costs, the weighted average interest rate was 6.8% in 2001 and 8.1% in 2000.

Provision for income taxes was based on an annual effective tax rate of 39.0% for both 2001 and 2000.

Net income increased by \$5.5 million, or 41.3%, to \$18.7 million in 2001 from \$13.2 million in 2000. Net income as a percentage of total revenues increased to 16.3% in 2001 from 14.7% in 2000. The increase in net income and net income as a percentage of total revenues primarily resulted from our higher leasing revenues in 2001 and the higher operating margins that occur as existing branches increase in size. The increase in net income as a percentage of revenues was also caused in part by \$47.1 million of net proceeds from an equity offering in March, 2001. The proceeds were used to reduce debt, thereby reducing interest expense.

2000 Compared to 1999

Total revenues in 2000 increased by \$23.5 million, or 35.3%, to \$90.2 million from \$66.7 million in 1999. Leasing revenues in 2000 increased by \$22.8 million, or 42.7%, to \$76.1 million from \$53.3 million in 1999. This increase resulted from a 44.5% increase in the average number of portable storage units on lease, partially offset by a 1.2% decrease in the average rent per unit. In 2000, our internal growth for lease revenues in markets opened for at least one year grew approximately 22.4%. Our revenues from the sale of units increased by \$0.6 million, or 4.6%, to \$13.4 million in 2000 from \$12.8 million in 1999.

Cost of sales increased by \$0.2 million, or 2.1%, to \$8.7 million in 2000 from \$8.5 million in 1999. Cost of sales, as a percentage of sales revenues, decreased to 64.8% in 2000 from 66.3% in 1999. This reduction was primarily the result of lower per unit manufacturing and refurbishment costs of units sold.

Leasing, selling and general expenses increased \$12.2 million, or 37.7%, to \$44.4 million in 2000 from \$32.2 million in 1999. Leasing, selling and general expenses, as a percentage of total revenues, increased to 49.2% in 2000 from 48.3% in 1999. The increase in leasing-related expenses as a percentage of total revenues was primarily due to the \$4.7 million of expenses associated with the ten branches we added in 2000 and higher commissions related to higher leasing volume. In general, new branches initially have lower profit margins until the branches' fixed operating costs are covered by higher leasing volumes.

Depreciation and amortization expenses increased by \$1.9 million, or 48.2%, to \$6.0 million in 2000 from \$4.1 million in 1999. The increase was primarily due to our larger lease fleet, additional manufacturing equipment and amortization of goodwill associated with our acquisitions.

Interest expense increased by \$3.3 million, or 54.3%, to \$9.5 million in 2000 from \$6.2 million in 1999. The increase was primarily the result of higher average debt outstanding during 2000. Our average debt outstanding increased by 58.0%, due to an additional \$73.3 million of borrowings under our credit facility. We used this debt financing primarily to expand our lease fleet and fund our branch expansion. The weighted average interest rate on our debt increased to 7.7% in 2000 from 7.6% in 1999, excluding amortization of debt issuance costs. Including amortization of debt issuance costs, the weighted average interest rate was 8.1% in 2000 and 8.3% in 1999.

Provision for income taxes was based on an annual effective tax rate of 39.0% for 2000 and 40.0% for 1999, decreasing as a result of the generation of income from different states.

Net income increased by \$4.2 million, or 46.8%, to \$13.2 million in 2000 from \$9.0 million in 1999. Net income as a percentage of total revenues increased to 14.7% in 2000 from 13.5% in 1999. The increase in net income primarily resulted from our higher leasing revenues in 2000 and the decrease in leasing, selling and general expenses per unit on lease in 2000. During 1999, we recorded an extraordinary charge of \$0.4 million (net of an income tax benefit), in connection with the early extinguishment of \$6.9 million of our 12% Senior Subordinated Notes, which were originally scheduled to mature in November 2002.

Liquidity and Capital Resources

Growing our lease fleet is very capital intensive, and the amount of capital we need at any particular time is dependent principally upon the extent of growth of our lease fleet that we have targeted. We have financed the growth of our lease fleet and our higher working capital requirements through cash flows from operations, proceeds from equity financings and borrowings under our credit

facility.

Operating Activities. Our operations provided net cash flow of \$37.8 million in 2001, \$24.9 million in 2000 and \$18.9 million in 1999. Cash flow provided by income before depreciation, amortization and deferred income taxes increased by \$11.2 million to \$39.5 million in 2001, compared to \$28.3 million in 2000. The growth of our business during recent years has required us to use more cash to support higher levels of accounts receivable and inventory, all of which have grown in conjunction with the expansion of our operations at both our existing and our new branch locations.

Investing Activities. Net cash used in investing activities was \$101.6 million in 2001, \$95.3 million in 2000 and \$55.4 million in 1999. This increasing use of cash resulted primarily from higher levels of capital expenditures for lease fleet and branch expansion. Capital expenditures for our lease fleet were \$80.7 million in 2001, \$62.6 million in 2000 and \$30.4 million in 1999. Capital expenditures for property, plant and equipment were \$6.9 million in 2001, \$6.1 million in 2000 and \$4.7 million in 1999. In addition, we spent \$13.7 million in 2001, \$26.7 million in 2000 and \$28.3 million (including \$8 million of mandatorily redeemable preferred stock) in 1999 for acquisitions.

Financing Activities. Net cash provided by financing activities was \$62.7 million in 2001, \$71.3 million in 2000 and \$36.0 million in 1999. During 2001, net cash provided by financing activities was primarily provided by our sale of approximately 2.2 million shares of common stock in March 2001, which resulted in net proceeds to us of approximately \$47.1 million. During 2000, net cash provided by financing activities was provided by our credit facility, which we used to expand our lease fleet and finance our branch expansion. In 1999, net cash provided by financing activities was primarily from our public offering of approximately 3.0 million shares of common stock which resulted in net proceeds to us of approximately \$35.6 million.

At the end of December 31, 2001, we had a credit facility with a group of lenders that would have matured in March 2004. This facility consisted of a \$160.0 million revolving line of credit and a \$10.0 million term loan. On February 11, 2002, we refinanced the outstanding obligations under that credit facility with a group of lenders that provided a five-year \$250.0 million revolving credit facility.

Our principal source of liquidity continues to be our credit facility. The interest rate under our new credit facility is based on our quarterly ratio of funded debt to earnings before interest expense, taxes, depreciation and amortization (EBITDA), similar to our previous credit agreement. During 2001, the average interest rate under the old credit facility was 6.3%, including the effect of the interest rate swap agreements. As of March 15, 2002 we had \$168.7 million of outstanding borrowings under our new \$250 million credit facility and approximately \$69.7 million of additional borrowings were available to us under the facility. The initial borrowing rate under the new facility is the LIBOR rate plus 2%. Borrowings available under the new credit facility are based on our portable storage unit lease fleet, property, plant, equipment, and levels of inventories and receivables. Our lease fleet is appraised at least annually for purposes of the credit facility and any significant decline in the appraised value would have an adverse effect on our borrowing capacity under the facility.

We have entered into interest rate swap agreements under which we have effectively fixed, for a three year period, the interest rate payable on an aggregate of \$85 million of borrowings under our credit facility so that the rate on \$85 million of that debt is based upon a spread from fixed rates, rather than a spread from LIBOR. Under these agreements, we have effectively fixed, for a three-year period expiring in February 2004, the interest rate payable on \$25 million, \$30 million and \$30 million of borrowings under our revolving line of credit so that the rate is based upon a spread from 5.33%, 5.35% and 5.46%, respectively, rather than a spread from the LIBOR rate.

We believe that our working capital, together with our cash flow from operations, borrowings under our credit facility and other available funding sources will be sufficient to fund our operations and planned growth for at least 12 months. If our operations were to generate less cash than we foresee, and if we for any reason lost our ability to borrow additional funds under the credit agreement, the principal effect on our business would be to limit our ability to grow our lease fleet beyond the level at which it stood at that time.

Seasonality

Demand from some of our customers is somewhat seasonal. Demand for leases of our portable storage units by large retailers is stronger from September through December because these retailers need to store more inventory for the holiday season. Our retail customers usually return these leased units to us early in the following year. This has caused lower utilization rates for our lease fleet and a marginal decrease in cash flow during the first quarter of the past several years.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We seek to reduce earnings and cash flow volatility associated with changes in interest rates through a financial arrangement intended to provide a hedge against a portion of the risks associated with such volatility. We continue to have exposure to such risks to the extent they are not hedged.

Interest rate swap agreements are the only instruments we use to manage interest rate fluctuations affecting our variable rate debt. At December 31, 2001, we had three outstanding interest rate swap agreements under which we pay a fixed rate and receive a variable interest rate on \$85.0 million of debt. In accordance with SFAS No. 133 we recorded a \$2.0 million charge to comprehensive income, net of applicable income tax benefit of \$1.3 million, related to the fair value of our interest rate swap agreements. The following table sets forth the scheduled maturities and the total fair value of our debt portfolio:

	At December 31,						Total at	Total Fair Value at
	(\$'s in 000's)						December 31,	December 31,
	2002	2003	2004	2005	2006	Thereafter	2001	2001
Liabilities								
Fixed Rate	\$ 262	\$ 81	\$ —	\$—	\$—	\$ —	\$ 343	\$ 343
Average interest rate							8.26%	
Floating rate	\$2,233	\$2,233	\$157,681	\$—	\$—	\$ —	\$162,147	\$ 162,147
Average interest rate							3.35%	
Interest Rate Swaps Variable to fixed	\$ —	\$ —	\$ 85,000	\$—	\$—	\$ —	\$ 85,000	\$ 85,000
Average pay rate							5.4%	
Average receive rate							1 mo LIBOR-BBA	

We enter into derivative financial arrangements only to the extent that the arrangement meets the objectives described above, and we do not engage in such transactions for speculative purposes.

On February 11, 2002, we entered into a new Loan and Security Agreement that refinanced the existing credit facility, including the term note. The table below represents, on a proforma basis, the scheduled maturities and the total fair value of our debt portfolio after giving effect to the terms of the agreement under the new credit facility:

	Pro forma at December 31,						Total at	Total Fair Value at
	(\$'s in 000's)						December 31,	December 31,
	2002	2003	2004	2005	2006	Thereafter	2001	2001
Liabilities								
Fixed Rate	\$262	\$81	\$ —	\$—	\$—	\$ —	\$ 343	\$ 343
Average interest rate							8.26%	
Floating rate	\$ —	\$—	\$ —	\$—	\$—	\$162,147	\$162,147	\$ 162,147
Average interest rate							3.35%	
Interest Rate Swaps Variable to fixed	\$ —	\$—	\$85,000	\$—	\$—	\$ —	\$ 85,000	\$ 85,000
Average pay rate							5.4%	
Average receive rate							1 mo LIBOR-BBA	

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Mobile Mini, Inc.:

We have audited the accompanying consolidated balance sheets of MOBILE MINI, INC. (a Delaware corporation) and subsidiaries as of December 31, 2000 and 2001, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mobile Mini, Inc. and subsidiaries as of December 31, 2000 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the Index to Consolidated Financial Statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Phoenix, Arizona
February 11, 2002

MOBILE MINI, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2000	2001
ASSETS		
Cash	\$ 1,528,526	\$ 505,980
Receivables, net of allowance for doubtful accounts of \$1,618,000 and \$2,280,000, respectively	12,016,024	15,748,036
Inventories	11,288,195	13,736,662
Portable storage unit lease fleet, net of accumulated depreciation of \$6,649,000 and \$10,738,000, respectively	195,864,789	277,020,335
Property, plant and equipment, net	27,231,280	31,611,002
Deposits and prepaid expenses	4,930,026	4,050,868
Other assets and intangibles, net	2,439,225	2,072,789
Goodwill	24,662,085	31,759,887
Total assets	<u>\$279,960,150</u>	<u>\$376,505,559</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable	\$ 7,358,748	\$ 7,828,435
Accrued liabilities	7,398,069	13,326,901
Line of credit	138,700,000	153,701,900
Notes payable	11,190,721	8,674,604
Obligations under capital leases	199,035	113,971
Deferred income taxes	22,682,230	31,156,963
Total liabilities	<u>187,528,803</u>	<u>214,802,774</u>
 Commitments and contingencies		
 Stockholders' equity:		
Common stock; \$0.01 par value, 95,000,000 shares authorized, 11,591,584 and 14,223,957 issued and outstanding at December 31, 2000 and December 31, 2001, respectively	115,917	142,239
Additional paid-in capital	62,854,726	115,434,033
Retained earnings	29,460,704	48,143,791
Accumulated other comprehensive loss	—	(2,017,278)
Total stockholders' equity	<u>92,431,347</u>	<u>161,702,785</u>
Total liabilities and stockholders' equity	<u>\$279,960,150</u>	<u>\$376,505,559</u>

The accompanying notes are an integral part of these consolidated balance sheets.

MOBILE MINI, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

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	For the years ended December 31,		
	1999	2000	2001
Revenues:			
Leasing	\$53,302,300	\$76,084,407	\$ 99,683,720
Sales	12,820,357	13,405,502	14,519,329
Other	530,842	686,199	520,265
Total Revenues	66,653,499	90,176,108	114,723,314
Costs and expenses:			
Cost of sales	8,505,609	8,680,794	9,545,897
Leasing, selling and general expenses	32,218,343	44,368,803	56,387,555
Depreciation and amortization	4,065,573	6,023,573	8,237,173
Income from operations	21,863,974	31,102,938	40,552,689
Other income (expense):			
Interest income	47,135	79,954	34,456
Interest expense	(6,161,876)	(9,510,864)	(9,959,133)
Income before provision for income taxes and extraordinary item	15,749,233	21,672,028	30,628,012
Provision for income taxes	6,299,694	8,452,090	11,944,925
Income before extraordinary item	9,449,539	13,219,938	18,683,087
Extraordinary item, net of income tax benefit of \$282,702	(424,053)	—	—
Net income	9,025,486	13,219,938	18,683,087
Preferred stock dividend	21,918	—	—
Net income available to common stockholders	\$ 9,003,568	\$13,219,938	\$ 18,683,087
Earnings per share:			
Basic:			
Income before extraordinary item	\$ 0.93	\$ 1.15	\$ 1.38
Extraordinary item	(0.04)	—	—
Net income	\$ 0.89	\$ 1.15	\$ 1.38
Diluted:			
Income before extraordinary item	\$ 0.89	\$ 1.11	\$ 1.34
Extraordinary item	(0.04)	—	—
Net income	\$ 0.85	\$ 1.11	\$ 1.34
Weighted average number of common and common share equivalents outstanding:			
Basic	10,153,086	11,542,116	13,514,541
Diluted	10,640,438	11,943,707	13,954,086

The accompanying notes are an integral part of these consolidated statements.

MOBILE MINI, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the years ended December 31, 1999, 2000 and 2001

	Common Stock	Additional Paid-in Capital	Common Stock To be Issued
Balance, December 31, 1998	\$ 79,669	\$ 22,054,927	\$ 500,000
Net income	—	—	—
Issuance of common stock	29,650	36,513,398	—
Exercise of stock options	2,583	1,088,757	—
Exercise of warrants	1,626	876,109	—
Issuance of 85,468 shares of common stock	855	499,145	(500,000)
Preferred stock dividend (Preferred stock issued and redeemed in 1999)	—	—	—
Balance, December 31, 1999	114,383	61,032,336	—
Net income	—	—	—
Issuance of common stock	817	1,474,183	—
Exercise of stock options	615	297,293	—
Exercise of warrants	102	50,914	—
Balance, December 31, 2000	115,917	62,854,726	—
Net income	—	—	—
Market value change in derivatives, (net of income tax benefit of \$1,289,735)	—	—	—
Comprehensive income	—	—	—
Issuance of common stock	22,395	47,125,069	—
Exercise of stock options	3,298	5,064,062	—
Exercise of warrants	629	313,921	—
Stock option compensation	—	76,255	—
Balance, December 31, 2001	\$142,239	\$115,434,033	\$ —

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Retained Earnings	Accumulated Other Comprehensive Loss	Stockholders' Equity
Balance, December 31, 1998	\$ 7,237,198	\$ —	\$ 29,871,794
Net income	9,025,486	—	9,025,486
Issuance of common stock	—	—	36,543,048
Exercise of stock options	—	—	1,091,340
Exercise of warrants	—	—	877,735
Issuance of 85,468 shares of common stock	—	—	—
Preferred stock dividend (Preferred stock issued and redeemed in 1999)	(21,918)	—	(21,918)
Balance, December 31, 1999	16,240,766	—	77,387,485
Net income	13,219,938	—	13,219,938
Issuance of common stock	—	—	1,475,000
Exercise of stock options	—	—	297,908
Exercise of warrants	—	—	51,016
Balance, December 31, 2000	29,460,704	—	92,431,347
Net income	18,683,087	—	18,683,087
Market value change in derivatives, (net of income tax benefit of \$1,289,735)	—	(2,017,278)	(2,017,278)
Comprehensive income	—	—	16,665,809
Issuance of common stock	—	—	47,147,464
Exercise of stock options	—	—	5,067,360

Exercise of warrants	—	—	314,550
Stock option compensation	—	—	76,255
Balance, December 31, 2001	<u>\$48,143,791</u>	<u>\$ (2,017,278)</u>	<u>\$161,702,785</u>

The accompanying notes are an integral part of these consolidated statements.

MOBILE MINI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended December 31,		
	1999	2000	2001
Cash Flows From Operating Activities:			
Net income	\$ 9,025,486	\$ 13,219,938	\$ 18,683,087
Adjustments to reconcile income to net cash provided by operating activities:			
Extraordinary loss on early debt extinguishment	424,053	—	—
Provision for doubtful accounts	1,346,054	1,864,081	2,286,095
Amortization of deferred loan costs	570,687	455,670	599,825
Amortization of warrant discount	43,470	—	—
Amortization of stock option compensation	—	—	76,255
Depreciation and amortization	4,065,573	6,023,573	8,237,173
Loss on disposal of property, plant and equipment	68,744	77,645	5,392
Deferred income taxes	6,299,545	8,649,557	11,944,070
Changes in certain assets and liabilities, net of effect of businesses acquired:			
Increase in receivables	(3,065,586)	(4,770,708)	(6,018,107)
Increase in inventories	(1,032,895)	(1,635,039)	(1,461,360)
(Increase) decrease in deposits and prepaid expenses	258,528	(4,313,336)	879,158
(Increase) decrease in other assets and intangibles	(21,360)	113,174	(57,120)
Increase in accounts payable	504,846	3,729,753	469,687
Increase in accrued liabilities	455,128	1,524,001	2,205,480
Net cash provided by operating activities	<u>18,942,273</u>	<u>24,938,309</u>	<u>37,849,635</u>
Cash Flows From Investing Activities:			
Cash paid for businesses acquired	(20,325,181)	(26,711,224)	(13,697,571)
Net purchases of portable storage unit lease fleet	(30,407,183)	(62,573,114)	(80,675,559)
Net purchases of property, plant and equipment	(4,682,561)	(6,120,446)	(6,854,749)
Change in other assets	(2,910)	132,363	(390,293)
Net cash used in investing activities	<u>(55,417,835)</u>	<u>(95,272,421)</u>	<u>(101,618,172)</u>
Cash Flows From Financing Activities:			
Net borrowings under lines of credit	14,454,488	67,061,936	15,001,900
Proceeds from issuance of notes payable	3,514,047	6,851,629	400,822
Deferred financing costs	(660,214)	(852,443)	(4,500)
Principal payments on subordinated debt	(6,900,000)	—	—
Principal payments on notes payable	(2,049,213)	(1,945,718)	(2,916,939)
Principal payments on capital lease obligations	(2,856,765)	(148,815)	(85,064)
Redemption of mandatorily redeemable preferred stock	(8,000,000)	—	—
Exercise of warrants	877,735	51,016	314,550
Issuance of common stock	37,634,388	297,909	50,035,222
Preferred stock dividend	(21,918)	—	—
Net cash provided by financing activities	<u>35,992,548</u>	<u>71,315,514</u>	<u>62,745,991</u>
Net (decrease) increase in cash	(483,014)	981,402	(1,022,546)
Cash at beginning of year	1,030,138	547,124	1,528,526
Cash at end of year	<u>\$ 547,124</u>	<u>\$ 1,528,526</u>	<u>\$ 505,980</u>
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the year for interest	\$ 5,453,406	\$ 8,341,809	\$ 9,532,467
Cash paid during the year for income taxes	\$ 93,294	\$ 166,874	\$ 254,810

The accompanying notes are an integral part of these consolidated statements.



MOBILE MINI, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)

Supplemental Disclosure of Noncash Activities:

In 2001, Mobile Mini had interest rate swaps that hedged \$85.0 million of variable rate debt. The interest rate swaps have an average interest rate of 5.4%. At December 31, 2001, under Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, \$3.3 million and \$1.3 million was charged to accrued liabilities and deferred income taxes, respectively. (See Note 3 – Line of Credit.)

In 2001, 329,750 employee stock options were exercised. A portion of these options were non-qualified options and yielded a tax benefit to Mobile Mini of approximately \$2.2 million.

In 2000, Mobile Mini issued 60,287 shares of common stock valued at \$1 million as partial payment of the purchase price for Advanced Mobile Storage and Saf-T-Box (Texas) and issued 21,288 shares of common stock valued at \$475,000 as partial payment of the purchase price of Trailers Etc. (Atlanta, Georgia). In 1999, Mobile Mini issued \$8 million of Mandatorily Redeemable Preferred Stock as partial payment of the purchase price of the assets of National Security Containers, LLC, and subsequently redeemed the entire \$8 million of preferred stock in 1999 for cash.

The accompanying notes are an integral part of these consolidated statements.

MOBILE MINI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Mobile Mini, its Operations and Summary of Significant Accounting Policies:

Organization and Special Considerations

Mobile Mini, Inc., a Delaware corporation (Mobile Mini or the Company), is a leading provider of portable storage solutions. At December 31, 2001, we had a lease fleet of over 70,000 portable storage units and offices and operated 35 branches in 18 states. Our portable storage products offer secure, temporary storage with immediate access. We have a diversified client base of over 52,000 customers, including large and small retailers, construction companies, medical centers, schools, utilities, distributors, the United States military, hotels, restaurants, entertainment complexes and households. Customers use our products for a wide variety of applications, including the storage of retail and manufacturing inventory, construction materials and equipment, documents and records and other goods.

We have experienced rapid growth during the last several years with lease revenues increasing at a 39.8% compounded annual rate from 1999 through 2001. This growth is related to our internal growth of our portable storage unit lease fleet at existing branch locations, as well as growth through acquisitions of new branches.

We believe that our current capitalization, together with borrowings available under our \$250 million credit facility, is sufficient to permit continued growth. However, if we increase the rate of geographic expansion, we will be required to secure additional financing through additional borrowings, debt or equity offerings, or a combination of these sources. We believe that such financing will be available but we can not give assurances that it will be available on acceptable or advantageous terms.

Our ability to obtain used containers for our lease fleet is subject in large part to the availability of these containers in the market. This is in part subject to international trade issues and the demand for containers in the ocean cargo shipping business. Should there be a shortage in supply of used containers, we could supplement our lease fleet with new portable storage units that we manufacture. However, should there be an overabundance of these used containers available, container prices may fall. This could result in a reduction in the lease rates we can obtain from our portable storage unit leasing operations. It could also cause the appraised orderly liquidation value of the portable storage units in the lease fleet to decline. In such event, our ability to finance our business through our existing credit facility would be affected as the maximum borrowing amount available to us under that facility is based upon the appraised orderly liquidation value of the portable storage unit lease fleet. In addition, under the credit facility, we are required to comply with certain covenants and restrictions, as more fully discussed in Note 3. If we fail to comply with these covenants and restrictions, the lender has the right to refuse to lend additional funds and may require early payment of amounts owed. If this happens, it would materially impact our growth and ability to fund ongoing operations. Furthermore, because a substantial portion of the amount borrowed under the credit facility bears interest at a variable rate, a significant increase in interest rates could have a materially adverse affect on our results of operations and financial condition.

Principles of Consolidation

The consolidated financial statements include the accounts of Mobile Mini, Inc. and its wholly owned subsidiaries. All material intercompany transactions have been eliminated. Certain prior year amounts in the accompanying consolidated financial statements have been reclassified to conform to the current year's financial presentation.

Revenue Recognition

Mobile Mini adopted Staff Accounting Bulletin (SAB) 101, *Revenue Recognition in Financial Statements* effective October 1, 2000. The adoption of SAB 101 did not materially affect the results of operations or financial position.

Mobile Mini recognizes revenues from sales of containers upon delivery. Lease and leasing ancillary revenues and related expenses generated under portable storage units and office units are recognized monthly which is not materially different than on a straight-line basis. Revenues and expenses from portable storage unit delivery and hauling are recognized when these services are billed, in accordance with SAB 101, as these services are considered inconsequential to the overall leasing transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)*Cost of Sales*

Cost of sales in our consolidated statements of operations includes only the costs for units we sell. Similar costs associated with the portable storage units that we lease are capitalized on our balance sheet under "Portable Storage Unit Lease Fleet".

Advertising Costs

Advertising costs are accounted for under SOP 93-7, *Reporting on Advertising Costs*. All non direct-response advertising costs are expensed as incurred. Direct response advertising costs, principally Yellow Page advertising, are capitalized when paid and amortized over the period in which the benefit is derived. The amortization period of the prepaid balance never exceeds 12 months. Our direct-response advertising costs are monitored by each branch through call logs and advertising source codes in a contact management information system. Advertising expense was \$3.4 million, \$4.1 million and \$5.2 million in 1999, 2000 and 2001, respectively.

Concentration of Credit Risk

Financial instruments which potentially expose Mobile Mini to concentrations of credit risk, as defined by SFAS No. 105, *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk*, consist primarily of receivables. Concentration of credit risk with respect to receivables are limited due to the large number of customers spread over a large geographic area in many industry segments. Receivables related to our sales operations are generally secured by the product sold to the customer. Receivables related to our leasing operations are primarily small month-to-month amounts. We have the right to repossess leased portable storage units, including any customer goods contained in the unit, following non-payment of rent.

The approximate percentage of portable storage units on lease as of December 31, by major category of customer are presented below:

	1999	2000	2001
Consumer services and retail businesses	37%	42%	44%
Construction	33%	31%	30%
Consumers	12%	10%	11%
Industrial and commercial	10%	9%	8%
Institutions, government agencies and other	8%	8%	7%

Inventories

Inventories are stated at the lower of cost or market, with cost being determined under the specific identification method. Market is the lower of replacement cost or net realizable value. Inventories at December 31, consist of the following:

	2000	2001
Raw materials and supplies	\$ 8,756,336	\$11,442,260
Work-in-process	722,313	772,464
Finished portable storage units	1,809,546	1,521,938
	<u>\$11,288,195</u>	<u>\$13,736,662</u>

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided using the straight-line method over the assets' estimated useful lives. Residual values are determined when the property is constructed or acquired and range up to 25%, depending on the nature of the asset. In the opinion of management, estimated residual values do not cause carrying values to exceed net realizable value. Normal repairs and maintenance to property, plant and equipment are expensed as incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

Property, plant and equipment at December 31, consist of the following:

	Estimated Useful Life In Years	2000	2001
Land		\$ 777,668	\$ 777,668
Vehicles and machinery	5 to 20	24,121,739	30,281,359
Buildings and improvements	30	8,812,352	9,178,556
Office fixtures and equipment	5	4,840,134	5,548,321
		38,551,893	45,785,904
Less accumulated depreciation		(11,320,613)	(14,174,902)
		<u>\$ 27,231,280</u>	<u>\$ 31,611,002</u>

Property, plant and equipment includes assets under capital leases of approximately \$577,000 and \$472,000, and related accumulated amortization of approximately \$174,000 and \$194,000, at December 31, 2000 and 2001, respectively.

At December 31, 2000 and 2001, a portion of property, plant and equipment was pledged as collateral for notes payable obligations and obligations under capital leases (see Notes 3, 4 and 5).

Accrued Liabilities

Included in accrued liabilities in the accompanying consolidated balance sheets are customer deposits and prepayments totaling approximately \$848,000 and \$1.7 million, at December 31, 2000 and 2001, respectively, and \$3.3 million at December 31, 2001 related to the interest rate swap agreements under SFAS No. 133 (see Note 3).

Earnings Per Share

Mobile Mini has adopted SFAS No. 128, *Earnings per Share*. Pursuant to SFAS No. 128, basic earnings per common share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share are determined assuming the potential dilution of the exercise or conversion of options and warrants into common stock.

Below are the required disclosures pursuant to SFAS No. 128 for the years ended December 31:

	1999	2000	2001
Basic earnings per share:			
Income before extraordinary item	\$ 9,449,539	\$13,219,938	\$18,683,087
Less preferred stock dividend	(21,918)	—	—
Income available to common stockholders	<u>\$ 9,427,621</u>	<u>\$13,219,938</u>	<u>\$18,683,087</u>
Weighted average common shares outstanding	<u>10,153,086</u>	<u>11,542,116</u>	<u>13,514,541</u>
Basic earnings per share	<u>\$ 0.93</u>	<u>\$ 1.15</u>	<u>\$ 1.38</u>
Diluted earnings per share:			
Income before extraordinary item	\$ 9,449,539	\$13,219,938	\$18,683,087
Less preferred stock dividend	(21,918)	—	—
Income available to common stockholders	<u>\$ 9,427,621</u>	<u>\$13,219,938</u>	<u>\$18,683,087</u>
Weighted average common shares outstanding	<u>10,153,086</u>	<u>11,542,116</u>	<u>13,514,541</u>
Options and warrants assumed converted	<u>487,352</u>	<u>401,591</u>	<u>439,545</u>
Weighted average common shares and common share equivalents outstanding	<u>10,640,438</u>	<u>11,943,707</u>	<u>13,954,086</u>
Diluted earnings per share	<u>\$ 0.89</u>	<u>\$ 1.11</u>	<u>\$ 1.34</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

Employee stock options to purchase 445,250, 283,250 and 496,850 shares were issued or outstanding during 1999, 2000 and 2001, respectively, but were not included in the computation of diluted earnings per share because the exercise price exceeded the average market price for that year and the effect would have been anti-dilutive. The anti-dilutive options could potentially dilute future earnings per share.

Long-Lived Assets

We periodically evaluate the carrying value of long-lived assets in accordance with SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of*. Under SFAS No. 121, long-lived assets and certain identifiable intangible assets to be held and used in operations are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss is recognized if the sum of the expected long-term undiscounted cash flows is less than the carrying amount of the long-lived assets being evaluated. We have not recognized any impairment losses during the three year period ended December 31, 2001.

Fair Value of Financial Instruments

We determine the estimated fair value of financial instruments using available market information and valuation methodologies. Considerable judgment is required in estimating fair values. Accordingly, the estimates may not be indicative of the amounts we could realize in a current market exchange.

The carrying amounts of cash and cash equivalents, receivables and accounts payable approximate fair values. The carrying amounts of our borrowings under our credit facility and certain variable rate notes payable instruments approximate fair value. The fair values of our variable rate notes payable and credit facility are estimated using discounted cash flow analyses, based on our current incremental borrowing rates for similar types of borrowing arrangements. Based on the borrowing rates currently available to us for bank loans with similar terms and average maturities, the fair value of fixed rate notes payable and capital leases at December 31, 2000 and 2001 approximated the book values.

Deferred Financing Costs

Included in other assets and intangibles are deferred financing costs, net of accumulated amortization of \$455,000 and \$1,054,000, of approximately \$1,943,000 and \$1,398,000 at December 31, 2000 and 2001, respectively. These costs of obtaining long-term financing are being amortized over the term of the related debt, using the straight-line method. The difference between amortizing the deferred financing costs using the straight-line method and amortizing such costs using the effective interest method is not material.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates included within the financial statements are the allowance for doubtful accounts and the estimated useful lives and residual values on the portable storage unit lease fleet and property, plant and equipment.

Impact of Recently Issued Accounting Standards

In June 1998, SFAS No. 133, *Accounting For Derivative Instruments and Hedging Activities*, was issued and was subsequently amended by SFAS No. 137 and No. 138. SFAS No. 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the fair value of the derivative be recognized currently in earnings unless specific hedge accounting criteria are met. If specific hedge accounting criteria are met, changes in the fair value of derivatives will either be substantially offset against the change in the fair value of the hedged assets, liabilities, or firm commitments through earnings, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. SFAS No. 133, as amended, became effective January 1, 2001, for the fiscal year ended December 31, 2001. We adopted SFAS No. 133 effective January 1, 2001 which did not have a material impact on the Company's consolidated financial statements. At December 31, 2001,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

SFAS No. 133 resulted in a charge to comprehensive income of \$2.0 million, net of an applicable income tax benefit of \$1.3 million, related to derivative transactions entered into during 2001 (see note 3).

SFAS No. 141, *Business Combinations*, was issued in June 2001 and became effective for business combinations initiated after June 30, 2001 and also applies to purchase method business combinations closed after June 30, 2001. This statement eliminates the pooling of interests as a method to account for business combinations. It also includes succinct definitions of separately identifiable intangible assets. We adopted the statement subsequent to June 30, 2001.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 142 *Goodwill and Other Intangible Assets*. Upon adoption, it eliminates the amortization of all existing and newly acquired goodwill on a prospective basis and requires companies to assess goodwill impairment, at least annually, based on the fair value of the Company's reporting units. Mobile Mini will adopt SFAS No. 142 on January 1, 2002. Goodwill of \$5.1 million acquired in transactions that closed after June 30, 2001 has not been amortized, in accordance with the new pronouncement. This additional amortization would have been less than \$100,000 and is not material to the financial statements taken as a whole. Management is currently assessing the remaining impact of the adoption of SFAS No. 142 on our consolidated financial statements and expects to have the impairment valuation completed by the end of the first quarter 2002. We do not believe the adoption of SFAS 142 will have a material impact on results of operations or financial condition. Goodwill amortization expense was approximately \$0.3, \$0.9 and \$1.1 million for 1999, 2000 and 2001 respectively.

In June, 2001, SFAS No. 143, *Accounting for Asset Retirement Obligations*, was issued and becomes effective in fiscal years beginning after June 15, 2002. This statement requires that asset retirement obligations be estimated, when reasonable to do so, and recorded as a liability and as a part of the asset value. We do not expect the adoption of SFAS 143 to have any material effect on results of operations or financial position.

SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, establishes a single accounting method for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired and extends the presentation of discontinued operations to include more disposal transactions. The statement also requires an impairment loss be recognized for assets held for use when the carrying amount is not recoverable, using an undiscounted cash flow test. We adopted SFAS 144 on January 1, 2002. We do not believe the adoption of SFAS 144 will have any material effect on results of operations or financial position.

(2) Portable Storage Unit Lease Fleet:

Mobile Mini has a portable storage unit lease fleet primarily consisting of refurbished, modified and manufactured units that are leased to customers under short-term operating lease agreements with varying terms. Depreciation is provided using the straight-line method over our units' estimated useful life, in most cases 20 years after the date that we put the unit in service, with estimated residual values of 70% on steel units and 50% on wood office units. Van trailers, which are a small part of our fleet, are depreciated over 7 years to a 20% residual value. Van trailers are only added to the fleet in connection with acquisitions of portable storage businesses. In the opinion of management, estimated residual values do not cause carrying values to exceed net realizable value. We continue to evaluate these depreciation policies as more information becomes available from other comparable sources and our own historical experience. At December 31, 2001, all of our portable storage units were pledged as collateral under the credit facility (see Note 3). Normal repairs and maintenance to the portable storage and mobile office units are expensed as incurred.

Gains from sale-leaseback transactions were deferred and amortized over the estimated useful lives of the related assets. Unamortized gains at December 31, 2000 and 2001, approximated \$220,000 and \$203,000, respectively, and are reflected as a reduction to the portable storage unit lease fleet value in the accompanying consolidated financial statements.

(3) Line Of Credit:

In March 1996, we entered into a credit facility, which was subsequently amended several times. At December 31, 2001, the lenders provided a \$160.0 million revolving line of credit and a term loan of \$10.0 million under this facility, and borrowings were secured by a lien on substantially all of our assets.

Available borrowings under the revolving line of credit were based upon the portable storage unit lease fleet and the level of inventories and receivables. The portable unit lease fleet is appraised at least annually, and up to 90% of the lesser of cost or appraised orderly liquidation value, as defined, was included in the borrowing base. The interest rate spread on the revolving line of credit was fixed quarterly based on the ratio of funded debt to earnings before interest expense, taxes, depreciation and amortization. Borrowings

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

were, at our option, at either a spread from the prime or the Eurodollar rate. At December 31, 2001, the prime rate was 4.75% and the Eurodollar rate ranged from 2.0% to 2.1%. The interest rate charged under the revolving line of credit at December 31, 2001 ranged from 3.25% to 3.375% for Eurodollar borrowings. On the term loan, the interest rate ranged from 3.5% to 3.5625% for Eurodollar borrowings and was 5.0% on prime rate borrowings.

The revolving line of credit balance outstanding was approximately \$138.7 million and \$153.7 million at December 31, 2000 and 2001, respectively. The amount available for additional borrowing was approximately \$6.3 million at December 31, 2001. For the years ended December 31, 2000 and 2001, the weighted average interest rate under the line of credit was 8.0% and 5.5%, respectively, and the average balance outstanding during 2000 and 2001 was approximately \$109.9 million and \$137.7 million, respectively.

This credit facility contained several covenants, including a minimum consolidated tangible net worth requirement, a minimum fixed charge coverage ratio, a maximum ratio of debt to equity, minimum operating income levels and minimum required utilization rates. In addition, it contained limits on our capital expenditures and incurrence of additional debt, and prohibited the payment of cash dividends. We were in compliance with all covenants at December 31, 2001.

On February 11, 2002, we entered into a Loan and Security Agreement with a group of lenders, led by Fleet Capital Corporation, which provides us with a \$250.0 million revolving credit facility. The initial borrowings under the new credit facility were used to refinance the debt under the old credit facility, which had a maturity date of March 2004. Under the Loan and Security Agreement, we refinanced approximately \$161.4 million of outstanding borrowings. At December 31, 2001, term loan and revolving line of credit borrowings outstanding under the credit facility had been \$162.1 million. In connection with this refinancing, we will record an after-tax extraordinary charge of approximately \$800,000 in the first quarter of 2002. The new credit facility expires in February 2007.

Borrowings under the new credit facility are secured by substantially all of our assets. Borrowings under this facility are based on the portable storage unit lease fleet, property, plant, equipment, and levels of inventories and receivables. The portable storage unit lease fleet will be appraised at least annually and up to 90% of the lesser of cost or appraised orderly liquidation value, as defined, may be included in the borrowing base to determine how much we may borrow under this facility. The interest rate spread under the new facility is based on our quarterly ratio of funded debt to earnings before interest expense, taxes, depreciation and amortization. Borrowings are, at our option, at either a spread from the prime or LIBOR rates, as defined. Initially, and until June 30, 2002, the interest rate spread is 0.25% and 2.00% from the prime rate and the LIBOR rates, respectively. On February 11, 2002, the prime rate was 4.75% and the 30 and 60 day LIBOR rate was 1.88%. The Loan and Security Agreement contains several covenants, including a minimum fixed charge coverage, maximum debt ratio, a minimum borrowing base availability and minimum required utilization rates. The Loan and Security Agreement also restricts our capital expenditures, our incurrence of additional debt and prohibits our payment of cash dividends on the common stock.

In February 2001, we entered into interest rate swap agreements under which we have effectively fixed, for a three year period, the interest rate payable on an aggregate of \$85 million of borrowings under our credit facility so that the rate is based upon a spread from fixed rates, rather than a spread from the LIBOR rate. Under these agreements, we have effectively fixed, for a three-year period expiring in February 2004, the interest rate payable on \$25 million, \$30 million and \$30 million of borrowings under our credit facility so that the rate is based upon a spread from 5.33%, 5.35% and 5.46%, respectively, rather than a spread from the LIBOR rate. These swap agreements are designated as cash flow hedges, resulting in the deferral of hedge losses of \$2.0 million, net of applicable income tax benefit of \$1.3 million to accumulated other comprehensive income at December 31, 2001. Interest expense on \$85 million of our borrowings is accrued using the fixed rates identified in the swap agreements. Our objective in entering into these swap transactions was to reduce the risk associated with future interest rate fluctuations. We intend to continue to operate with leverage, and management believes it is prudent to lock in a fixed interest rate at a time when fixed rates are at historically advantageous rates. We began accounting for the swap agreements under SFAS No. 133 effective January 1, 2001 (see Note 1).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(4) Notes Payable:

Notes payable at December 31, consist of the following:

	2000	2001
Notes payable to BT Commercial Corporation, interest ranging from 1.25% over Eurodollar rate (2.00% to 2.125% at December 31, 2001) to 0.25% over prime (4.75% at December 31, 2001), fixed monthly installments of principal plus interest, balance due March 2003, secured by various classes of the Company's assets ⁽¹⁾	\$10,678,090	\$8,445,259
Notes payable, interest at 10.50%, monthly installments of principal and interest, maturing May 2002 secured by equipment	174,339	26,212
Notes payable to financial institution, interest rate of 6.53%, payable in fixed monthly installments, maturing June, 2002, unsecured	338,292	203,133
	<u>\$11,190,721</u>	<u>\$8,674,604</u>

(1) This obligation was paid in full under our new credit facility on February 11, 2002.

(5) Obligations Under Capital Leases:

We leased certain equipment under capital leases expiring through 2003 with various leasing companies. The lease agreements provide us with a purchase option at the end of the lease term based on an agreed upon percentage of the original cost of the equipment. These leases have been capitalized using interest rates ranging from 6.42% to 6.97%. The leases are secured by the equipment under lease.

Future payments of obligations under capital leases:

Years Ending December 31,	
2002	\$ 39,041
2003	84,920
Total payments	123,961
Less: Amounts representing interest	(9,990)
	<u>\$113,971</u>

(6) Equity and Debt Issuances:

In March 2001, we completed a public offering of 2.9 million shares of common stock, including the underwriter's overallotment, at approximately \$22.44 per share. Of the shares sold, 2.3 million shares were sold by Mobile Mini and approximately 600,000 shares were sold by selling stockholders. Mobile Mini received gross proceeds of approximately \$50.2 million. We used the proceeds of \$47.1 million, net of underwriters discounts and other transaction costs, to fund lease fleet expansion, branch expansion and for working capital, having initially used these proceeds to reduce borrowings under our line of credit.

(7) Income Taxes:

We account for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. SFAS No. 109 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities at the tax rates in effect when these differences are expected to reverse.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

The provision for income taxes at December 31, consisted of the following:

	1999	2000	2001
Current	\$ —	\$ —	\$ —
Deferred	6,300,000	8,452,000	11,945,000
Total	\$6,300,000	\$8,452,000	\$11,945,000

The components of the net deferred tax liability at December 31, are as follows:

	2000	2001
Deferred tax assets (liabilities):		
Net operating loss carryforward	\$ 8,109,000	\$ 6,978,000
Accelerated tax depreciation	(31,548,000)	(41,394,000)
Other including other comprehensive income	757,000	3,259,000
Net deferred tax liability	\$(22,682,000)	\$(31,157,000)

A reconciliation of the federal statutory rate to Mobile Mini's effective tax rate for the years ended December 31, is as follows:

	1999	2000	2001
Statutory federal rate	34%	34%	34%
State taxes, net of federal benefit	6	5	5
	—	—	—
	40%	39%	39%

At December 31, 2001, we had a federal net operating loss carryover of approximately \$19,203,000 which expires if unused from 2008 to 2020. At December 31, 2001, we had an Arizona net operating loss carryover of approximately \$8,074,000 which expires if unused from 2002 to 2005. At December 31, 2001, we had other insignificant net operating loss carryovers in the various states in which we operate.

As a result of stock ownership changes during the years presented, it is possible that Mobile Mini has undergone one or more changes in ownership for federal income tax purposes, which can limit the amount of net operating loss currently available as a deduction. Such limitation could result in our being required to pay tax currently because only a portion of the net operating loss is available. Management believes that we will fully realize our net operating loss carryforward and that a valuation reserve was not necessary at December 31, 2001.

(8) Transactions with Related Parties:

When we were a private company prior to 1994, we leased some of our properties from entities controlled by our founder, Richard E. Bunger and his family members. These related party leases remain in effect. We lease a portion of the property comprising our Phoenix location and the property comprising our Tucson location from members of the Richard E. Bunger family. Mr. Bunger was our founder; his son Steven G. Bunger is our chairman, president and chief executive officer, and Carolyn A. Clawson, a member of our board of directors, is Steven Bunger's sister. Annual base payments under these leases total approximately \$66,000 with annual adjustment based on the Consumer Price Index. The term of each of these leases will expire on December 31, 2003. Additionally, we lease our Los Angeles, California facility from a corporation wholly owned by Richard Bunger, for a total annual base payment of \$204,000, with annual adjustment based on the Consumer Price Index. The lease expires on December 31, 2016. Management believes the lease rates reflect the fair market value of these properties. Total expense related to these lease agreements was approximately \$313,000 and \$323,000 at December 31, 2000 and 2001, respectively. These leases are included in commitments and contingencies (see note 10).

We obtain services throughout the year from Skilquest, Inc., a company engaged in sales and management support programs. Skilquest, Inc. is owned by Carolyn Clawson, a member of our board of directors and a sister of our chairman, president and chief executive officer. We made aggregate payments of approximately \$131,000 and \$201,000 to Skilquest, Inc. in 2000 and 2001, respectively, which we believe represented the fair market value of the services performed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

During 1999 and 2000, Richard Bunger (our founder and, during 1999 and 2000, our chairman of the board) refurbished certain personally owned equipment at our facility and reimbursed us approximately \$75,000 for labor and material used. We believe this amount represented the fair market value of the labor and material used. There was no similar activity during 2001. In addition, Richard Bunger entered into certain agreements whereby Mobile Mini may provide refurbishment and production employees to Richard Bunger, either party may use small parcels of adjacent land owned by the other in Maricopa, Arizona and either party may lease equipment to the other. All expenses incurred by Mobile Mini are to be reimbursed by Richard Bunger at rates equal to fair market value. In 2000, Richard Bunger reimbursed us approximately \$13,000 under these agreements. There was no activity under these agreements in 2001.

It is our intention not to enter into any additional related party transactions other than extension of lease agreements and renewal of our relationship with Skilquest.

(9) Benefit Plans:

Stock Option Plans

In August 1994, our board of directors adopted the Mobile Mini, Inc. 1994 Stock Option Plan, as amended in 1998. Under the 1994 Plan, there are 551,200 shares outstanding and 14,200 shares available for granting. In August 1999, our board of directors approved the adopted Mobile Mini, Inc. 1999 Stock Option Plan, under which 1,200,000 shares of common stock are reserved for issuance upon the exercise of options which may be granted under this plan. Both plans were approved by the stockholders at annual meetings. Under the plans, both incentive stock options (ISOs), which are intended to meet the requirements of Section 422 of the Internal Revenue Code, and non-qualified stock options may be granted. ISOs may be granted to our officers and other employees. Non-qualified stock options may be granted to directors and employees, and to non-employee service providers. The purposes of the plans are to attract and retain the best available personnel for positions of substantial responsibility and to provide incentives to, and to encourage ownership of stock by, our management and other employees. The board of directors believes that stock options are important to attract and to encourage the continued employment and service of officers and other employees by facilitating their purchase of a stock interest in Mobile Mini.

The option exercise price for all options granted under the plans may not be less than 100% of the fair market value of the common stock on the date of grant of the option (or 110% in the case of an incentive stock option granted to an optionee beneficially owning more than 10% of the outstanding common stock). The maximum option term is ten years (or five years in the case of an incentive stock option granted to an optionee beneficially owning more than 10% of the outstanding common stock).

Payment for shares purchased under the plans may be made either in cash or, if permitted by the particular option agreement, by exchanging shares of common stock with a fair market value equal to the total option exercise price plus cash for any difference. Options may, if permitted by the particular option agreement, be exercised by directing that certificates for the shares purchased be delivered to a licensed broker as agent for the optionee, provided that the broker tenders to Mobile Mini cash or cash equivalents equal to the option exercise price.

The plans are administered by the compensation committee, which is comprised of our outside directors. They determine whether options will be granted, whether options will be ISOs or non-qualified options, which officers, employees and service providers will be granted options, the vesting schedule for options and the number of options to be granted. Each option granted must expire no more than 10 years from the date it is granted. Each outside director receives an automatic grant of options for 7,500 shares on August 1 of each year as part of the compensation we provide to such directors.

The board of directors may amend the plans (or either plan) at any time, except that approval by our stockholders may be required for an amendment that increases the aggregate number of shares which may be issued pursuant to a plan, changes the class of persons eligible to receive ISO's, modifies the period within which options may be granted, modifies the period within which options may be exercised or the terms upon which options may be exercised, or increases the material benefits accruing to the participants under the plan. The board of directors may terminate or suspend the plans at any time. Unless previously terminated, the 1994 plan will terminate in November 2003 and the 1999 plan will terminate in August, 2009. Any option granted under a plan will continue until the option expiration date, notwithstanding earlier termination of the plan under which the option was granted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

On December 13, 2000, the compensation committee extended the term of 10,000 stock options granted to Steven G. Bunger, our president and chief executive officer, that were to expire on December 29, 2000. The options were originally granted at an exercise price of \$4.13 per share and were extended for five years with a two year vesting period. These options will now expire on December 29, 2005. In connection with this transaction, we incurred an expense of approximately \$76,000 in 2001 and will incur an expense of approximately \$76,000 in 2002.

We account for stock-based compensation plans under APB No. 25, under which no compensation expense has been recognized in the accompanying consolidated financial statements for stock-based employee awards with an exercise price equal to or greater than the fair value of the common stock on the date of grant. For purposes of SFAS No. 123, *Accounting for Stock-Based Compensation*, the fair value of each option granted has been estimated at the date of the grant using the Black-Scholes option pricing model using the following assumptions:

	1999	2000	2001
Risk free interest rates range	5.14 to 6.19%	5.17 to 6.50%	4.39 to 4.89%
Expected holding period	4.0 years	4.0 years	5.0 years
Dividend rate	0.0%	0.0%	0.0%
Expected volatility	50.7%	61.8%	48.7%

Under these assumptions, the fair value of the stock options granted was \$667,586, \$2,504,773 and \$8,237,154 for 1999, 2000 and 2001, respectively. If we had accounted for stock options consistent with SFAS No. 123, these amounts would be amortized on a straight line basis as compensation expense over the average holding period of the options and our net income and earnings per share would have been reported as follows at December 31:

	1999	2000	2001
Net income available to common stockholders:			
As reported	\$9,003,568	\$13,219,938	\$18,683,087
Pro forma	8,603,016	12,283,026	17,395,809
Basic EPS:			
As reported	\$ 0.89	\$ 1.15	\$ 1.38
Pro forma	0.85	1.06	1.29
Diluted EPS:			
As reported	\$ 0.85	\$ 1.11	\$ 1.34
Pro forma	0.81	1.03	1.25

The effect of applying SFAS No. 123 in the pro forma disclosures above is not likely to be representative of the effect on reported net income or earnings per share for future years, because options vest over several years, additional stock options are generally awarded in each year and SFAS No. 123 has not been applied to options granted prior to January 1, 1995.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

The following table summarizes the activities under our stock option plans for the years ended December 31:

	1999		2000		2001	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding, beginning of year	756,150	\$ 4.66	1,106,050	\$11.39	1,243,950	\$13.29
Granted	622,250	16.53	222,750	20.54	502,850	32.63
Canceled/ Expired	(14,100)	7.39	(23,400)	14.17	(24,500)	18.35
Exercised	(258,250)	4.25	(61,450)	5.06	(329,750)	8.81
Options outstanding, end of year	1,106,050	\$11.39	1,243,950	\$13.29	1,392,550	\$21.25
Options exercisable, end of year	309,425	\$ 5.97	477,875	\$ 9.14	397,100	\$13.01
Options available for grant, end of year	334,600		135,250		356,900	
Weighted average fair value of options granted		\$ 8.07		\$11.24		\$16.38

Options outstanding and exercisable by price range as of December 31, 2001 are as follows:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
\$3.120 – \$8.875	186,250	5.67	\$ 5.092	127,700	\$ 4.677
10.125 – 19.063	490,850	7.71	15.825	217,200	15.253
20.875 – 28.988	228,100	8.67	21.366	39,700	21.699
31.540 – 32.910	487,350	9.93	32.826	12,500	31.540
	1,392,550			397,100	

401(k) Plan

In 1995, we established a contributory retirement plan, the 401(k) Plan, covering eligible employees with at least one year of service. The 401(k) Plan is designed to provide tax-deferred retirement benefits to employees in accordance with the provisions of Section 401(k) of the Internal Revenue Code.

The 401(k) Plan provides that each participant may annually contribute 2% to 15% of his or her salary, not to exceed the statutory limit. Mobile Mini may make a qualified non-elective contribution in an amount it determines. Under the terms of the 401(k) Plan, Mobile Mini may also make discretionary profit sharing contributions. Profit sharing contributions are allocated among participants based on their annual compensation. Each participant has the right to direct the investment of their funds among certain named plans. Mobile Mini contributes 10% of employees' contributions up to a maximum of \$500 per employee. We made profit sharing contributions of \$45,000, \$54,000 and \$66,000 in 1999, 2000 and 2001, respectively. Additionally, we incurred \$12,000, \$16,000 and \$16,000 in 1999, 2000 and 2001, respectively, for administrative costs on this program.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)**(10) Commitments and Contingencies:**

As discussed more fully in Note 8, Mobile Mini is obligated under noncancellable operating leases with related parties. We also lease our corporate offices and other properties and operating equipment from third parties under noncancellable operating leases. Rent expense under these agreements was approximately \$1,827,000, \$2,539,000 and \$3,284,000 for the years ended December 31, 1999, 2000 and 2001, respectively. Total future commitments under all noncancellable agreements for the years ended December 31, are approximately as follows:

2002	\$ 3,645,000
2003	3,317,000
2004	2,923,000
2005	2,336,000
2006	1,556,000
Thereafter	4,755,000
	<hr/>
	\$18,532,000
	<hr/>

The above table, for future lease commitments, includes renewal options on certain real estate lease options we currently anticipate exercising at the end of the lease term.

We maintain all major lines of insurance coverage for its operations and employees with appropriate aggregate, per occurrence and deductible limits as we reasonably determine is necessary or prudent with current operations and historical experience. The majority of these coverages and their premiums are based on a fixed cost policy. The major policies include coverage's for general liability, automobile, property, cargo and marine all risk, directors and officers, umbrella liability and workers' compensation. Our employee group health insurance program is partially self-funded. The insurance provider is responsible for funding all claims in excess of the calculated monthly maximum liability. This calculation is based on a variety of factors including the number of employees enrolled in the plan. This plan allows for some cash flow benefits while guarantying a maximum premium liability. We accrue the maximum calculated monthly expense. Actual results may vary from estimates, even favorably, based on our actual experience at the end of the plan policy period.

Mobile Mini is a party to routine claims incidental to its business. Most of these claims involve alleged damage to customers' property while stored in units leased from us and damage alleged to have occurred during delivery and pick-up of containers. We do not believe that any current litigation, individually or in the aggregate, is likely to have a material adverse effect on our business or results of operations.

(11) Stockholders' Equity:*Redeemable Warrants*

Redeemable Warrants to purchase 187,500 shares of common stock at \$5.00 per share were issued in connection with our issuance in November 1997 of Senior Subordinated Notes. The Redeemable Warrants first became exercisable on March 1, 1998. The expiration date of the Redeemable Warrants is November 1, 2002. Redeemable Warrants of 10,203 and 62,910 had been exercised for an equal number of shares of common stock, with proceeds to Mobile Mini of approximately \$51,000 and \$315,000 in 2000 and 2001, respectively.

(12) Acquisitions:

Mobile Mini acquired the assets and assumed certain liabilities of eight companies during the year ended December 31, 2001. The acquisitions were accounted for as purchases in accordance with Accounting Principals Board (APB) Opinion No. 16, and, accordingly, the purchased assets and the assumed liabilities were recorded at their estimated fair values at the date of acquisition. The accompanying consolidated financial statements include the operations of the acquired companies from their respective dates of acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

The aggregate purchase price of the operations acquired consist of:

Cash	\$11,727,000
Retirement of debt	1,837,000
Other acquisition costs	134,000
	<hr/>
Total	\$13,698,000
	<hr/>

The fair value of the assets purchased has been allocated as follows:

Tangible assets	\$ 6,110,000
Intangible assets	175,000
Goodwill	7,829,000
Assumed liabilities	(416,000)
	<hr/>
Total	\$13,698,000
	<hr/>

The purchase prices for acquisitions have been allocated on a preliminary basis to the assets acquired and liabilities assumed based upon estimated fair values as of the acquisition date and are subject to adjustment when additional information concerning asset and liability valuations are finalized.

Goodwill for acquisitions completed through June 30, 2001, was amortized using the straight-line method over 25 years from the date of the acquisition. Goodwill for acquisitions after June 30, 2001 was not amortized in accordance with SFAS No. 142, and will not be amortized in 2002 and subsequent years. Goodwill was approximately \$24.7 million and \$31.8 million at December 31, 2000 and 2001, respectively, net of accumulated amortization of \$0.9 million and \$2.0 million at December 31, 2000 and 2001, respectively.

The following unaudited pro forma combined financial information for the year ended December 31, 1999 gives effect to the National Security Containers acquisition as if it had been consummated January 1, 1999, as this was the only material acquisition during any period presented. This unaudited pro forma combined financial information does not purport to project what Mobile Mini's actual results of operations would have been for that period or for any future period.

	Year Ended December 31, 1999	
	Historical	Pro Forma Combined
	<hr/>	<hr/>
Revenue	\$66,653,499	\$69,628,636
Net income available to common stockholders	9,003,568	8,799,368
Earnings per share — basic	0.89	0.87
Earnings per share — diluted	0.85	0.83

Pro forma adjustments include adjustments to:

- Amortize the non-competition agreement on a straight line basis over 5 years.
- Increase depreciation for the increase in the containers and decrease in the vehicles and equipment carrying value to fair value.
- Reflect the amortization of goodwill recorded in connection with the acquisition, calculated based on a 25 year life.
- Eliminate the predecessor's interest expense related to debt not assumed, and record interest expense on debt issued or assumed in connection with the acquisition.
- Record the estimated tax provision associated with the pro forma adjustments for the acquisition and to record the tax provision for the acquired company, which was a limited liability company for income tax purposes, for all periods prior to its acquisition by Mobile Mini. The effective income tax rate used was 40%.
- Record dividends on the Series B Mandatorily Redeemable Preferred Stock we issued in connection with this acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (continued)

(13) Segment Reporting:

Our management approach includes evaluating each segment on which operating decisions are made based on performance, results and profitability. Currently, our branch operation's is the only segment that concentrates on our core business of leasing. Each branch has similar commonalities covering all products leased or sold, including the same customer base, sales personnel, advertising, yard facilities, general and administrative costs and the branch management. Management's allocation of resources, performance evaluations and operating decisions are not dependent on the mix of a branch's products. We do not attempt to allocate shared revenue nor general, selling and leasing expenses to the different configurations of portable storage and office products for lease and sale. The branch operations includes the leasing and sales of portable storage units, portable offices and combination units configured for both storage and office space. We lease to businesses and consumers in the general geographic area relative to each branch. The operation includes Mobile Mini's manufacturing facilities, which are responsible for the purchase, manufacturing and refurbishment of products for leasing, sales or equipment additions to our delivery system, and residual sales from its dealer program that was discontinued in 1998. Prior to 1999, we had a corporate sales segment, which related to specialty type product sales and included a telecommunications and modular division. The modular program was discontinued and the revenue generated from the sales of telecommunication units is not a material component since we closed the telecommunication division.

We evaluate performance and profitability before interest costs, depreciation, income taxes and major non-recurring transactions. Discrete financial data on each of our products is not available and it would be impractical to collect and maintain financial data in such a manner; therefore, reportable information is the same as contained in our consolidated financial statements.

(14) Selected Quarterly Financial Data (unaudited):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total (Audited)
2000					
Lease revenues	\$15,053,382	\$18,168,872	\$20,513,767	\$22,348,386	\$ 76,084,407
Total revenues	18,766,383	21,667,522	23,853,883	25,888,320	90,176,108
Income from operations	5,998,570	7,245,493	8,361,593	9,497,282	31,102,938
Net income	2,672,666	3,105,214	3,488,817	3,953,241	13,219,938
Basic earnings per share	\$ 0.23	\$ 0.27	\$ 0.30	\$ 0.34	\$ 1.15
Diluted earnings per share	\$ 0.23	\$ 0.26	\$ 0.29	\$ 0.33	\$ 1.11
2001					
Leasing revenues	\$21,109,384	\$23,748,656	\$26,223,907	\$28,601,773	\$ 99,683,720
Total revenues	24,792,870	27,466,521	30,312,889	32,151,034	114,723,314
Income from operations	8,187,906	9,586,174	10,958,287	11,820,322	40,552,689
Net income	3,211,566	4,482,066	5,227,600	5,761,855	18,683,087
Basic earnings per share	\$ 0.27	\$ 0.32	\$ 0.37	\$ 0.41	\$ 1.38
Diluted earnings per share	\$ 0.26	\$ 0.31	\$ 0.36	\$ 0.40	\$ 1.34

(15) Subsequent Event:

On February 11, 2002, we entered into a Loan and Security Agreement with a group of lenders, led by Fleet Capital Corporation, which provides us with a \$250.0 million revolving credit facility. The initial borrowings under the new credit facility were used to refinance the debt under the old credit facility, which had a maturity date of March 2004. Under the Loan and Security Agreement, we refinanced approximately \$161.4 million of outstanding borrowings. In connection with this refinancing, we will record an after-tax extraordinary charge of approximately \$800,000 in the first quarter of 2002. The new credit facility expires in February 2007.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

ITEM 11. EXECUTIVE COMPENSATION.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information called for by Items 10, 11, 12 and 13 is incorporated by reference to Mobile Mini's definitive proxy statement for the 2002 annual meeting of stockholders, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed as part of this Report:

- (1) The financial statements required to be included in this Report are included in ITEM 8 of this Report.
- (2) The following financial statement schedule for the years ended December 31, 1999, 2000 and 2001 is submitted herewith (at page F-4 hereof):

Schedule II – Valuation and Qualifying Accounts

All other schedules have been omitted because they are not applicable or not required.

- (3) Exhibits

Exhibit Number	Description	Page
3.2 ⁽⁸⁾	Amended and Restated By-laws of Mobile Mini, Inc., adopted February 14, 2000	
4.1 ⁽¹⁾	Form of Common Stock Certificate	
4.2 ⁽²⁾	Agreement and Form of Warrant for Warrants issued in connection with 12% Notes	
4.3 ⁽⁷⁾	Rights Agreement, dated as of December 9, 1999, between Mobile Mini, Inc. and Norwest Bank Minnesota, NA, as Rights Agent	
10.1 ⁽⁶⁾	Mobile Mini, Inc. Amended and Restated 1994 Stock Option Plan	
10.2 ⁽⁹⁾	Mobile Mini, Inc. Amended and Restated 1999 Stock Option Plan (as amended through June 20, 2001)	
10.3.1	Loan and Security Agreement, dated February 11, 2002 (the “Loan Agreement”) among Mobile Mini, Inc., each of the financial institutions initially a signatory thereto, together with assignees, as Lenders, and Fleet Capital Corporation, as Agent	
10.3.2	Subsidiary Security Agreement, dated February 11, 2002 by each subsidiary of Mobile Mini, Inc. and Fleet Capital Corporation, as Agent	
10.3.3	Pledge Agreement, dated February 11, 2002 by Mobile Mini, Inc., each of its subsidiaries and Fleet Capital Corporation, as Agent	
10.3.4	Guaranty by each subsidiary of Mobile Mini, Inc. to Fleet Capital Corporation, as Agent	
10.4 ⁽¹⁾	Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated January 1, 1994	
10.5 ⁽¹⁾	Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated January 1, 1994	
10.6 ⁽¹⁾	Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated January 1, 1994	
10.7 ⁽¹⁾	Lease Agreement by and between Mobile Mini Systems, Inc. and Mobile Mini Storage Systems dated January 1, 1994	
10.8 ⁽³⁾	Amendment to Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated August 15, 1994	

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<u>Exhibit Number</u>	<u>Description</u>	<u>Page</u>
10.9 ⁽²⁾	Amendment to Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated August 15, 1994	
10.10 ⁽³⁾	Amendment to Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated August 15, 1994	
10.11 ⁽⁴⁾	Amendment to Lease Agreement by and between Mobile Mini Storage Systems, Inc., a California corporation, and the Registrant dated December 30, 1994	
10.12 ⁽⁵⁾	Lease Agreement by and between Richard E. and Barbara M. Bunger and the Registrant dated November 1, 1995	
10.13 ⁽⁵⁾	Amendment to Lease Agreement by and between Richard E. and Barbara M. Bunger and the Registrant dated November 1, 1995	
10.14 ⁽⁶⁾	Amendment No. 2 to Lease Agreement between Mobile Mini Storage Systems, Inc. and the Registrant	
11	Statement Re: Computation of Per Share Earnings	
21	Subsidiaries of Mobile Mini, Inc.	
23	Consent of Arthur Andersen LLP	
99	Arthur Andersen LLP Representation Letter	

- (1) Incorporated by reference to the Registrant's Registration Statement on Form SB-2 (No. 33-71528-LA), as amended
- (2) Incorporated by reference to the Registrant's Registration Statement on Form S-2 (No. 333-34413)
- (3) Incorporated by reference from the Registrant's Form 10-QSB for the quarter ended September 30, 1994
- (4) Incorporated by reference from the Registrant's Form 10-KSB for the fiscal year ended December 31, 1994
- (5) Incorporated by reference from the Registrant's Form 10-KSB for the fiscal year ended December 31, 1995
- (6) Incorporated by reference to the Registrant's Report on Form 10-K for the fiscal year ended December 31, 1997
- (7) Incorporated by reference to the Registrant's Report on Form 8-K dated December 13, 1999
- (8) Incorporated by reference to the Registrant's Report on Form 10-K for the fiscal year ended December 31, 1999
- (9) Incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2001

(b) Reports on Form 8-K:

None.

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Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MOBILE MINI INC.

Date: April 1, 2002

By: /s/ Steven G. Bunger

Steven G. Bunger, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: April 1, 2002

By: /s/ Steven G. Bunger

Steven G. Bunger, President, Chief
Executive Officer and Director (Principal
Executive Officer)

Date: April 1, 2002

By: /s/ Lawrence Trachtenberg

Lawrence Trachtenberg, Executive Vice
President, Chief Financial Officer and Director
(Principal Financial Officer)

Date: April 1, 2002

By: /s/ Deborah K. Keeley

Deborah K. Keeley, Vice President and Controller
(Chief Accounting Officer)

Date: April 1, 2002

By: /s/ George Berkner

George Berkner, Director

Date: April 1, 2002

By: /s/ Carolyn A. Clawson

Carolyn A. Clawson, Director

Date: April 1, 2002

By: /s/ Ronald J. Marusiak

Ronald J. Marusiak, Director

Date: April 1, 2002

By: /s/ Stephen A McConnell

Stephen A McConnell, Director

SCHEDULE II
MOBILE MINI, INC.
VALUATION AND QUALIFYING ACCOUNTS

	1999	For the years ended December 31, 2000	2001
Allowance for doubtful accounts:			
Balance at beginning of year	\$ 1,085,250	\$ 1,621,487	\$ 1,617,958
Provision charged to expense	1,346,054	1,864,081	2,286,095
Provision acquired	313,203	131,104	—
Write-offs	(1,123,020)	(1,998,714)	(1,623,645)
Balance at end of year	<u>\$ 1,621,487</u>	<u>\$ 1,617,958</u>	<u>\$ 2,280,408</u>

EXHIBIT INDEX

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10.3.4	Guaranty by each subsidiary of Mobile Mini, Inc. to Fleet Capital Corporation, as Agent	
10.4 ⁽¹⁾	Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated January 1, 1994	
10.5 ⁽¹⁾	Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated January 1, 1994	
10.6 ⁽¹⁾	Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated January 1, 1994	
10.7 ⁽¹⁾	Lease Agreement by and between Mobile Mini Systems, Inc. and Mobile Mini Storage Systems dated January 1, 1994	
10.8 ⁽³⁾	Amendment to Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated August 15, 1994	
10.9 ⁽²⁾	Amendment to Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated August 15, 1994	
10.10 ⁽³⁾	Amendment to Lease Agreement by and between Steven G. Bunger, Michael J. Bunger, Carolyn A. Clawson, Jennifer J. Blackwell, Susan E. Bunger and Mobile Mini Storage Systems dated August 15, 1994	
10.11 ⁽⁴⁾	Amendment to Lease Agreement by and between Mobile Mini Storage Systems, Inc., a California corporation, and the Registrant dated December 30, 1994	
10.12 ⁽⁵⁾	Lease Agreement by and between Richard E. and Barbara M. Bunger and the Registrant dated November 1, 1995	
10.13 ⁽⁵⁾	Amendment to Lease Agreement by and between Richard E. and Barbara M. Bunger and the Registrant dated November 1, 1995	
10.14 ⁽⁶⁾	Amendment No. 2 to Lease Agreement between Mobile Mini Storage Systems, Inc. and the Registrant	
11	Statement Re: Computation of Per Share Earnings	
21	Subsidiaries of Mobile Mini, Inc.	
23	Consent of Arthur Andersen LLP	
99	Arthur Andersen LLP Representation Letter	

- (1) Incorporated by reference to the Registrant's Registration Statement on Form SB-2 (No. 33-71528-LA), as amended
- (2) Incorporated by reference to the Registrant's Registration Statement on Form S-2 (No. 333-34413)
- (3) Incorporated by reference from the Registrant's Form 10-QSB for the quarter ended September 30, 1994
- (4) Incorporated by reference from the Registrant's Form 10-KSB for the fiscal year ended December 31, 1994
- (5) Incorporated by reference from the Registrant's Form 10-KSB for the fiscal year ended December 31, 1995
- (6) Incorporated by reference to the Registrant's Report on Form 10-K for the fiscal year ended December 31, 1997
- (7) Incorporated by reference to the Registrant's Report on Form 8-K dated December 13, 1999
- (8) Incorporated by reference to the Registrant's Report on Form 10-K for the fiscal year ended December 31, 1999
- (9) Incorporated by reference to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2001

MOBILE MINI, INC.

LOAN AND SECURITY AGREEMENT

Dated: February 11, 2002

\$250,000,000

FLEET CAPITAL CORPORATION
Individually and as Agent for any Lender which is
or becomes a Party hereto

FLEET SECURITIES, INC.
Sole Advisor, Lead Arranger and Book Manager

BANK OF AMERICA, N.A.
and
WASHINGTON MUTUAL BANK
as Co-Documentation Agents

BANK ONE, NA
and
JP MORGAN CHASE BANK
as Co-Syndication Agents

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT is made as of this 11th day of February, 2002, by and among FLEET CAPITAL CORPORATION ("Fleet"), a Rhode Island corporation with an office at 15260 Ventura Boulevard, Suite 400, Sherman Oaks, California 91403, individually as a Lender and as Agent ("Agent") for itself and any other financial institution which is or becomes a party hereto (each such financial institution, including Fleet, is referred to hereinafter individually as a "Lender" and collectively as the "Lenders"), the LENDERS and MOBILE MINI, INC., a Delaware corporation with its chief executive office and principal place of business at 7420 South Kyrene Road, Suite 101, Tempe, Arizona 85283 ("Borrower"), BANK OF AMERICA, N.A. and WASHINGTON MUTUAL BANK, as Co-Documentation Agents, and BANK ONE, NA and JP MORGAN CHASE BANK, as Co-Syndication Agents. Capitalized terms used in this Agreement have the meanings assigned to them in Appendix A, General Definitions. Accounting terms not otherwise specifically defined herein shall be construed in accordance with GAAP consistently applied.

Section 1. CREDIT FACILITY

Subject to the terms and conditions of, and in reliance upon the representations and warranties made in, this Agreement and the other Loan Documents, Lenders agree to make a Total Credit Facility of up to \$250,000,000.00 available upon Borrower's request therefor, as follows:

1.1 Revolving Credit Facility.

1.1.1 Revolving Credit Loans. Each Lender agrees, severally and not jointly, for so long as no Default or Event of Default exists and if the conditions set forth in Section 9 are satisfied, to make Revolving Credit Loans to Borrower from time to time during the period from the date hereof to but not including the last day of the Term, as requested by Borrower in the manner set forth in Subsection 3.1.1 hereof, up to a maximum principal amount at any time outstanding equal to the lesser of (i) such Lender's Revolving Loan Commitment minus such Lender's Revolving Loan Percentage of the sum of (x) the LC Amount and (y) all unpaid LC Obligations and (ii) the product of such Lender's Revolving Loan Percentage and an amount equal to the Borrowing Base at such time

minus the sum of (x) the LC Amount and (y) all unpaid LC Obligations minus the Availability Reserve and minus other reserves, if any. In addition to the Availability Reserve, Agent shall have the right to establish other reserves in such amounts, and with respect to such matters, as Agent shall reasonably deem necessary or appropriate in its reasonable credit judgment exercised in good faith, against the amount of Revolving Credit Loans which Borrower may otherwise request under this Subsection 1.1.1 with respect to (i) price adjustments, damages, unearned discounts, returned products or other matters for which credit memoranda are issued in the ordinary course of business of Borrower and its Subsidiaries; (ii) shrinkage, spoilage and obsolescence of Inventory; (iii) other sums chargeable against Borrower's Loan Account as Revolving Credit Loans under any section of this Agreement; (iv) liabilities and clean up costs under Environmental Laws; and (v) such other specific events, conditions or contingencies as

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to which Agent, in its reasonable credit judgment exercised in good faith, determines reserves should be established from time to time hereunder. Notwithstanding the foregoing, Agent shall not establish any reserves in respect of any matters relating to any items of Collateral that have been specifically taken into account in determining eligibility of any category of assets or the amount or value thereof for determining the Borrowing Base. The Revolving Credit Loans shall be further evidenced by, and repayable in accordance with the terms of, the Revolving Notes and shall be secured by all of the Collateral.

1.1.2 [intentionally omitted]

1.1.3 Use of Proceeds. The Revolving Credit Loans shall be used solely for (i) the satisfaction of certain existing Indebtedness of Borrower and its Subsidiaries, (ii) for general operating capital needs (including Capital Expenditures) of Borrower and its Subsidiaries in a manner consistent with the provisions of this Agreement and all applicable laws, and (iii) for other purposes permitted under this Agreement.

1.2 Letters of Credit; LC Guaranties. Agent agrees, for so long as no Default or Event of Default exists and if requested by Borrower, to (i) issue its, or cause to be issued by Bank or another Affiliate of Agent, on the date requested by Borrower, Letters of Credit for the account of Borrower or any Guarantor or (ii) execute LC Guaranties by which Bank, or another Affiliate of Bank, on the date requested by Borrower, shall guaranty the payment or performance by Borrower of its reimbursement obligations with respect to Letters of Credit and letters of credit issued with the prior approval of Agent for Borrower's account by other Persons in support of Borrower's or any of its Subsidiaries' obligations (other than obligations for the repayment of money borrowed), provided that the sum of the LC Amount plus all unpaid LC Obligations shall not exceed \$5,000,000.00 at any time. No documentary Letter of Credit or LC Guaranty of a documentary letter of credit may have an expiration date that is more than 180 days after the date of issuance thereof and all such documentary Letters of Credit shall be payable at sight; and no standby Letter of Credit or LC Guaranty of a standby letter of credit may have an expiration date that is more than one year from the date of issuance thereof, which expiration date may be extended for additional periods of up to one year for each additional period, subject to the immediately following sentence. No Letter of Credit or LC Guaranty may have an expiration date that is after the last day of the Term. Notwithstanding anything to the contrary contained herein, Borrower, Agent and Lenders hereby agree that all LC Obligations and all obligations of Borrower relating thereto shall be satisfied by the prompt issuance of one or more Revolving Credit Loans that are Base Rate Portions, which Borrower hereby acknowledges are requested and Lenders hereby agree to fund. In the event that Revolving Credit Loans are not, for any reason, promptly made to satisfy all then existing LC Obligations, each Lender hereby agrees to pay to Agent, on demand, an amount equal to such LC Obligations multiplied by such Lender's Revolving Loan Percentage, and until so paid, such amount shall be secured by the Collateral and shall bear interest and be payable at the same rate and in the same manner as Base Rate Portions. Immediately upon the issuance of a Letter of Credit or an LC Guaranty under this Agreement, each Lender shall be deemed to have irrevocably and unconditionally purchased and received from Agent, without recourse or warranty, an undivided interest and participation therein equal to such LC Obligations multiplied by such Lender's Revolving Loan Percentage.

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Section 2. INTEREST, FEES AND CHARGES

2.1 Interest.

2.1.1 Rates of Interest. Interest shall accrue on the principal amount of the Base Rate Portions outstanding at the end of each day at a fluctuating rate per annum equal to the Applicable Margin then in effect plus the Base Rate. Said rate of interest shall increase or decrease by an amount equal to any increase or decrease in the Base Rate, effective as of the opening of business on the day that any such change in the Base Rate occurs. Interest shall accrue on the principal amount of each of the LIBOR Advances outstanding at the end of each day at a fixed rate per annum equal to the Applicable Margin then in effect plus the LIBOR for the applicable Interest Period.

2.1.2 Default Rate of Interest. At the option of Agent or the Majority Lenders, upon and after the occurrence of an Event of Default, and during the continuation thereof, the principal amount of all Loans shall bear interest at a rate per annum equal to 2.0% plus the interest rate otherwise applicable thereto (the "Default Rate"). Such Default Rate shall apply automatically in the case of a Default under Section 10.1.9.

2.1.3 Maximum Interest. In no event whatsoever shall the aggregate of all amounts deemed interest hereunder or under the Revolving Notes and charged or collected pursuant to the terms of this Agreement or pursuant to the Revolving Notes exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. If any provisions of this Agreement or the Revolving Notes are in contravention of any such law, such provisions shall be deemed amended to conform thereto.

2.2 Computation of Interest and Fees. Interest, Letter of Credit and LC Guaranty fees and Unused Line Fees hereunder shall be calculated daily and shall be computed on the actual number of days elapsed over a year of 360 days.

2.3 Fee Letter. Borrower shall pay to Agent certain fees and other amounts in accordance with the terms of the fee letter between Borrower and Agent (the "Fee Letter").

2.4 Letter of Credit and LC Guaranty Fees. Borrower shall pay to Agent, for the ratable benefit of the Lenders, a fee equal to the Applicable Margin then in effect for LIBOR Advances per annum multiplied by the aggregate face amount of all Letters of Credit and LC Guaranties outstanding from time to time during the term of this Agreement, which fees shall be payable monthly in arrears on the first day of each month hereafter, and, in the case of standby and documentary Letters of Credit (and the related LC Guaranties) all normal and customary charges of Bank associated with the issuance of such Letters of Credit and LC Guaranties for the account of borrowers with creditworthiness similar to Borrower's, which fees and charges shall be deemed fully earned and shall be due and payable upon issuance of each such Letter of Credit or LC Guaranty and shall not be subject to rebate or proration upon the termination of this Agreement for any reason. At the option of Agent or the Majority Lenders, upon and after the occurrence of an Event of Default, and during the continuation

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thereof, the fee shall increase to the Applicable Margin then in effect for LIBOR Advances per annum plus two percent (2%) multiplied by the aggregate face amount of all Letters of Credit and LC Guaranties outstanding at such time.

2.5 Unused Line Fee.

Borrower shall pay to Agent, for the ratable benefit of the Lenders, a fee (the "Unused Line Fee") equal to 0.375% per annum multiplied by the average daily amount by which the Total Credit Facility exceeds the sum of the outstanding principal balance of the Revolving Credit Loans and Swing Line Loans plus the LC Amount. The Unused Line Fee shall be payable monthly in arrears on the first day of each month hereafter.

2.6 [intentionally omitted]

2.7 Audit Fees.

Borrower shall pay to Agent all reasonable out-of-pocket expenses incurred by Agent in connection with audits of the books and records

and Properties of Borrower and its Subsidiaries and Affiliates and such other matters as Agent shall deem appropriate in its reasonable credit judgment, whether such audits are conducted by employees of Agent or by third parties hired by Agent. Agent shall use commercially reasonable efforts to cause such audits to be conducted by its own employees whenever feasible. The out-of-pocket expenses incurred in connection with the audits shall be payable on the first day of the month following the date of issuance by Agent of a request for payment thereof to Borrower.

2.8 Reimbursement of Expenses.

If, at any time or times regardless of whether or not an Event of Default then exists, (i) Agent incurs legal or accounting expenses or any other costs or out-of-pocket expenses in connection with (1) the negotiation and preparation of this Agreement or any of the other Loan Documents, any amendment of or modification of this Agreement or any of the other Loan Documents, or any sale or attempted sale of any interest herein to any assignee (including, without limitation, printing and distribution of materials to prospective Lenders and all costs associated with bank meetings, but excluding any closing fees paid to Lenders in connection therewith) or (2) the administration of this Agreement or any of the other Loan Documents and the transactions contemplated hereby and thereby; or (ii) Agent or any Lender incurs legal or accounting expenses or any other costs or out-of-pocket expenses in connection with (1) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Agent, any Lender, Borrower or any other Person) relating to the Collateral, this Agreement or any of the other Loan Documents or Borrower's, any of its Subsidiaries' or any Guarantor's affairs; (2) any attempt to enforce any rights of Agent or any Lender against Borrower, any Guarantor or any other Person which may be obligated to Agent or any Lender by virtue of this Agreement or any of the other Loan Documents, including, without limitation, the Account Debtors; or (3) after the occurrence of an Event of Default and during the continuance thereof, any attempt to inspect, verify, protect, preserve, restore, collect, sell, liquidate or otherwise dispose of or realize upon the Collateral; then all such legal and

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accounting expenses (including allocated costs of in-house counsel in lieu of outside counsel), other costs and out of pocket expenses of Agent or (in the case of clause (ii) only) any Lender, as applicable, shall be charged to Borrower; provided, that Borrower shall not be responsible for such costs and out-of-pocket expenses of any Person to the extent incurred because of the gross negligence or willful misconduct of such Person. Borrower shall also reimburse Agent for expenses incurred by Agent in its administration of the Collateral to the extent and in the manner provided in Section 2.10 hereof.

2.9 Bank Charges. Borrower shall pay to Agent any and all fees, costs or expenses which Agent pays to a bank or other similar institution arising out of or in connection with (i) the forwarding to Borrower or any other Person on behalf of Borrower by Agent of proceeds of Loans made to Borrower pursuant to this Agreement and (ii) the depositing for collection by Agent of any check or item of payment received or delivered to Agent on account of the Obligations.

2.10 Collateral Protection Expenses. All out-of-pocket expenses incurred in protecting, storing, warehousing, insuring, handling, maintaining and shipping the Collateral, any and all excise, property, sales, and use taxes imposed by any state, federal, or local authority on any of the Collateral or in respect of the sale thereof shall be borne and paid by Borrower. If Borrower fails to promptly pay any portion thereof when due, Agent may, at its option, but shall not be required to, pay the same and charge Borrower therefor.

2.11 Payment of Charges. All amounts chargeable to Borrower under this Agreement shall be Obligations secured by all of the Collateral, shall be, unless specifically otherwise provided, payable on demand and shall bear interest from the date demand was made or such amount is due, as applicable, until paid in full at the rate applicable to Base Rate Portions from time to time.

SECTION 3. LOAN ADMINISTRATION.

3.1 Manner of Borrowing Revolving Credit Loans; Swing Line Loan. Borrowings under the credit facility established pursuant to Section 1 hereof shall be as follows:

3.1.1 Loan Requests. A request for a Revolving Credit Loan shall be made, or shall be deemed to be made, in the following manner: (i) Borrower may give Agent notice of its intention to borrow, in which notice Borrower shall specify the amount of the proposed borrowing and the proposed borrowing date, no later than 10:00 a.m. Los Angeles time on the proposed borrowing date (or in accordance with Section 3.1.5 in the case of a request for a LIBOR Advance), provided, however, that no such request may be made at a time when there exists a Default or an Event of Default or other conditions set forth in Section 9 are not satisfied; and (ii) the becoming due of any amount required to be paid under this Agreement, or the Revolving Notes, whether as interest or for any other Obligation, shall be deemed irrevocably to be a request for a Revolving Credit Loan on the due date in the amount required to pay such interest or other Obligation.

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3.1.2 Disbursement. Borrower hereby irrevocably authorizes Agent to disburse the proceeds of each Revolving Credit Loan requested, or deemed to be requested, pursuant to Subsection 3.1.1 as follows: (i) the proceeds of each Revolving Credit Loan requested under Subsection 3.1.1 and each Swing Line Loan shall be disbursed by Agent in lawful money of the United States of America in immediately available funds, in the case of the initial borrowing, in accordance with the terms of the written disbursement letter from Borrower, and in the case of each subsequent borrowing, by wire transfer to such bank account as may be agreed upon by Borrower and Agent from time to time or elsewhere if pursuant to a written direction from Borrower; and (ii) the proceeds of each Revolving Credit Loan deemed requested under Subsection 3.1.1(ii) shall be disbursed by Agent by way of direct payment of the relevant interest or other Obligation.

3.1.3 Payment by Lenders. Unless Agent elects to make a Swing Line Loan in accordance with Subsection 3.1.11, Agent shall give to each Lender prompt written notice electronically or by facsimile, or telecopy of the receipt by Agent from Borrower of any request for a Revolving Credit Loan. Each such notice shall specify the requested date and amount of such Revolving Credit Loan, whether such Revolving Credit Loan shall be a LIBOR Advance, and the amount of each Lender's advance thereunder (in accordance with its applicable Revolving Loan Percentage). If Agent gives notice, electronically or facsimile, to a Lender by noon (Los Angeles time), each Lender shall, not later than 1:00 p.m. (Los Angeles time) on such requested date (or on the next Business Day if Agent gives later notice), wire to a bank designated by Agent the amount of that Lender's Revolving Loan Percentage of the requested Revolving Credit Loan. The failure of any Lender to make the Revolving Credit Loans to be made by it shall not release any other Lender of its obligations hereunder to make its Revolving Credit Loan. Neither Agent nor any other Lender shall be responsible for the failure of any other Lender to make the Revolving Credit Loan to be made by such other Lender. The foregoing notwithstanding, Agent, in its sole discretion, may from its own funds make a Revolving Credit Loan on behalf of any Lender. In such event, the Lender on behalf of whom Agent made the Revolving Credit Loan shall reimburse Agent for the amount of such Revolving Credit Loan made on its behalf on the next Business Day. The entire amount of interest attributable to such Revolving Credit Loan for the period from the date on which such Revolving Credit Loan was made by Agent on such Lender's behalf until Agent is reimbursed by such Lender, shall be paid to Agent for its own account.

3.1.4 Authorization. Borrower hereby irrevocably authorizes Agent to advance to Borrower, and to charge to Borrower's Loan Account hereunder as a Revolving Credit Loan, a sum sufficient to pay all interest accrued on the Obligations during the immediately preceding month and to pay all fees, costs and expenses and other Obligations at any time owed by Borrower to Agent or any Lender hereunder.

3.1.5 LIBOR Advances. Notwithstanding the provisions of Subsection 3.1.1, in the event Borrower desires to obtain a LIBOR Advance, Borrower shall give Agent prior, written, irrevocable notice no later than 10:00 a.m. Los Angeles time on the 3rd Business Day prior to the requested borrowing date specifying (i) Borrower's election to obtain a LIBOR Advance, (ii) the date of the proposed borrowing (which shall be a Business Day) and (iii) the amount to be borrowed, which amount shall be in a minimum principal

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amount of \$2,000,000 and may increase in integral multiples of \$100,000. In no event shall Borrower be permitted to have outstanding at any one time LIBOR Advances with more than eight (8) different Interest Periods.

3.1.6 Conversion of Base Rate Advances. Provided that no Default or Event of Default has occurred which is then continuing, Borrower may, on any Business Day, convert any Revolving Credit Loan which is a Base Rate Advance into a LIBOR Advance. If Borrower desires to convert such a Base Rate Advance, Borrower shall give Agent not less than three (3) Business Days' prior written notice (prior to 10:00 a.m. Los Angeles time on such Business Day), specifying the date of such conversion and the amount to be converted. Each conversion into or conversion of a LIBOR Advance shall be in a minimum principal amount of \$2,000,000 and may increase in integral multiples of \$100,000 in excess thereof; provided that only two (2) Business Days' notice shall be required to convert the Loans made on the Closing Date. After giving effect to any conversion of Base Rate Advances to LIBOR Advances, Borrower shall not be permitted to have outstanding at any one time LIBOR Advances with more than eight (8) different Interest Periods.

3.1.7 Continuation of LIBOR Advances. Borrower shall have the right on three (3) Business Days' prior irrevocable written notice given to Agent by Borrower (prior to 10:00 a.m. Los Angeles time on such Business Day), subject to the provisions hereof, to continue any LIBOR Advance into a subsequent Interest Period of the same or a different permitted duration, in each case subject to the satisfaction of the following conditions:

(i) in the case of a continuation of less than all LIBOR Advances, the LIBOR Advances continued shall each be in a minimum principal amount of \$2,000,000 and may increase in integral multiples of \$100,000; and

(ii) no LIBOR Advance (or portion thereof) may be continued as a LIBOR Advance if a Default or Event of Default has occurred which is then continuing or if, after giving effect to such continuation, Borrower shall have outstanding more than eight (8) separate LIBOR Advances in the aggregate.

If Borrower shall fail to give timely notice of its election to continue any LIBOR Advance or portion thereof as provided above, or if such continuation shall not be permitted, such LIBOR Advance or portion thereof, unless such LIBOR Advance shall be repaid, shall automatically be converted into a Base Rate Advance at the end of the Interest Period then in effect with respect to such LIBOR Advance.

3.1.8 Inability to Make LIBOR Advances. Notwithstanding any other provision hereof, if any (i) change in applicable law, treaty, regulation or directive, or any change in the interpretation or application thereof, shall make it unlawful for any Lender (for purposes of this Subsection 3.1.8, the term "Lender" shall include the office or branch where a Lender or any corporation or bank then controlling such Lender makes or maintains any LIBOR Advances) to make or maintain its LIBOR Advances, or (ii) if with respect to any

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Interest Period, Agent is unable to determine the LIBOR relating thereto, or (iii) adverse or unusual conditions in, or changes in applicable law relating to, the London interbank market make it, in the reasonable judgment of a Lender, impracticable to fund therein any of the LIBOR Advances, or (iv) if Majority Lenders shall, at least one Business Day before the requested date of any Borrowing hereunder, notify Agent that the projected LIBOR is unreflective of the actual costs of funds therefor to such Lenders, the obligation of the affected Lender (or in the case of clauses (ii) and (iv), all Lenders) to make LIBOR Advances hereunder shall forthwith be suspended during the pendency of such circumstances and Borrower shall, if any affected LIBOR Advances are then outstanding, promptly upon request from such Lender, convert such affected LIBOR Advances into Base Rate Advances; provided, that if Borrower receives a notice pursuant to clauses (iii) or (iv), so long as no Default or Event of Default shall have occurred and be continuing and Borrower has obtained a commitment from another Lender or other financial institution, acceptable to Agent in its reasonable discretion, to become a Lender for all purposes under this Agreement and to assume all obligations of the Lender to be replaced, at any time after receipt of such notice and while the circumstances causing LIBOR not to be available, Borrower may require the Lender giving such notice to assign all of its Loans, Revolving Loan Commitments and other Obligations to such other Lender

or financial institution pursuant to the provisions of Subsection 11.9; provided further that, prior to or concurrently with such replacement (x) Borrower has paid to the Lender giving such notice all principal, interest, fees and other amounts due and owing to such Lender through such date of replacement, (y) Agent has received the processing and recordation fee required to be paid by Subsection 11.9.1, and (z) all of the requirements for such assignment contained in Subsection 11.9, including, without limitation, the receipt by Agent of an executed assignment and assumption agreement and other supporting documents, have been fulfilled.

3.1.9 Letter of Credit and LC Guaranty Requests. A request for a Letter of Credit or LC Guaranty shall be made in the following manner: Borrower may give Agent and Bank a written notice of its request for the issuance of a Letter of Credit or LC Guaranty, not later than 10:00 a.m. Los Angeles time, one Business Day before the proposed issuance date thereof, in which notice Borrower shall specify the proposed issuer, issuance date and format and wording for the Letter of Credit or LC Guaranty being requested (which shall be satisfactory to Agent and the Person being asked to issue such Letter of Credit or LC Guaranty); provided, that no such request may be made at a time when there exists a Default or Event of Default or other conditions set forth in Section 9 are not satisfied. Such request shall be accompanied by an executed application and reimbursement agreement in form and substance satisfactory to Agent and the Person being asked to issue the Letter of Credit or LC Guaranty, as well as any required resolutions.

3.1.10 Method of Making Requests. As an accommodation to Borrower, unless a Default or an Event of Default is then in existence, (i) Agent shall permit telephonic requests for Revolving Credit Loans to Agent, (ii) Agent and Bank may, in their discretion, permit electronic transmittal of requests for Letters of Credit and LC Guaranties to them, and (iii) Agent may, in Agent's discretion, permit electronic transmittal of instructions, authorizations, agreements or reports to Agent. Unless Borrower specifically directs Agent or Bank in writing not to accept or act upon telephonic or electronic communications from

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Borrower, neither Agent nor Bank nor any Lender shall have any liability to Borrower for any loss or damage suffered by Borrower as a result of Agent's or Bank's honoring of any requests, execution of any instructions, authorizations or agreements or reliance on any reports communicated to it telephonically or electronically and purporting to have been sent to Agent or Bank by an authorized officer of Borrower, and neither Agent nor Bank shall have any duty to verify the origin of any such communication or the authority of the person sending it. Each telephonic request for a Revolving Credit Loan, Letter of Credit or LC Guaranty accepted by Agent and Bank, if applicable, hereunder shall be promptly followed by a written confirmation of such request from Borrower to Agent and Bank, if applicable.

3.1.11 Swing Line Loans; Settlement Procedures. In order to facilitate the administration of the Revolving Credit Loans, notwithstanding the provisions of Subsection 3.1.3, Agent may make Revolving Credit Loans on behalf of the Lenders (each, a "Swing Line Loan"); provided that the Agent shall not make any Swing Line Loan if the aggregate outstanding principal amount of all Swing Line Loans (taking into account the Loan to be made and any repayments received on such date) would exceed \$5,000,000, and settlement will be made among the Lenders and the Agent in accordance with this Subsection 3.1.11. Each Lender's obligation to fund its Revolving Loan Percentage of each Swing Line Loan shall commence on the date on which such Swing Line Loan is made by Agent, and each Lender shall be deemed to have irrevocably and unconditionally purchased a participation in such Swing Line Loan in an amount equal to its Revolving Credit Percentage of the Swing Line Loan. All Swing Line Loans shall be Base Rate Advances, and interest accrued on the Swing Line Loans shall be for the account of the Agent until settlement is made in accordance with this Section. Settlement shall be made on the date (each, a "Settlement Date") which is the earlier to occur of (i) each Thursday (or the next Business Day, if Thursday is not a Business Day) and (ii) the date on which the outstanding balance of the Swing Line Loans shall have increased or decreased since the last Settlement Date by \$5,000,000 or more, or more frequently if Agent elects. Agent will advise each Lender electronically or by telephone, facsimile or telecopy of its Revolving Loan Percentage of the Swing Line Loans, and in the event that payments are necessary to be made so that each Lender has funded Revolving Credit Loans equal to its Revolving Loan Percentage of all outstanding Revolving Credit Loans, each Lender shall transfer such amount to Agent, or Agent shall

transfer such amount to each Lender, in immediately available funds no later than 1 p.m. (Los Angeles time) on the Settlement Date if Agent has delivered notice prior to noon (Los Angeles time) on the Settlement Date or by 1:00 p.m. (Los Angeles time) on the next Business Day if notice is given later. Settlements shall be made whether or not any Default or Event of Default exists and whether or not the conditions to Revolving Credit Loans have been met; provided however, that notwithstanding the foregoing, a Lender shall not have any obligation to acquire a participation in a Swing Line Loan pursuant to this Section 3.1.11 if a Default or Event of Default existed or any conditions precedent to making Loans were not satisfied at the time such Swing Line Loan was made and such Lender shall have notified the Agent in writing, at least one Business Day prior to the time such Swing Line Loan was made, that the foregoing circumstances existed and that such Lender would not acquire participations in Swing Line Loans made while such circumstances continued. If any Lender fails to fund any amount due to Agent under this Section on the Settlement Date, Agent shall be entitled to recover such

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amount on demand from such Lender, together with interest thereon at the interest rate then applicable to the Revolving Credit Loans. All payments made by the Lenders under this Section 3.1.11 shall be deemed to be Revolving Credit Loans made to Borrower in accordance with this Agreement.

3.2 Payments. Except where evidenced by notes or other instruments issued or made by Borrower to any Lender and accepted by such Lender specifically containing payment instructions that are in conflict with this Section 3.2 (in which case the conflicting provisions of said notes or other instruments shall govern and control), the Obligations shall be payable, without setoff or counter-claim, as follows:

3.2.1 Principal. Principal payable on account of Revolving Credit Loans shall be payable by Borrower to Agent for the ratable benefit of Lenders immediately upon the earliest of (i) the receipt by Agent or Borrower of any proceeds of any of the Collateral (except as otherwise provided herein), including without limitation pursuant to Subsections 3.3.1 and 6.2.4, to the extent of said proceeds, subject to Borrower's rights to reborrow such amounts in compliance with Subsection 1.1.1 hereof; (ii) the occurrence of an Event of Default in consequence of which Agent or Majority Lenders elect to accelerate the maturity and payment of the Obligations, or (iii) termination of this Agreement pursuant to Section 4 hereof; provided, however, that, if an Overadvance shall exist at any time, Borrower shall immediately repay the Overadvance. Each payment (including principal prepayments) by Borrower on account of principal of the Revolving Credit Loans shall be applied first to Base Rate Advances, then to LIBOR Advances, subject to Subsection 3.3.5 hereof. If any amounts collected by Agent exceed the Revolving Credit Loans outstanding (including any amounts charged to Borrower under this Agreement), such amounts shall be disbursed to Borrower or at its written direction.

3.2.2 Interest.

(a) Base Rate Advances. Interest accrued on Base Rate Advances shall be due and payable on the earliest of (1) the first calendar day of each month (for the immediately preceding month), computed through the last calendar day of the preceding month, (2) the occurrence of an Event of Default in consequence of which Agent or Majority Lenders elect to accelerate the maturity and payment of the Obligations or (3) termination of this Agreement pursuant to Section 4 hereof.

(b) LIBOR Advances. Interest accrued on each LIBOR Advance shall be due and payable on each LIBOR Interest Payment Date and on the earliest of (1) the occurrence of an Event of Default in consequence of which Agent or Majority Lenders elect to accelerate the maturity and payment of the Obligations or (2) termination of this Agreement pursuant to Section 4 hereof.

3.2.3 Costs, Fees and Charges. Costs, fees and charges payable pursuant to this Agreement shall be payable by Borrower to Agent, as and when provided in Section 2 hereof or to any other Person designated by Agent in writing.

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3.2.4 Other Obligations. The balance of the Obligations requiring the payment of money, if any, shall be payable by Borrower to Agent for distribution to Lenders, as appropriate, as and when provided in this Agreement, the Other Agreements or the Security Documents, or if not so provided, on demand.

3.2.5 Prepayment of LIBOR Advances. Borrower may prepay a LIBOR Advance only on the last day of the Interest Period for such LIBOR Advance. If Borrower shall nonetheless pay or repay a LIBOR Advance on any other date, Borrower shall pay to Agent, upon request of Agent, such amount or amounts as shall be sufficient (in the reasonable opinion of Agent) to compensate Lenders for any loss, cost, or expense incurred as a result of: (i) any payment of a LIBOR Advance on a date other than the last day of the Interest Period for such Loan; (ii) any failure by Borrower to borrow a LIBOR Advance on the date specified by Borrower's written notice; or (iii) any failure by Borrower to pay a LIBOR Advance on the date for payment specified in Borrower's written notice. Without limiting the foregoing, Borrower shall pay to Agent, for the ratable benefit of Lenders (other than any Lender who waives such provision), a "yield maintenance fee" in an amount computed as follows: the current LIBOR shall be subtracted from the LIBOR in effect at the time of prepayment. If the result is zero or a negative number, there shall be no yield maintenance fee. If the result is a positive number, then the resulting percentage shall be multiplied by the amount of the principal balance being prepaid. The resulting amount shall be divided by 360 and multiplied by the number of days remaining in the Interest Period chosen pursuant to the LIBOR Advance as to which the prepayment is made. Said amount shall be reduced to present value. The resulting amount shall be the yield maintenance fee due to Agent, for the ratable benefit of Lenders, upon the payment of a LIBOR Advance. If by reason of an Event of Default, Agent or Majority Lenders elect to declare the Obligations to be immediately due and payable, then any yield maintenance fee with respect to a LIBOR Advance shall become due and payable in the same manner as though Borrower had exercised such right of prepayment.

3.3 Mandatory and Optional Prepayments.

3.3.1 Proceeds of Sale, Loss, Destruction or Condemnation of Collateral. Except as provided in Subsection 8.2.5(i), if Borrower or any of its Subsidiaries sells any of the Equipment or real Property, or if a Casualty Loss occurs with respect to any of the Collateral, Borrower shall, unless otherwise agreed by Majority Lenders, pay to Agent for the ratable benefit of Lenders as and when received by Borrower or such Subsidiary and as a mandatory prepayment of the Loans, as herein provided, a sum equal to the proceeds (including insurance payments and condemnation awards but net of costs and taxes incurred in connection with such sale or event) ("Sale Proceeds") received by Borrower or such Subsidiary from such sale or Casualty Loss. The applicable prepayment shall be applied to reduce the outstanding principal balance of the Revolving Credit Loans, but shall not permanently reduce the Revolving Loan Commitments; provided that any sale or Casualty Loss of Inventory, Equipment or Specified Real Property shall reduce the Borrowing Base to the extent of the value of the applicable Property. Such reduction shall be effective on the date of consummation of the sale or receipt of proceeds of a Casualty Loss if the Sale Proceeds are equal to or greater than five percent (5%) of Availability on such date (without

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giving effect to the application of the Sale Proceeds) and otherwise as of the date on which Borrower delivers its new Borrowing Base Certificate pursuant to subsection 8.1.4

3.3.2 [intentionally omitted]

3.3.3 Proceeds from Issuance of Additional Indebtedness or Equity. If Borrower or any Subsidiary issues any additional Indebtedness (other than intercompany Indebtedness) or obtains any additional equity in a manner permitted under this Agreement, Borrower shall pay to Agent for the ratable benefit of Lenders, when and as received by any Borrower and as a mandatory prepayment of the Obligations, a sum equal to 100% of the net cash proceeds to Borrower or such Subsidiary of the issuance of such Indebtedness or equity. Any such prepayment shall be applied to reduce the outstanding principal balance of the Revolving Credit Loans, but shall not permanently reduce the Revolving Loan Commitments.

3.3.4 [intentionally omitted]

3.3.5 LIBOR Advances. If the application of any payment made in accordance with the provisions of this Section 3.3 at a time when no Event of Default has occurred and its continuing would result in termination of a LIBOR Advance prior to the last day of the Interest Period for such LIBOR Advance, the amount of such prepayment shall not be applied to such LIBOR Advance, but will, at Borrower's option, be deposited by Borrower in an interest bearing account at Bank or another bank satisfactory to Agent in its discretion, which account is in the name of Borrower and under the control of Agent and from which account only Agent can make any withdrawal, in each case to be applied as such amount would otherwise have been applied under this Section 3.3 at the earlier to occur of (i) the last day of the relevant Interest Period or (ii) the occurrence of a Default or an Event of Default.

3.3.6 [intentionally omitted]

3.3.7 Optional Reductions of Revolving Loan Commitments. Borrower may, at its option from time to time upon not less than 3 Business Days' prior written notice to Agent, terminate in whole or permanently reduce ratably in part, the unused portion of the Revolving Loan Commitments, provided, however, that (i) each such partial reduction shall be in an amount of \$5,000,000 or integral multiples of \$1,000,000 in excess thereof and (ii) the aggregate of all optional reductions to the Revolving Loan Commitments may not exceed \$25,000,000 during any 12 month period or \$100,000,000 during the Term. Except for charges under Subsection 3.2.5 applicable to prepayments of LIBOR Advances, such prepayments shall be without premium or penalty, but Borrower shall repay the Loans (or provide cash collateral for the LC Amount) to the extent that the sum of the outstanding principal amount of the Revolving Credit Loans, the LC Amount and all unpaid LC Obligations exceeds the Revolving Loan Commitments as so reduced.

3.4 Application of Payments and Collections. All items of payment received by Agent by 12:00 noon, Los Angeles time, on any Business Day shall be deemed received on that Business Day. All items of payment received after 12:00 noon, Los Angeles time, on any Business Day shall be deemed received on the following Business Day. Borrower irrevocably

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waives the right to direct the application of any and all payments and collections at any time or times hereafter received by Agent from or on behalf of Borrower or any Guarantor, and Borrower does hereby irrevocably agree that Agent shall have the continuing exclusive right to apply and reapply any and all such payments and collections received at any time or times hereafter by Agent or its agent against the Obligations, in such manner as Agent may deem advisable, notwithstanding any entry by Agent or any Lender upon any of its books and records. If as the result of collections of Accounts as authorized by Subsection 6.2.4 hereof or otherwise, a credit balance exists in the Loan Account, such credit balance shall not accrue interest in favor of Borrower, but shall be disbursed to Borrower or otherwise at Borrower's direction in the manner set forth in Subsection 3.1.2, upon Borrower's request at any time, so long as no Default or Event of Default then exists. Agent may at its option, offset such credit balance against any of the Obligations upon and during the continuance of an Event of Default.

3.5 All Loans to Constitute One Obligation. The Loans shall constitute one general Obligation of Borrower, and shall be secured by Agent's Lien for the benefit of the Agent and the ratable benefit of the Lenders upon all of the Collateral.

3.6 Loan Account. Agent shall enter all Loans as debits to a loan account (the "Loan Account") and shall also record in the Loan Account all payments made by Borrower on any Obligations and all proceeds of Collateral which are finally paid to Agent, and may record therein, in accordance with customary accounting practice, other debits and credits, including interest and all charges and expenses properly chargeable to Borrower pursuant to this Agreement or any other Loan Document.

3.7 Statements of Account. Agent will account to Borrower monthly with a statement of Loans, charges and payments made pursuant to this Agreement during the immediately preceding month, and such account rendered by Agent shall be deemed final, binding and conclusive upon Borrower absent demonstrable error unless Agent is notified by Borrower in writing to the contrary within 30 days of the date each accounting is received by Borrower. Such notice shall only be

deemed an objection to those items specifically objected to therein.

3.8 Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of any Loan made by it in excess of its ratable share of payments on account of Loans made by all Lenders, such Lender shall forthwith purchase from each other Lender such participation in such Loan as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each other Lender; provided, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lenders the purchase price to the extent of such recovery, together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid

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or payable by the purchasing Lender in respect of the total amount so recovered. Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 3.8 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of Borrower in the amount of such participation. Notwithstanding anything to the contrary contained herein, all purchases and repayments to be made under this Section 3.8 shall be made through Agent.

3.9 Increased Costs; Taxes.

3.9.1 Increased Costs. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) adopted after the date of this Agreement and having general applicability to all banks within the jurisdiction in which any Lender operates (excluding, for the avoidance of doubt, the effect of and phasing in of capital requirements or other regulations or guidelines passed prior to the date of this Agreement), or any interpretation or application thereof by any governmental authority charged with the interpretation or application thereof, or the compliance of such Lender therewith, shall:

(1) subject such Lender to any tax with respect to this Agreement (other than (a) any tax based on or measured by net income or otherwise in the nature of a net income tax, including, without limitation, any franchise tax or any similar tax based on capital, net worth or comparable basis for measurement and (b) any tax collected by a withholding on payments and which neither is computed by reference to the net income of the payee nor is in the nature of an advance collection of a tax based on or measured by the net income of the payee) or (2) change the basis of taxation of payments to such Lender of principal, fees, interest or any other amount payable hereunder or under any Loan Documents (other than in respect of (a) any tax based on or measured by net income or otherwise in the nature of a net income tax, including, without limitation, any franchise tax or any similar tax based on capital, net worth or comparable basis for measurement and (b) any tax collected by a withholding on payments and which neither is computed by reference to the net income of the payee nor is in the nature of an advance collection of a tax based on or measured by the net income of the payee);

(2) impose, modify or hold applicable any reserve (except any reserve taken into account in the determination of the applicable LIBOR), special deposit, assessment or similar requirement against assets held by, or deposits in or for the account of, advances or loans by, or other credit extended by, any office of such Lender, including (without limitation) pursuant to Regulation D of the Board of Governors of the Federal Reserve System; or

(3) impose on such Lender or the London interbank market any other condition with respect to any Loan Document; or

(4) impose on such Lender any capital requirements.

and the result of any of the foregoing is to increase the cost to such Lender of making, renewing or maintaining its Loans hereunder by an amount that such Lender deems to be material or to reduce the amount of any payment (whether of principal, interest or otherwise) in respect of any of such Loans by an amount that such Lender deems to be material, or reduces the rate of return on such Lender's capital as a result of its obligations hereunder by an amount such Lender deems to be material, then, in any such case, Borrower shall pay such Lender, upon demand and certification not later than six months following its receipt of notice of the imposition of such increased costs or such reduced return, such additional amount as will compensate such Lender for such additional cost or such reduction, as the case may be, to the extent such Lender has not otherwise been compensated, with respect to a particular Loan, for such increased cost or such reduced return as a result of an increase in the Base Rate or the LIBOR. An officer of such Lender shall determine the amount of such additional cost or reduced amount using reasonable averaging and attribution methods and shall certify the amount of such additional cost or reduced amount to Borrower, which certification shall include a written explanation of such additional cost or reduction to Borrower. Such certification shall be conclusive absent manifest error. If such Lender claims any additional cost or reduced amount pursuant to this Subsection 3.9.1, then such Lender shall use reasonable efforts (consistent with legal and regulatory restrictions) to designate a different lending office or to file any certificate or document reasonably requested by Borrower if the making of such designation or filing would avoid the need for, or reduce the amount of, any such additional cost or reduced amount and would not, in the sole discretion of such Lender, be otherwise disadvantageous to such Lender.

3.9.2 Net Payments. (a) All payments by Borrower hereunder to or for the benefit of any Lender or the Agent shall be made without setoff, counterclaim or other defense. Except as provided in Subsection 3.9.2 (b) below, all such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments, or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding any tax imposed on or measured by the net income or profits of the Lender or the Agent, as the case may be, pursuant to the laws of the jurisdiction in which it is organized) together with all interest, penalties or similar liabilities with respect thereto (collectively, "Covered Taxes"). If Borrower shall be required by law to deduct any Covered Taxes from any sum payable hereunder to any Lender or the Agent, (A) the sum payable shall be increased as may be necessary so that after making all required deductions of Covered Taxes (including deductions of Covered Taxes applicable to additional sums payable under this Section such Lender or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (B) Borrower shall make such deductions and (C) Borrower shall pay the full amount so deducted to the relevant taxation authority or other authority in accordance with applicable law. Borrower shall furnish to the Agent within 45 days after the date the payment of any Covered Taxes is due certified copies of tax receipts evidencing such payment by Borrower. Borrower agrees to indemnify and hold harmless the Lenders and the Agent and reimburse

each of them, as the case may be, for the amount of any Covered Taxes so levied or imposed and paid by them.

(b) Each Lender which is organized under the laws of a jurisdiction other than the United States or any State thereof (a "Foreign Lender") shall deliver to Agent and Borrower (i) two valid, duly completed copies of IRS Form W-8ECI and W-8BEN or successor applicable form, as the case may be, and any other required form, certifying in each case that such Foreign Lender is entitled to receive payments under this Agreement and the Revolving Loan Notes payable to it without deduction or withholding of any United States federal income taxes or with such withholding imposed at a reduced rate (the "Reduced Rate"), or (ii) a valid, duly completed IRS Form W-8 or W-9 or successor applicable form, as the case may be, to establish an exemption from United States backup withholding tax. Each such Lender shall also deliver to Agent and Borrower two further copies of said Form W-8ECI or W-8BEN and W-8 or

W-9, or successor applicable forms, or other manner of required certification, as the case may be, on or before the date that any such form expires or becomes obsolete or otherwise is required to be resubmitted as a condition to obtaining an exemption from a required withholding of United States federal income tax or entitlement to having such withholding imposed at the Reduced Rate or after the occurrence of any event requiring a change in the most recent form previously delivered by it to Borrower and Agent, and such extensions or renewals thereof as may reasonably be requested by Borrower and Agent, certifying (i) in the case of a Form W-8ECI or W-8BEN that such Lender is entitled to receive payments under this Agreement and the Revolving Loan Notes payable to it without deduction or withholding of any United States federal income taxes, unless in any such case any change in a tax treaty to which the United States is a party, or any change in law or regulation of the United States or official interpretation thereof has occurred after the Closing Date and prior to the date on which any such delivery would otherwise be required that renders all such forms inapplicable or that would prevent such Foreign Lender from duly completing and delivering any such form with respect to it, and such Foreign Lender advises the Borrower and the Agent that it is not capable of receiving payments without any deduction or withholding at the Reduced Rate, or (ii) in the case of a Form W-8 or W-9, establishing an exemption from United States backup withholding tax.

3.9.3 Affected Lenders. If Borrower receives a demand for payments under this Section 3.9, so long as no Default or Event of Default shall have occurred and be continuing and Borrower has obtained a commitment from another Lender or other financial institution, acceptable to Agent in its reasonable discretion, to become a Lender for all purposes under this Agreement and to assume all obligations of the Lender to be replaced, at any time after receipt of such demand for payments and while the circumstances causing LIBOR not to be available continue, Borrower may require the Lender giving such notice to assign all of its Loans, Revolving Loan Commitments and other Obligations to such other Lender or financial institution pursuant to the provisions of Subsection 11.9; provided that, prior to or concurrently with such replacement (i) Borrower has paid to the Lender giving such demand for payments all principal, interest, fees and other amounts due and owing to such Lender through such date of replacement, (ii) Agent has received the processing and recordation fee required to be paid by Subsection 11.9.1, and (iii) all of the requirements for such assignment contained in Subsection 11.9, including, without limitation, the receipt by

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Agent of an executed assignment and assumption agreement and other supporting documents, have been fulfilled.

3.10 Basis for Determining Interest Rate Inadequate or Unfair. In the event that Agent shall have determined that:

(i) reasonable means do not exist for ascertaining the LIBOR for any Interest Period; or

(ii) Dollar deposits in the relevant amount and for the relevant maturity are not available in the London interbank market with respect to a proposed LIBOR Advance, or a proposed conversion of a Base Rate Advance into a LIBOR Advance; then

Agent shall give Borrower prompt written, telephonic or electronic notice of the determination of such effect. If such notice is given, (i) any such requested LIBOR Advance shall be made as a Base Rate Advance, unless Borrower shall notify Agent no later than 10:00 a.m. (Los Angeles time) two (2) Business Days prior to the date of such proposed borrowing that the request for such borrowing shall be canceled or made as an unaffected type of LIBOR Advance, and (ii) any Base Rate Advance which was to have been converted to an affected type of LIBOR Advance shall be continued as or converted into a Base Rate Advance, or, if Borrower shall notify Agent, no later than 10:00 a.m. (Los Angeles time) two (2) Business Days prior to the proposed conversion, shall be maintained as an unaffected type of LIBOR Advance.

Section 4. TERM AND TERMINATION

4.1 Term of Agreement. Subject to the right of Lenders to cease making Loans to Borrower during the continuance of any Default or Event of Default, this Agreement shall be in effect for a period of five (5) years from

the date hereof, through and including February 11, 2007 (the "Term"), unless terminated as provided in Section 4.2 hereof.

4.2 Termination. Termination by Lenders. Agent may, and at the direction of Majority Lenders shall, terminate this Agreement without notice upon or after the occurrence and during the continuance of an Event of Default.

4.2.2 Termination by Borrower. Upon at least 30 days prior written notice to Agent and Lenders, Borrower may, at its option, terminate this Agreement; provided, however, no such termination shall be effective until Borrower has paid or collateralized to Agent's reasonable satisfaction all of the Obligations in immediately available funds, all Letters of Credit and LC Guaranties have expired, terminated or have been cash collateralized to Agent's satisfaction and Borrower has complied with Subsection 3.2.5. Unless Majority Lenders otherwise agree, any notice of termination given by Borrower shall be irrevocable and no Lender shall have any obligation to make any Loans or issue or procure any Letters of Credit or LC Guaranties on or after the termination date stated in such notice. Borrower may

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elect to terminate this Agreement in its entirety only. No section of this Agreement or type of Loan available hereunder may be terminated singly.

4.2.3 Effect of Termination. All of the Obligations shall be immediately due and payable upon the termination date stated in any notice of termination of this Agreement. All undertakings, agreements, covenants, warranties and representations of Borrower contained in the Loan Documents shall survive any such termination and Agent shall retain its Liens in the Collateral and Agent and each Lender shall retain all of its rights and remedies under the Loan Documents notwithstanding such termination until all Obligations (other than Derivative Obligations) have been discharged or paid, in full, in immediately available funds, including, without limitation, all Obligations under Subsection 3.2.5 resulting from such termination. Notwithstanding the foregoing or the payment in full of the Obligations, Agent shall not be required to terminate its Liens in the Collateral unless, with respect to any loss or damage Agent may incur as a result of dishonored checks or other items of payment received by Agent from Borrower or any Account Debtor and applied to the Obligations, Agent shall, at its option, (i) have received a written agreement satisfactory to Agent, executed by Borrower and by any Person whose loans or other advances to Borrower are used in whole or in part to satisfy the Obligations, indemnifying Agent and each Lender from any such loss or damage or (ii) have retained cash Collateral for such period of time as Agent, in its reasonable discretion, may deem necessary to protect Agent and each Lender from any such loss or damage.

Section 5. SECURITY INTERESTS

5.1 Security Interest in Collateral. To secure the prompt payment and performance to Agent and each Lender of the Obligations, Borrower hereby grants to Agent for the benefit of itself and each Lender a continuing Lien upon all of Borrower's assets, including all of the following Property and interests in Property of Borrower, whether now owned or existing or hereafter created, acquired or arising and wheresoever located:

(i) Accounts;

(ii) Certificated Securities;

(iii) Chattel Paper, including Electronic Chattel Paper and Tangible Chattel Paper;

(iv) Commercial Tort Claims;

(v) Computer Hardware and Software and all rights with respect thereto, including, any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing;

(vi) Contract Rights;

- (vii) Deposit Accounts;
- (viii) Documents;
- (ix) Equipment;
- (x) Financial Assets;
- (xi) Fixtures;
- (xii) General Intangibles, including Payment Intangibles and Software;
- (xiii) Goods (including all of its Equipment, Fixtures and Inventory), and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor;
- (xiv) Instruments;
- (xv) Intellectual Property;
- (xvi) Inventory;
- (xvii) Investment Property;
- (xviii) money (of every jurisdiction whatsoever);
- (xix) Letter-of-Credit Rights;
- (xx) Payment Intangibles;
- (xxi) Security Entitlements;
- (xxii) Software;
- (xxiii) Supporting Obligations;
- (xxiv) Uncertificated Securities; and
- (xxv) to the extent not included in the foregoing, all other personal property of any kind or description;

together with all books, records, writings, data bases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all Proceeds, products, offspring, rents, issues, profits and returns of and from any of the foregoing; provided that to the extent that the provisions of any lease or license of Computer Hardware and Software or Intellectual Property expressly prohibit (which prohibition is enforceable under applicable law) any assignment thereof, and the grant of

security interest therein, Agent will not enforce its security interest in Borrower's rights under such lease or license (other than in respect of the Proceeds thereof) for so long as such prohibition continues, it being understood that upon request of Agent, Borrower will in good faith use reasonable efforts to obtain consent for the creation of a security interest in favor of Agent (and to Agent's enforcement of such security interest) in Agent's rights under such lease or license.

5.2 Other Collateral.

5.2.1 Commercial Tort Claims. Borrower shall, and shall cause its Subsidiaries to, promptly notify Agent in writing upon its obtaining knowledge of the incurrence of or obtaining a Commercial Tort Claim after the Closing Date against any third party and, upon request of Agent, promptly enter into an amendment to this Agreement or the Subsidiary Security Agreement, as

applicable, and do such other acts or things deemed appropriate by Agent to give Agent a security interest in any such Commercial Tort Claim.

5.2.2 Other Collateral. Borrower shall, and shall cause its Subsidiaries to, promptly notify Agent in writing upon acquiring or otherwise obtaining any material amount of Collateral after the date hereof consisting of Deposit Accounts, Investment Property, Letter of Credit Rights or Electronic Chattel Paper and, upon the request of Agent, promptly execute such other documents, and do such other acts or things deemed appropriate by Agent to deliver to Agent control with respect to such Collateral; promptly notify Agent in writing upon acquiring or otherwise obtaining any Collateral after the date hereof consisting of Documents or Instruments and, upon the request of Agent, will promptly execute such other documents, and do such other acts or things deemed appropriate by Agent to deliver to Agent possession of such Documents which are negotiable and Instruments (other than Instruments for which the aggregate principal amount does not collectively exceed \$100,000), and, with respect to nonnegotiable Documents, to have such nonnegotiable Documents issued in the name of Agent; and with respect to Collateral in the possession of a third party, other than Certificated Securities and Goods covered by a Document, obtain an acknowledgement from the third party that it is holding the Collateral for the benefit of Agent.

5.3 Lien Perfection; Further Assurances. Borrower shall, and shall cause its Subsidiaries to, execute such UCC-1 financing statements as are required by the UCC and such other instruments, assignments or documents as are necessary to perfect Agent's Lien upon any of the Collateral and shall take such other action as may be required to perfect or to continue the perfection of Agent's Lien upon the Collateral. Unless prohibited by applicable law, Borrower hereby irrevocably authorizes Agent to execute (if required) and file any such financing statements or amendments, including, without limitation, financing statements that indicate the Collateral (i) as all assets of Borrower or its Subsidiaries, as applicable, or words of similar effect, or (ii) as being of an equal or lesser scope, or with greater or lesser detail, than as set forth in Section 5.1, on Borrower's or the applicable Subsidiary's behalf. Borrower, on behalf of itself and its Subsidiaries, also hereby ratifies its authorization for Agent to have filed in any jurisdiction any like financing statements or amendments thereto if filed prior to the date hereof. The parties agree that a carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement and may be filed in

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any appropriate office in lieu thereof. At Agent's request, Borrower shall, and shall cause its Subsidiaries to, also promptly execute or cause to be executed and shall deliver to Agent any and all documents, instruments and agreements deemed necessary by Agent to give effect to or carry out the terms or intent of the Loan Documents. Borrower shall, and shall cause its Subsidiaries to, mark all chattel paper to note Agent's Liens therein.

5.4 Lien on Realty. The due and punctual payment and performance of the Obligations shall also be secured by the Lien created by Mortgages upon all real property of Borrower and its Subsidiaries now or hereafter owned, together with all improvements or fixtures on such real property. Each Mortgage shall be executed by Borrower or the applicable Subsidiary in favor of Agent. Each Mortgage shall be duly recorded, at Borrower's expense, in each office where such recording is required to constitute a fully perfected first Lien on the real property covered thereby, together with all improvements or fixtures on such real property. Borrower shall deliver to Agent, at Borrower's expense, mortgagee title insurance policies issued by a title insurance company satisfactory to Agent, which policies shall be in form and substance satisfactory to Agent and shall insure a valid first Lien in favor of Agent, for the benefit of itself and the Lenders, on the real property covered by each Mortgage, subject only to those exceptions acceptable to Agent and its counsel. Borrower shall deliver to Agent such other documents, including, without limitation, as-built survey prints of the real property, as Agent and its counsel may request relating to the real property subject to the Mortgages.

Section 6. COLLATERAL ADMINISTRATION

6.1 General.

6.1.1 Location of Collateral. All Collateral, other than Inventory in transit, Inventory held pursuant to leases at a lessee's location and motor vehicles, will at all times be kept by Borrower and Guarantors at one

or more of business locations set forth in Exhibit 6.1.1 hereto, as updated pursuant to Section 6.3 hereof.

6.1.2 Insurance of Collateral. Borrower shall maintain and pay for insurance upon all Collateral wherever located and with respect to the business of Borrower and Guarantors, covering casualty, hazard, public liability, workers' compensation and such other risks in such amounts and with such insurance companies as are reasonably satisfactory to Agent. Borrower shall deliver certified copies of such policies to Agent as promptly as practicable, with satisfactory lender's loss payable endorsements, naming Agent as loss payee on any property insurance or business interruption insurance policies and as an additional insured on any liability insurance policies, and showing only such other loss payees, assignees and additional insureds as are satisfactory to Agent. Each policy of insurance or endorsement shall contain a clause requiring the insurer to give not less than 10 days prior written notice to Agent in the event of cancellation of the policy for nonpayment of premium and not less than 30 days prior written notice to Agent in the event of cancellation of the policy for any other reason whatsoever and a clause specifying that the interest of Agent shall not be impaired or invalidated by any act or neglect of Borrower, any of its Subsidiaries or the owner of the Property or by the occupation of the premises for purposes more hazardous than are permitted

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by said policy. Borrower agrees to deliver to Agent, promptly as rendered, true copies of all reports made in any reporting forms to insurance companies. All proceeds of business interruption insurance (if any) of Borrower and Guarantors shall be remitted to Agent for application to the outstanding balance of the Revolving Credit Loans.

Unless Borrower provides Agent with evidence of the insurance coverage required by this Agreement, Agent may purchase insurance at Borrower's expense to protect Agent's interests in the Properties of Borrower and Guarantors. This insurance may, but need not, protect the interests of Borrower and Guarantors. The coverage that Agent purchases may not pay any claim that Borrower or any Guarantor makes or any claim that is made against Borrower or any such Guarantor in connection with said Property. Borrower may later cancel any insurance purchased by Agent, but only after providing Agent with evidence that Borrower and Guarantors have obtained insurance as required by this Agreement. If Agent purchases insurance, Borrower will be responsible for the costs of that insurance, including interest and any other charges Agent may impose in connection with the placement of insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Obligations. The costs of the insurance may be more than the cost of insurance that Borrower and Guarantors may be able to obtain on their own.

6.1.3 Protection of Collateral. Neither Agent nor any Lender shall be liable or responsible in any way for the safekeeping of any of the Collateral or for any loss or damage thereto (except for reasonable care in the custody thereof while any Collateral is in Agent's or such Lender's actual possession) or for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency, or other person whomsoever, but the same shall be at Borrower's sole risk.

6.2 Administration of Accounts.

6.2.1 Records, Schedules and Assignments of Accounts. Borrower shall, and shall cause each of its Subsidiaries to, keep accurate and complete records of its Accounts and all payments and collections thereon and shall submit to Agent on such periodic basis as Agent shall request a sales and collections report for the preceding period, in form consistent with the reports currently prepared by Borrower with respect to such information. Concurrently with the delivery of each Borrowing Base Certificate required by Subsection 8.1.4, or more frequently as requested by Agent, from and after the date hereof, Borrower shall deliver to Agent a detailed aging of all of Accounts of Borrower and Guarantors, and upon Agent's request therefor, copies of proof of delivery and the original copy of all documents, including, without limitation, repayment histories and present status reports relating to the Accounts so scheduled and such other matters and information relating to the status of then existing Accounts as Agent shall reasonably request.

6.2.2 Taxes. If an Account includes a charge for any tax payable to any governmental taxing authority, Agent is authorized, in its sole

discretion, to pay the amount thereof to the proper taxing authority for the account of Borrower or its Subsidiary and to charge Borrower therefor, except for taxes that (i) are being actively contested in good faith and by appropriate proceedings and with respect to which Borrower or such Subsidiary

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maintains reasonable reserves on its books therefor and (ii) would not reasonably be expected to result in any Lien other than a Permitted Lien. In no event shall Agent or any Lender be liable for any taxes to any governmental taxing authority that may be due by Borrower or any of its Subsidiaries or Affiliates.

6.2.3 Account Verification. Any of Agent's officers, employees or agents shall have the right, at any time or times hereafter, in the name of Agent, any designee of Agent or Borrower or any Guarantor, to verify the validity, amount or any other matter relating to any Accounts by mail, telephone, telegraph or otherwise; provided, that unless a Default or an Event of Default is then in existence, prior to conducting each set of verifications, Agent shall generally consult with Borrower about the verification process. Borrower shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process.

6.2.4 Maintenance of Dominion Account. Borrower shall, and shall cause Guarantors to, maintain lockbox and blocked account arrangements acceptable to Agent with such banks as may be selected by Borrower and be acceptable to Agent, for direct deposit of payments and other remittances, including, without limitation, payment on Accounts. Borrower shall, and at Agent's discretion shall cause Guarantors to, also maintain a Dominion Account or Accounts pursuant to lockbox and blocked account arrangements acceptable to Agent with such banks as may be selected by Borrower and be acceptable to Agent. Borrower or the applicable Guarantor shall issue to any such banks an irrevocable letter of instruction directing such banks to deposit all payments or other remittances received in the lockbox and blocked accounts to the Dominion Account for application on account of the Obligations. All funds deposited in any Dominion Account shall immediately become the property of Agent, for the ratable benefit of Lenders, and Borrower or the applicable Guarantor shall obtain the agreement by such banks in favor of Agent to waive any offset rights against the funds so deposited. In the event that the applicable bank is unwilling to waive such rights, Borrower shall, and shall cause Guarantors to, upon Agent's request to do so, immediately transfer any funds deposited in such bank accounts to a bank that will agree to waive such rights. Agent assumes no responsibility for such lockbox and blocked account arrangements, including, without limitation, any claim of accord and satisfaction or release with respect to deposits accepted by any bank thereunder.

6.2.5 Collection of Accounts, Proceeds of Collateral. To expedite collection, Borrower shall, and shall cause Guarantors to, endeavor in the first instance to make collection of its Accounts for Agent. All remittances received by Borrower or any Guarantor on account of Accounts, together with the proceeds of any other Collateral, shall be held as Agent's property, for its benefit and the benefit of Lenders, by Borrower or any Guarantor as trustee of an express trust for Agent's benefit and Borrower or Guarantor shall immediately deposit same in kind in the lockboxes or a Dominion Account, or pursuant to such other arrangements as are acceptable to Agent. Agent retains the right at all times after the occurrence and during the continuance of a Default or an Event of Default to notify Account Debtors that Accounts of Borrower and Guarantors have been assigned to Agent and to collect such Accounts directly in its own name and to charge the collection costs and expenses, including attorneys' fees, to Borrower.

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6.3 Records and Reports of Inventory, Machinery and Equipment. Borrower shall, and shall cause its Subsidiaries to, keep records of its Inventory and Equipment, which records shall be complete and accurate in all material respects. Borrower shall furnish to Agent and Lenders updates of Exhibit 6.1.1 and Inventory, and Equipment reports concurrently with the delivery of each Borrowing Base Certificate described in Subsection 8.1.4 or more frequently as requested by Agent, which reports will be in such other format and detail as Agent shall request and shall include a current list of all locations of Inventory, Machinery and Equipment of Borrower and Guarantors.

Borrower shall conduct a physical inventory of all container Inventory on premises owned or leased by Borrower or any of its Subsidiaries no less frequently than monthly and shall provide to Agent a report based on each such physical inventory promptly thereafter, together with such supporting information as Agent shall reasonably request.

6.4 Administration of Equipment. Borrower shall, and shall cause its Subsidiaries to, keep records of its Equipment which shall be complete and accurate in all material respects itemizing and describing the kind, type, quality, quantity and book value of its Equipment and all dispositions made in accordance with this Agreement, and Borrower shall, and shall cause Guarantors to, furnish Agent with a current schedule containing the foregoing information on at least an annual basis and more often if reasonably requested by Agent. Promptly after the reasonable request therefor by Agent, Borrower shall deliver to Agent any and all evidence of ownership, if any, of any Equipment.

6.5 Appraisals. When reasonably requested by Agent, Borrower shall, and cause Guarantors to, provide the following to Agent, with a copy to any Lender which requests delivery of such reports: a report of Eligible Container Fleet Inventory and Eligible Trailer Fleet Inventory by category and by item (in detail), a report of Inventory, based upon a physical count, which shall describe Inventory of Borrower and Guarantors by category and by item (in detail) and report the then appraised value (at the lower of cost or orderly liquidation value) of such Inventory, and a report of Equipment which shall describe Borrower's and Guarantors' Equipment (in detail) and report the then appraised value (at the lower of cost or orderly liquidation value) of such Equipment. In addition, when requested by Agent after consultation with Borrower regarding the scope and cost of any such appraisal, Borrower shall provide the Lenders, at Borrower's expense, with appraisals or updates thereof of any or all of the Collateral from an Appraiser. Unless an Event of Default has occurred and is continuing or Borrower otherwise agrees, (i) the appraisals respecting Inventory held for lease or sale shall be requested at least once, but not more than once, during any twelve month period, other than appraisals of such Inventory in connection with a Permitted Acquisition, and (ii) updated certifications as to material changes in value since the most recent appraisal shall be requested at least once, but not more than once, during any twelve month period.

6.6 Field Examinations. Agent shall conduct a field examination twice per year or, if an Event of Default exists, more frequently at Agent's discretion.

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Section 7. REPRESENTATIONS AND WARRANTIES

7.1 General Representations and Warranties. To induce Agent and each Lender to enter into this Agreement and to make advances hereunder, Borrower warrants, represents and covenants to Agent and each Lender that:

7.1.1 Organization and Qualification. Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each of Borrower's Subsidiaries is a corporation, limited partnership or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization. Each of Borrower and each of its Subsidiaries is duly qualified and is authorized to do business and is in good standing as a limited liability company, limited partnership or corporation, as applicable, in each state or jurisdiction listed on Exhibit 7.1.1 hereto and in all other states and jurisdictions in which the failure of Borrower or any of its Subsidiaries to be so qualified would reasonably be expected to have a Material Adverse Effect.

7.1.2 Power and Authority. Borrower and each Guarantor is duly authorized and empowered to enter into, execute, deliver and perform this Agreement and each of the other Loan Documents to which it is a party. The execution, delivery and performance of this Agreement and each of the other Loan Documents have been duly authorized by all necessary corporate or other relevant action and do not and will not (i) require any consent or approval of the shareholders of Borrower or any of the shareholders, partners or members, as the case may be, of any Guarantor; (ii) contravene Borrower's or any Guarantors' charter, articles or certificate of incorporation, partnership agreement, certificate of formation, by-laws, limited liability company agreement, operating agreement or other organizational documents (as the case may be);

(iii) violate, or cause Borrower or any Guarantor to be in default under, any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award in effect having applicability to Borrower or any Guarantor; (iv) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which Borrower or any Guarantor is a party or by which it or its Properties may be bound or affected; or (v) result in, or require, the creation or imposition of any Lien (other than Permitted Liens) upon or with respect to any of the Properties now owned or hereafter acquired by Borrower or any Guarantor.

7.1.3 Legally Enforceable Agreement. This Agreement is, and each of the other Loan Documents when delivered under this Agreement will be, a legal, valid and binding obligation of each of Borrower and each Guarantor party thereto, enforceable against it in accordance with its respective terms, except as limited by applicable bankruptcy or insolvency laws, and by general principles of equity.

7.1.4 Capital Structure. Exhibit 7.1.4 hereto states, as of the date hereof, (i) the correct name of each of the Subsidiaries of Borrower, its jurisdiction of incorporation or organization and the percentage of its Voting Stock owned by Borrower or a Subsidiary of Borrower, (ii) the name of each of Borrower's and each Guarantors' corporate or joint venture

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relationships and the nature of the relationship, (iii) the number and nature of all outstanding Securities of Borrower and the number, nature and holder of Securities of each Guarantor and (iv) the number of issued and treasury Securities of Borrower. Borrower and each Guarantor has good title to all of the Securities it purports to own of each of such Subsidiaries, free and clear in each case of any Lien other than Permitted Liens. All such Securities have been duly issued and are fully paid and non-assessable. As of the date hereof, there are no outstanding options to purchase, or any rights or warrants to subscribe for, or any commitments or agreements to issue or sell any Securities or obligations convertible into, or any powers of attorney relating to any Securities of any of Borrower's direct or indirect Subsidiaries. Except as set forth on Exhibit 7.1.4, as of the date hereof, there are no outstanding agreements or instruments binding upon any of Borrower's or any of Guarantors' partners, members or shareholders, as the case may be, relating to the ownership of its Securities.

7.1.5 Names. Neither Borrower nor any Guarantor has been known as or has used any legal, fictitious or trade names except those listed on Exhibit 7.1.5 hereto as such Exhibit may be amended in connection with a Permitted Acquisition. Except as set forth on Exhibit 7.1.5 or in connection with an Acquisition permitted hereunder consummated after the date hereof, neither Borrower nor any Guarantor has been the surviving entity of a merger or consolidation or has acquired all or substantially all of the assets of any Person. Borrower's and each Guarantors' respective states of incorporation or organization, Type of Organization and Organizational I.D. Number are set forth on Exhibits 7.1.4 and 7.1.5, as such Exhibits may be amended in connection with a Permitted Acquisition. The respective exact legal names of Borrower and each Guarantor are set forth on Exhibit 7.1.5, as such Exhibit may be amended in connection with a Permitted Acquisition.

7.1.6 Business Locations; Agent for Process. Each of Borrower's and each Guarantor's chief executive office and other places of business are as listed on Exhibit 6.1.1 hereto, as updated from time to time by Borrower. During the preceding one-year period, neither Borrower nor any Guarantor has had an office or place of business other than as listed on Exhibit 6.1.1. All tangible Collateral is and will at all times be kept by Borrower and Guarantors in accordance with Subsection 6.1.1. Except as shown on Exhibit 6.1.1, as of the date hereof, no Inventory is stored with a bailee, distributor, warehouseman or similar party, nor is any Inventory consigned to any Person.

7.1.7 Title to Properties; Priority of Liens. Borrower and each Guarantor has good, indefeasible and marketable title to and fee simple ownership of, or valid and subsisting leasehold interests in, all of its real Property, and good title to all of the Collateral and all of its other Property, in each case, free and clear of all Liens except Permitted Liens. Borrower and each Guarantor has paid or discharged all lawful claims which, if unpaid, might become a Lien against any of Borrower's or such Guarantors' Properties that is not a Permitted Lien. The Liens granted to Agent under Section 5 hereof and

under the Security Documents are first priority Liens, subject only to Permitted Liens.

7.1.8 Accounts. Agent may rely, in determining which Accounts are Eligible Accounts, on all statements and representations made by Borrower with respect to any Account or Accounts of Borrower or any Guarantor. With respect to each of such

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Accounts, whether or not such Account is an Eligible Account, unless otherwise disclosed to Agent in writing:

- (i) It is genuine and in all respects what it purports to be, and it is not evidenced by a judgment;
- (ii) It arises out of a completed, bona fide sale and delivery of goods or rendition of services by Borrower or the applicable Guarantor, in the ordinary course of its business and in accordance with the terms and conditions of all purchase orders, contracts or other documents relating thereto and forming a part of the contract between Borrower or the applicable Guarantor and the Account Debtor and the Account Debtor is not an Affiliate of Borrower or any Guarantor;
- (iii) It is for a liquidated amount maturing as stated in the duplicate invoice covering such sale or rendition of services;
- (iv) There are no facts, events or occurrences which in any way impair the validity or enforceability of any Accounts or tend to reduce the amount payable thereunder from the face amount of the invoice and statements delivered or made available to Agent with respect thereto;
- (v) To Borrower's knowledge, the Account Debtor thereunder (1) had the capacity to contract at the time any contract or other document giving rise to the Account was executed and (2) such Account Debtor is Solvent; and
- (vi) To Borrower's knowledge, there are no proceedings or actions which are threatened or pending against the Account Debtor thereunder which might result in any material adverse change in such Account Debtor's financial condition or the collectibility of such Account (other than non-material disputes involving de minimis amounts arising in the ordinary course of business).

7.1.9 Equipment. The Equipment of Borrower and Guarantors is in good operating condition and repair.

7.1.10 Financial Statements; Fiscal Year. The Consolidated balance sheets of Borrower and its Subsidiaries (including the accounts of all Subsidiaries of Borrower and their respective Subsidiaries for the respective periods during which a Subsidiary relationship existed) as of October 31, 2001, and the related statements of income and cash flows for the periods ended on such dates, except for the absence of footnote disclosures and normal year-end adjustments, have been prepared in accordance with GAAP, and present fairly in all material respects the financial positions of Borrower and such Persons, taken as a whole, at such dates and the results of Borrower's and such Persons' operations, taken as a whole, for such periods. As of the date hereof, since December 31, 2000, there has been no material

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adverse change in the financial position of Borrower and such other Persons, taken as a whole, as reflected in the Consolidated balance sheet as of such date. As of the date hereof, the fiscal year of Borrower and each such Persons ends on December 31 of each year.

7.1.11 Full Disclosure. The financial statements referred to in Subsection 7.1.10 hereof do not, nor does this Agreement or any other written statement of Borrower to Agent or any Lender, contain any untrue statement of a

material fact or omit a material fact necessary to make the statements contained therein or herein not misleading. There is no fact which Borrower has failed to disclose to Agent or any Lender in writing which would reasonably be expected to have a Material Adverse Effect.

7.1.12 Solvent Financial Condition. Each of Borrower and each of Guarantor, is now and, after giving effect to the Loans to be made and the Letters of Credit and LC Guaranties to be issued hereunder and all related transactions, will be, Solvent.

7.1.13 Surety Obligations. Except as set forth on Exhibit 7.1.13, as of the date hereof, neither Borrower nor any Guarantor is obligated as surety or indemnitor under any surety or similar bond or other contract issued or entered into to assure payment, performance or completion of performance of any undertaking or obligation of any Person.

7.1.14 Identification Numbers; Taxes. Borrower's federal tax identification number is 86-0748362. The federal tax identification number of each Subsidiary of Borrower is shown on Exhibit 7.1.14 hereto, as updated from time to time. Borrower and each of its Subsidiaries has filed all federal, state and local tax returns and other reports relating to taxes it is required by law to file, except where the failure to so file would not reasonably be expected to have a Material Adverse Effect, and has paid, or made provision for the payment of, all taxes, assessments, fees, levies and other governmental charges upon it, its income and Properties as and when such taxes, assessments, fees, levies and charges are due and payable, unless and to the extent any thereof are being diligently contested in good faith and by appropriate proceedings and Borrower and each of its Subsidiaries maintains reasonable reserves on its books therefor. The provision for taxes on the books of Borrower and its Subsidiaries is adequate for all years not closed by applicable statutes, and for the current fiscal year.

7.1.15 Brokers. Except as shown on Exhibit 7.1.15 hereto, there are no claims for brokerage commissions, finder's fees or investment banking fees in connection with the transactions contemplated by this Agreement.

7.1.16 Patents, Trademarks, Copyrights and Licenses. Borrower and each Guarantor owns, possesses or licenses or has the right to use all the patents, trademarks, service marks, trade names, copyrights, licenses and other Intellectual Property necessary for the present and planned future conduct of its business without any known conflict with the rights of others, except for such conflicts as would not reasonably be expected to have a Material Adverse Effect. All such patents, trademarks, service marks, tradenames, copyrights, licenses, and Intellectual Property are listed on Exhibit 7.1.16 hereto. No claim has been asserted to Borrower or any Guarantor which is currently pending that their use of their

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Intellectual Property or the conduct of their business does or may infringe upon the Intellectual Property rights of any third party. To the knowledge of Borrower and except as set forth on Exhibit 7.1.16 hereto, as of the date hereof, no Person is engaging in any activity that infringes in any material respect upon Borrower's or any of its Subsidiaries' material Intellectual Property. Except as set forth on Exhibit 7.1.16, each of Borrower's and each Guarantors' (i) material trademarks, service marks, and copyrights are registered with the U.S. Patent and Trademark Office or in the U.S. Copyright Office, as applicable and (ii) material license agreements and similar arrangements relating to its Inventory (1) permits, and does not restrict, the assignment by Borrower or any Guarantors to Agent, or any other Person designated by Agent, of all of Borrower's or such Guarantor's, as applicable, rights, title and interest pertaining to such license agreement or such similar arrangement and (2) would permit the continued use by Borrower or such Guarantor, or Agent or its assignee, of such license agreement or such similar arrangement and the right to sell Inventory subject to such license agreement for a period of no less than 6 months after a default or breach of such agreement or arrangement. The consummation and performance of the transactions and actions contemplated by this Agreement and the other Loan Documents, including without limitation, the exercise by Agent of any of its rights or remedies under Section 10, will not result in the termination or impairment of any of Borrower's or any Guarantors' ownership or rights relating to its Intellectual Property, except for such Intellectual Property rights the loss or impairment of which would not reasonably be expected to have a Material Adverse Effect. Except as listed on Exhibit 7.1.16 and except as would not reasonably be

expected to have a Material Adverse Effect, (i) neither Borrower nor any Guarantor is in breach of, or default under, any term of any license or sublicense with respect to any of its Intellectual Property and (ii) to the knowledge of Borrower, no other party to such license or sublicense is in breach thereof or default thereunder, and such license is valid and enforceable.

7.1.17 Governmental Consents. Borrower and each of its Subsidiaries has, and is in good standing with respect to, all governmental consents, approvals, licenses, authorizations, permits, certificates, inspections and franchises necessary to continue to conduct its business as heretofore or proposed to be conducted by it and to own or lease and operate its Properties as now owned or leased by it.

7.1.18 Compliance with Laws. Borrower and each of its Subsidiaries has duly complied in all material respects with, and its Properties, business operations and leaseholds are in compliance in all material respects with, the provisions of all federal, state and local laws, rules and regulations applicable to Borrower or such Subsidiary, as applicable, its Properties or the conduct of its business, and there have been no citations, notices or orders of noncompliance issued to Borrower or any of its Subsidiaries under any such law, rule or regulation. Borrower and each of its Subsidiaries has established and maintains an adequate monitoring system to insure that it remains in compliance in all material respects with all federal, state and local rules, laws and regulations applicable to it. No Inventory has been produced by Borrower or any of its Subsidiaries in violation of the Fair Labor Standards Act (29 U.S.C. Section 201 et seq.), as amended.

7.1.19 Restrictions. Neither Borrower nor any Guarantor is a party or subject to any contract or agreement which restricts its right or ability to incur Indebtedness,

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other than as set forth on Exhibit 7.1.19 hereto, none of which prohibit the execution of or compliance with this Agreement or the other Loan Documents by Borrower or any Guarantor, as applicable. Except as permitted in the Loan Agreement, none of the Collateral is subject to contractual obligations that may restrict or inhibit Agent's rights or abilities as to sell or dispose of the Collateral or any part thereof after the occurrence and during the continuance of an Event of Default.

7.1.20 Litigation. Except as set forth on Exhibit 7.1.20 hereto, there are no actions, suits, proceedings or investigations pending, or to the knowledge of Borrower, threatened, against or involving Borrower or any of its Subsidiaries, or the business, operations, Properties, prospects, profits or condition of Borrower or any of its Subsidiaries which, singly or in the aggregate, would reasonably be expected to have a Material Adverse Effect. Neither Borrower nor any of its Subsidiaries is in default with respect to any order, writ, injunction, judgment, decree or rule of any court, governmental authority or arbitration board or tribunal, which, singly or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

7.1.21 No Defaults. No event has occurred and no condition exists which would, upon or after the execution and delivery of this Agreement or Borrower's performance hereunder, constitute a Default or an Event of Default. Neither Borrower nor any Guarantor is in default in (and no event has occurred and no condition exists which constitutes, or which the passage of time or the giving of notice or both would constitute, a default in) the payment of any Indebtedness to any Person for Funded Debt in excess of the lesser of \$1,000,000 or that amount which would have a Material Adverse Effect.

7.1.22 Leases. Exhibit 7.1.22 hereto is a complete listing of all capitalized and operating personal property leases of Borrower and Guarantors and all real property leases of Borrower and Guarantors. Borrower and each Guarantor is in full compliance with all of the terms of each of its respective capitalized and operating leases, except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect.

7.1.23 Pension Plans. Except as disclosed on Exhibit 7.1.23 hereto, neither Borrower nor any of its Subsidiaries has any Plan. Borrower and each of its Subsidiaries is in compliance with the requirements of ERISA and the regulations promulgated thereunder with respect to each Plan, except where the failure to so comply would not reasonably be expected to have a Material Adverse Effect. No fact or situation that would reasonably be expected to result in a

material adverse change in the financial condition of Borrower and Guarantors exists in connection with any Plan. Neither Borrower nor any Guarantor has any material withdrawal liability in connection with a Multiemployer Plan.

7.1.24 Trade Relations. Except as set forth on Exhibit 7.1.24, there exists no actual or, to Borrower's knowledge, threatened termination, cancellation or limitation of, or any modification or change in, the business relationship between Borrower or any Guarantor and any customer or any group of customers whose purchases individually or in the aggregate are material to the business of Borrower and Guarantors (taken as a whole), or with any material supplier, except in each case, where the same would not reasonably be expected to

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have a Material Adverse Effect, and there exists no present condition or state of facts or circumstances which would prevent Borrower or any Guarantor from conducting such business after the consummation of the transaction contemplated by this Agreement in substantially the same manner in which it has heretofore been conducted.

7.1.25 Labor Relations. Except as described on Exhibit 7.1.25 hereto, as of the date hereof, neither Borrower nor any of its Subsidiaries is a party to any collective bargaining agreement covering any material number of employees. There are no material grievances, disputes or controversies with any union or any other organization of Borrower's or any of its Subsidiaries' employees, or threats of strikes, work stoppages or any asserted pending demands for collective bargaining by any union or organization, except those that would not reasonably be expected to have a Material Adverse Effect.

7.2 Continuous Nature of Representations and Warranties. Each representation and warranty contained in this Agreement and the other Loan Documents shall be continuous in nature and shall remain accurate, complete in all material respects and not misleading at all times during the term of this Agreement (on each day as if made on and as of such date, except to the extent that any representation and warranty is made only as of a specified date, in which case it shall have been true and correct as of such date), except for changes in the nature of Borrower's or one of Borrower's Subsidiary's business or operations that would render the information in any exhibit attached hereto or to any other Loan Document either inaccurate, incomplete or misleading, so long as Majority Lenders have consented to such changes or such changes are expressly permitted by this Agreement.

7.3 Survival of Representations and Warranties. All representations and warranties of Borrower or any Guarantor contained in this Agreement or any of the other Loan Documents shall survive the execution, delivery and acceptance thereof by Agent and each Lender and the parties thereto and the closing of the transactions described therein or related thereto.

Section 8. COVENANTS AND CONTINUING AGREEMENTS

8.1 Affirmative Covenants. During the Term, and thereafter for so long as there are any Obligations outstanding, Borrower covenants that, unless otherwise consented to by Majority Lenders, in writing, it shall:

8.1.1 Visits and Inspections; Lender Meeting. Permit representatives of Agent, and during the continuation of any Default or Event of Default any Lender, from time to time, as often as may be reasonably requested, but only during normal business hours, to visit and inspect the Properties of Borrower and each of its Subsidiaries, inspect, audit and make extracts from its books and records, and discuss with its officers, its employees and its independent accountants, Borrower's and each of its Subsidiaries' business, assets, liabilities, financial condition, business prospects and results of operations. Agent, if no Default or Event of Default then exists, shall give Borrower reasonable prior notice of any such inspection or audit. Without limiting the foregoing, Borrower will participate and will cause its key management personnel to participate in a meeting with Agent and Lenders at least once

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during each year or more frequently, as Agent may reasonably request (except that during the continuation of an Event of Default such meetings may be held

more frequently as requested by Agent or Majority Lenders), which meeting(s) shall be held at such times and such places as may be reasonably requested by Agent.

8.1.2 Notices.

(a) Promptly notify Agent in writing of the occurrence of any event or the existence of any fact that, in either case, is known to Borrower, which renders any representation or warranty in this Agreement or any of the other Loan Documents inaccurate, incomplete or misleading in any material respect as of the date made or remade. In addition, Borrower agrees to provide Agent with (i) 10 Business Days' prior written notice of (1) any change in the legal name of Borrower or any Guarantor, (2) the adoption by Borrower or any Guarantor of any new fictitious name or tradename and (3) any change in the chief executive office of Borrower or any Guarantor, and (ii) prompt written notice of any change in the information disclosed in any Exhibit hereto, in each case after giving effect to the materiality limits and Material Adverse Effect qualifications contained therein.

(b) Promptly, and in any event within ten (10) Business Days after the Borrower or any of its Subsidiaries becomes aware that a Reportable Event involving a claim against, or possible liability of, the Borrower of at least \$250,000 has occurred, a written statement of the chief financial officer of the Borrower describing such Reportable Event and any action that is being taking with respect thereto by the Borrower or any such Subsidiary, and any action taken or threatened by the Internal Revenue Service, Department of Labor or Pension Benefit Guaranty Corporation.

(c) Promptly, and in any event within ten (10) Business Days after receipt by the Borrower or any of its Subsidiaries of any notice, complaint or order alleging actual or prospective violation of any environmental, health or safety Legal Requirement by the Borrower or any of its Subsidiaries or alleging responsibility of the Borrower or any of its Subsidiaries for costs of a cleanup, together with a copy of such notice, complaint, or order and a written statement describing any action being taken with respect thereto by the Borrower or any such Subsidiary.

8.1.3 Financial Statements. Keep, and cause each of its Subsidiaries to keep, adequate records and books of account with respect to its business activities in which proper entries are made in accordance with customary accounting practices reflecting all its financial transactions; and cause to be prepared and furnished to Agent and each Lender, the following, all to be prepared in accordance with GAAP applied on a consistent basis, unless Borrower's certified public accountants concur in any change therein and such change is disclosed to Agent and is consistent with GAAP:

(i) as soon as available, but not later than 90 days after the close of each fiscal year of Borrower, unqualified (except for a qualification for a change in accounting principles with which the accountant concurs) audited financial statements (including, but not limited to, balance sheet, income

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statement and statement of cash flows) of Borrower and its Subsidiaries as of the end of such year, on a Consolidated basis, certified by a firm of independent certified public accountants of recognized standing selected by Borrower but reasonably acceptable to Agent, together with unaudited consolidating balance sheets, income statements and statements of cash flows and, within a reasonable time thereafter a copy of any management letter issued in connection therewith;

(ii) as soon as available, but not later than 30 days after the end of each month hereafter, including the last month of Borrower's fiscal year, unaudited interim financial statements (including, but not limited to, balance sheet, income statement and statement of cash flows) of Borrower and its Subsidiaries as of the end of such month and of the portion of the fiscal year then elapsed, on a Consolidated basis, certified by the principal financial officer of Borrower as prepared in accordance with GAAP and fairly presenting in all material respects the financial position and results of

operations of Borrower and its Subsidiaries for such month and period subject only to changes from audit and year-end adjustments and except that such statements need not contain notes and, at Agent's request, unaudited interim financial statements on a consolidating basis, in a form consistent with Borrower's historical practices of preparation of consolidating financial statements;

(iii) as soon as available, but not later than 45 days after the end of each fiscal quarter of Borrower, including the last quarter of Borrower's fiscal year, unaudited quarterly financial statements (including, but not limited to, balance sheet, income statement and statement of cash flows) of Borrower and its Subsidiaries as of the end of such fiscal quarter, on a Consolidated basis, certified by the principal financial officer of Borrower as prepared in accordance with GAAP and fairly presenting in all material respects the financial position and results of operations of Borrower and its Subsidiaries for such fiscal quarter and period subject only to changes from audit and year-end adjustments and except that such statements need not contain notes and, at Agent's request, unaudited interim financial statements on a consolidating basis, in a form consistent with Borrower's historical practices of preparation of consolidating financial statements;

(iv) together with each delivery of financial statements pursuant to clauses (i) and (iii) of this Subsection 8.1.3, a management report (1) setting forth in comparative form the corresponding figures for the corresponding periods of the previous fiscal year and the corresponding figures from the most recent Projections for the current fiscal year delivered pursuant to Subsection 8.1.8 and (2) identifying the reasons for any significant variations. The information above shall be presented in reasonable detail and shall be certified by the chief financial officer of Borrower to the effect that such information fairly presents in all material respects the results of operations

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and financial condition of Borrower and its Subsidiaries as at the dates and for the periods indicated;

(v) promptly after the sending or filing thereof, as the case may be, copies of Borrower's Forms 10Q and 10K and any proxy statements or financial statements which Borrower has made available to its Securities holders and copies of any regular, periodic and special reports or registration statements which Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any governmental authority which may be substituted therefor, or any national securities exchange;

(vi) upon request of Agent, copies of any annual report to be filed with ERISA in connection with each Plan; and

(vii) such other data and information (financial and otherwise) as Agent or any Lender, from time to time, may reasonably request, bearing upon or related to the Collateral or Borrower's or any of its Subsidiaries' financial condition or results of operations.

Concurrently with the delivery of the financial statements described in paragraph (i) of this Subsection 8.1.3, Borrower shall forward to Agent a copy of the accountants' letter to Borrower's management that is prepared in connection with such financial statements and also shall cause to be prepared and shall furnish to Agent a certificate of the aforesaid certified public accountants certifying to Agent that, based upon their examination of the financial statements of Borrower and its Subsidiaries performed in connection with their examination of said financial statements, they are not aware of any Default or Event of Default, or, if they are aware of such Default or Event of Default, specifying the nature thereof. Concurrently with the delivery of the financial statements described in paragraph (i) and (iii) of this Subsection

8.1.3, or more frequently if reasonably requested by Agent, Borrower shall cause to be prepared and furnished to Agent a Compliance Certificate in the form of Exhibit 8.1.3 hereto executed by the Chief Financial Officer of Borrower.

8.1.4 Borrowing Base Certificates. On or before the 15th calendar day of each month and at any other time requested by Agent or Majority Lenders from and after the date hereof, Borrower shall deliver to Agent and, at the request of any Lender, to such Lender a Borrowing Base Certificate as of the last day of the immediately preceding month (or as of such other date as Agent may reasonably request), with such supporting materials as Agent shall reasonably request.

8.1.5 Landlord, Processor and Storage Agreements. Provide Agent on request with copies of all agreements between Borrower or any Guarantor and any landlord, processor, distributor, warehouseman or consignee which owns any premises at which any Collateral may, from time to time, be kept.

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8.1.6 Collateral Access Agreements. Within ninety (90) days after the Closing Date, deliver or cause to be delivered to Agent satisfactory Collateral Access Agreements from landlords and bailees covering at least eighty percent (80%) of the book value of Inventory of Borrower and its Subsidiaries at locations owned or leased by Borrower or any of its Subsidiaries at which such Inventory is maintained when not leased to customers.

8.1.7 Guarantor Financial Statements. Deliver or cause to be delivered to Agent financial statements, if any, for each Guarantor (to the extent not consolidated with the financial statements delivered to Agent under Subsection 8.1.3) in form and substance satisfactory to Agent at such intervals and covering such time periods as Agent may request.

8.1.8 Projections. No later than 15 days after the end of each fiscal year of Borrower and, promptly following completion of any Permitted Acquisition with a purchase price of \$10,000,000 or more or for which Acquisition and all other Permitted Acquisitions completed since the last delivery under this Subsection 8.1.8 the aggregate purchase prices exceed \$10,000,000, deliver to Agent Projections of Borrower and each of its Subsidiaries for the forthcoming three (3) fiscal years, month by month (including, but not limited to, projected balance sheets, income statements, statements of cash flows and Availability and calculations of projected covenant compliance).

8.1.9 Subsidiaries. Cause each Subsidiary of Borrower, whether now or hereafter in existence, promptly upon Lender's request therefor, to execute and deliver to Lender a Guaranty Agreement and a security agreement pursuant to which such Subsidiary guaranties the payment of all Obligations and grants to Lender a first priority Lien (subject only to Permitted Liens) on all of its Properties of the types described in Subsection 5.1. Additionally, Borrower and each Subsidiary shall execute and deliver to Lender a pledge agreement pursuant to which Borrower grants to Lender a first priority Lien (subject only to Permitted Liens) with respect to all of the issued and outstanding Securities of each such Subsidiary.

8.1.10 [intentionally omitted]

8.1.11 Deposit and Brokerage Accounts. For each deposit account or brokerage account that Borrower or any Guarantors at any time opens or maintains, Borrower shall, at Agent's request and option, pursuant to an agreement in form and substance satisfactory to Agent, cause the depository bank or securities intermediary, as applicable, to agree to comply at any time with instructions from Agent to such depository bank or securities intermediary, as applicable, directing the disposition of funds from time to time credited to such deposit or brokerage account, without further consent of Borrower or such Guarantor.

8.1.12 Maintenance of Equipment. Borrower shall make or cause to be made all necessary replacements of and repairs to Equipment so that the operating efficiency thereof shall be maintained and preserved, reasonable wear and tear excepted, except where the failure to so maintain the same would not reasonably be expected to have a Material Adverse Effect. Borrower will not, and will not allow any Guarantors to, permit any Equipment to become affixed to any real Property leased to Borrower or any Guarantor so that

an interest arises therein under the real estate laws of the applicable jurisdiction unless the landlord of such real Property has executed a landlord waiver or leasehold mortgage in favor of and in form reasonably acceptable to Agent, and Borrower will not permit, nor will it allow any Guarantor to permit, any of the Equipment of Borrower or any Guarantor to become an accession to any personal Property other than Equipment that is subject to first priority (except for Permitted Liens) Liens in favor of Agent.

8.1.13 Environmental Reports. Prior to inclusion of any Specified Real Property in the Borrowing Base, Borrower shall provide Agent with environmental reports, in form and substance satisfactory to Agent and Majority Lenders and from a firm satisfactory to Agent, relating to the properties owned by Borrower or any of its Subsidiaries.

8.2 Negative Covenants. During the Term, and thereafter for so long as there are any Obligations outstanding, Borrower covenants that, unless otherwise consented to by Majority Lenders, in writing, it shall not:

8.2.1 Capital Expenditures. Borrower and its Subsidiaries shall not make payments for Capital Expenditures (net of sales of Eligible Container Fleet Inventory) in excess of \$115,000,000 in any fiscal year; provided, that as long as no Event of Default shall have occurred and be continuing, Borrower and its Subsidiaries may carry forward and add to the next year's limitation amount (but not beyond such next year) the unused portion of the limitation on Capital Expenditures for the prior year, up to a maximum of one hundred percent (100%) of the prior year's limitation amount; and provided, further, that the amount set forth in this Subsection 8.2.1 shall be increased by an amount equal to three hundred percent (300%) of the net cash proceeds received by Borrower from any sale of equity Securities of Borrower (the "CapEx Equity Increase"), and the unused portion of any CapEx Equity Increase may be carried forward to any subsequent fiscal year. Borrower and its Subsidiaries shall not make any Capital Expenditures that are not directly related to the business conducted on the Closing Date by Borrower and its Subsidiaries.

8.2.2 Additional Indebtedness. Neither Borrower nor any of its Subsidiaries shall directly or indirectly incur, create, assume or suffer to exist any Indebtedness other than:

(a) Indebtedness under the Credit Documents and Derivative Obligations under which a Lender (or its Affiliate) is the counterparty incurred in the ordinary course of business;

(b) unsecured Derivative Obligations incurred in the ordinary course of business;

(c) Indebtedness described on Exhibit 8.2.2, and any refinancing of such Indebtedness, so long as the aggregate principal amount of the Indebtedness so refinanced shall not be increased and the refinancing shall be on terms and conditions no more restrictive than the terms and conditions of the Indebtedness to be refinanced;

(d) Indebtedness, including Capitalized Lease Obligations, secured by purchase money liens on or respecting Equipment the title to or leasehold interest in which is acquired after the date hereof, not to exceed \$2,500,000 in the aggregate (irrespective of when due) outstanding at any one time ("Purchase Money Liens and Leases") so long as each Purchase Money Lien or Lease shall attach or relate only to the property to be acquired or the acquisition cost of which is financed through leasing, a description shall have been furnished to Agent for any item of equipment for which the purchase price (whether payable by Borrower or the lessor thereof) is greater than \$50,000 and the principal amount of the debt incurred (including the principal component of lease payments) shall not exceed one hundred percent (100%) of the purchase price of the item or items of equipment.

(e) Indebtedness consisting of loans or advances by Borrower to a Guarantor or by a Guarantor to Borrower or another Guarantor; provided that all such loans and advances are evidenced by a promissory note, which is pledged to Agent;

(f) Subordinated Debt of Borrower in an aggregate principal amount at any time outstanding not to exceed \$150,000,000; provided that (i) such Indebtedness is unsecured and shall have such payment and other terms acceptable to Agent, and shall be subordinated in right to payments on terms acceptable to Agent, (ii) at the time such Indebtedness is issued, and after giving pro forma effect thereto, no Default or Event of Default shall exist, and (iii) the net cash proceeds shall be applied to repay the Obligations as required by Subsection 3.3.3; and

(g) Indebtedness incurred to finance insurance premiums, not to exceed \$1,500,000 in any fiscal year.

8.2.3 Liens. Neither Borrower nor any of its Subsidiaries shall directly or indirectly create, incur, assume, or suffer to exist any Lien on any of its property now owned or hereafter acquired except:

(a) Liens granted to Agent for the benefit of the Lenders under the Security Documents to secure the Obligations;

(b) Liens listed on Exhibit 8.2.3;

(c) Liens for taxes not yet due or being contested in good faith and by appropriate proceedings to the extent permitted under this Agreement;

(d) Purchase Money Liens and Leases;

(e) Liens of warehousemen, mechanics, materialmen, workers, repairmen, common carriers, or landlords, liens for taxes, assessments or other governmental charges, and other similar Liens arising by operation of law for amounts that are not yet due and payable or which are being diligently contested in good faith by Borrower or a Guarantor, and for which adequate reserves are maintained by Borrower for their payment;

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(f) Attachment or judgment Liens not to exceed an aggregate of \$500,000 excluding amounts (i) bonded to the reasonable satisfaction of Agent or (ii) covered by insurance to the reasonable satisfaction of Agent;

(g) Deposits or pledges to secure obligations under worker's compensation, social security or similar laws, or under unemployment insurance, not to exceed an aggregate of \$1,500,000;

(h) Deposits or pledges to secure bids, tenders, contracts (other than contracts for the payment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the ordinary course of business not to exceed an aggregate of \$1,000,000;

(i) Easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of Borrower or any of its Subsidiaries;

(j) Extensions and renewals of any of the foregoing so long as the aggregate amount of extended or renewed Liens are not increased and are on terms and conditions no more restrictive than the terms and conditions of the Liens extended or renewed; and

(k) Liens securing Indebtedness described in Subsection 8.2.2(d) which has been refinanced so long as such refinanced Indebtedness is not secured by any collateral which did not secure the Indebtedness prior to such refinancing.

8.2.4 Contingent Obligations. Neither Borrower nor any of its Subsidiaries shall directly or indirectly incur, assume, or suffer to exist any Contingent Obligation, excluding indemnities given in connection with the sale of Inventory or other asset dispositions permitted hereunder and Contingent Obligations for Indebtedness permitted to be incurred under Subsection 8.2.2 hereof.

8.2.5 Sale of Assets. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, sell, lease, assign,

transfer or otherwise dispose of any assets other than (i) Inventory (including containers held for lease) in the ordinary course of business, (ii) individual items of Collateral with a book value of less than \$1,000,000 in the aggregate during any fiscal year, (iii) obsolete or worn out property disposed of in the ordinary course of business, (iv) dispositions of assets not otherwise addressed by this Subsection 8.2.5 with an aggregate fair market value not in excess of \$1,000,000 in any fiscal year, (v) sales of container Inventory held for lease for the purpose of securitization or like off-balance sheet financing with the prior written consent of Agent and the Lenders, which consent shall not be unreasonably withheld, (vi) transfers of Inventory and Equipment from Borrower to a Guarantor, or from one Guarantor to another Guarantor or to Borrower, and (vii) sales of Trailers acquired in Permitted Acquisitions or owned by Borrower or a Guarantor on the date

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hereof; provided that, with respect to clauses (ii), (iii), (iv), (v), and (vii), (a) such dispositions are for fair value, (b) the aggregate consideration is paid in full in cash at the time of disposition and is either reinvested in the business of Borrower or its Subsidiaries (subject to the limitations of this Agreement) or used to repay Revolving Credit Loans and (viii) sales of Equipment which Borrower or a Guarantor will lease back under a capital lease permitted under Section 8.2.2(d) or an operating lease permitted under Section 8.2.13.

8.2.6 Restricted Payments. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, (a) declare or pay any dividend (other than dividends payable solely in common stock of Borrower) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any shares of any class of Securities of Borrower or any warrants, options or rights to purchase any such Securities (other than up to \$10,000 of payments to call warrants with respect to Borrower's common stock), whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of Borrower or any of its Subsidiaries (each of the foregoing, a "Restricted Payment") except that any Subsidiary may declare and pay dividends to Borrower or any other Subsidiary of Borrower which is a Guarantor; or (b) make any optional payment or prepayment on or redemption (including, without limitation, by making payments to a sinking or analogous fund) or repurchase of any Indebtedness (other than Indebtedness pursuant to this Agreement) or of any Mandatory Redeemable Obligation; provided that any Subsidiary may make payments on account of Indebtedness owing to Borrower or any other Subsidiary.

8.2.7 Investments. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make any Investment in any Person, whether in cash, securities, or other property of any kind including, without limitation, any Subsidiary or Affiliate of Borrower, other than:

(a) Advances or loans (but not sales on open account on ordinary course of business terms) made in the ordinary course of business, including those made to finance the sale of Inventory, not to exceed \$50,000 outstanding at any one time to any one Person and \$250,000 in the aggregate outstanding at any one time;

(b) loans, investments and advances between Borrower and Guarantors permitted under this Agreement;

(c) Cash Equivalents;

(d) Permitted Acquisitions;

(e) Deposits with financial institutions, disclosed on Exhibit 8.2.7, and which are insured by the Federal Deposit Insurance Corporation ("FDIC") or a similar federal insurance program; provided, however, that Borrower may, in the ordinary course of its business, maintain in its disbursement accounts from time to time amounts in excess of then applicable FDIC or other program insurance limits; and

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(f) Such other Investments as Majority Lenders may approve in writing in its sole discretion.

8.2.8 Affiliate Transactions. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, enter into any transaction with, including, without limitation, the purchase, sale or exchange of property or the rendering of any service to, any Subsidiary or Affiliate of Borrower, except (a) the transactions in existence on the Closing Date as described on Exhibit 8.2.8, (b) transactions between or among Borrower and its wholly-owned Subsidiaries which are Guarantors and (c) transactions in the ordinary course of and pursuant to the reasonable requirements of Borrower's or such Subsidiary's or Affiliate's business, as the case may be, and upon fair and reasonable terms no less favorable to Borrower or such Subsidiary than could be obtained in a comparable arm's-length transaction with an unaffiliated Person.

8.2.9 Additional Bank Accounts. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, open, maintain or otherwise have any checking, savings or other accounts at any bank or other financial institution, or any other account where money is or may be deposited or maintained with any Person, other than its disbursement account, the account with Bank described in Subsection 3.3.5 and the accounts set forth on Exhibit 8.2.7, and such other accounts as have been previously approved by Agent. Borrower's primary collection accounts and within 120 days after the Closing Date at least 75% of all other deposit accounts of Borrower and Guarantors shall be subject to a blocked account or control agreement in form and substance satisfactory to Agent.

8.2.10 Excess Cash. Except upon prior written consent of Agent, Borrower shall not, and shall not permit its Subsidiaries to, directly or indirectly, maintain in the aggregate in all deposit accounts of Borrower and its Subsidiaries (other than the payroll accounts and the account with Bank described in Subsection 3.3.5), total cash balances and Investments permitted by Subsection 8.2.7(c), in excess of an average daily balance of \$750,000, exclusive of uncollected funds, (calculated monthly) for any three consecutive months during which any Revolving Credit Loans are outstanding hereunder and no disbursement account shall contain more than \$5,000.

8.2.11 Additional Negative Pledges. Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective, (i) any prohibition or restriction (including any agreement to provide equal and ratable security to any other Person in the event a Lien is granted to or for the benefit of Agent and the Lenders) on the creation or existence of any Lien upon the assets of Borrower or its Subsidiaries or (ii) any contractual obligation which may restrict or inhibit Agent's rights or ability to sell or otherwise dispose of the Collateral or any part thereof after the occurrence of an Event of Default.

8.2.12 No Subsidiaries. Borrower shall not, directly or indirectly, form or acquire any new Subsidiaries, except (a) in connection with Permitted Acquisitions in compliance with Subsection 8.2.14, and (b) if each of the following conditions is met:

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(i) each new Subsidiary is a wholly-owned Subsidiary of Borrower created to conduct business in a specific jurisdiction;

(ii) both before and after giving effect to the creation of such Subsidiary and the transfer of any assets from Borrower to such Subsidiary, all representations and warranties of Borrower and its Subsidiaries contained in any Loan Document are true and correct, on and as of such date as if made as of such date (except (x) such revisions as are necessary to reflect the formation of such new Subsidiary and (y) to the extent a representation and warranty was made only as of a specified date, such representation and warranty shall have been true and correct as of such date), no Default or Event of Default shall have occurred and be continuing, and Borrower and its Subsidiaries shall be Solvent;

(iii) Borrower shall have delivered to Agent written notice at least fifteen (15) Business Days prior to consummation of any transfer of assets to, or acquisition of assets by, such new Subsidiary, describing in reasonable detail the proposed new Subsidiary and its assets;

(iv) any such new Subsidiary shall become a Guarantor, and shall have executed and delivered to Agent such Security Documents (or joinders thereto, in form and substance satisfactory to Agent) and other documents as are necessary (or advisable in Agent's judgment) under applicable law in order to grant Agent for the benefit of the Lenders a perfected first priority security interest and Lien in the assets of, and ownership interests in, such Subsidiary (subject only to Permitted Liens); and Borrower shall execute and deliver an amendment to the Pledge Agreement in form and substance satisfactory to Agent, together with stock certificates and promissory notes and other instruments endorsed in blank, to pledge all equity interests in such new Subsidiary and all intercompany Loans to such Subsidiary;

(v) if required by Agent, Agent shall have received opinions of counsel, in form and substance satisfactory to it, as to the due execution, delivery and enforceability of the Loan Documents executed by such new Subsidiary, together with such evidences of solvency, certificates, Certificates of Title, and other documents and instruments reasonably requested by Agent; and

(vi) there shall be no more than twelve (12) Subsidiaries.

8.2.13 Operating Leases, Off-Balance Sheet Financing. Neither Borrower nor any of its Subsidiaries shall directly or indirectly incur, create, assume or suffer to exist any liabilities for operating leases or other indebtedness or liabilities not reflected as such on their financial statements other than liabilities described on Exhibit 8.2.13, and any refinancing of such liabilities, so long as the aggregate amount thereof so refinanced shall not be increased and the refinancing shall be on terms and conditions no more restrictive than the

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terms and conditions of the liabilities to be refinanced; provided, however, that Borrower and its Subsidiaries may incur liabilities in connection with operating leases of real property (including office and yard space) and office Equipment in the ordinary course of business and of other Equipment with values of up to \$2,500,000 in any fiscal year (exclusive of Equipment acquired under operating leases executed prior to the Closing Date and listed on Exhibit 8.2.13) (and up to 50% of any amount not incurred in any fiscal year may be carried over to the next fiscal year).

8.2.14 Permitted Acquisitions. Borrower shall not, and shall not permit any of its Subsidiaries to, make an Acquisition unless each of the following conditions is satisfied:

(a) such Acquisition is made by Borrower or a Guarantor;

(b) such Acquisition shall be consensual and, if required under state law, shall have been approved by the board of directors or other governing body of the Person to be acquired (if there is such a governing body);

(c) both before and after giving effect to such Acquisition, all representations and warranties of Borrower and its Subsidiaries contained in any Loan Document are true and correct on such date as if made as of such date (except to the extent that a representation and warranty was made only as of a specified date, such representation and warranty shall have been true and correct as of such date) and no Default or Event of Default shall have occurred and be continuing, and Agent shall receive a certificate of Borrower to such effect on the date on which such Acquisition is consummated;

(d) both before and after giving effect to such Acquisition and the incurrence of Indebtedness in connection therewith, Borrower and its Subsidiaries (including any Subsidiary acquired in such Acquisition) shall be Solvent and Borrower shall be in compliance with all financial covenants on Exhibit 8.3 hereof on a pro forma basis, and Agent shall receive a certificate of Borrower to such effect on the date on which such Acquisition is consummated;

(e) the purchase price for Acquisitions shall not exceed \$10,000,000 individually, \$30,000,000 in the aggregate for any fiscal year, and

\$100,000,000 in the aggregate for all Acquisitions during the term of this Agreement. For purposes hereof, any Indebtedness assumed in connection with an Acquisition shall be included in the calculation of the purchase price;

(f) Borrower shall have delivered written notice of the pending Acquisition to Agent and the Lenders at least fifteen (15) Business Days prior to its consummation (or such lesser period as agreed by Agent) including a detailed description of such pending Acquisition, and if the purchase price for such Acquisition is \$5,000,000 or more, such notice shall be accompanied by historical financial statements for the Person or business to be acquired, if reasonably required by Agent, and preliminary pro forma financial statements giving effect to the Acquisition, in each case in form and substance reasonably satisfactory to Agent, analyses of sources and uses of funds, pro forma calculations of compliance with the

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financial covenants on Exhibit 8.3 hereof and, prior to consummation of the Acquisition, such other due diligence information as may have been reasonably requested by Agent or any Lender;

(g) if a Revolving Credit Loan is to be made in connection with such Acquisition, Agent shall have received a Notice of Borrowing and, if Borrower desires to include the assets to be acquired in the Borrowing Base for such Revolving Credit Loan, a Borrowing Base Certificate;

(h) As soon as reasonably practicable following consummation of the Acquisition, Agent shall have received such financing statements, filings, Certificates of Title and other Security Documents as required (or advisable in Agent's judgment) to create and perfect Liens on any assets to be acquired, including assets of any new Subsidiary, together with evidence (including Lien search results) satisfactory to Agent that such Liens are first and prior Liens subject only to Permitted Liens;

(i) all new Subsidiaries formed or acquired in such Permitted Acquisition shall be wholly-owned, directly or indirectly, by Borrower;

(j) the business and assets to be acquired in such Acquisition shall be acquired free and clear of all Liens (other than Permitted Liens);

(k) any new Subsidiary shall become a Guarantor and shall execute and deliver to Agent such Security Documents as are required to be executed by a Guarantor (or joinder agreements in form and substance satisfactory to Agent) and such other documents as are necessary (or advisable in Agent's judgment) under applicable law in order to grant Agent for the benefit of the Lenders a perfected first priority security interest and Lien in the assets of, and ownership interests in, such Subsidiary (subject only to Permitted Liens); and Borrower or its Subsidiary, as applicable, shall execute and deliver an amendment to the Pledge Agreement in form and substance satisfactory to Agent, together with stock certificates and promissory notes and other instruments endorsed in blank in accordance therewith;

(l) prior to inclusion of any assets in the Borrowing Base, if Agent in its reasonable discretion requires, Agent shall have received appraisals, in form and substance satisfactory to Agent, of all Inventory and Equipment to be included in the Borrowing Base and shall have completed such review of Accounts and Inventory as it deems necessary or desirable for inclusion in the Borrowing Base;

(m) the Person or business to be acquired is engaged in the business conducted by Borrower and its Subsidiaries immediately prior to the Closing Date or similar activities related or incidental thereto; and

(n) in the case of any Acquisition with a purchase price of \$5,000,000 or more, on or prior to the date of such Acquisition, Agent shall have received, in form and substance satisfactory to Agent, all acquisition documents related thereto and certificates, and

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other documents and instruments reasonably requested by Agent, which

collectively shall confirm to Agent's satisfaction that the conditions set forth herein have been satisfied

8.2.15 Payments and Amendments of Certain Debt.

(i) Make or permit any Subsidiary of Borrower to make any payment of any part or all of any Subordinated Debt or take any other action or omit to take any other action in respect of any Subordinated Debt, except in accordance with the subordination agreement relative thereto or the subordination provisions thereof; or

(ii) Amend or modify any agreement, instrument or document evidencing or relating to any Subordinated Debt.

8.2.16 Securities of Subsidiaries. Permit any of its Subsidiaries to issue any additional Securities except director's qualifying Securities.

8.2.17 Bill-and-Hold Sales, Etc. Make, or permit any Subsidiary of Borrower to make a sale to any customer on a bill-and-hold or consignment basis.

8.2.18 Tax Consolidation. File or consent to the filing of any consolidated income tax return with any Person other than Borrower's Subsidiaries.

8.2.19 Organizational Documents. Agree to, or suffer to occur, any amendment, supplement or addition to its or any of its Subsidiaries' charter, articles or certificate of incorporation, certificate of formation, limited partnership agreement, bylaws, limited liability agreement, operating agreement or other organizational documents (as the case may be), that would reasonably be expected to have a Material Adverse Effect.

8.2.20 Fiscal Year End. Change, or permit any Subsidiary of Borrower to change, its fiscal year end.

8.3 Specific Financial Covenants. During the Term, and thereafter for so long as there are any Obligations outstanding, Borrower covenants that, unless otherwise consented to by Majority Lenders in writing, it shall comply with all of the financial covenants set forth in Exhibit 8.3 hereto. If GAAP changes from the basis used in preparing the audited financial statements delivered to Agent by Borrower on or before the Closing Date, Borrower will provide Agent with certificates demonstrating compliance with such financial covenants and will include, at the election of Borrower or upon the request of Agent, calculations setting forth the adjustments necessary to demonstrate how Borrower is in compliance with such financial covenants based upon GAAP as in effect on the Closing Date.

Section 9. CONDITIONS PRECEDENT

Notwithstanding any other provision of this Agreement or any of the other Loan Documents, and without affecting in any manner the rights of Agent or any Lender under the other sections of this Agreement, no Lender shall be required to make any Loan, nor

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shall Agent be required to or issue or procure any Letter of Credit or IC Guaranty unless and until each of the following conditions has been and continues to be satisfied:

9.1 Documentation. Agent shall have received, in form and substance satisfactory to Agent and its counsel, a duly executed copy of this Agreement and the other Loan Documents, together with such additional documents, instruments and certificates as Agent and its counsel shall require in connection therewith from time to time, all in form and substance satisfactory to Agent and its counsel.

9.2 No Default; Representations and Warranties. No Default or Event of Default shall exist and all representation and warranties made by Borrower or any Guarantor in any Loan Document shall be true and correct on such date as if made as of such date (except to the extent a representation and warranty was made only as of a specified date, in which case it shall have been true and correct as of such date).

9.3 Other Conditions. Each of the conditions precedent set forth in the Loan Documents shall have been satisfied.

9.4 Availability. Agent shall have determined that immediately after Lenders have made the initial Loans and after Agent has issued or procured the initial Letters of Credit and LC Guaranties contemplated hereby, and Borrower has paid (or, if accrued, treated as paid), all closing costs incurred in connection with the transactions contemplated hereby, and has reserved an amount sufficient to pay all trade payables greater than 60 days past due, Availability shall not be less than \$10,000,000.

9.5 No Litigation. No action, proceeding, investigation, regulation or legislation shall have been instituted or proposed before any court, governmental agency or legislative body to enjoin, restrain or prohibit, or to obtain damages in respect of, or which is related to or arises out of this Agreement or the consummation of the transactions contemplated hereby, or which could have a Material Adverse Effect.

9.6 Material Adverse Effect. Since the date of Borrower's most recent audited financial statements, there has not been any material adverse change in the business, assets, financial condition, income or prospects of Borrower and its Subsidiaries, taken as a whole, and no event or condition exists which would be reasonably likely to result in any Material Adverse Effect.

9.7 Cash Management System; Lockboxes. Borrower and its Subsidiaries shall have established cash management systems for their respective operations in accordance with Subsection 6.2.4 and on terms and conditions satisfactory to Agent.

9.8 Lien Perfection; Title Insurance. Borrower and its Subsidiaries shall have delivered to Agent such documents as requested by Agent to perfect the Liens granted to Agent for the benefit of the Lenders and evidence that, upon repayment of the Indebtedness to be refinanced by the initial Revolving Credit Loans hereunder, Agent shall have duly perfected first priority Liens in the assets of Borrower and its Subsidiaries, subject only to Permitted Liens. Agent shall have received policies of title insurance satisfactory in form and substance to Agent and its counsel or commitments therefor, insuring that the Mortgages constitute first priority Liens on the Specified Real Property, subject only to

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Permitted Liens.

9.9 Insurance. Agent shall have received and approved evidence of insurance coverage in amount and scope, and Borrower's insurers shall have provided endorsements in form and substance satisfactory to Agent naming Agent, for the benefit of the Lenders, as loss payee for all casualty insurance and business interruption insurance, with customary lender loss payable endorsements, and naming Agent as an additional insured with respect to all other insurance.

9.10 Due Diligence. Agent shall have satisfactorily completed its diligence on the financial condition, assets, liabilities and operations of Borrower and its Subsidiaries.

9.11 Opinions. Agent shall have received opinions of outside counsel to Borrower and Guarantors, in form and substance reasonably satisfactory to Agent and its counsel.

9.12 Repayment of Indebtedness. Agent shall have received evidence, in form and substance satisfactory to Agent and its counsel, that all Indebtedness under Borrower's existing credit facility has been satisfied (or will be satisfied with application of the proceeds of the initial Revolving Credit Loans) and all Liens released.

Section 10. EVENTS OF DEFAULT; RIGHTS AND REMEDIES ON DEFAULT

10.1 Events of Default. The occurrence of one or more of the following events shall constitute an "Event of Default":

10.1.1 Payment of Obligations. Borrower shall fail to pay (i)

any of the Obligations hereunder (other than any fees not having a scheduled due date) or under any Note on the due date thereof (whether due at stated maturity, on demand, upon acceleration or otherwise) or (ii) any fees not having a scheduled due date within two (2) Business Days after Borrower's receipt of demand therefor.

10.1.2 Misrepresentations. Any representation, warranty or other statement made or furnished to Agent or any Lender by or on behalf of Borrower, any Subsidiary of Borrower or any Guarantor in this Agreement, any of the other Loan Documents or any instrument, certificate or financial statement furnished in compliance with or in reference thereto proves to have been false or misleading in any material respect when made, furnished or remade pursuant to Section 7.2 hereof.

10.1.3 Breach of Specific Covenants. Borrower shall (i) fail or neglect to perform, keep or observe any covenant contained in Sections 6.1.2, 8.1.1, 8.1.2, 8.1.4, 8.2 or 8.3 hereof on the date that Borrower is required to perform, keep or observe such covenant or shall (ii) fail or neglect to perform, keep or observe any covenant contained in Sections 5.2 or 8.1.3 hereof within ten (10) Business Days following the date on which Borrower is required to perform, keep or observe such covenant.

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10.1.4 Breach of Other Covenants. Borrower shall fail or neglect to perform, keep or observe any covenant contained in this Agreement (other than a covenant which is dealt with specifically elsewhere in Section 10.1 hereof) or any other Loan Document and the breach of such other covenant is not cured to Agent's satisfaction by the earlier to occur of ten (10) Business Days after (i) the date Borrower or such Subsidiary or Guarantor knew or should have known of such occurrence and (ii) the date of giving of notice thereof by Agent to Borrower.

10.1.5 Change of Control. A Change of Control shall occur.

10.1.6 Cross Default. A default or event of default shall occur (and continue beyond any applicable grace period) under any note, agreement or instrument evidencing any other Indebtedness of the Borrower or any of its Subsidiaries, which default or event of default permits the acceleration of its maturity, provided that the aggregate principal amount of all such Indebtedness for which the default or event of default has occurred exceeds \$1,000,000.

10.1.7 Failure of Enforceability of Credit Documents; Security. Any material covenant, agreement or obligation of Borrower or any Guarantor contained in or evidenced by any of the Loan Documents shall cease to be enforceable, or shall be determined to be unenforceable, in accordance with its terms; Borrower or any Guarantor shall deny or disaffirm any of its material obligations under any of the Loan Documents or any Liens granted in connection therewith; or, any Liens granted in any of the Collateral shall be determined to be void, voidable, invalid or unperfected, are subordinated or not given the priority contemplated by this Agreement (except where such circumstance arises as a result of any action or inaction by any Lender).

10.1.8 Uninsured Losses. Any material loss, theft, damage or destruction of any portion of the Collateral having a fair market value of the lesser of (i) \$5,000,000 in the aggregate or (ii) 20% of Availability at such time, if not fully covered (subject to such deductibles and self-insurance retentions as Agent shall have permitted) by insurance.

10.1.9 Insolvency and Related Proceedings. Borrower, any Subsidiary of Borrower or any Guarantor shall cease to be Solvent or shall suffer the appointment of a receiver, trustee, custodian or similar fiduciary, or shall make an assignment for the benefit of creditors, or any petition for an order for relief shall be filed by or against Borrower, any Subsidiary of Borrower or any Guarantor under the federal bankruptcy laws (if against Borrower, any Subsidiary of Borrower or any Guarantor the continuation of such proceeding for more than 30 days), or Borrower, any Subsidiary of Borrower or any Guarantor shall make any offer of settlement, extension or composition to their respective unsecured creditors generally.

10.1.10 Business Disruption; Condemnation. There shall occur a cessation of a substantial part of the business of Borrower, any Subsidiary of Borrower or any Guarantor for a period which materially adversely affects Borrower's, such Subsidiary's or such Guarantor's capacity to continue its

business on a profitable basis; or Borrower, any

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Subsidiary of Borrower or any Guarantor shall suffer the loss or revocation of any material license or permit now held or hereafter acquired by Borrower, any Subsidiary of Borrower or any Guarantor which is necessary to the continued or lawful operation of its business; or Borrower, any Subsidiary of Borrower or any Guarantor shall be enjoined, restrained or in any way prevented by court, governmental or administrative order from conducting all or any material part of its business affairs; or any material lease or agreement pursuant to which Borrower, any Subsidiary of Borrower or any Guarantor leases, uses or occupies any Property shall be canceled or terminated prior to the expiration of its stated term, except any such lease or agreement the cancellation or termination of which would not reasonably be expected to have a Material Adverse Effect; or any material portion of the Collateral shall be taken through condemnation or the value of such Property shall be impaired through condemnation.

10.1.11 ERISA. A Reportable Event shall occur which, in Agent's determination, constitutes grounds for the termination by the Pension Benefit Guaranty Corporation of any Plan or for the appointment by the appropriate United States district court of a trustee for any Plan, or if any Plan shall be terminated or any such trustee shall be requested or appointed, or if Borrower, any Subsidiary of Borrower or any other Guarantor is in "default" (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan resulting from Borrower's, such Subsidiary's or such Guarantor's complete or partial withdrawal from such Plan and any such event would reasonably be expected to have a Material Adverse Effect.

10.1.12 Criminal Forfeiture. Borrower, any Subsidiary of Borrower or any Guarantor shall be criminally indicted or convicted under any law that could lead to a forfeiture of any Property of Borrower, any Subsidiary of Borrower or any Guarantor.

10.1.13 Judgments. Any money judgments, writ of attachment or similar processes (collectively, "Judgments") are issued or rendered against Borrower, any Subsidiary of Borrower or any other Guarantor, or any of their respective Property (i) in the case of money judgments, in an amount of \$250,000 or more for any single judgment, attachment or process or \$500,000 or more for all such judgments, attachments or processes in the aggregate, in each case in excess of any applicable insurance with respect to which the insurer has admitted liability, and (ii) in the case of non-monetary Judgments, such Judgment or Judgments (in the aggregate) would reasonably be expected to have a Material Adverse Effect, in each case which Judgment is not stayed, released or discharged within 30 days.

10.2 Acceleration of the Obligations. Upon or at any time after the occurrence and during the continuance of an Event of Default, (i) the Agent may (with the consent of the Majority Lenders) and shall at the direction of the Majority Lenders terminate the Revolving Loan Commitments and/or (ii) the Agent may (with the consent of the Majority Lenders) and shall at the direction of the Majority Lenders declare all or any portion of the Obligations other than Derivative Obligations (and all such Obligations shall thereupon become) at once due and payable without presentment, demand, protest or further notice by Agent or any Lender, and Borrower shall forthwith pay to Agent, the full amount of such Obligations, provided, that upon the occurrence of an Event of Default specified in Subsection 10.1.9 hereof, all of the Obligations shall become automatically due and payable without declaration,

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notice or demand by Agent or any Lender, and the Revolving Loan Commitments shall be terminated.

10.3 Other Remedies. Upon the occurrence and during the continuance of an Event of Default, Agent shall have and may (and shall at the direction of the Majority Lenders) exercise on behalf of the Lenders from time to time the following rights and remedies:

10.3.1 All of the rights and remedies of a secured party under the UCC or under other applicable law, and all other legal and equitable rights to which Agent or Lenders may be entitled, all of which rights and remedies shall be cumulative and shall be in addition to any other rights or remedies

contained in this Agreement or any of the other Loan Documents, and none of which shall be exclusive.

10.3.2 The right to take immediate possession of the Collateral, and to (i) require Borrower and each of its Subsidiaries to assemble the Collateral, at Borrower's expense, and make it available to Agent at a place designated by Agent which is reasonably convenient to both parties, and (ii) enter any premises where any of the Collateral shall be located and to keep and store the Collateral on said premises until sold (and if said premises be the Property of Borrower or any Subsidiary of Borrower, Borrower agrees not to charge, or permit any of its Subsidiaries to charge, Agent for storage thereof).

10.3.3 The right to sell or otherwise dispose of all or any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale or sales, with such notice as may be required by law, in lots or in bulk, for cash or on credit, all as Agent, in its sole discretion, may deem advisable. Agent may, at Agent's option, disclaim any and all warranties regarding the Collateral in connection with any such sale. Borrower agrees that five (5) Business Days' written notice to Borrower or any of its Subsidiaries of any public or private sale or other disposition of Collateral shall be reasonable notice thereof, and such sale shall be at such locations as Agent may designate in said notice. Agent shall have the right to conduct such sales on Borrower's or any of its Subsidiaries' premises, without charge therefor, and such sales may be adjourned from time to time in accordance with applicable law. Agent shall have the right to sell, lease or otherwise dispose of the Collateral, or any part thereof, for cash, credit or any combination thereof, and Agent, on behalf of Lenders, may purchase all or any part of the Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may set off the amount of such price against the Obligations. The proceeds realized from the sale of any Collateral may be applied, after allowing two (2) Business Days for collection, first to the costs, expenses and attorneys' fees incurred by Agent in collecting the Obligations (other than Derivative Obligations), in enforcing the rights of Agent and Lenders under the Loan Documents and in collecting, retaking, completing, protecting, removing, storing, advertising for sale, selling and delivering any Collateral, second to the interest due upon any of the Obligations (other than Derivative Obligations), third, to the principal of the Obligations (other than Derivative Obligations), and fourth to any other Obligations, including Derivative Obligations and any costs of collection of any Derivative Obligations. If any deficiency shall arise, Borrower and each Guarantor shall remain jointly and severally liable to Agent and Lenders therefor.

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10.3.4 Agent is hereby granted a license or other right to use, without charge, Borrower's and each of its Subsidiary's labels, patents, copyrights, licenses, rights of use of any name, trade secrets, tradenames, trademarks and advertising matter, consistent with Borrower's reasonable quality control requirements, or any Property of a similar nature, as it pertains to the Collateral, in completing, advertising for sale and selling any Collateral and Borrower's and each of its Subsidiary's rights under all licenses and all franchise agreements shall inure to Agent's benefit.

10.3.5 Agent may, at its option, require Borrower to deposit with Agent funds equal to 105% of the sum of (x) the LC Amount and (y) all unpaid LC Obligations and, if Borrower fails to promptly make such deposit, Agent may advance such amount as a Revolving Credit Loan (whether or not an Overadvance is created thereby). Each such Revolving Credit Loan shall be secured by all of the Collateral and shall bear interest and be payable at the same rate and in the same manner as Loans. Any such deposit or advance shall be held by Agent as a reserve to fund future payments on such LC Guaranties and future drawings against such Letters of Credit, including fees and charges related to Letters of Credit and LC Guaranties. At such time as all LC Guaranties have been paid or terminated and all Letters of Credit have been drawn upon or expired, any amounts remaining in such reserve shall be applied against any outstanding Obligations, or, if all Obligations have been indefeasibly paid in full, returned to Borrower.

10.4 Set Off and Sharing of Payments. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, during the continuance of any Event of Default, each Lender is hereby authorized by Borrower at any time or from time to time, with prior written consent of Agent and with reasonably prompt subsequent notice to

Borrower (any prior or contemporaneous notice to Borrower being hereby expressly waived) to set off and to appropriate and to apply any and all (i) balances held by such Lender at any of its offices for the account of Borrower or any of its Subsidiaries (regardless of whether such balances are then due to Borrower or its Subsidiaries), and (ii) other property at any time held or owing by such Lender to or for the credit or for the account of Borrower or any of its Subsidiaries, against and on account of any of the Obligations; provided, that each Lender exercising such rights shall notify Agent thereof prior to exercise, shall refrain from exercising such right until Agent shall have confirmed to such Lender that such exercise will not prejudice the rights of the Lenders, and any amount received as a result of the exercise of such rights shall be shared in accordance with Subsection 3.8. Any Lender exercising a right to set off shall, to the extent the amount of any such set off exceeds its Revolving Loan Percentage of the amount set off, purchase for cash (and the other Lenders shall sell) interests in each such other Lender's pro rata share of the Obligations as would be necessary to cause such Lender to share such excess with each other Lender in accordance with their respective Revolving Loan Percentages. Borrower agrees, to the fullest extent permitted by law, that any Lender may exercise its right to set off with respect to amounts in excess of its pro rata share of the Obligations and upon doing so shall deliver such excess to Agent for the benefit of all Lenders in accordance with the Revolving Loan Percentages.

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10.5 Remedies Cumulative; No Waiver. All covenants, conditions, provisions, warranties, guaranties, indemnities, and other undertakings of Borrower and its Subsidiaries contained in this Agreement and the other Loan Documents, or in any document referred to herein or contained in any agreement supplementary hereto or in any schedule or in any Guaranty Agreement given to Agent or any Lender or contained in any other agreement between any Lender and Borrower or any of its Subsidiaries or between Agent and Borrower or any of its Subsidiaries heretofore, concurrently, or hereafter entered into, shall be deemed cumulative to and not in derogation or substitution of any of the terms, covenants, conditions, or agreements of Borrower herein contained. The failure or delay of Agent or any Lender to require strict performance by Borrower or any of its Subsidiaries of any provision of this Agreement or to exercise or enforce any rights, Liens, powers, or remedies hereunder or under any of the aforesaid agreements or other documents or security or Collateral shall not operate as a waiver of such performance, Liens, rights, powers and remedies, but all such requirements, Liens, rights, powers, and remedies shall continue in full force and effect until all Loans and other Obligations owing or to become owing from Borrower or any of its Subsidiaries to Agent and each Lender have been fully satisfied. None of the undertakings, agreements, warranties, covenants and representations of Borrower or any of its Subsidiaries contained in this Agreement or any of the other Loan Documents and no Event of Default by Borrower under this Agreement or any other Loan Documents shall be deemed to have been suspended or waived by Lenders, unless such suspension or waiver is by an instrument in writing specifying such suspension or waiver and is signed by a duly authorized representative of Majority Lenders or all Lenders (as required by Section 11.10) or by Agent, at the direction of Majority Lenders or all Lenders, as the case may be and directed to Borrower.

Section 11. THE AGENT

11.1 Authorization and Action. Each Lender hereby appoints and authorizes Agent to take such action on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. Each Lender hereby acknowledges that Agent shall not have by reason of this Agreement assumed a fiduciary relationship in respect of any Lender. In performing its functions and duties under this Agreement, Agent shall act solely as agent of Lenders and shall not assume, or be deemed to have assumed, any obligation toward, or relationship of agency or trust with or for, Borrower or any of its Subsidiaries. As to any matters not expressly provided for by this Agreement and the other Loan Documents (including without limitation enforcement and collection of the Notes), Agent may, but shall not be required to, exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority Lenders, whenever such instruction shall be requested by Agent or required hereunder, or a greater or lesser number of Lenders if so required hereunder, and such instructions shall be binding upon all Lenders; provided, that Agent shall be fully justified in failing or refusing to take any action which exposes Agent to any liability or which is contrary to this Agreement, the other Loan Documents or applicable law,

unless Agent is indemnified to its satisfaction by the other Lenders against any and all liability and expense which it may incur by reason of taking or continuing to take any such action. If Agent seeks the consent or approval of the Majority Lenders (or a greater or lesser

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number of Lenders as required in this Agreement), with respect to any action hereunder, Agent shall send notice thereof to each Lender and shall notify each Lender at any time that the Majority Lenders (or such greater or lesser number of Lenders) have instructed Agent to act or refrain from acting pursuant hereto.

11.2 Agent's Reliance, Etc. Neither Agent, any Affiliate of Agent, nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or the other Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, Agent: (i) may treat each Lender party hereto as the holder of Obligations until Agent receives written notice of the assignment or transfer or such lender's portion of the Obligations signed by such Lender and in form reasonably satisfactory to Agent; (ii) may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iii) makes no warranties or representations to any Lender and shall not be responsible to any Lender for any recitals, statements, warranties or representations made in or in connection with this Agreement or any other Loan Documents; (iv) shall not have any duty beyond Agent's customary practices in respect of loans in which Agent is the only lender, to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or the other Loan Documents on the part of Borrower or any of its Subsidiaries, to inspect the property (including the books and records) of Borrower or any of its Subsidiaries, to monitor the financial condition of Borrower or to ascertain the existence or possible existence or continuation of any Default or Event of Default; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; (vi) shall not be liable to any Lender for any action taken, or inaction, by Agent upon the instructions of Majority Lenders pursuant to Section 11.1 hereof or refraining to take any action pending such instructions; (vii) shall not be liable for any apportionment or distributions of payments made by it in good faith pursuant to Section 3 hereof; (viii) shall incur no liability under or in respect of this Agreement or the other Loan Documents by acting upon any notice, consent, certificate, message or other instrument or writing (which may be by telephone, facsimile, telegram, cable or telex) believed in good faith by it to be genuine and signed or sent by the proper party or parties; and (ix) may assume that no Event of Default has occurred and is continuing, unless Agent has actual knowledge of the Event of Default, has received notice from Borrower or Borrower's independent certified public accounts stating the nature of the Event of Default, or has received notice from a Lender stating the nature of the Event of Default and that such Lender considers the Event of Default to have occurred and to be continuing. In the event any apportionment or distribution described in clause (vii) above is determined to have been made in error, the sole recourse of any Person to whom payment was due but not made shall be to recover from the recipients of such payments any payment in excess of the amount to which they are determined to have been entitled.

11.3 Fleet and Affiliates. With respect to its commitment hereunder to make Loans, Fleet shall have the same rights and powers under this Agreement and the other Loan

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Documents as any other Lender and may exercise the same as though it were not Agent; and the terms "Lender," "Lenders" or "Majority Lenders" shall, unless otherwise expressly indicated, include Fleet in its individual capacity as a Lender. Fleet and its Affiliates may lend money to, and generally engage in any kind of business with, Borrower and its Subsidiaries and Affiliates, and any Person who may do business with or own Securities of Borrower all as if Fleet were not Agent and without any duty to account therefor to any other Lender.

11.4 Lender Credit Decision. Each Lender acknowledges that it has,

independently and without reliance upon Agent or any other Lender and based on the financial statements referred to herein and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement. Agent shall not have any duty or responsibility, either initially or on an ongoing basis, to provide any Lender with any credit or other similar information regarding Borrower or any of its Subsidiaries.

11.5 Indemnification. Lenders agree to indemnify Agent (to the extent not reimbursed by Borrower), in accordance with their respective Aggregate Percentages, from and against 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 on, incurred by, or asserted against Agent in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by Agent under this Agreement; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse Agent promptly upon demand for its ratable share, as set forth above, of any out-of-pocket expenses (including reasonable attorneys' fees) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiation, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement and each other Loan Document, to the extent that Agent is not reimbursed for such expenses by Borrower. The obligations of Lenders under this Section 11.5 shall survive the payment in full of all Obligations and the termination of this Agreement. If after payment and distribution of any amount by Agent to Lenders, any Lender or any other Person, including Borrower, any creditor of Borrower, a liquidator, administrator or trustee in bankruptcy, recovers from Agent any amount found to have been wrongfully paid to Agent or disbursed by Agent to Lenders, then Lenders, in accordance with their respective Aggregate Percentages, shall reimburse Agent for all such amounts.

11.6 Rights and Remedies to be Exercised by Agent Only. Each Lender agrees that, except as set forth in Subsection 10.4, no Lender shall have any right individually (i) to realize upon the security created by this Agreement or any other Loan Document, (ii) to enforce any provision of this Agreement or any other Loan Document, or (iii) to make demand under this Agreement or any other Loan Document.

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11.7 Agency Provisions Relating to Collateral. Each Lender authorizes and ratifies Agent's entry into this Agreement and the Security Documents for the benefit of Lenders. Each Lender agrees that any action taken by Agent with respect to the Collateral in accordance with the provisions of this Agreement or the Security Documents, and the exercise by Agent of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all Lenders. Agent is hereby authorized on behalf of all Lenders, without the necessity of any notice to or further consent from any Lender, from time to time prior to an Event of Default, to take any action with respect to any Collateral or the Loan Documents which may be necessary to perfect and maintain perfected Agent's Liens upon the Collateral, for its benefit and the ratable benefit of Lenders. Lenders hereby irrevocably authorize Agent, at its option and in its discretion, to (a) release any Lien granted to or held by Agent upon any Collateral (i) upon termination of the Agreement and payment and satisfaction of all Obligations; or (ii) constituting property being sold or disposed of to a Person other than Borrower or any of its Subsidiaries if Borrower certifies to Agent that the sale or disposition is made in compliance with Subsection 8.2.5 hereof (and Agent may rely conclusively on any such certificate, without further inquiry); or (iii) constituting property in which Borrower or such Subsidiary owned no interest at the time the Lien was granted or at any time thereafter; (iv) constituting property subject to an operating lease permitted by Subsection 8.2.13; or (v) in connection with any foreclosure sale or other disposition of Collateral after the occurrence and during the continuation of an Event of Default or (vi) if approved, authorized or ratified in writing by Agent at the direction of all Lenders and (b) subordinate any Lien granted to Agent on Equipment if required by the holder of any Indebtedness (including Capitalized Lease Obligations)

secured by Purchase Money Liens and Leases permitted hereunder. Upon request by Agent at any time, Lenders will confirm in writing Agent's authority to release particular types or items of Collateral pursuant hereto, or subordinate Liens on Equipment. Agent shall have no obligation whatsoever to any Lender or to any other Person to assure that the Collateral exists or is owned by Borrower or any of its Subsidiaries or is cared for, protected or insured or has been encumbered or that the Liens granted to Agent herein or pursuant to the Security Documents have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of its rights, authorities and powers granted or available to Agent in this Section 11.7 or in any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, Agent may act in any manner it may deem appropriate, in its sole discretion, but consistent with the provisions of this Agreement, including given Agent's own interest in the Collateral as a Lender and that Agent shall have no duty or liability whatsoever to any Lender.

11.8 Agent's Right to Purchase Commitments. Agent shall have the right, but shall not be obligated, at any time upon written notice to any Lender and with the consent of such Lender, which may be granted or withheld in such Lender's sole discretion, to purchase for Agent's own account all of such Lender's interests in this Agreement, the other Loan Documents and the Obligations, for the face amount of the outstanding Obligations owed to such Lender, including without limitation all accrued and unpaid interest and fees.

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11.9 Right of Sale, Assignment, Participations. Borrower hereby consents to any Lender's participation, sale, assignment, transfer or other disposition, at any time or times hereafter, of this Agreement and any of the other Loan Documents, or of any portion hereof or thereof, including, without limitation, such Lender's rights, title, interests, remedies, powers, and duties hereunder or thereunder subject to the terms and conditions set forth below:

11.9.1 Sales, Assignments. Each Lender hereby agrees that, with respect to any sale or assignment (i) no such sale or assignment shall be for an amount of less than \$5,000,000, (ii) each such sale or assignment shall be made on terms and conditions which are customary in the industry at the time of the transaction, (iii) Agent and, in the absence of a Default or Event of Default, Borrower, must consent, such consent not to be unreasonably withheld, to each such assignment to a Person that is not an original signatory to this Agreement or any Affiliate thereof, (iv) the assignee Lender shall pay to Agent a processing and recordation fee of \$3,500 and any reasonable out-of-pocket attorneys' fees and expenses incurred by Agent in connection with any such sale or assignment. After such sale or assignment has been consummated (x) the assignee Lender thereupon shall become a "Lender" for all purposes of this Agreement and (y) the assigning Lender shall have no further liability for funding the portion of Revolving Loan Commitments assumed by such other Lender.

11.9.2 Participations. Any Lender may grant participations in its extensions of credit hereunder to any other Lender or other lending institution (a "Participant"), provided that (i) no such participation shall be for an amount of less than \$5,000,000, (ii) no Participant shall thereby acquire any direct rights under this Agreement, (iii) no Participant shall be granted any right to consent to any amendment, except to the extent any of the same pertain to (1) reducing the aggregate principal amount of, or interest rate on, or fees applicable to, any Loan or (2) extending the final stated maturity of any Loan or the stated maturity of any portion of any payment of principal of, or interest or fees applicable to, any of the Loans; provided, that the rights described in this subclause (2) shall not be deemed to include the right to consent to any amendment with respect to or which has the effect of requiring or waiving any mandatory prepayment of any portion of any Loan or any amendment or waiver of any Default or Event of Default, (iv) no sale of a participation in extensions of credit shall in any manner relieve the originating Lender of its obligations hereunder, (v) the originating Lender shall remain solely responsible for the performance of such obligations, (vi) Borrower and Agent shall continue to deal solely and directly with the originating Lender in connection with the originating Lender's rights and obligations under this Agreement and the other Loan Documents, (vii) in no event shall any financial institution purchasing the participation grant a participation in its participation interest in the Loans without the prior written consent of Agent, and, in the absence of a Default or an Event of Default, Borrower, which consents shall not unreasonably be withheld and (viii) all amounts payable by

Borrower hereunder shall be determined as if the originating Lender had not sold any such participation.

11.9.3 Certain Agreements of Borrower. Borrower agrees that (i) it will use its best efforts to assist and cooperate with each Lender in any manner reasonably requested by such Lender to effect the sale of participation in or assignments of any of the Loan Documents or any portion thereof or interest therein, including, without limitation, assisting in

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the preparation of appropriate disclosure documents and making members of management available at reasonable times to meet with and answer questions of potential assignees and Participants; and (ii) subject to the provisions of Section 12.14 hereof, such Lender may disclose credit information regarding Borrower to any potential Participant or assignee.

11.9.4 Non U.S. Resident Transferees. If, pursuant to this Section 11.9, any interest in this Agreement or any Loans is transferred to any transferee which is organized under the laws of any jurisdiction other than the United States or any state thereof, the transferor Lender shall cause such transferee (other than any Participant), and may cause any Participant, concurrently with and as a condition precedent to the effectiveness of such transfer, to (i) represent to the transferor Lender (for the benefit of the transferor Lender, Agent, and Borrower) that under applicable law and treaties no taxes will be required to be withheld by Agent, Borrower or the transferor Lender with respect to any payments to be made to such transferee in respect of the interest so transferred, (ii) furnish to the transferor Lender, Agent and Borrower either United States Internal Revenue Service Form W-8ECI or United States Internal Revenue Service Form W-8BEN (wherein such transferee claims entitlement to complete exemption from United States federal withholding tax on all interest payments hereunder), and (iii) agree (for the benefit of the transferor Lender, Agent and Borrower) to provide the transferor Lender, Agent and Borrower a new Form W-8ECI or Form W-8BEN upon the obsolescence of any previously delivered form and comparable statements in accordance with applicable United States laws and regulations and amendments duly executed and completed by such transferee, and to comply from time to time with all applicable United States laws and regulations with regard to such withholding tax exemption.

11.10 Amendments. No amendment or waiver of any provision of this Agreement or any other Loan Document (including without limitation any Note), nor consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, that no amendment, waiver or consent shall be effective, unless (i) in writing and signed by each Lender, if such amendment, waiver or consent does any of the following: (1) increases the aggregate Revolving Loan Commitments, or any Lender's Revolving Loan Commitment, (2) reduces the principal of, or interest on, any amount payable hereunder or under any Note, or any fees payable to Lenders hereunder, other than those payable only to Fleet in its capacity as Agent or Letter of Credit issuer, which may be reduced by Fleet unilaterally, (3) decreases any interest rate payable hereunder or any fee payable to Lenders hereunder, other than those payable to Fleet in its capacity as Agent or Letter of Credit issuer, which may be reduced by Fleet unilaterally, (4) postpones any date fixed for any payment of principal of, or interest on, any amounts payable hereunder or under any Note, other than those payable only to Fleet in its capacity as Agent, which may be postponed by Fleet unilaterally, (5) reduces the number of Lenders that shall be required for Lenders or any of them to take any action hereunder, (6) releases or discharge any Person liable for the performance of any obligations of Borrower hereunder or under any of the Loan Documents, (7) amends any provision of this Agreement that requires the consent of all Lenders or consent to or waive any breach thereof, (8) amends the definition of the term "Majority Lenders", (9) amends this Section 11.10, (10) releases Collateral with a value in excess of \$5,000,000,

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unless otherwise permitted pursuant to Section 11.7 hereof; or (11) increases the advance rates contained in the definition of "Borrowing Base" to a level greater than those set forth on the date hereof; or (12) amends the definitions of "Borrowing Base" (or any component thereof) or "Availability Reserve" to make

such definitions less restrictive (provided that the foregoing shall not affect Agent's discretion in determining eligibility) or (ii) in writing and signed by Agent in addition to the Lenders required above to take such action, if such action affects the rights or duties of Agent under this Agreement, any Note or any other Loan Document.

11.11 Resignation of Agent; Appointment of Successor. Agent may resign as Agent by giving not less than thirty (30) days prior written notice to the Lenders and Borrower. If Agent shall resign under this Agreement, then, (i) subject to the consent of Borrower (which consent shall not be unreasonably withheld and which consent shall not be required during any period in which a Default or an Event of Default exists), the Majority Lenders shall appoint from among the Lenders a successor agent for the Lenders or (ii) if a successor agent shall not be so appointed and approved within the thirty (30) day period following Agent's notice to the Lenders and Borrower of its resignation, then Agent shall appoint a successor agent who shall serve as Agent until such time as the Majority Lenders appoint a successor agent, subject to Borrower's consent as set forth above. Upon its appointment, such successor agent shall succeed to the rights, powers and duties of Agent and the term "Agent" shall mean such successor effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement. After the resignation of any Agent hereunder, the provisions of this Section 11 shall inure to the benefit of such former Agent and such former Agent shall not by reason of such resignation be deemed to be released from liability for any actions taken or not taken by it while it was an Agent under this Agreement.

11.12 Co-Agents. The co-Documentation Agents and co-Syndication Agents shall have no right, duty, responsibility or obligation under this Agreement and the other Loan Documents other than in their capacities as Lenders, and shall have no fiduciary relationship to any Person.

SECTION 12. MISCELLANEOUS

12.1 Power of Attorney. Borrower hereby irrevocably designates, makes, constitutes and appoints Agent (and all Persons designated by Agent) as Borrower's true and lawful attorney (and agent-in-fact), solely with respect to the matters set forth in this Section 12.1, and Agent, or Agent's agent, may, without notice to Borrower and in Borrower's or Agent's name, but at the cost and expense of Borrower:

12.1.1 At such time or times as Agent or said agent, in its sole discretion, may determine, endorse Borrower's name on any checks, notes, acceptances, drafts, money orders or any other evidence of payment or proceeds of the Collateral which come into the possession of Agent or under Agent's control.

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12.1.2 At such time or times upon or after the occurrence and during the continuance of an Event of Default (provided that the occurrence of an Event of Default shall not be required with respect to clauses (iv), (viii) and (ix) below), as Agent or its agent in its sole discretion may determine: (i) demand payment of the Accounts from the Account Debtors, enforce payment of the Accounts by legal proceedings or otherwise, and generally exercise all of Borrower's rights and remedies with respect to the collection of the Accounts; (ii) settle, adjust, compromise, discharge or release any of the Accounts or other Collateral or any legal proceedings brought to collect any of the Accounts or other Collateral; (iii) sell or assign any of the Accounts and other Collateral upon such terms, for such amounts and at such time or times as Agent deems advisable; (iv) take control, in any manner, of any item of payment or proceeds relating to any Collateral; (v) prepare, file and sign Borrower's name to a proof of claim in bankruptcy or similar document against any Account Debtor or to any notice of lien, assignment or satisfaction of lien or similar document in connection with any of the Collateral; (vi) receive, open and dispose of all mail addressed to Borrower and notify postal authorities to change the address for delivery thereof to such address as Agent may designate; (vii) endorse the name of Borrower upon any of the items of payment or proceeds relating to any Collateral and deposit the same to the account of Agent on account of the Obligations; (viii) endorse the name of Borrower upon any chattel paper, document, instrument, invoice, freight bill, bill of lading or similar document or agreement relating to the Accounts, Inventory and any other Collateral; (ix) use Borrower's stationery and sign the name of Borrower to verifications of the Accounts and notices thereof to Account Debtors; (x) use the information

recorded on or contained in any data processing equipment and computer hardware and software relating to the Accounts, Inventory, Equipment and any other Collateral; (xi) make and adjust claims under policies of insurance; and (xii) do all other acts and things necessary, in Agent's determination, to fulfill Borrower's obligations under this Agreement.

The power of attorney granted hereby shall constitute a power coupled with an interest and shall be irrevocable.

12.2 Indemnity. Borrower hereby agrees to indemnify Agent and each Lender (and each of their Affiliates) and hold Agent and each Lender (and each of their Affiliates) harmless from and against any liability, loss, damage, suit, action or proceeding ever suffered or incurred by any such Person (including reasonable attorneys fees (or allocated costs of in-house counsel in lieu of outside counsel) and legal expenses) as the result of the failure of Borrower or any of its Subsidiaries to observe, perform or discharge Borrower's duties hereunder or under any other Loan Document or arising out of, relating to or in connection with this Agreement and the other Loan Documents or the use of the proceeds thereof, except as to any such Person to the extent that such liability, loss or damage is found in a non-appealable judgment by a court of competent jurisdiction to have resulted from such Person's own negligence or willful misconduct. In addition, Borrower shall defend Agent and each Lender (and each of their Affiliates) against and save it harmless from all claims of any Person with respect to the Collateral (except those resulting from the gross negligence or intentional misconduct of any such Person). Notwithstanding any contrary provision in this Agreement, the obligation of Borrower under this Section 12.2 shall survive the payment in full of the Obligations and the termination of this Agreement.

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12.3 Sale of Interest. Borrower may not sell, assign or transfer any interest in this Agreement, any of the other Loan Documents, or any of the Obligations, or any portion thereof, including, without limitation, Borrower's rights, title, interests, remedies, powers, and duties hereunder or thereunder without the prior written consent of all Lenders, which consent by any Lender or Lenders may be granted or denied in the sole discretion of such Lender.

12.4 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

12.5 Successors and Assigns. This Agreement, the Other Agreements and the Security Documents shall be binding upon and inure to the benefit of the successors and assigns of Borrower, Agent and each Lender permitted under Section 11.9 hereof.

12.6 Cumulative Effect; Conflict of Terms. The provisions of the Other Agreements and the Security Documents are hereby made cumulative with the provisions of this Agreement. Except as otherwise provided in any of the other Loan Documents by specific reference to the applicable provision of this Agreement, if any provision contained in this Agreement is in direct conflict with, or inconsistent with, any provision in any of the other Loan Documents, the provision contained in this Agreement shall govern and control.

12.7 Execution in Counterparts. This Agreement 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 to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

12.8 Notices. Except as otherwise provided herein, all notices, requests and demands to or upon a party hereto, to be effective, shall be in writing and shall be sent by certified or registered mail, return receipt requested, by personal delivery against receipt, by overnight courier or by facsimile and, unless otherwise expressly provided herein, shall be deemed to have been validly served, given, delivered or received immediately when delivered against receipt, one Business Day after deposit with an overnight courier or, in the case of facsimile notice, when sent, addressed as follows:

If to Agent: Fleet Capital Corporation

15260 Ventura Boulevard, Suite 400
Sherman Oaks, California 91403
Attention: Loan Administration
Facsimile No.: (818) 382-4291

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With a copy to: Latham & Watkins
633 West 5th Street, Suite 400
Los Angeles, California 90071
Attention: Mary B. Ruhl
Facsimile No.: (213) 891-8763

If to Borrower: Mobile Mini, Inc.
7420 South Kyrene Road, Suite 101
Tempe Arizona 85283
Attention: Chief Financial Officer
Facsimile No.: (480) 894-6433

With a copy to: Bryan Cave LLP
Two N. Central, 22nd Floor
Phoenix, Arizona 85004
Attention: Joseph P. Richardson
Facsimile No.: (602) 364-7070

or to such other address as each party may designate for itself by notice given in accordance with this Section 12.8; provided, however, that any notice, request or demand to or upon a Lender pursuant to Subsection 3.1.1 or 4.2.2 hereof shall not be effective until received by such Lender.

12.9 Consent. Whenever Agent's or Majority's Lenders' consent is required to be obtained under this Agreement, any of the Other Agreements or any of the Security Documents as a condition to any action, inaction, condition or event, except as otherwise specifically provided herein, Agent or Majority Lenders, as applicable, shall be authorized to give or withhold such consent in their sole and absolute discretion.

12.10 Credit Inquiries. Borrower hereby authorizes and permits Agent and each Lender to respond to usual and customary credit inquiries from third parties concerning Borrower or any of its Subsidiaries.

12.11 Time of Essence. Time is of the essence of this Agreement, the Other Agreements and the Security Documents.

12.12 Entire Agreement. This Agreement and the other Loan Documents, together with all other instruments, agreements and certificates executed by the parties in connection therewith or with reference thereto, embody the entire understanding and agreement between the parties hereto and thereto with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings and inducements, whether express or implied, oral or written.

12.13 Interpretation. No provision of this Agreement or any of the other Loan Documents shall be construed against or interpreted to the disadvantage of any party hereto by

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any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

12.14 Confidentiality. Agent and each Lender shall hold all nonpublic information obtained pursuant to the requirements of this Agreement in accordance with Agent's and such Lender's customary procedures for handling confidential information of this nature and in accordance with safe and sound banking practices and in any event may make disclosure reasonably required by a prospective participant or assignee in connection with the contemplated participation or assignment or as required or requested by any governmental authority or representative thereof or pursuant to legal process and shall require any such participant or assignee to agree to comply with this Section 12.14.

12.15 GOVERNING LAW; CONSENT TO FORUM. THIS AGREEMENT HAS BEEN NEGOTIATED AND DELIVERED IN AND SHALL BE DEEMED TO HAVE BEEN MADE IN LOS

ANGELES, CALIFORNIA. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA; PROVIDED, HOWEVER, THAT IF ANY OF THE COLLATERAL SHALL BE LOCATED IN ANY JURISDICTION OTHER THAN CALIFORNIA, THE LAWS OF SUCH JURISDICTION SHALL GOVERN THE METHOD, MANNER AND PROCEDURE FOR FORECLOSURE OF AGENT'S LIEN UPON SUCH COLLATERAL AND THE ENFORCEMENT OF AGENT'S OTHER REMEDIES IN RESPECT OF SUCH COLLATERAL TO THE EXTENT THAT THE LAWS OF SUCH JURISDICTION ARE DIFFERENT FROM OR INCONSISTENT WITH THE LAWS OF CALIFORNIA. AS PART OF THE CONSIDERATION FOR NEW VALUE RECEIVED, AND REGARDLESS OF ANY PRESENT OR FUTURE DOMICILE OR PRINCIPAL PLACE OF BUSINESS OF BORROWER, AGENT OR ANY LENDER, BORROWER HEREBY CONSENTS AND AGREES THAT THE SUPERIOR COURT OF LOS ANGELES COUNTY, CALIFORNIA, OR, AT AGENT'S OPTION, THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN BORROWER ON THE ONE HAND AND AGENT OR ANY LENDER ON THE OTHER HAND PERTAINING TO THIS AGREEMENT OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT. BORROWER EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND BORROWER HEREBY WAIVES ANY OBJECTION WHICH BORROWER MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. BORROWER HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINT AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO BORROWER AT THE ADDRESS SET FORTH IN THIS AGREEMENT AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF BORROWER'S ACTUAL RECEIPT THEREOF OR 3 DAYS AFTER DEPOSIT IN THE U.S. MAILS, PROPER

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POSTAGE PREPAID. NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO AFFECT THE RIGHT OF AGENT OR ANY LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW, OR TO PRECLUDE THE ENFORCEMENT BY AGENT OR ANY LENDER OF ANY JUDGMENT OR ORDER OBTAINED IN SUCH FORUM OR THE TAKING OF ANY ACTION UNDER THIS AGREEMENT TO ENFORCE SAME IN ANY OTHER APPROPRIATE FORUM OR JURISDICTION.

12.16 WAIVERS BY BORROWER. BORROWER WAIVES (i) THE RIGHT TO TRIAL BY JURY (WHICH AGENT AND EACH LENDER HEREBY ALSO WAIVES) IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS OR THE COLLATERAL; (ii) PRESENTMENT, DEMAND AND PROTEST AND NOTICE OF PRESENTMENT, PROTEST, DEFAULT, NON PAYMENT, MATURITY, RELEASE, COMPROMISE, SETTLEMENT, EXTENSION OR RENEWAL OF ANY OR ALL COMMERCIAL PAPER, ACCOUNTS, CONTRACT RIGHTS, DOCUMENTS, INSTRUMENTS, CHATTEL PAPER AND GUARANTIES AT ANY TIME HELD BY AGENT OR ANY LENDER ON WHICH BORROWER MAY IN ANY WAY BE LIABLE AND HEREBY RATIFIES AND CONFIRMS WHATEVER AGENT OR ANY LENDER MAY DO IN THIS REGARD; (iii) NOTICE PRIOR TO AGENT'S TAKING POSSESSION OR CONTROL OF THE COLLATERAL OR ANY BOND OR SECURITY WHICH MIGHT BE REQUIRED BY ANY COURT PRIOR TO ALLOWING AGENT TO EXERCISE ANY OF AGENT'S REMEDIES; (iv) THE BENEFIT OF ALL VALUATION, APPRAISEMENT AND EXEMPTION LAWS; AND (v) NOTICE OF ACCEPTANCE HEREOF. BORROWER ACKNOWLEDGES THAT THE FOREGOING WAIVERS ARE A MATERIAL INDUCEMENT TO AGENT'S AND EACH LENDER'S ENTERING INTO THIS AGREEMENT AND THAT AGENT AND EACH LENDER IS RELYING UPON THE FOREGOING WAIVERS IN ITS FUTURE DEALINGS WITH BORROWER. BORROWER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THE FOREGOING WAIVERS WITH ITS LEGAL COUNSEL AND HAS KNOWINGLY AND VOLUNTARILY WAIVED 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.

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IN WITNESS WHEREOF, this Loan and Security Agreement has been duly executed on the day and year specified at the beginning of this Agreement.

BORROWER:

MOBILE MINI, INC., a Delaware corporation

/s/ Lawrence Trachtenberg
Title: Executive Vice President

AGENT:

FLEET CAPITAL CORPORATION,
a Rhode Island corporation, as Agent

By:

Name: Matthew Van Steenhuyse
Title: Senior Vice President

Signature page to Loan and Security Agreement

IN WITNESS WHEREOF, this Loan and Security Agreement has been duly
executed on the day and year specified at the beginning of this Agreement.

BORROWER:

MOBILE MINI, INC., a Delaware corporation

By:

Name: Lawrence Trachtenberg
Title: Executive Vice President

AGENT:

FLEET CAPITAL CORPORATION,
a Rhode Island corporation, as Agent

/s/ Matthew Van Steenhuyse
Title: Senior Vice President

Signature page to Loan and Security Agreement

CO-SYNDICATION AGENTS:

BANK ONE, NA,
with its main office in Chicago, Illinois,
as Co-Syndication Agent

/s/ Steve Reinhart
Title: First Vice President

JP MORGAN CHASE BANK,
as Co-Syndication Agent

By:

Name: Kathleen C. Krieg
Title: Vice President

Signature page to Loan and Security Agreement

CO-SYNDICATION AGENTS:

BANK ONE, NA,
with its main office in Chicago, Illinois,
as Co-Syndication Agent

By:

Name: Steve Reinhart
Title: First Vice President

JP MORGAN CHASE BANK,
as Co-Syndication Agent

/s/ Kathleen C. Krieg
Title: Vice President

Signature page to Loan and Security Agreement

CO-DOCUMENTATION AGENTS:

BANK OF AMERICA, N.A.,
AS CO-DOCUMENTATION AGENT

/s/ Stephen King
Title: Senior Vice President

WASHINGTON MUTUAL BANK,
AS CO-DOCUMENTATION AGENT

By:

Name: Terri K. Lins
Title: Vice President

Signature page to Loan and Security Agreement

CO-DOCUMENTATION AGENTS:

BANK OF AMERICA, N.A.,
AS CO-DOCUMENTATION AGENT

By: _____
Name: Stephen King
Title: Senior Vice President

WASHINGTON MUTUAL BANK,
AS CO-DOCUMENTATION AGENT

/s/ Terri K. Lins
Title: Vice President

Signature page to Loan and Security Agreement

LENDERS:

FLEET CAPITAL CORPORATION

/s/ Matthew Van Steenhuyse
Title: Senior Vice President

Revolving Loan Commitment: \$32,500,000

Signature page to Loan and Security Agreement

BANK ONE, NA,
with its main office in Chicago, Illinois

/s/ Steve Reinhart
Title: First Vice President

Revolving Loan Commitment: \$30,000,000.00

Signature page to Loan and Security Agreement

JP MORGAN CHASE BANK

/s/ Kathleen C. Krieg
Title: Vice President

Revolving Loan Commitment: \$30,000,000.00

Signature page to Loan and Security Agreement

BANK OF AMERICA, N.A.

/s/ Stephen King
Title: Senior Vice President

Revolving Loan Commitment: \$30,000,000.00

Signature page to Loan and Security Agreement

WASHINGTON MUTUAL BANK

/s/ Terri K. Lins
Title: Vice President

Revolving Loan Commitment: \$25,000,000.00

Signature page to Loan and Security Agreement

FIRST UNION NATIONAL BANK

/s/ Eric Butler
Title: Senior Vice President

Revolving Loan Commitment: \$22,500,000.00

Signature page to Loan and Security Agreement

DEUTSCHE FINANCIAL SERVICES CORP.

/s/ Joseph Kinkenon
Title: Vice President

Revolving Loan Commitment: \$17,500,000.00

Signature page to Loan and Security Agreement

U.S. BANK NATIONAL ASSOCIATION

/s/ Joseph P. Howard
Title: Vice President

Revolving Loan Commitment: \$17,500,000.00

Signature page to Loan and Security Agreement

PNC BANK, NATIONAL ASSOCIATION

/s/ Lawrence Weinstein
Title: Vice President

Revolving Loan Commitment: \$15,000,000.00

Signature page to Loan and Security Agreement

ALLFIRST BANK

/s/ Nancy Z. Reimann
Title: VP

Revolving Loan Commitment: \$15,000,000.00

Signature page to Loan and Security Agreement

THE PROVIDENT BANK

/s/ Marshall M. Stuart
Title: Vice President

Revolving Loan Commitment: \$10,000,000.00

Signature page to Loan and Security Agreement

BANK LEUMI USA

/s/ Jacques Delvoye
Title: Vice President

Revolving Loan Commitment: \$5,000,000.00

Signature page to Loan and Security Agreement

APPENDIX A

GENERAL DEFINITIONS

When used in the Loan and Security Agreement dated as of February 11, 2002, by and among FLEET CAPITAL CORPORATION, individually and as Agent, the other financial institutions which are or become parties thereto and MOBILE MINI, INC., a Delaware corporation, (a) the terms Certificated Security, Chattel Paper, Commercial Tort Claims, Deposit Account, Document, Electronic Chattel Paper, Financial Asset, Fixture, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter-of-Credit Right, Payment Intangibles, Proceeds, Security, Security Entitlement, Software, Supporting Obligations and Tangible Chattel Paper and Uncertificated Security have the respective meanings assigned thereto under the UCC (as defined below); (b) all terms indicating Collateral having the meanings assigned thereto under the UCC shall be deemed to mean such Property, whether now owned or hereafter created or acquired by Borrower or any Guarantor or in which Borrower or any Guarantor now has or hereafter acquires any interest; (c) capitalized terms which are not otherwise defined have the respective meanings assigned thereto in said Loan and Security Agreement; and (d) the following terms shall have the following meanings (terms defined in the singular to have the same meaning when used in the plural and vice versa):

"Account Debtor" - any Person who is or may become obligated on or under or on account of any Account, Contract Right, Chattel Paper or General Intangible.

"Account" - the meaning assigned under the UCC and all rights to payments under leases and Chattel Paper.

"Acquisition" - (i) the acquisition by Borrower or any of its Subsidiaries of all of the issued and outstanding Securities or other equity interests of a Person, (ii) the acquisition by Borrower or any of its Subsidiaries of all or substantially all of the assets of a Person or a line of business of a Person or (iii) the merger or consolidation of Borrower or any of its Subsidiaries with a Person other than a Person that was a Subsidiary of Borrower or such Subsidiary immediately prior to such merger.

"Affiliate" - a Person (other than a Subsidiary): (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, a Person; (ii) which beneficially owns or holds 15% or more of any class of the Voting Stock of a Person; or (iii) 15% or more of the Voting Stock (or in the case of a Person which is not a corporation, 15% or more of the equity interest) of which is beneficially owned or held by a

Person or a Subsidiary of a Person.

"Agent" - Fleet in its capacity as agent for the Lenders under the Agreement and its successors and assigns, including any successor in that capacity appointed pursuant to Subsection 11.11.

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"Aggregate Percentage" - with respect to each Lender, the percentage equal to the quotient of (i) such Lender's Revolving Loan Commitment divided by (ii) the aggregate of all Revolving Loan Commitments.

"Agreement" - the Loan and Security Agreement referred to in the first sentence of this Appendix A, all Exhibits and Schedules thereto and this Appendix A, as each of the same may be amended from time to time.

"Applicable Margin" - from the Closing Date to, but not including, the first Adjustment Date (as hereinafter defined) the percentages set forth below with respect to the Base Rate Portion and the LIBOR Portion:

Base Rate Portion	.25%
LIBOR Portion	2.00%

The percentages set forth above will be adjusted on the first day of the month following receipt by Agent from Borrower of the financial statements required to be delivered pursuant to Subsection 8.1.3(iii) of the Agreement for each fiscal quarter ended on the last day of March, June, September and December during the Term, commencing with the quarter ending June 30, 2002 (each such date an "Adjustment Date"), effective prospectively, by reference to the Debt Ratio for the four quarters most recently ending in accordance with the following:

Debt Ratio	Base Rate Portion	LIBOR Portion
-----	-----	-----
> or = to 4.0:1	.75%	2.50%
> or = to 3.5:1 but <4.0:1	.50%	2.25%
> or = to 3.0:1 but <3.5:1	.25%	2.00%
> or = to 2.5:1 but <3.0:1	0%	1.75%
<2.5:1	0%	1.50%

provided that, (i) if Borrower's audited financial statements for any fiscal year delivered pursuant to Subsection 8.1.3(i) of the Agreement reflect a Debt Ratio that yields a different Applicable Margin than that yielded by the quarterly financial statements previously delivered pursuant to Subsection 8.1.3(iii) of the Agreement for the last quarter of such fiscal year, the Applicable Margin shall be readjusted retroactive to the preceding Adjustment Date and (ii) if Borrower fails to deliver the financial statements required to be delivered pursuant to Subsection 8.1.3(i) or Subsection 8.1.3(iii) of the Agreement on or before the due date thereof, the interest rate shall automatically adjust to the highest interest rate set forth above, effective prospectively from such due date until the next Adjustment Date.

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"Appraiser" - an appraiser employed by Agent or an independent third party appraiser engaged by Agent, at Borrower's expense.

"Availability" - the amount of additional money which Borrower is entitled to borrow from time to time as Revolving Credit Loans, such amount being the difference derived when the sum of the principal amount of Revolving Credit Loans then outstanding (including any amounts which Agent or any Lender

may have paid for the account of Borrower pursuant to any of the Loan Documents and which have not been reimbursed by Borrower), the LC Amount, all unpaid LC Obligations, the Availability Reserve and any other reserves is subtracted from the Borrowing Base. If the amount outstanding is equal to or greater than the Borrowing Base, Availability is zero (0).

"Availability Reserve" - a reserve against Availability equal to \$10,000,000.

"Bank" - Fleet National Bank.

"Base Rate" - the rate of interest announced or quoted by Bank from time to time as its prime rate for commercial loans, whether or not such rate is the lowest rate charged by Bank to its most preferred borrowers; and, if such prime rate for commercial loans is discontinued by Bank as a standard, a comparable reference rate designated by Bank as a substitute therefor shall be the Base Rate.

"Base Rate Advance" - any Revolving Credit Loan bearing interest computed by reference to the Base Rate.

"Base Rate Portion" - that portion of the Revolving Credit Loans that is subject to interest computed by reference to the Base Rate.

"Borrower" - Mobile Mini, Inc., a Delaware corporation with its chief executive office and principal place of business at 7420 South Kyrene Road, Suite 101, Tempe, Arizona 85283.

"Borrowing Base" - as at any date of determination thereof, an amount equal to the lesser of:

- (i) the Revolving Credit Maximum Amount; or
- (ii) an amount equal to the sum of

(A) up to eighty-five percent (85%) of the net amount of Eligible Accounts; plus

(B) up to ninety percent (90%) of Eligible Container Fleet Inventory; plus

(C) up to seventy percent (70%) of Eligible Trailer Fleet Inventory; plus

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(D) the lesser of (i) \$15,000,000 or (ii) the sum of

- (a) up to ninety percent (90%) of Eligible Container Inventory Held for Sale; plus
- (b) up to the lesser of (x) \$2,500,000 or (y) ninety percent (90%) of Eligible Work-in-Process Container Inventory; plus
- (c) up to seventy-five percent (75%) of Eligible Primary Raw Materials Inventory; plus
- (d) up to sixty percent (60%) of Eligible Other Raw Materials Component Inventory; plus

(E) the lesser of (i) \$25,000,000 and (ii) the sum of (a) up to eighty percent (80%) of the value of Eligible Machinery and Equipment; plus (b) up to sixty percent (60%) of the value of the Specified Real Property.

For purposes of calculating the components of the Borrowing Base, (1) the net amount of Eligible Accounts at any time shall be the face amount of such Eligible Accounts less any and all returns, rebates, discounts (which may, at Agent's option, be calculated on shortest terms), service charges, customer deposits, credits, allowances or excise taxes of any nature at any time issued, owing, claimed by Account Debtors, granted, outstanding or payable in connection with such Accounts at such time, (2) the amount of Eligible Inventory shall be determined on a first-in, first-out basis; (3) Inventory "cost" shall be

determined in a manner consistent with Borrower's current and historical accounting practices unless otherwise specifically provided in this Agreement, (4) the value of Eligible Machinery and Equipment and Specified Real Property shall be determined on the basis of the orderly liquidation value of such Property based on the most recent appraisal received by Agent from the Appraiser; and (5) orderly liquidation value of Inventory shall be based on the most recent appraisal received by Agent from the Appraiser.

"Borrowing Base Certificate" - a certificate by a senior financial officer of Borrower, substantially in the form of Exhibit 8.1.4 (or another form acceptable to Agent) setting forth the calculation of the Borrowing Base, including a calculation of each component thereof, all in such detail as shall be satisfactory to Agent. All calculations of the Borrowing Base in connection with the preparation of any Borrowing Base Certificate shall originally be made by Borrower and certified to Agent; provided, that Agent shall have the right to review and adjust, in the exercise of its reasonable credit judgment, any such calculation after giving notice thereof to Borrower, (1) to reflect its reasonable estimate of declines in value of any of the Collateral described therein, and (2) to the extent that such calculation is not in accordance with this Agreement.

"Business Day" - (i) when used with respect to the LIBOR option, shall mean a day on which dealings may be effected in deposits of United States Dollars in the London interbank foreign currency deposits market and on which Bank is conducting and other banks may conduct business in London, England, in the State of California and (ii) when used with respect to any other provision of the Agreement, any day excluding Saturday, Sunday and any

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day which is a legal holiday under the laws of the State of California or is a day on which banking institutions located in such state are closed.

"Capital Expenditures" - expenditures made or liabilities incurred for the acquisition of any fixed assets (including but not limited to containers) or improvements, replacements, substitutions or additions thereto which have a useful life of more than one year, including the total principal portion of Capitalized Lease Obligations and that portion of Investments allocable to property, plant or equipment. Capital Expenditures shall exclude (i) new and used manufactured or remanufactured portable container Inventory held for sale, (ii) proceeds of a Casualty Loss applied to the repair or replacement of the property affected by the Casualty Loss and (iii) Inventory or Equipment acquired in a Permitted Acquisition.

"Capitalized Lease Obligation" - any Indebtedness represented by obligations under a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

"Cash Equivalents" means either of the following, so long as the same are maintained in accounts in which Agent has a perfected security interest: (i) securities issued, guaranteed or insured by the United States or any of its agencies and having maturities of not more than one year; and (ii) certificates of deposit having maturities of not more than one year issued by Agent, any Lender or by a U.S. federal or state chartered commercial bank of recognized standing whose capital and unimpaired surplus is in excess of \$100,000,000 and whose short-term commercial paper rating, or that of its parent holding company, is at least A-2 or the equivalent by Standard & Poor's Corporation and at least P-2 or the equivalent by Moody's Investors Services, Inc.

"Casualty Loss" - (i) the loss, damage, or destruction of any asset owned or used by Borrower or any of its Subsidiaries, (ii) the condemnation, confiscation, or other taking, in whole or in part, of any such asset, or (iii) the diminishment of such asset so as to render use for its intended purpose impracticable or unreasonable.

"Certificate of Title" - a certificate of title, certificate of ownership or other registration certificate issued or required to be issued for any asset under the certificate of title or similar laws of any jurisdiction.

"Change of Control" - either: (i) other than members of management as of the Closing Date, any "person" (as such term is used in Subsections 13(d) and 14(d) of the Securities and Exchange Act of 1934, as amended) on or after the Closing Date is or becomes a "beneficial owner" (as defined in Rule 13d-3

under such Act), directly or indirectly, of Securities of Borrower representing 15% or more of the combined voting power of Borrower's then-outstanding Securities; or (ii) the existing directors for any reason cease to constitute 75% of Borrower's Board of Directors or (iii) any Guarantor ceases to be a wholly-owned Subsidiary of Borrower, except as expressly permitted by the Loan Documents. For purposes of this definition, "existing directors" means (x) individuals constituting Borrower's Board of Directors on the Closing Date, and (y) any subsequent director whose election by the Board of Directors or nomination for election by Borrower's shareholders was approved by a

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vote of at least 75% of the directors then in office which directors either were directors on the Closing Date or whose election or nomination for election was previously so approved.

"Closing Date" - the date on which all of the conditions precedent in Section 9 of the Agreement are satisfied and the initial Loan is made or the initial Letter of Credit or LC Guaranty is issued under the Agreement.

"Collateral" - all of the Property and interests in Property described in Section 5 of the Agreement, and all other Property and interests in Property that now or hereafter secure the payment and performance of any of the Obligations or any Guaranty Agreement.

"Collateral Access Agreement" - any landlord waivers, mortgagee waivers, bailee letters or any similar acknowledgment agreements of any warehouseman or processor in possession of Inventory, in form and substance approved by Agent.

"Computer Hardware and Software" - all rights (including rights as licensee and lessee) with respect to (i) computer and other electronic data processing hardware, including all integrated computer systems, central processing units, memory units, display terminals, printers, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories, peripheral devices and other related computer hardware; (ii) all Software and all software programs designed for use on the computers and electronic data processing hardware described in clause (i) above, including all operating system software, utilities and application programs in any form (source code and object code in magnetic tape, disk or hard copy format or any other listings whatsoever); (iii) any firmware associated with any of the foregoing; and (iv) any documentation for hardware, Software and firmware described in clauses (i), (ii) and (iii) above, including flow charts, logic diagrams, manuals, specifications, training materials, charts and pseudo codes.

"Consolidated" - the consolidation in accordance with GAAP of the accounts or other items as to which such term applies.

"Consolidated EBITDA" - for a period, the Consolidated net income of Borrower and its Subsidiaries (excluding extraordinary gains, non-cash extraordinary losses and extraordinary losses arising from prepayments of Indebtedness incurred on or about the Closing Date in connection with the initial funding of the Loans) for the period (i) plus all Interest Expense, income tax expense, depreciation and amortization (including amortization of any goodwill or other intangibles) for the period, (ii) less gains or plus losses attributable to any fixed asset sales (excluding sales of containers held for lease) in the period and (iii) plus or minus any other non-cash charges which have been subtracted or added in calculating Consolidated net income. For all purposes other than calculating Consolidated Net Cash Flow, Consolidated EBITDA for any such period shall be calculated by giving pro forma effect to any Permitted Acquisition during such period, as if such Acquisition had been consummated on the first day of such period, as long as Borrower shall have delivered to Agent audited financial statements for such period for the Person or assets acquired.

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"Consolidated Net Cash Flow" - for a period, Consolidated EBITDA less the sum of (i) Unfinanced Capital Expenditures, during such period, plus (ii) taxes paid in cash during such period and plus (iii) Restricted Payments paid in cash during such period (other than Restricted Payments paid by a Subsidiary of Borrower to Borrower or a Guarantor).

"Contingent Obligation" - any direct, indirect, contingent or non-contingent guaranty or obligation for the Indebtedness of another, except endorsements in the ordinary course of business.

"Contract Right" - any right to payment under a contract for the sale or lease of goods or the rendering of services, which right is at the time not yet earned by performance.

"Debt Ratio" - as of any date of determination, the ratio of (i) Funded Debt as of such date to (ii) Consolidated EBITDA for the four fiscal quarters ending on such date.

"Default" - an event or condition the occurrence of which would, with the lapse of time or the giving of notice, or both, become an Event of Default.

"Default Rate" - as defined in Subsection 2.1.2 of the Agreement.

"Derivative Obligations" - every obligation of a Person under any forward contract, futures contract, swap, option or other financing agreement or arrangement (including, without limitation, caps, floors, collars and similar agreements), the value of which is dependent upon interest rates, currency or exchange rates or valuations.

"Dominion Account" - a special bank account or accounts of Agent established by Borrower pursuant to Subsection 6.2.4 of the Agreement at a bank selected by Borrower, but acceptable to Agent in its reasonable discretion, and over which Agent shall have sole and exclusive access and control for withdrawal purposes.

"Eligible Account" - an Account of Borrower or a Guarantor arising in the ordinary course of the business of Borrower or such Guarantor from the sale of goods, the lease of goods or rendition of services which Agent, in its reasonable credit judgment, deems to be an Eligible Account less all returns, rebates, discounts (which may at Agent's option be calculated on shortest terms), service charges, customer deposits, credits, allowances or excise taxes of any nature at any time issued, owing, claimed by Account Debtors, granted, outstanding or payable in connection with such Accounts. Without limiting the generality of the foregoing, unless otherwise approved in writing by Agent, no Account shall be an Eligible Account if:

(i) it arises out of a sale made or services rendered by Borrower or a Guarantor to a Subsidiary of Borrower or an Affiliate of Borrower or to a Person controlled by an Affiliate of Borrower; or

(ii) it is an Account that has payment terms longer than 45 days from the date of invoice; provided, however, that \$200,000 may be

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considered Eligible Accounts with payment terms longer than 45 days but no longer than 90 days from the date of the invoice;

(iii) it remains unpaid more than 90 days after the original invoice date; or

(iv) it is owed by an Account Debtor and the total unpaid Accounts of such Account Debtor exceed 10% of the net amount of all Eligible Accounts, but only to the extent of such excess; or

(v) any covenant, representation or warranty contained in the Agreement with respect to such Account has been breached; or

(vi) the Account Debtor is also a creditor or supplier of Borrower or any Subsidiary of Borrower, or the Account Debtor has disputed liability with respect to such Account, or the Account Debtor has made any claim with respect to any other Account due from such Account Debtor to Borrower or any Subsidiary of Borrower, or the Account otherwise is or may become subject to right of setoff by the Account Debtor, provided, that any such Account shall be eligible to the extent such amount thereof exceeds such contract,

dispute, claim, setoff or similar right; or

(vii) the Account Debtor has commenced a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or made an assignment for the benefit of creditors, or a decree or order for relief has been entered by a court having jurisdiction in the premises in respect of the Account Debtor in an involuntary case under the federal or other similar bankruptcy, reorganization or insolvency laws, as now constituted or hereafter amended, or any other petition or other application for relief under the federal or other similar bankruptcy reorganization or insolvency laws, as now constituted or hereafter amended, has been filed against the Account Debtor, or if the Account Debtor has failed, suspended business, ceased to be Solvent, or consented to or suffered a receiver, trustee, liquidator or custodian to be appointed for it or for all or a significant portion of its assets or affairs; or

(viii) it arises from a sale made or services rendered to an Account Debtor outside the United States, unless the sale is either (1) to an Account Debtor located in Ontario or any other province of Canada in which the Personal Property Security Act has been adopted in substantially the same form as currently in effect in Ontario or (2) on letter of credit, guaranty or acceptance terms, in each case acceptable to Agent in its reasonable credit judgment; or

(ix) (1) it arises from a sale to the Account Debtor on a bill-and-hold or consignment basis; or (2) it is subject to a reserve established by

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Borrower or any of its Subsidiaries for potential returns or refunds, to the extent of such reserve; or

(x) the Account Debtor is the United States of America, any State or any political subdivision or department, agency or instrumentality thereof, unless Borrower or any such Guarantor, as applicable, assigns its right to payment of such Account to Agent, in a manner satisfactory to Agent, in its reasonable credit judgment, so as to comply with the Assignment of Claims Act of 1940 (31 U.S.C. Section 203 et seq., as amended) or complies with any similar applicable state or local law as Agent may require; or

(xi) it is not at all times subject to Agent's duly perfected, first priority security interest and to no other Lien that is not a Permitted Lien; or

(xii) the goods giving rise to such Account have not been delivered to and accepted by the Account Debtor or the services giving rise to such Account have not been performed by Borrower or the applicable Guarantor and accepted by the Account Debtor or the Account otherwise does not represent a final sale; or

(xiii) the Account is evidenced by an instrument of any kind, or has been reduced to judgment; or

(xiv) Borrower or a Subsidiary of Borrower has made any agreement with the Account Debtor for any deduction therefrom, except for discounts or allowances which are made in the ordinary course of business for prompt payment and which discounts or allowances are reflected in the calculation of the face value of each invoice related to such Account; or

(xv) more than 50% of the Accounts owing from the Account Debtor are not Eligible Accounts hereunder; provided that Agent may, in its sole discretion, reduce such percentage to a lesser percentage, but not below 25%; or

(xvi) the Account is subject to any progress payment or other similar advance made by or for the benefit of the applicable Account Debtor; or

(xvii) the Account evidences a lease to an Account Debtor that is an individual and the aggregate amount of such Accounts included as Eligible Accounts hereunder equals or exceeds \$750,000; or

(xvii) the Account evidences a sale to an Account Debtor that is an individual.

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"Eligible Container Fleet Inventory" - Eligible Goods Inventory of Borrower and the Guarantors consisting of new and used manufactured or remanufactured portable and ISO containers and portable mobile offices, valued at the lower of Borrower and its Subsidiaries' cost or orderly liquidation value, except for custom containers that are pre-sold and ISO containers that are pre-sold, which will be valued at the lower of Borrower's cost or sales invoice, , held by Borrower or a Guarantor for intended lease or rental by Borrower and its Subsidiaries to third party end users.

"Eligible Container Inventory Held For Sale" - Eligible Goods Inventory of Borrower and the Guarantors consisting of new and used manufactured or remanufactured portable and ISO containers, valued at the lower of Borrower and Subsidiaries' cost or orderly liquidation value, except for custom containers that are pre-sold and ISO containers that are pre-sold, which will be valued at the lower of Borrower's cost or sales invoice, held by Borrower or a Guarantor for intended sale to third parties, containers used by Borrower and the Guarantors, containers temporarily out of service and otherwise unrefurbished ISO units, whether or not held for sale.

"Eligible Goods Inventory" - Inventory of Borrower and the Guarantors which Agent, in its reasonable credit judgment, deems to be Eligible Goods Inventory. In determining the amount to be so included, Inventory shall be valued at the lower of cost or orderly liquidation value, except for custom containers that are pre-sold and ISO containers that are pre-sold, which will be valued at the lower of Borrower's cost or sales invoice, . Unless otherwise approved in writing by Agent, no Inventory shall be deemed Eligible Goods Inventory if:

(a) it is not owned solely by Borrower or a Guarantor or Borrower or a Guarantor does not have good, valid and marketable title thereto; or

(b) it is not located in the United States; or

(c) it (i) is not subject to valid, current rental or lease agreements between Borrower or a Guarantor and the renters or lessees thereof or (ii) if not leased, is not located on property owned or leased by Borrower or a Guarantor or is not located in a contract warehouse, subject to a Collateral Access Agreement executed by the mortgagee, the lessor or the contract warehouseman, as the case may be, and segregated or otherwise separately identifiable from goods of others, if any, stored on the premises; provided, however, that as long as Borrower has received Collateral Access Agreements to the extent necessary to comply with Subsection 8.1.6 of the Agreement, Inventory will not be deemed ineligible solely because it is located on property not subject to a Collateral Access Agreement, but Agent shall reserve one month's rent under the applicable lease for the premises against the Borrowing Base; or

(d) it is not subject to a valid and perfected first priority Lien in favor of Agent except, with respect to Inventory stored at sites described in clause (c) above, for Liens for unpaid rent or normal and customary warehousing charges; or

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(e) it consists of goods returned or rejected by Borrower or a Subsidiary's or Affiliate's customers or goods in transit to third parties (other than to warehouse sites covered by a Collateral Access Agreement); or

(f) it is not first-quality finished goods or work in process, is obsolete, or does not otherwise conform to the representations and warranties contained in the Loan Documents; or

(g) it is subject to a lease which should be classified as a

capital lease under GAAP or contains a purchase option for an amount less than the amount equal to the net book value; or

(h) Inventory which is located on Borrower's premises and is being repaired; or

(i) Inventory which can not be located at the time of Borrower's physical inventory; or

(j) it is Eligible Raw Materials Inventory or Eligible Machinery and Equipment.

"Eligible Inventory" - Eligible Goods Inventory and Eligible Raw Materials Inventory.

"Eligible Machinery and Equipment" - Equipment of Borrower or a Guarantor which Agent, in its reasonable credit judgment, deems to be Eligible Machinery and Equipment. Without limiting the generality of the foregoing, unless otherwise approved in writing by Agent, no Equipment shall be deemed Eligible Machinery and Equipment if:

(a) it is not owned solely by Borrower or a Guarantor or Borrower or a Guarantor does not have good, valid and marketable title thereto; or

(b) it is not located in the United States; or

(c) it is not located on property owned or leased by Borrower or a Guarantor subject to a Collateral Access Agreement executed by the lessor; provided, however, that as long as Borrower has received Collateral Access Agreements to the extent necessary to comply with Subsection 8.1.6 of the Agreement, Equipment will not be deemed ineligible solely because it is located on property not subject to a Collateral Access Agreement, but Agent shall reserve one month's rent under the applicable lease of the premises against the Borrowing Base; or

(d) it is not subject to a valid and perfected first priority Lien in favor of Agent except, with respect to Equipment stored at sites described in clause (c) above, for Liens for unpaid rent or normal and customary warehousing charges; or

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(e) it is not of a like kind or type of Equipment that has been appraised and it has not been appraised by the Appraiser with an appraisal in form and substance satisfactory to Agent and reasonably satisfactory to Majority Lenders.

"Eligible Other Raw Materials Component Inventory" - Eligible Raw Materials Inventory, valued at Borrowers' cost, of Borrower or a Guarantor purchased from third parties consisting of plumbing, drywall, electrical components, insulation materials, HVAC materials, doors and windows, and fasteners, and located on the Closing Date or thereafter at Borrower's Maricopa facility or such other facility of Borrower or a Guarantor as to which Borrower implements a perpetual inventory accounting system comparable to that of the Maricopa facility.

"Eligible Primary Raw Materials Inventory" - Eligible Raw Materials Inventory, valued at Borrowers' cost (except for fiscal year end calculations where the value will be the lower of Borrower's cost or market), of Borrower or a Guarantor consisting of steel, lumber, plywood and paint, and located on the Closing Date or thereafter at Borrower's Maricopa facility or such other facility of Borrower as to which Borrower implements a perpetual inventory accounting system comparable to that of the Maricopa facility.

"Eligible Raw Materials Inventory" - Eligible Primary Raw Materials Inventory or Eligible Other Raw Materials Inventory which Agent, in its reasonable credit judgment, deems to be Eligible Raw Materials Inventory. Without limiting the generality of the foregoing, unless otherwise approved in writing by Agent, no Inventory shall be deemed Eligible Raw Materials Inventory if:

(a) it is not owned solely by Borrower or a Guarantor or Borrower or a Guarantor does not have good, valid and marketable title thereto; or

(b) it is not located in the United States; or

(c) it is not located on property owned or leased by Borrower or a Guarantor or in a contract warehouse, subject to a Collateral Access Agreement executed by the lessor or the contract warehouseman, as the case may be, and segregated or otherwise separately identifiable from goods of others, if any, stored on the premises; provided, however, that as long as Borrower has received Collateral Access Agreements to the extent necessary to comply with Subsection 8.1.6 of the Agreement, Inventory will not be deemed ineligible solely because it is located on property not subject to a Collateral Access Agreement, but Agent shall reserve equal to one month's rent under the applicable lease of the premises against the Borrowing Base.; or

(d) it is not subject to a valid and perfected first priority Lien in favor of Agent except, with respect to Inventory stored at sites described in clause (c) above, for Liens for unpaid rent or normal and customary warehousing charges; or

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(e) it is goods returned or rejected by Borrower or a Guarantor's customers or goods in transit to third parties (other than to warehouse sites covered by a Collateral Access Agreement); or

(f) it is not first-quality raw materials, is obsolete or slow moving, or does not otherwise conform to the representations and warranties contained in the Credit Documents; or

(g) it is Eligible Goods Inventory or Eligible Machinery and Equipment; or

(h) it is Inventory being repaired at Borrower's facility.

"Eligible Trailer Fleet Inventory" - Eligible Goods Inventory consisting of new and used manufactured or remanufactured Trailers, valued at the lower of cost or orderly liquidation value, held by Borrower or a Guarantor for intended lease or rental by Borrower or a Guarantor to third party end users, and shall exclude any Inventory that is not manufactured in accordance with and does not meet all standards imposed by all requirements of law or by any governmental authority having regulatory authority over such goods or their manufacture, use, sale, or lease.

"Eligible Work-In-Process Container Inventory" - Eligible Goods Inventory, valued at cost, consisting of : (a) new and used manufactured or remanufactured portable containers, which is in the work-in-process phase of manufacturing; (b) shaped steel component parts; or (c) sub-assemblies and which are located on the Closing Date or thereafter at Borrower's Maricopa facility or at such other facility of Borrower or a Guarantor as to which Borrower and the Guarantors implement after the Closing Date a perpetual inventory accounting system comparable to that of the Maricopa facility.

"Environmental Laws" - all federal, state and local laws, rules, regulations, ordinances, orders and consent decrees relating to pollution or the protection of the environment.

"Equipment" - all machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other tangible personal Property (other than Inventory) of every kind and description used in the operations of Borrower or any of its Subsidiaries or Affiliates or owned by Borrower or any of its Subsidiaries or Affiliates or in which Borrower or any of its Subsidiaries or Affiliates has an interest, whether now owned or hereafter acquired by Borrower or any of its Subsidiaries or Affiliates and wherever located, and all parts, accessories and special tools and all increases and accessions thereto and substitutions and replacements therefor.

"ERISA" - the Employee Retirement Income Security Act of 1974, as amended, and all rules and regulations from time to time promulgated thereunder.

"Event of Default" - as defined in Section 10.1 of the Agreement.

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"Fixed Charge Coverage Ratio" - as any date of determination, the

ratio of (i) Consolidated Net Cash Flow for the four fiscal quarters ending on such date to (ii) the sum of Interest Expense for the four fiscal quarters ending on such date plus the current portion of Funded Debt as of such date.

"Fleet" - Fleet Capital Corporation, a Rhode Island corporation with an office at 15260 Ventura Boulevard, Suite 400, Sherman Oaks, California 91403, and its successors and assigns.

"Funded Debt" - means, without duplication, (i) Indebtedness arising from the lending of money by any Person to Borrower or any of its Subsidiaries; (ii) Indebtedness, whether or not in any such case arising from the lending by any Person of money to Borrower or any of its Subsidiaries, (1) which is represented by notes payable or drafts accepted that evidence extensions of credit, (2) which constitutes obligations evidenced by bonds, debentures, notes or similar instruments, or (3) upon which interest charges are customarily paid (other than accounts payable) or that was issued or assumed as full or partial payment for Property; (iii) Indebtedness that constitutes a Capitalized Lease Obligation; (iv) reimbursement obligations with respect to letters of credit or guaranties of letters of credit and (v) Indebtedness of Borrower or any of its Subsidiaries under any guaranty of obligations that would constitute Funded Debt under clauses (i) through (iii) hereof, if owed directly by Borrower or any of its Subsidiaries. Funded Debt shall not include trade payables or accrued expenses or Indebtedness of up to \$1,500,000 incurred to finance insurance premiums.

"Guarantors" - each Subsidiary of Borrower and each other Person who now or hereafter guarantees payment or performance of the whole or any part of the Obligations.

"Guaranty Agreements" - the Guaranty which is to be executed on the Closing Date by each Subsidiary of Borrower, in form and substance satisfactory to Agent, together with each other guaranty hereafter executed by any Guarantor.

"Indebtedness" - (a) indebtedness for borrowed money or for the deferred purchase price of property or services (other than trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), whether on open account or evidenced by a note, bond, debenture or similar instrument, (b) Capitalized Lease Obligations, (c) reimbursement obligations for letters of credit, banker's acceptances or other credit accommodations, (d) Derivative Obligations, as determined by Agent, (e) Contingent Obligations and (f) obligations secured by any Lien on that Person's property, even if that Person has not assumed such obligations.

"Intellectual Property" - all past, present and future: trade secrets, know-how and other proprietary information; trademarks, internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and the goodwill of the business relating thereto and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights (including copyrights for computer programs) and copyright

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registrations or applications for registrations which have heretofore been or may hereafter be issued throughout the world and all tangible property embodying the copyrights, unpatented inventions (whether or not patentable); patent applications and patents; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; the right to sue for all past, present and future infringements of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

"Interest Expense" - the consolidated expense of Borrower and its Subsidiaries for interest on Indebtedness, including, without limitation, amortization of original issue discount, incurrence fees (to the extent included in interest expense), the interest portion of any deferred payment obligation and the interest component of any capital lease obligation.

"Interest Period" - as applicable to any LIBOR Advance, a period

commencing on the date a LIBOR Advance is made, and ending on the date which is one (1) month, two (2) months, three (3) months, or six (6) months later, as may then be requested by Borrower; provided that (i) any Interest Period which would otherwise end on a day which is not a Business Day shall end in the next preceding or succeeding Business Day as is Agent's custom in the market to which such LIBOR Advance relates; and (ii) there remains a minimum of one (1) month, two (2) months, three (3) months or six (6) months (depending upon which Interest Period Borrower selects) in the Term.

"Investment" - all expenditures made and all liabilities incurred (including Contingent Obligations) for or in connection with the acquisition of Securities or Indebtedness of a Person, loans, advances, capital contributions or transfers of property to a Person, or acquisition of substantially all the assets of a Person. In determining the aggregate amount of Investments outstanding at any particular time, (i) a guaranty shall be valued at not less than the principal amount guaranteed and outstanding; (ii) returns of capital (but only by repurchase, redemption, retirement, repayment, liquidating dividend or liquidating distribution) shall be deducted; (iii) earnings, whether as dividends, interest or otherwise, shall not be deducted; and (iv) decreases in the market value shall not be deducted.

"IP Security Agreement" - a security agreement executed by Borrower or any Guarantor granting to Agent, for the benefit of the Lenders, a Lien on Intellectual Property.

"LC Amount" - at any time, the aggregate undrawn face amount of all Letters of Credit and LC Guaranties then outstanding.

"LC Guaranty" - any guaranty pursuant to which Agent or any Affiliate of Agent shall guaranty the payment or performance by Borrower of its reimbursement obligation under any letter of credit.

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"LC Obligations" - any Obligations that arise from any draw against any Letter of Credit or against any Letter of Credit supported by an LC Guaranty.

"Legal Requirement" - any requirement imposed upon Agent or any Lender by any law of the United States of America or the United Kingdom or by any regulation, order, interpretation, ruling or official directive (whether or not having the force of law) of the Federal Reserve Board, the Bank of England or any other board, central bank or governmental or administrative agency, institution or authority of the United States of America, the United Kingdom or any political subdivision of either thereof.

"Lenders" - Fleet in its capacity as lender and any other financial institution which is or becomes a party to this Agreement as a lender.

"Letter of Credit" - any standby or documentary letter of credit issued by Agent or any Affiliate of Agent for the account of Borrower.

"LIBOR" - with respect to any LIBOR Advance, an interest rate per annum (rounded upwards, if necessary, to the next higher 1/16 of 1%) equal to the product of (i) the Base LIBOR Rate (as hereinafter defined) divided by (ii) an amount equal to 1 minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed against banks which are members of the Federal Reserve System for "Eurocurrency Liabilities" as defined in Regulation D. For purposes of this definition, the term "Base LIBOR Rate" shall mean the rate, rounded upwards, if necessary, to the next higher 1/16 of 1%) at which deposits of U.S. dollars approximately equal in principal amount to the applicable LIBOR Advance are offered to Agent or Agent's Affiliate by prime banks in the London interbank foreign currency deposits market at approximately 11:00 a.m., London time, two business days prior to the such LIBOR Advance, for delivery on the day of such LIBOR Advance. Each determination by Agent of any LIBOR rate shall, in the absence of manifest error, be conclusive.

"LIBOR Advance" - any Loan bearing interest computed by reference to the LIBOR.

"LIBOR Interest Payment Date" - the last day of each Interest Period and, in the case of any Interest Period of six (6) months, the 90th day of such Interest Period.

"LIBOR Portion" - that portion of the Revolving Credit Loans that is subject to interest computed by reference to the LIBOR.

"Lien" - any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on common law, statute or contract. The term "Lien" shall also include rights of seller under conditional sales contracts or title retention agreements, reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property. For the purpose of the Agreement, Borrower or Guarantor, as applicable, shall be deemed to be the owner of any Property which it has acquired or holds

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subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"Loan Account" - the loan account established on the books of Agent pursuant to Section 3.6 of the Agreement.

"Loan Documents" - the Agreement, the Other Agreements and the Security Documents.

"Loans" - all loans and advances of any kind made by Agent or any Lender (or by any affiliate of Fleet) pursuant to the Agreement.

"London Banking Day" - any date on which commercial banks are open for business in London, England.

"Majority Lenders" - as of any date, Lenders holding 51% of the Revolving Loan Commitments determined on a combined basis and following the termination of the Revolving Loan Commitments, Lenders holding 51% or more of the outstanding Loans, LC Amounts and LC Obligations not yet reimbursed by Borrower or funded with a Revolving Credit Loan; provided, that (i) in each case, if there are 2 or more Lenders with outstanding Loans, LC Amounts, unfunded and unreimbursed LC Obligations or Revolving Loan Commitments, at least 2 Lenders shall be required to constitute Majority Lenders; and (ii) prior to termination of the Revolving Loan Commitments, if any Lender breaches its obligation to fund any requested Revolving Credit Loan, for so long as such breach exists, its voting rights hereunder shall be calculated with reference to its outstanding Loans, LC Amounts and unfunded and unreimbursed LC Obligations, rather than its Revolving Loan Commitment.

"Mandatory Redeemable Obligation" - an obligation of Borrower or any of its Subsidiaries (or guaranteed by any of them) which must be redeemed or repaid (a) at a fixed or determinable date, whether by operation of sinking fund or otherwise, (b) at the option of any Person other than Borrower or such Subsidiary, or (c) upon the occurrence of a condition not solely within the control of Borrower or such Subsidiary, such as a redemption required to be made out of future earnings.

"Material Adverse Effect" - means (i) a material adverse effect on the business, prospects, operations, results of operations, assets, liabilities or condition (financial or otherwise) of Borrower and Guarantors, taken as a whole, (ii) the impairment of the ability of Borrower or any Guarantor to perform its obligations under the Loan Documents to which it is a party or of Agent or the Lenders to enforce the Obligations or realize upon the Collateral, or (iii) a material adverse effect on the value of a material portion of the Collateral or the amount which Agent or the Lenders would receive (after giving consideration to delays in payment and costs of enforcement) in the liquidation of such Collateral.

"Mortgages" - All mortgages, deeds of trust and comparable documents now or at any time hereafter securing the whole or any part of the Obligations.

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"Multiemployer Plan" - has the meaning set forth in Section 4001(a)(3) of ERISA.

"Obligations" - all Loans, all LC Obligations and all other advances, debts, liabilities, obligations, covenants and duties, together with all interest, fees and other charges thereon, owing, arising, due or payable from Borrower to Agent, for its own benefit and the benefit of the Lenders, or from Borrower to Bank, of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, whether arising under the Agreement or any of the other Loan Documents or cash management services rendered in connection therewith, whether direct or indirect (including those acquired by assignment), absolute or contingent, primary or secondary, due or to become due, now existing or hereafter arising and however acquired, and any Derivative Obligations owing to Agent, any Lender or any Affiliate of a Lender or Bank.

"Organizational I.D. Number" - with respect to Borrower or any Subsidiary of Borrower, the organizational identification number assigned to Borrower or such Subsidiary by the applicable governmental unit or agency of the jurisdiction of organization of Borrower or such Subsidiary.

"Other Agreements" - any and all agreements, instruments and documents (other than the Agreement and the Security Documents), heretofore, now or hereafter executed by Borrower, any Subsidiary of Borrower or any other third party and delivered to Agent in respect of the transactions contemplated by the Agreement.

"Overadvance" - the amount, if any, by which the outstanding principal amount of Revolving Credit Loans, plus the LC Amount, plus the amount of LC Obligations that have not been reimbursed by Borrower or funded with a Revolving Credit Loan, plus reserves, exceeds the Borrowing Base.

"Permitted Acquisition" - an Acquisition permitted under Subsection 8.2.14 of the Agreement.

"Permitted Liens" - any Lien of a kind specified in Subsection 8.2.3 of the Agreement.

"Person" - an individual, partnership, corporation, limited liability company, joint stock company, land trust, business trust, or unincorporated organization, or a government or agency or political subdivision thereof.

"Plan" - an employee benefit plan now or hereafter maintained for employees of Borrower or any of its Subsidiaries that is covered by Title IV of ERISA.

"Pledge Agreement" - the pledge agreement executed by Borrower and its Subsidiaries pledging to Agent, for the benefit of the Lenders, all Securities owned by them.

"Projections" - Borrower's forecasted Consolidated (i) balance sheets, (ii) profit and loss statements, (iii) cash flow statements, and (iv) of stockholders equity

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statements, all prepared on a consistent basis with the historical financial statements of Borrower and its Subsidiaries, together with appropriate supporting details and a statement of underlying assumptions.

"Property" - any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Purchase Money Liens and Leases" - a Lien upon fixed assets which secures Indebtedness permitted under Subsection 8.2.2, but only if such Lien shall at all times be confined solely to the fixed assets the purchase price of which was financed through the incurrence of the purchase money Indebtedness secured by such Lien.

"Reportable Event" - any of the events set forth in Section 4043(b) of ERISA.

"Reserve Percentage" - the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed on member banks of the Federal Reserve System against "Eurocurrency Liabilities" as defined in Regulation D.

"Restricted Payment" - defined in Section 8.2.6.

"Revolving Credit Loan" - a Loan made by a Lender pursuant to Section 1.1.1 of the Agreement.

"Revolving Credit Maximum Amount" - \$250,000,000.00, as such amount may be reduced from time to time pursuant to the terms of the Agreement.

"Revolving Loan Commitment" - with respect to any Lender, the amount of such Lender's Revolving Loan Commitment pursuant to Subsection 1.1.1 of the Agreement, as set forth below such Lender's name on the signature page hereof, as the same may be reduced from time to time pursuant to the terms of this Agreement.

"Revolving Loan Percentage" - with respect to each Lender, the percentage equal to the quotient of such Lender's Revolving Loan Commitment divided by the aggregate of all Revolving Loan Commitments.

"Revolving Notes" - the Secured Promissory Notes to be executed by Borrower on or about the Closing Date in favor of each Lender to evidence the Revolving Credit Loans, which shall be in the form of Exhibit 1.1 to the Agreement, together with any replacement or successor notes therefor.

"Security" - all shares of stock, partnership interests, membership interests, membership units or other ownership interests in any other Person and all warrants, options or other rights to acquire the same.

"Security Documents" - the Guaranty Agreements, the Subsidiary Security Agreements, the IP Security Agreements, the Pledge Agreement, the Mortgages and all other instruments and agreements now or at any time hereafter securing the whole or any part of the

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Obligations or any Guaranty thereof, including any joinder agreement pursuant to which any Subsidiary or Affiliate of Borrower becomes a party to any other Security Document.

"Solvent" - as to any Person, such Person (i) owns Property whose fair saleable value is greater than the amount required to pay all of such Person's Indebtedness (including contingent debts discounted based on the likelihood of their having to be paid), (ii) is able to pay all of its Indebtedness as such Indebtedness matures and (iii) has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage.

"Specified Real Property" - the four parcels of real property owned by Borrower or Guarantor located at (i) 11755 Maricopa Industrial Parkway, Pinal County, Arizona, (ii) 4010 South 36th Street, Phoenix, Arizona, (iii) 3550 Duncanville Road, Dallas, Texas; and (iv) 3926 S.W. 29th Street, Oklahoma City, Oklahoma.

"Subordinated Debt" - Indebtedness of Borrower or any Subsidiary of Borrower that is subordinated to the Obligations in a manner satisfactory to Agent, and contains terms, including without limitation, payment terms, satisfactory to Agent.

"Subsidiary" - any Person of which another Person owns, directly or indirectly through one or more intermediaries, more than 50% of the Voting Stock at the time of determination. For purposes of clarity, the term "Subsidiary" shall include subsidiaries of Subsidiaries.

"Subsidiary Security Agreement" - the security agreement executed by Borrower's Subsidiaries and Affiliates in favor of Agent, for the benefit of the Lenders.

"Swing Line Loan" - as defined in Section 3.1.11 of the Agreement.

"Term" - as defined in Section 4.1 of the Agreement.

"Total Credit Facility" - \$250,000,000.00, as reduced from time to time pursuant to the terms of the Agreement.

"Trailers" - over-the-road tractor trailers and trailers intended for use as storage facilities not constituting portable and ISO containers owned by Borrower or any of its Subsidiaries.

"Type of Organization" - with respect to Borrower or any Subsidiary of Borrower, the kind or type of entity by which Borrower or such Subsidiary is organized, such as a corporation or limited liability company.

"UCC" - the Uniform Commercial Code as in effect in the State of California on the date of this Agreement, as the UCC may be amended or otherwise modified from time to time.

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"Unfinanced Capital Expenditures" - for any period, cash expenditures made for Capital Expenditures during such period less (i) the net cash proceeds received during such period from Borrower's issuance of equity Securities or Subordinated Debt and (ii) the amount, that Lenders would advance against Eligible Machinery and Equipment, Eligible Container Fleet Inventory or Eligible Container Inventory held for sale acquired if it were included in the Borrowing Base.

"Voting Stock" - Securities of any class or classes of a corporation, limited partnership or limited liability company or any other entity the holders of which are ordinarily, in the absence of contingencies, entitled to vote with respect to the election of corporate directors (or Persons performing similar functions).

Other Terms. All other terms contained in the Agreement shall have, when the context so indicates, the meanings provided for by the UCC to the extent the same are used or defined therein.

Certain Matters of Construction. The terms "herein", "hereof" and "hereunder" and other words of similar import refer to the Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. The section titles, table of contents and list of exhibits appear as a matter of convenience only and shall not affect the interpretation of the Agreement. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. All references to any of the Loan Documents shall include any and all modifications thereto and any and all extensions or renewals thereof.

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LIST OF EXHIBITS AND SCHEDULES

Exhibit 1.1 Form of Revolving Note
Exhibit 8.3 Financial Covenants

List of Exhibits and Schedules

EXHIBIT 1.1

FORM OF REVOLVING NOTE

Exhibit 1.1 - Page 1

EXHIBIT 8.3

FINANCIAL COVENANTS

8.3.1 Fixed Charge Coverage Ratio. As of the end of each fiscal quarter set forth below, Borrower and its Subsidiaries shall maintain a Fixed Charge Coverage Ratio of not less than the ratio set forth below opposite such date:

Fiscal Quarter Ended on -----	Fixed Charge Coverage Ratio -----
March 31, 2002	2.10 to 1.0
June 30, 2002	1.90 to 1.0
September 30, 2002	1.80 to 1.0
December 31, 2002	1.80 to 1.0
March 31, 2003	2.00 to 1.0
June 30, 2003 and thereafter	2.10 to 1.0

8.3.2 Debt Ratio. As of the end of each fiscal quarter, Borrower and its Subsidiaries shall maintain a Debt Ratio of not more than 4.50 to 1.00.

8.3.3 Minimum Availability. Borrower shall maintain at all times an Availability of not less than \$10,000,000.00, calculated for these purposes only without deduction of the Availability Reserve.

8.3.4 Minimum Utilization. Borrower and Guarantors shall maintain minimum utilization rates for each fiscal quarter, calculated at the end of each such quarter as the average amount during such quarter, and calculated as:

(a) the number of units of the Eligible Container Fleet Inventory of Borrower and the Guarantors which is then subject to valid, current rental or lease agreements between Borrower or a Guarantor and the renters or lessees thereof, divided by the aggregate number of units of the Eligible Container Fleet Inventory of Borrower and the Guarantors, of not less than seventy five percent (75%) in the first fiscal quarter of each year and seventy-seven and one-half percent (77.5%) in each other fiscal quarter; and

(b) (i) the number of units of the Eligible Container Fleet Inventory of Borrower and the Guarantors which is then subject to valid, current rental or lease agreements

Exhibit 8.3 - Page 1

(ii) sum of (A) the number of units of the Eligible Container Fleet Inventory of Borrower and the Guarantors, and (B) the number of units of the Eligible Container Inventory Held For Sale of Borrower and the Guarantors, of not less than seventy percent (70%) in the first fiscal quarter in each year and seventy-two and one-half percent (72.5%) in each other fiscal quarter; provided, that for the purposes of calculation of compliance with this Subsection 8.3.4, the aggregate of the number of units of Eligible Container Inventory Held For Sale, as a percentage of the sum of clauses (A) and (B) above, shall not exceed five percent (5%).

Exhibit 8.3 - Page 2

SUBSIDIARY SECURITY AGREEMENT

This Subsidiary Security Agreement (this "Agreement") is entered into as of February 11, 2002, by MOBILE MINI I, INC., an Arizona corporation, MOBILE MINI HOLDINGS, INC., a Delaware corporation, DELIVERY DESIGN SYSTEMS, INC., an Arizona corporation, MOBILE MINI, LLC, a Delaware limited liability company, MOBILE MINI, LLC, a California limited liability company, MOBILE MINI OF OHIO, LLC, a Delaware limited liability company, and MOBILE MINI TEXAS LIMITED PARTNERSHIP, LLP, a Texas limited liability partnership (each, together with each additional Subsidiary of Mobile Mini, Inc. (the "Borrower") which becomes a party hereto, a "Grantor" and collectively, the "Grantors"), in favor of the financial institutions and their successors and assigns (the "Lenders") which may now be or hereafter become parties to the Loan Agreement (as defined below), and FLEET CAPITAL CORPORATION, for itself and as agent for the Lenders (the "Agent"; and together with the Lenders, the "Secured Parties").

R E C I T A L S

WHEREAS, the Agent, the Lenders and Borrower, the parent of Grantors, have entered into that certain Loan and Security Agreement, dated as of February 11, 2002 (as the same may be amended, supplemented, amended and restated or otherwise modified from time to time, the "Loan Agreement"), providing for the extension of credit by the Lenders to the Borrower. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Loan Agreement; and;

WHEREAS, as wholly-owned subsidiaries of Borrower, each Grantor is materially interested in the financial success of Borrower; and

WHEREAS, Borrower and Grantors are involved in an inter-related business enterprise and will benefit from the financing provided by the Secured Parties; and

WHEREAS, the Lenders have required, as a condition to the extension of credit under the Loan Agreement, that the Grantors execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the premises and to induce the Lenders to extend credit under the Loan Agreement, each Grantor agrees with the Agent for its benefit and the ratable benefit of the Lenders as follows:

A G R E E M E N T

1 Security Interests.

(a) Security Interest in Collateral. To secure the prompt payment and performance to Agent and each Lender of its Obligations under the Guaranty and any other Loan

Document (the "Secured Obligations"), each of the Grantors hereby grants to Agent for the benefit of itself and each Lender a continuing Lien upon all such Grantor's assets, including all of the following Property and interests in Property of such Grantor, whether now owned or existing or hereafter created, acquired or arising and wheresoever located:

- (i) Accounts;
- (ii) Certificated Securities;
- (iii) Chattel Paper, including Electronic Chattel Paper and Tangible Chattel Paper;
- (iv) Commercial Tort Claims;
- (v) Computer Hardware and Software and all rights with respect thereto, including, any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing;

- (vi) Contract Rights;
- (vii) Deposit Accounts;
- (viii) Documents;
- (ix) Equipment;
- (x) Financial Assets;
- (xi) Fixtures;
- (xii) General Intangibles, including Payment Intangibles and Software;
- (xiii) Goods (including all of its Equipment, Fixtures and Inventory), and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor;
- (xiv) Instruments;
- (xv) Intellectual Property;
- (xvi) Inventory;
- (xvii) Investment Property;
- (xviii) money (of every jurisdiction whatsoever);

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- (xix) Letter-of-Credit Rights;
- (xx) Payment Intangibles;
- (xxi) Security Entitlements;
- (xxii) Software;
- (xxiii) Supporting Obligations;
- (xxiv) Uncertificated Securities; and
- (xxv) to the extent not included in the foregoing, all other personal property of any kind or description;

together with all books, records, writings, data bases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all Proceeds, products, offspring, rents, issues, profits and returns of and from any of the foregoing; provided that to the extent that the provisions of any lease or license of Computer Hardware and Software or Intellectual Property expressly prohibit (which prohibition is enforceable under applicable law) any assignment thereof, and the grant of security interest therein, Agent will not enforce its security interest in such Grantor's rights under such lease or license (other than in respect of the Proceeds thereof) for so long as such prohibition continues, it being understood that upon request of Agent, such Grantor will in good faith use reasonable efforts to obtain consent for the creation of a security interest in favor of Agent (and to Agent's enforcement of such security interest) in Agent's rights under such lease or license.

(b) Other Collateral.

(i) Commercial Tort Claims. Each Grantor shall, and shall cause its Subsidiaries to, promptly notify Agent in writing upon its obtaining knowledge of the incurrence of or obtaining a Commercial Tort Claim after the Closing Date against any third party and, upon request of Agent, promptly enter into an amendment to this Agreement and do such other acts or things deemed appropriate by Agent to give Agent a security interest in any such Commercial Tort Claim.

(ii) Other Collateral. Each Grantor shall, and shall cause its Subsidiaries to, promptly notify Agent in writing upon

acquiring or otherwise obtaining any material amount of Collateral after the date hereof consisting of Deposit Accounts, Investment Property, Letter of Credit Rights or Electronic Chattel Paper and, upon the request of Agent, promptly execute such other documents, and do such other acts or things deemed appropriate by Agent to deliver to Agent control with respect to such Collateral; promptly notify Agent in writing upon acquiring or otherwise obtaining any Collateral after the date hereof consisting of Documents or Instruments and, upon the request of Agent, will promptly execute such other documents, and do such other acts or things deemed appropriate by Agent to deliver to Agent possession of such Documents which are negotiable and Instruments (other than Instruments for which the aggregate

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principal amount does not collectively exceed \$100,000), and, with respect to nonnegotiable Documents, to have such nonnegotiable Documents issued in the name of Agent; and with respect to Collateral in the possession of a third party, other than Certificated Securities and Goods covered by a Document, obtain an acknowledgement from the third party that it is holding the Collateral for the benefit of Agent.

(c) Lien Perfection; Further Assurances. Each Grantor shall, and shall cause its Subsidiaries to, execute such UCC-1 financing statements as are required by the UCC and such other instruments, assignments or documents as are necessary to perfect Agent's Lien upon any of the Collateral and shall take such other action as may be required to perfect or to continue the perfection of Agent's Lien upon the Collateral. Unless prohibited by applicable law, such Grantor hereby irrevocably authorizes Agent to execute (if required) and file any such financing statements, including, without limitation, financing statements that indicate the Collateral (i) as all assets of such Grantor or its Subsidiaries, as applicable, or words of similar effect, or (ii) as being of an equal or lesser scope, or with greater or lesser detail, than as set forth in Subsection 1(a) above, on such Grantor's or the applicable Subsidiary's behalf. Such Grantor, on behalf of itself and its Subsidiaries, also hereby ratifies its authorization for Agent to have filed in any jurisdiction any like financing statements or amendments thereto if filed prior to the date hereof. The parties agree that a carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement and may be filed in any appropriate office in lieu thereof. At Agent's request, such Grantor shall, and shall cause its Subsidiaries to, also promptly execute or cause to be executed and shall deliver to Agent any and all documents, instruments and agreements deemed necessary by Agent to give effect to or carry out the terms or intent of the Loan Documents. Such Grantor shall, and shall cause its Subsidiaries to, mark all chattel paper to note Agent's Liens therein.

(d) Lien on Realty. The due and punctual payment and performance of the Obligations shall also be secured by the Lien created by Mortgages upon all real Property of each Grantor and its Subsidiaries now or hereafter owned. Each Mortgage shall be executed by such Grantor or the applicable Subsidiary in favor of Agent. Each Mortgage shall be duly recorded, at such Grantor's expense, in each office where such recording is required to constitute a fully perfected first Lien on the real Property covered thereby. Such Grantor shall deliver to Agent, at such Grantor's expense, mortgagee title insurance policies issued by a title insurance company satisfactory to Agent, which policies shall be in form and substance satisfactory to Agent and shall insure a valid first Lien in favor of Agent, for the benefit of itself and the Lenders, on the Property covered by each Mortgage, subject only to those exceptions acceptable to Agent and its counsel. Such Grantor shall deliver to Agent such other documents, including, without limitation, as-built survey prints of the real Property, as Agent and its counsel may request relating to the real Property subject to the Mortgages.

2 Collateral Administration

(a) General

(i) Location of Collateral. All Collateral, other than Inventory in transit and motor vehicles, will at all times be kept by each Grantor at one or more of

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business locations set forth in Exhibit 6.1.1 to the Loan Agreement, as updated pursuant to Section 6.3 of the Loan Agreement.

(ii) Insurance of Collateral. Each Grantor shall maintain and pay for insurance upon all Collateral wherever located and with respect to the business of such Grantor, covering casualty, hazard, public liability, workers' compensation and such other risks in such amounts and with such insurance companies as are reasonably satisfactory to Agent. Such Grantor shall deliver certified copies of such policies to Agent as promptly as practicable, with satisfactory lender's loss payable endorsements, naming Agent as loss payee on any property insurance or business interruption insurance policies and as an additional insured on any liability insurance policies, and showing only such other loss payees, assignees and additional insureds as are satisfactory to Agent. Each policy of insurance or endorsement shall contain a clause requiring the insurer to give not less than 10 days' prior written notice to Agent in the event of cancellation of the policy for nonpayment of premium and not less than 30 days' prior written notice to Agent in the event of cancellation of the policy for any other reason whatsoever and a clause specifying that the interest of Agent shall not be impaired or invalidated by any act or neglect of such Grantor, any of its Subsidiaries or the owner of the Property or by the occupation of the premises for purposes more hazardous than are permitted by said policy. Such Grantor agrees to deliver to Agent, promptly as rendered, true copies of all reports made in any reporting forms to insurance companies.

Unless such Grantor provides Agent with evidence of the insurance coverage required by this Agreement, Agent may purchase insurance at such Grantor's expense to protect Agent's interests in the Properties of such Grantor. This insurance may, but need not, protect the interests of such Grantor. The coverage that Agent purchases may not pay any claim that such Grantor makes or any claim that is made against such Grantor in connection with said Property. Such Grantor may later cancel any insurance purchased by Agent, but only after providing Agent with evidence that such Grantor has obtained insurance as required by this Agreement. If Agent purchases insurance, such Grantor will be responsible for the costs of that insurance, including interest and any other charges Agent may impose in connection with the placement of insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Obligations. The costs of the insurance may be more than the cost of insurance that such Grantor may be able to obtain on its own.

(iii) Protection of Collateral. Neither Agent nor any Lender shall be liable or responsible in any way for the safekeeping of any of the Collateral or for any loss or damage thereto (except for reasonable care in the custody thereof while any Collateral is in Agent's or such Lender's actual possession) or for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency, or other person whomsoever, but the same shall be at such Grantor's sole risk.

(b) Administration of Accounts.

(i) Records, Schedules and Assignments of Accounts. Each Grantor

shall, and shall cause each of its Subsidiaries and Affiliates to, keep accurate and complete records of its Accounts and all payments and collections thereon and shall submit to Agent on such periodic basis as Agent shall request a sales and collections report for the preceding period, in form consistent with the reports currently prepared by such Grantor with respect to such information. Concurrently with the delivery of each Borrowing Base Certificate by Borrower as required by Subsection 8.1.4 of the Loan Agreement, or more frequently as requested by Agent, from and after the date hereof, such Grantor shall deliver to Agent a detailed aging of all of Accounts of such Grantor, and upon Agent's request therefor, copies of proof of delivery and the original copy of all documents, including, without limitation, repayment histories and present status reports relating to the Accounts so scheduled and such other matters and information relating to the status

of then existing Accounts as Agent shall reasonably request.

(ii) Taxes. If an Account includes a charge for any tax payable to any governmental taxing authority, Agent is authorized, in its sole discretion, to pay the amount thereof to the proper taxing authority for the account of each Grantor or its Subsidiary and to charge such Grantor therefor, except for taxes that (i) are being actively contested in good faith and by appropriate proceedings and with respect to which such Grantor or such Subsidiary maintains reasonable reserves on its books therefor and (ii) would not reasonably be expected to result in any Lien other than a Permitted Lien. In no event shall Agent or any Lender be liable for any taxes to any governmental taxing authority that may be due by such Grantor or any of its Subsidiaries or Affiliates.

(iii) Account Verification. Any of Agent's officers, employees or agents shall have the right, at any time or times hereafter, in the name of Agent, any designee of Agent or any Grantor, to verify the validity, amount or any other matter relating to any Accounts by mail, telephone, telegraph or otherwise; provided, that unless a Default or an Event of Default is then in existence, prior to conducting each set of verifications, Agent shall generally consult with such Grantor about the verification process. Such Grantor shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process.

(iv) Maintenance of Dominion Account. Each Grantor shall maintain lockbox and blocked account arrangements acceptable to Agent with such banks as may be selected by such Grantor and be acceptable to Agent, for direct deposit of payments and other remittances. Such Grantor shall also maintain a Dominion Account or Accounts pursuant to lockbox and blocked account arrangements acceptable to Agent with such banks as may be selected by such Grantor and be acceptable to Agent. Such Grantor shall issue to any such banks an irrevocable letter of instruction directing such banks to deposit all payments or other remittances received in the lockbox and blocked accounts to the Dominion Account for application on account of the Obligations. All funds deposited in any Dominion Account shall immediately become the property of Agent, for the ratable benefit of Lenders, and such Grantor shall obtain the agreement by such banks in favor of Agent to waive any offset rights against the funds so deposited. In the event that the applicable bank is unwilling to waive such rights, such Grantor shall, upon Agent's request to do so, immediately transfer any funds deposited in such bank

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accounts to a bank that will agree to waive such rights. Agent assumes no responsibility for such lockbox and blocked account arrangements, including, without limitation, any claim of accord and satisfaction or release with respect to deposits accepted by any bank thereunder.

(v) Collection of Accounts, Proceeds of Collateral. To expedite collection, each Grantor shall endeavor in the first instance to make collection of its Accounts for Agent. All remittances received by such Grantor on account of Accounts, together with the proceeds of any other Collateral, shall be held as Agent's property, for its benefit and the benefit of Lenders, by such Grantor as trustee of an express trust for Agent's benefit and such Grantor shall immediately deposit same in kind in the lockboxes or a Dominion Account. Agent retains the right at all times after the occurrence and during the continuance of a Default or an Event of Default to notify Account Debtors that Accounts of such Grantor have been assigned to Agent and to collect such Accounts directly in its own name and to charge the collection costs and expenses, including attorneys' fees, to such Grantor.

(c) Records and Reports of Inventory, Machinery and Equipment. Each Grantor shall, and shall cause its Subsidiaries and Affiliates to, keep records of its Inventory, and Equipment, which records shall be complete and accurate in all material respects. Such Grantor shall furnish to Agent updates of Inventory and Equipment reports as required by Section 6.3 of the Loan Agreement concurrently with the delivery by Borrower of each Borrowing Base Certificate described in Subsection 8.1.4 of the Loan Agreement or more

frequently as requested by Agent, which reports will be in such other format and detail as Agent shall request and shall include a current list of all locations of Inventory, Machinery and Equipment of such Grantor. Such Grantor shall conduct an inventory no less frequently than annually of all Inventory on premises owned or leased by such Grantor or any of its Subsidiaries and shall provide to Agent a report based on each such physical inventory promptly thereafter, together with such supporting information as Agent shall reasonably request.

(d) Administration of Equipment. Each Grantor shall, and shall cause its Subsidiaries and Affiliates to, keep records of its Equipment which shall be complete and accurate in all material respects itemizing and describing the kind, type, quality, quantity and book value of its Equipment and all dispositions made in accordance with this Agreement, and such Grantor shall furnish Agent with a current schedule containing the foregoing information on at least an annual basis and more often if reasonably requested by Agent. Promptly after the reasonable request therefor by Agent, such Grantor shall deliver to Agent any and all evidence of ownership, if any, of any Equipment.

(e) Appraisals. When reasonably requested by Agent, each Grantor shall provide the following: a report of Eligible Container Fleet Inventory and Eligible Trailer Fleet Inventory by category and by item (in detail), a report of Inventory, based upon a physical count, which shall describe Inventory of such Grantor by category and by item (in detail) and report the then appraised value (at lower of cost or orderly liquidation value) of such Inventory, and a report of Equipment which shall describe such Grantor's Equipment (in detail) and report the then appraised value (at lower of cost or orderly liquidation value) of such Equipment. In addition,

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when requested by Agent after consultation with such Grantor regarding the scope and cost of any such appraisal, such Grantor shall provide the Lenders, at such Grantor's expense, with appraisals or updates thereof of any or all of the Collateral from an Appraiser. Unless an Event of Default has occurred and is continuing, the appraisals or updates thereof respecting container Inventory held for lease shall not be requested more than twice during any twelve month period, other than appraisals of such Inventory in connection with a Permitted Acquisition. Such Grantor acknowledges and agrees that Agent intends to have performed such appraisal or update with respect to container Inventory held for lease at least twice during each twelve month period during the term of this Agreement.

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REPRESENTATIONS AND WARRANTIES

(a) General Representations and Warranties. To induce Agent and each Lender to enter into this Agreement and to make advances hereunder, each Grantor warrants, represents and covenants to Agent and each Lender that:

(i) Power and Authority. Each Grantor is duly authorized and empowered to enter into, execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate or other relevant action and do not and will not (i) require any consent or approval of any of the shareholders, partners or members, as the case may be, of any Grantor; (ii) contravene any Grantors' charter, articles or certificate of incorporation, partnership agreement, certificate of formation, by-laws, limited liability company agreement, operating agreement or other organizational documents (as the case may be); (iii) violate, or cause any Grantor to be in default under, any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award in effect having applicability to any Grantor; (iv) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which any Grantor is a party or by which it or its Properties may be bound or affected; or (v) result in, or require, the creation or imposition of any Lien (other than Permitted Liens) upon or with respect to any of the Properties now owned or hereafter acquired by Grantor.

(ii) Title to Properties; Priority of Liens. Such Grantor has good, indefeasible and marketable title to and fee simple ownership of, or valid and subsisting leasehold interests in, all of

its real Property, and good title to all of the Collateral and all of its other Property, in each case, free and clear of all Liens except Permitted Liens. such Grantor has paid or discharged all lawful claims which, if unpaid, might become a Lien against any of such Grantor's Properties that is not a Permitted Lien. The Liens granted to Agent under Section 5 hereof and under the Security Documents are first priority Liens, subject only to Permitted Liens.

(iii) Accounts. Agent may rely, in determining which Accounts are Eligible Accounts, on all statements and representations made by such Grantor with respect to any Account or Accounts of such Grantor. With respect to each of such Accounts, whether or not such Account is an Eligible Account, unless otherwise

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disclosed to Agent in writing: (A) it is genuine and in all respects what it purports to be, and it is not evidenced by a judgment; (B) it arises out of a completed, bona fide sale and delivery of goods or rendition of services by such Grantor, in the ordinary course of its business and in accordance with the terms and conditions of all purchase orders, contracts or other documents relating thereto and forming a part of the contract between such Grantor and the Account Debtor and the Account Debtor is not an Affiliate of such Grantor; (C) it is for a liquidated amount maturing as stated in the duplicate invoice covering such sale or rendition of services; (D) there are no facts, events or occurrences which in any way impair the validity or enforceability of any Accounts or tend to reduce the amount payable thereunder from the face amount of the invoice and statements delivered or made available to Agent with respect thereto; (E) to such Grantor's knowledge, the Account Debtor thereunder (1) had the capacity to contract at the time any contract or other document giving rise to the Account was executed and (2) such Account Debtor is Solvent; and (F) to Grantor's knowledge, there are no proceedings or actions which are threatened or pending against the Account Debtor thereunder which might result in any material adverse change in such Account Debtor's financial condition or the collectibility of such Account (other than non-material disputes involving de minimis amounts arising in the ordinary course of business).

(iv) Equipment. The Equipment of each Grantor is in good operating condition and repair.

(b) Continuous Nature of Representations and Warranties. Each representation and warranty contained in this Agreement and the other Loan Documents shall be continuous in nature and shall remain accurate, complete in all material respects and not misleading at all times during the term of this Agreement, except for changes in the nature of such Grantor's or one of such Grantor's Subsidiary's or Affiliate's business or operations that would render the information in any exhibit attached hereto or to any other Loan Document either inaccurate, incomplete or misleading, so long as Majority Lenders have consented to such changes or such changes are expressly permitted by this Agreement.

(c) Survival of Representations and Warranties. All representations and warranties of each Grantor contained in this Agreement or any of the other Loan Documents shall survive the execution, delivery and acceptance thereof by Agent and each Lender and the parties thereto and the closing of the transactions described therein or related thereto.

4 Covenants.

(a) Landlord, Processor and Storage Agreements. Each Grantor shall provide Agent on request with copies of all agreements between such Grantor and any landlord, processor, distributor, warehouseman or consignee which owns any premises at which any Collateral may, from time to time, be kept

(b) Deposit and Brokerage Accounts. For each deposit account or brokerage account that any Grantor at any time opens or maintains, such Grantor shall, at Agent's request

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and option, pursuant to an agreement in form and substance satisfactory to Agent, cause the depository bank or securities intermediary, as applicable, to agree to comply at any time with instructions from Agent to such depository bank or securities intermediary, as applicable, directing the disposition of funds from time to time credited to such deposit or brokerage account, without further consent of such Grantor.

(c) Maintenance of Equipment. Each Grantor shall make or cause to be made all necessary replacements of and repairs to Equipment so that the operating efficiency thereof shall be maintained and preserved, reasonable wear and tear excepted, except where the failure to so maintain the same would not reasonably be expected to have a Material Adverse Effect. Such Grantor will not permit any Equipment to become affixed to any real Property leased to such Grantor so that an interest arises therein under the real estate laws of the applicable jurisdiction unless the landlord of such real Property has executed a landlord waiver or leasehold mortgage in favor of and in form reasonably acceptable to Agent, and such Grantor will not permit any of the Equipment of such Grantor to become an accession to any personal Property other than Equipment that is subject to first priority (except for Permitted Liens) Liens in favor of Agent.

5 Right to Enter. Each Grantor shall permit representatives of Agent, and during the continuation of any Default or Event of Default any Lender, from time to time, as often as may be reasonably requested, but only during normal business hours, to visit and inspect the Properties of such Grantor and each of its Subsidiaries, inspect, audit and make extracts from its books and records, observe the use of any part of the Collateral, or otherwise determine whether such Grantor is in compliance with the terms of this Agreement. Agent, if no Default or Event of Default then exists, shall give such Grantor reasonable prior notice of any such inspection or audit.

6 Further Assurances. Each Grantor shall execute and file any financing or continuation statement, or amendments thereto, and such other instruments or notices as may be necessary or desirable, which Agent may reasonably request in order to perfect and preserve the perfection and the priority of the security interests granted or purported to be granted under this Agreement. Such Grantor agrees that, at Agent's option, this Agreement, or a photocopy hereof, may be filed by Agent as a financing statement, and that such Grantor's execution hereof shall constitute the execution by such Grantor of a financing statement.

7 Defaults. Each Grantor shall be in default under this Agreement upon the happening of any Event of Default under (and as defined in) the Loan Agreement.

Upon the occurrence and during the continuance of an Event of Default, Agent shall have and may exercise from time to time the following rights and remedies:

(i) All of the rights and remedies of a secured party under the UCC or under other applicable law, and all other legal and equitable rights to which Agent or Lenders may be entitled, all of which rights and remedies shall be cumulative and shall be in addition to any other rights or remedies contained in this Agreement or any of the other Loan Documents, and none of which shall be exclusive.

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(ii) The right to take immediate possession of the Collateral, and to (i) require each Grantor and its Subsidiaries to assemble the Collateral, at such Grantor's expense, and make it available to Agent at a place designated by Agent which is reasonably convenient to both parties, and (ii) enter any premises where any of the Collateral shall be located and to keep and store the Collateral on said premises until sold (and if said premises be the Property of such Grantor or any Subsidiary of such Grantor, such Grantor agrees not to charge, or permit any of its Subsidiaries to charge, Agent for storage thereof).

(iii) The right to sell or otherwise dispose of all or any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale or sales, with such notice as may be required by law, in lots or in bulk, for cash or on credit, all as Agent, in its sole discretion, may deem

advisable. Agent may, at Agent's option, disclaim any and all warranties regarding the Collateral in connection with any such sale. Each Grantor agrees that five (5) Business Days' written notice to such Grantor or any of its Subsidiaries of any public or private sale or other disposition of Collateral shall be reasonable notice thereof, and such sale shall be at such locations as Agent may designate in said notice. Agent shall have the right to conduct such sales on such Grantor's or any of its Subsidiaries' premises, without charge therefor, and such sales may be adjourned from time to time in accordance with applicable law. Agent shall have the right to sell, lease or otherwise dispose of the Collateral, or any part thereof, for cash, credit or any combination thereof, and Agent, on behalf of Lenders, may purchase all or any part of the Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of such purchase price, may set off the amount of such price against the Obligations. The proceeds realized from the sale of any Collateral may be applied, after allowing two (2) Business Days for collection, first to the costs, expenses and attorneys' fees incurred by Agent in collecting the Obligations, in enforcing the rights of Agent and Lenders under the Loan Documents and in collecting, retaking, completing, protecting, removing, storing, advertising for sale, selling and delivering any Collateral, second to the interest due upon any of the Obligations; and third, to the principal of the Obligations. If any deficiency shall arise, each Grantor shall remain jointly and severally liable to Agent and Lenders therefor.

(iv) Agent is hereby granted a license or other right to use, without charge and consistent with the applicable Grantor's reasonable quality control requirements, each Grantor's and each of such Grantor's Subsidiary's labels, patents, copyrights, licenses, rights of use of any name, trade secrets, tradenames, trademarks and advertising matter, or any Property of a similar nature, as it pertains to the Collateral, in completing, advertising for sale and selling any Collateral and such Grantor's and each of its Subsidiary's rights under all licenses and all franchise agreements shall inure to Agent's benefit.

8 Costs and Expenses. Each Grantor agrees to pay on demand all costs and expenses, including legal fees, incurred or paid by Agent in preparing, executing or amending this Agreement, and in exercising its rights and remedies or protecting its interests hereunder.

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9 Right of Set Off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, during the continuance of any Event of Default, each Lender is hereby authorized by each Grantor at any time or from time to time, with prior written consent of Agent and with reasonably prompt subsequent notice to such Grantor (any prior or contemporaneous notice to such Grantor being hereby expressly waived) to set off and to appropriate and to apply any and all (i) balances held by such Lender at any of its offices for the account of such Grantor or any of its Subsidiaries (regardless of whether such balances are then due to such Grantor or its Subsidiaries), and (ii) other property at any time held or owing by such Lender to or for the credit or for the account of such Grantor or any of its Subsidiaries, against and on account of any of the Obligations of Borrower; provided, that each Lender exercising such rights shall notify Agent thereof prior to exercise, shall refrain from exercising such right until Agent shall have confirmed to such Lender that such exercise will not prejudice the rights of the Lenders, and any amount received as a result of the exercise of such rights shall be shared in accordance with Subsection 3.8 of the Loan Agreement. Any Lender exercising a right to set off shall, to the extent the amount of any such set off exceeds its Revolving Loan Percentage of the amount set off, purchase for cash (and the other Lenders shall sell) interests in each such other Lender's pro rata share of the Obligations as would be necessary to cause such Lender to share such excess with each other Lender in accordance with their respective Revolving Loan Percentages. Each Grantor agrees, to the fullest extent permitted by law, that any Lender may exercise its right to set off with respect to amounts in excess of its pro rata share of the Obligations and upon doing so shall deliver such excess to Agent for the benefit of all Lenders in accordance with the Revolving Loan Percentages..

10 Notices. All notices, approvals, consents or other communications to Agent required or desired to be given hereunder shall be in

the form and manner, and delivered to Agent at its addresses, as set forth in Section 12.8 of the Loan Agreement. All notices, approvals, consents or other communications to Grantors required or desired to be given hereunder shall be in the form and manner, and delivered to Borrower at its addresses, as set forth in Section 12.8 of the Loan Agreement.

11 Termination of Security Agreement. This Security Agreement and the security interest hereunder shall terminate upon the full and final payment in cash and performance of all the Obligations by Borrower under the Loan Agreement and termination of the Revolving Loan Commitments. Notwithstanding anything to the contrary herein, this Security Agreement (including all representations, warranties and covenants contained herein) shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by any Lender in respect of the Secured Obligations is rescinded or must otherwise be restored or returned by Lender upon or in connection with the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Grantor or otherwise, all as though such payment had not been made.

12 Headings. The headings in this Agreement are for purposes of reference only and shall not otherwise affect the meaning or construction of any provision of this Agreement.

13 Amendments. Any amendment or waiver of any provision of this Agreement and any consent to any departure by any Grantor from any provision of this Agreement shall be effective only if made or given in compliance with all of the terms and provisions of Section

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11.10 of the Loan Agreement.

14 Entire Agreement. This Agreement and the Loan Documents are intended by the parties as a final expression of their agreement and is intended as a complete and exclusive statement of the terms and conditions thereof. Acceptance of or acquiescence in a course of performance rendered under this Agreement shall not be relevant to determine the meaning of this Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

15 Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect in that jurisdiction only such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Agreement in any jurisdiction.

16 Successors and Assigns. All rights of Agent hereunder shall inure to the benefit of its successor and assigns. No Grantor shall assign any of its interest under this Agreement without the prior written consent of Agent. Any purported assignment inconsistent with this provision shall, at the option of Agent, be null and void.

17 Governing Law. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAWS PROVISIONS) AND DECISIONS OF THE STATE OF CALIFORNIA.

18 Submission to Jurisdiction. ALL DISPUTES AMONG THE ANY OF THE GRANTORS AND THE LENDERS (OR THE AGENT ACTING ON THEIR BEHALF) ARISING UNDER THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE AND FEDERAL COURTS LOCATED IN LOS ANGELES, CALIFORNIA, AND THE COURTS TO WHICH AN APPEAL THEREFROM MAY BE TAKEN; PROVIDED, HOWEVER, THAT THE AGENT, ON BEHALF OF THE LENDERS, SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST ANY OF THE GRANTORS OR THEIR PROPERTY IN ANY LOCATION REASONABLY SELECTED BY THE AGENT IN GOOD FAITH TO ENABLE THE AGENT TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE AGENT. EACH OF THE GRANTORS WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE AGENT HAS COMMENCED A PROCEEDING ARISING UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON FORUM NON CONVENIENS.

19 Service of Process. EACH OF THE GRANTORS HEREBY IRREVOCABLY

AGENT OF THE GRANTORS TO RECEIVE, FOR AND ON BEHALF OF THE GRANTORS, SERVICE OF PROCESS IN SUCH RESPECTIVE JURISDICTIONS IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS LOAN AGREEMENT OR ANY OTHER LOAN DOCUMENT. IT IS UNDERSTOOD THAT A COPY OF SUCH PROCESS SERVED ON SUCH AGENT AT ITS ADDRESS WILL BE PROMPTLY FORWARDED BY MAIL TO SUCH GRANTOR, BUT FAILURE OF ANY OF THE GRANTORS TO RECEIVE SUCH COPY SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS.

20 Jury Trial. EACH OF THE GRANTORS, THE AGENT AND THE LENDERS EACH HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY. INSTEAD, ANY DISPUTES WILL BE RESOLVED IN A BENCH TRIAL.

21 Limitation of Liability. NEITHER THE AGENT NOR ANY LENDER SHALL HAVE ANY LIABILITY TO THE ANY OF THE GRANTORS (WHETHER SOUNDING IN TORT, CONTRACT, OR OTHERWISE) FOR LOSSES SUFFERED BY ANY OF THE GRANTORS IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO THE TRANSACTIONS OR RELATIONSHIPS CONTEMPLATED BY THIS AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, UNLESS IT IS DETERMINED BY A FINAL AND NONAPPEALABLE JUDGMENT OR COURT ORDER BINDING ON THE AGENT OR ANY SUCH LENDER, THAT THE LOSSES WERE THE RESULT OF ACTS OR OMISSIONS CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

22 Delay; Waiver. No delay in enforcing or failing to enforce any right under this Agreement by Lender shall constitute a waiver by Lender of such right. No waiver by Lender of any default hereunder shall be effective unless in writing, nor shall any waiver operate as a waiver of any other default or of the same default on a future occasion.

23 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all of which shall together constitute one and the same agreement.

24 Additional Grantors. From time to time subsequent to the date hereof, additional Subsidiaries of Borrower may become parties hereto as additional Grantors (the "Additional Grantors"), by executing a counterpart (the "Counterpart") substantially in the form of Exhibit A hereto. Upon delivery of any such Counterpart to the Agent, notice of which is hereby waived by Grantors, each such Additional Grantor shall be a Grantor and shall be as fully a party hereto as if such Additional Grantor were an original signatory hereto. Each Grantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Grantor hereunder, nor by any election of Agent not to cause any Subsidiary of Borrower to become an Additional Grantor hereunder. This Agreement shall be fully effective as to any Grantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Grantor hereunder.

25 Interpretation of Agreement. Time is of the essence in each provision of this Agreement of which time is an element. All terms not defined herein or in the Loan Agreement

shall have the meaning set forth in the applicable Uniform Commercial Code, except where the context otherwise requires. To the extent a term or provision of this Agreement conflicts with the Loan Agreement, the Loan Agreement shall control with respect to the subject matter of such term or provision. Acceptance of or acquiescence in a course of performance rendered under this Agreement shall not be relevant in determining the meaning of this Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection

IN WITNESS WHEREOF, each of the Grantors has executed and delivered this Subsidiary Security Agreement as of the date set forth in the first paragraph hereof.

GRANTORS:

MOBILE MINI I, INC.,
an Arizona corporation
/s/ Lawrence Trachtenberg
Title: Executive Vice President

MOBILE MINI HOLDINGS, INC.,
a Delaware corporation

/s/ Lawrence Trachtenberg
Title: President

DELIVERY DESIGN SYSTEMS, INC.,
an Arizona corporation

/s/ Lawrence Trachtenberg
Title: Executive Vice President

MOBILE MINI, LLC,
a Delaware limited liability company

/s/ Lawrence Trachtenberg
Title: Executive Vice President and CFO

MOBILE MINI, LLC,
a California limited liability company

/s/ Lawrence Trachtenberg
Title: Executive Vice President and CFO

MOBILE MINI OF OHIO, LLC,
a Delaware limited liability company

/s/ Lawrence Trachtenberg
Title: Executive Vice President and CFO

MOBILE MINI TEXAS LIMITED
PARTNERSHIP, LLP,
a Texas limited liability partnership

/s/ Lawrence Trachtenberg
Title: Treasurer

EXHIBIT A TO
SUBSIDIARY SECURITY AGREEMENT

[FORM OF COUNTERPART]

COUNTERPART

COUNTERPART (this "Counterpart"), dated _____, is delivered pursuant to Section 24 of the Subsidiary Security Agreement referred to below. The undersigned hereby agrees that this Counterpart may be attached to the Subsidiary Security Agreement, dated as of February 11, 2002 (as it may be from time to time amended, modified or supplemented, the "Subsidiary Security Agreement"; capitalized terms used herein not otherwise defined herein shall

have the meanings ascribed therein), by Mobile Mini I, Inc., an Arizona corporation, Mobile Mini Holdings, Inc., a Delaware corporation, Delivery Design Systems, Inc., an Arizona corporation, Mobile Mini, LLC, a Delaware limited liability company, Mobile Mini, LLC, a California limited liability company, Mobile Mini of Ohio, LLC, a Delaware limited liability company, and Mobile Mini Texas Limited Partnership, LLP, a Texas limited liability partnership, in favor of Fleet Capital Corporation, for itself and as agent (the "Agent"). The undersigned by executing and delivering this Counterpart hereby becomes a Grantor under the Subsidiary Security Agreement in accordance with Section 24 thereof and agrees to be bound by all of the terms thereof.

[NAME OF ADDITIONAL GRANTOR]

By: _____

Name: _____

Title: _____

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (this "Agreement") is made and entered into as of February 11, 2002 by MOBILE MINI, INC., a Delaware corporation, MOBILE MINI I, INC., an Arizona corporation, MOBILE MINI HOLDINGS, INC., a Delaware corporation, DELIVERY DESIGN SYSTEMS, INC., an Arizona corporation, MOBILE MINI, LLC, a Delaware limited liability company, MOBILE MINI, LLC, a California limited liability company, MOBILE MINI OF OHIO, LLC, a Delaware limited liability company, and MOBILE MINI TEXAS LIMITED PARTNERSHIP, LLP, a Texas limited liability partnership (collectively, the "Pledgors", and each a "Pledgor") in favor of FLEET CAPITAL CORPORATION, a Rhode Island corporation with an office at 15260 Ventura Boulevard, Suite 400, Sherman Oaks, California 91403, for itself and as agent (the "Agent") for the financial institutions and their successors and assigns (the "Lenders") which are or may hereafter become parties to the Loan Agreement (as defined below).

R E C I T A L S

WHEREAS, each Pledgor listed on Schedule I hereto is the owner of the outstanding shares of stock or other equity interests (the "Pledged Shares") set forth on Schedule I hereto, of each of the subsidiaries of such Pledgor listed on Schedule I hereto (the "Issuers"); and

WHEREAS, each Pledgor may from time to time enter into certain lease and rental agreements with various customers (collectively, the "Lessees") whereby such Pledgor leases various types of storage containers or trailers to such Lessees (collectively, the "Rental Agreements"); and

WHEREAS, the Borrower desires to obtain a revolving credit facility from the Lenders for the purposes described in the Loan and Security Agreement, dated as of February 11, 2002, among the Borrower, the Agent, and the Lenders (as amended or otherwise modified from time to time, the "Loan Agreement"). Capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Loan Agreement; and

WHEREAS, the Agent and the Lenders have required, as a condition to their entering into the Loan Agreement, that each Pledgor (i) pledge to the Agent, and grant to the Agent a security interest in, the Pledged Collateral (defined below) and (ii) execute and deliver this Agreement in order to secure the payment and performance by the Borrower of the Obligations.

NOW THEREFORE, in consideration of the premises and in order to induce the Lenders to make Loans to the Borrower and participate in Letters of Credit, each Pledgor hereby agrees with the Agent for its benefit and the ratable benefit of the Lenders as follows:

A G R E E M E N T

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1. PLEDGE. Each Pledgor hereby pledges to the Agent, and grants to the Agent a continuing first priority and perfected security interest in, the following (the "Pledged Collateral"):

(a) the Pledged Shares and the certificates representing the Pledged Shares, and all products and proceeds of any of the Pledged Shares including, without limitation, all dividends, cash, instruments, subscriptions, warrants and other rights and options and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Shares;

(b) all additional shares of stock of, or equity interest in, any of the Subsidiaries of such Pledgor from time to time acquired by such Pledgor in any manner, and the certificates representing such additional shares (any such additional shares shall constitute part of the Pledged Shares under and as defined in this Agreement), and all products and proceeds of any of such additional Pledged Shares, including, without limitation, all dividends, cash, instruments, subscriptions, warrants and any other rights and options and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all

of such additional Pledged Shares;

(c) the Rental Agreements and the chattel paper, instruments and documents representing, constituting, or relating to the Rental Agreements, and all products and proceeds of the foregoing, including, without limitation, all interest and rental payments, instruments, and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for the Rental Agreements;

(d) all promissory notes evidencing indebtedness of Borrower or any Subsidiary of Borrower to such Pledgor;

(e) all additional promissory notes, security agreements, chattel paper, instruments and documents from time to time held by such Pledgor in any manner, and all products and proceeds of the foregoing, including, without limitation, all interest and principal payments, instruments, and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any such additional promissory notes, instruments and documents, provided, however, that such Pledgor need not deliver such promissory notes or instruments to Agent if the aggregate principal amount of such promissory notes and instruments, collectively, does not exceed One Hundred Thousand Dollars (\$100,000); and

(f) all other claims of any kind or nature and any instruments, certificates, chattel paper or other writings evidencing such claims, whether in contract or tort and whether arising by operation of law, consensual agreement or otherwise, at any time acquired by such Pledgor against any Subsidiary of such Pledgor.

2. SECURITY FOR OBLIGATIONS. This Agreement secures the payment and performance of all of the Obligations of the Borrower to Agent and the Lenders under the Loan Agreement.

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3. DELIVERY OF PLEDGED COLLATERAL. All certificates, documents or instruments representing or evidencing the Pledged Collateral shall be delivered to and held by or on behalf of the Agent pursuant hereto (except as otherwise provided in Section 1(e) above) and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Agent; provided, however, that prior to the occurrence of an Event of Default, in lieu of delivering to Agent the Pledged Collateral consisting of Rental Agreements, each Pledgor may: (a) cause the forms of all Rental Agreements employed by such Pledgor to contain the following notice, in a prominent manner:

"CHATTEL PAPER FINANCING NOTICE: THIS CHATTEL PAPER IS SUBJECT TO A PRIOR SECURITY INTEREST TO FLEET CAPITAL CORPORATION, AS AGENT, PERFECTED BY THE FILING OF A UNIFORM COMMERCIAL CODE FINANCING STATEMENT. NO SECURITY OR OWNERSHIP INTEREST MAY BE PERFECTED HEREIN BY POSSESSION OF THIS CHATTEL PAPER UNDER THE UCC OR OTHERWISE."

or, (b) with respect to Rental Agreements in effect as of the Closing Date, to cause each Rental Agreement to be stamped, in a prominent manner, with the foregoing legend. With respect to any Pledged Shares which are not evidenced by a certificate, each Pledgor shall, and shall cause its Subsidiary to, enter into an agreement in form and substance satisfactory to the Agent, granting to the Agent control of such Pledged Shares under the UCC.

4. REPRESENTATIONS AND WARRANTIES. Each Pledgor represents and warrants to the Agent and the Lenders as follows:

(a) The Pledged Shares owned by such Pledgor have been duly authorized and validly issued and are fully paid and non-assessable. The Rental Agreements to which such Pledgor is a party have been duly authorized and executed by the respective Lessees which are parties thereto, and constitute the legal, valid and binding obligations of such respect Lessees.

(b) Such Pledgor is the legal and beneficial owner of the Pledged Collateral of such Pledgor, free and clear of any Lien on the Pledged Collateral except as permitted in the Loan Agreement.

(c) Upon the delivery to the Agent of the Pledged Collateral, the filing of appropriate financing statements or other compliance with Section 3 hereof, the pledge of the Pledged Collateral of such Pledgor pursuant to this Agreement creates, subject to the Liens permitted under the Loan Agreement, a valid and perfected first priority interest in such Pledged Collateral securing the payment of the Obligations for the benefit of the Agent and the Lenders, provided the Pledged Collateral is held in the possession of the Agent or the provisions of Section 3 hereof shall have otherwise been complied with by such Pledgor.

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(d) No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) for the pledge by such Pledgor of its Pledged Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by such Pledgor or (ii) for the exercise by the Agent of the voting or other rights provided for in this Agreement or the remedies in respect of the Pledged Collateral pursuant to this Agreement (except as may be required in connection with such disposition by laws affecting the offering and sale of securities and except for the filing of appropriate financing statements).

(e) Such Pledgor has requisite corporate power and authority to execute, deliver and perform this Agreement and has the right to vote, pledge and grant a security interest in its Pledged Shares and to pledge and grant a security interest in the Rental Agreements to which it is a party as provided by this Agreement.

(f) This Agreement has been duly authorized, executed and delivered by such Pledgor and constitutes the legal, valid and binding obligation of such Pledgor, enforceable in accordance with its terms, subject to or limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting the rights of creditors generally, and to general principles of equity.

(g) The Pledged Shares owned by such Pledgor constitute, as of the date hereof, the percentage of the authorized, issued and outstanding equity interests of the Issuers set forth on Schedule I hereto and constitute all of the equity interests and voting securities of each of the Issuers beneficially owned by such Pledgor.

(h) Except for the Pledged Shares, there are no other instruments, certificates, securities or other writings, or any chattel paper, evidencing or representing any interest in or claim against any of the equity interests of the Issuers or any subsidiary of any of the Issuers.

5. FURTHER ASSISTANCE. Each Pledgor agrees that at any time and from time to time, at the expense of such Pledgor, such Pledgor will promptly execute and deliver, or cause to be executed and delivered, all stock powers, note powers, proxies, assignments, chattel paper, rental agreements, instruments and documents and take all further action, that is reasonably necessary, at the Agent's request, in order to perfect any security interest granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any Pledged Collateral and to carry out the provisions and purposes hereof. Each Pledgor further agrees that it will, upon obtaining any additional shares of stock or other equity interests required to be pledged hereunder, as soon as reasonably practicable, deliver to Agent a Pledge Supplement, duly executed by such Pledgor, in substantially the form of Exhibit A hereto (a "Pledge Supplement"), in respect of the additional Pledged Shares to be pledged pursuant to this Agreement. Upon each delivery of a Pledge Supplement to Agent, the representations and warranties contained in Section 4 hereof shall be deemed to have been made by such Pledgor as to the Pledged Collateral described in such Pledge Supplement as of the date thereof. Each Pledgor hereby authorizes Agent to attach each Pledge Supplement to this Agreement and agrees that all Pledged Shares of such Pledgor listed on any Pledge Supplement

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shall for all purposes hereunder be considered Pledged Collateral of such Pledgor; provided, however, that the failure of such Pledgor to execute a Pledge Supplement with respect to any additional Pledged Shares pledged pursuant to

this Agreement shall not impair the security interest of Agent therein or otherwise adversely affect the rights and remedies of Agent hereunder with respect thereto.

6. VOTING RIGHTS; DIVIDENDS; ETC.

(a) So long as no Event of Default shall have occurred and be continuing and Agent shall not have delivered notice to such Pledgor, each Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Pledged Shares or any part thereof for any purpose not inconsistent with the terms of this Agreement, the Loan Agreement or the other Loan Documents; provided, however, that such Pledgor shall not exercise or shall refrain from exercising any such right if such action would have a material adverse effect on the value of the Pledged Collateral or any part thereof or be inconsistent with or violate any provisions of this Agreement, the Loan Agreement or any of the other Loan Documents.

(b) So long as no Event of Default shall have occurred and be continuing, each Pledgor shall be entitled to receive all cash payments of rent paid from time to time with respect to the Rental Agreements, which shall be deposited in the Dominion Account or Accounts in accordance with the Loan Agreement.

(c) So long as no Event of Default shall have occurred and be continuing, each Pledgor shall be entitled to receive all cash dividends paid from time to time in respect of the Pledged Shares.

(d) Except as otherwise provided in Section 8.2.6 of the Loan Agreement, any and all (i) dividends or other distributions and interest or principal paid or payable in the form of instruments and other property (other than cash interest and principal payments permitted under Section 6(b) hereof and cash dividends permitted under Section 6(c) hereof) received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Shares, (ii) dividends and other distributions paid or payable in cash received, receivable or otherwise distributed in respect of any Pledged Shares in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in-surplus, and (iii) cash paid, payable or otherwise distributed in redemption of, or in exchange for, any Pledged Shares, shall in each case be delivered forthwith to the Agent to hold as Pledged Collateral and shall, if received by a Pledgor, be received in trust for the benefit of the Agent, be segregated from the other property or funds of such Pledgor, and be forthwith delivered to the Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(e) The Agent shall execute and deliver (or cause to be executed and delivered) to each Pledgor all such proxies and other instruments as such Pledgor may reasonably request for the purpose of enabling such Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to Section 6(a) above.

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(f) All dividends or other distributions and all interest and principal payments which are received by a Pledgor contrary to the provisions of this Section 6 shall be received in trust for the benefit of the Agent, shall be segregated from other funds of such Pledgor and shall be forthwith paid over to the Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(g) Upon the occurrence and during the continuance of an Event of Default and delivery of notice from the Agent, all rights of each Pledgor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to Section 6(a) shall cease, and all such rights shall become vested in the Agent which shall thereupon have the sole right to exercise such voting and other consensual rights.

(h) Upon the occurrence and during the continuance of an Event of Default, all cash payments of rent with respect to the Rental Agreements shall be paid directly to the Agent and, if received by a Pledgor, shall be received in trust for the benefit of the Agent, shall be segregated from other funds of such Pledgor, and shall be forthwith paid over to the Agent as Pledged Collateral in the same form as so received (with any necessary endorsements) and such Pledgor's right to receive such cash payments

pursuant to Sections 6(b) and 6(c) hereof shall immediately cease.

7. TRANSFERS AND OTHER LIENS; ADDITIONAL SHARES AND RENTAL AGREEMENTS.

(a) Each Pledgor agrees that, except as provided in the Loan Agreement, it will not (i) sell or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral without the prior written consent of the Agent, (ii) create or permit to exist any Lien upon or with respect to any of the Pledged Collateral, except for the security interest granted under this Agreement or (iii) enter into any agreement or understanding that purports to or may restrict or inhibit the Agent's rights or remedies hereunder, including, without limitation, the Agent's right to sell or otherwise dispose of the Pledged Collateral.

(b) Each Pledgor agrees that it will pledge and deliver to the Agent hereunder, immediately upon its acquisition (directly or indirectly) thereof, any and all additional shares of stock or other equity interests, notes or other securities of the Issuers of which such Pledgor may become the beneficial owner after the date hereof, or enter into a control agreement with Agent with respect to any equity interests which are not certificated.

8. AGENT APPOINTED ATTORNEY-IN-FACT. Each Pledgor hereby appoints the Agent as such Pledgor's attorney-in-fact, with full authority in the place and stead of such Pledgor and in the name of such Pledgor or otherwise, from time to time in the Agent's discretion to take any action and to execute any instrument which the Agent may deem necessary or advisable to further perfect and protect the security interest granted hereby, including, without limitation, to receive, endorse and collect all instruments made payable to such Pledgor representing any dividend, interest or principal payment or other distribution in respect of the Pledged Shares or any part thereof and to give full discharge for the same.

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9. AGENT MAY PERFORM. If any Pledgor fails to perform any agreement contained herein, the Agent may itself perform, or cause performance of, such agreement, and the reasonable expenses of the Agent incurred in connection therewith shall be payable by the applicable Pledgor under Section 11 hereof.

10. NO ASSUMPTION OF DUTIES; REASONABLE CARE. The rights and powers granted to the Agent hereunder are being granted in order to preserve and protect the Agent's security interest in and to the Pledged Collateral granted hereby and shall not be interpreted to, and shall not, impose any duties on the Agent in connection therewith. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equal to that which the Agent accords its own property, it being understood that the Agent shall not have any responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Pledged Collateral, whether or not the Agent has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any parties with respect to any Pledged Collateral.

11. SUBSEQUENT CHANGES AFFECTING PLEDGED SHARES. Each Pledgor represents to the Agent that such Pledgor has made its own arrangements for keeping informed of changes or potential changes affecting the Pledged Shares (including, but not limited to, rights to convert, rights to subscribe, payment of dividends, payments of interest and/or principal, reorganization or other exchanges, tender offers and voting rights), and such Pledgor agrees that the Agent shall have no responsibility or liability for informing such Pledgor of any such changes or potential changes or for taking any action or omitting to take any action with respect thereto. Except as permitted by the Loan Agreement, each Pledgor covenants that it will not, without the prior written consent of the Agent, sell or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral or create or permit to exist any Lien upon or with respect to any of the Pledged Collateral.

12. REMEDIES UPON DEFAULT. If any Event of Default shall have occurred and be continuing, the Agent shall, in addition to all other rights given by law or by this Agreement, the Loan Agreement, the other Loan

Documents, or otherwise, have all of the rights and remedies with respect to the Pledged Collateral of a secured party under the Uniform Commercial Code ("Code") in effect in the State of California at that time and the Agent may, without notice and at its option, transfer or register, and each Pledgor shall register or cause to be registered upon request therefor by the Agent, the Pledged Collateral or any part thereof on the books of the Issuers into the name of the Agent or the Agent's nominee(s), indicating that such Pledged Collateral is subject to the security interest hereunder. In addition, with respect to any Pledged Collateral which shall then be in or shall thereafter come into the possession or custody of the Agent, the Agent may sell or cause the same to be sold at any broker's board (with respect to Pledged Shares) or at any public or private sale, in one or more sales or lots, at such price or prices as the Agent may deem best, for cash or on credit or for future delivery, without assumption of any credit risk, all in accordance with the terms and provisions of the Loan Agreement and this Agreement. The purchaser of any or all Pledged Collateral so sold shall thereafter hold the same absolutely, free from any claim, encumbrance or right of any kind whatsoever. Unless any of the Pledged Collateral threatens to decline speedily in value or is or

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becomes of a type sold on a recognized market, the Agent will give the applicable Pledgor reasonable notice of the time and place of any public sale thereof, or of the time after which any private sale or other intended disposition is to be made. Any sale of the Pledged Collateral conducted in conformity with reasonable commercial practices of banks, insurance companies, commercial finance companies, or other financial institutions disposing of property similar to the Pledged Collateral shall be deemed to be commercially reasonable. Any requirements of reasonable notice shall be met if written notice is provided to the applicable Pledgor (as provided in Section 14.1 below) at least ten (10) Business Days' before the time of the sale or disposition. The Agent or any Lender may, in its own name or in the name of a designee or nominee, buy any of the Pledged Collateral at any public sale and, if permitted by applicable law, at any private sale. All reasonable out-of-pocket expenses (including court costs and reasonable attorneys' fees, expenses and disbursements) of, or incident to, the enforcement of any of the provisions hereof shall be recoverable from the proceeds of the sale or other disposition of the Pledged Collateral. In view of the fact that federal and state securities laws may impose certain restrictions on the method by which a sale of the Pledged Collateral may be effected after an Event of Default, each Pledgor agrees that upon the occurrence or existence of any Event of Default, the Agent may, from time to time, attempt to sell all or any part of the Pledged Shares by means of a private placement, restricting the prospective purchasers to those who will represent and agree that they are purchasing for investment only and not for distribution. In so doing, the Agent may solicit offers to buy the Pledged Shares, or any part of it, for cash, from a limited number of bona fide investors who might be interested in purchasing the Pledged Shares, and if the Agent solicits such offers from not less than four (4) such bona fide investors that are not affiliated with the Agent, then the acceptance by the Agent of the highest offer obtained therefrom shall be deemed to be a commercially reasonable method of disposition of the Pledged Shares.

In addition, upon the occurrence and during the continuance of an Event of Default, all rights of each Pledgor to exercise the voting and other rights which it would otherwise be entitled to exercise shall cease, and all such rights shall thereupon become vested in the Agent as provided in and subject to the terms of Section 6(g) hereof.

13. EXPENSES. Each Pledgor will, upon demand, pay to the Agent the amount of any and all reasonable out-of-pocket expenses, including, without limitation, the reasonable out-of-pocket fees, expenses and disbursements of its counsel, of any investment banking firm, business broker or other selling agent and of any other experts and agents retained by the Agent, which the Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Pledged Collateral, (iii) the exercise or enforcement of any of the rights of the Agent hereunder or (iv) the failure by such Pledgor to perform or observe any of the provisions hereof.

14. MISCELLANEOUS PROVISIONS.

14.1 Notices. All notices, approvals, consents or other communications required or desired to be given hereunder shall be in the form and manner, and delivered to Borrower and Agent at their respective

addresses, set forth in Section 12.8 of the Loan Agreement. All notices to other Pledgors shall be sent to Borrower.

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14.2 Headings. The headings in this Agreement are for purposes of reference only and shall not affect the meaning or construction of any provision of this Agreement.

14.3 Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid, illegal or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect in that jurisdiction only such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Agreement in any jurisdiction.

14.4 Amendments, Waivers and Consents. Any amendment or waiver of any provision of this Agreement and any consent to any departure by any Pledgor from any provision of this Agreement shall be effective only if made or given in compliance with all of the terms and provisions of Section 11.10 of the Loan Agreement.

14.5 Interpretation of Agreement. Time is of the essence in each provision of this Agreement of which time is an element. All terms not defined herein or in the Loan Agreement shall have the meaning set forth in the applicable Uniform Commercial Code, except where the context otherwise requires. To the extent a term or provision of this Agreement conflicts with the Loan Agreement, the Loan Agreement shall control with respect to the subject matter of such term or provision. Acceptance of or acquiescence in a course of performance rendered under this Agreement shall not be relevant in determining the meaning of this Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

14.6 Continuing Security Interest: Transfer of Notes. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (i) remain in full force and effect until payment in full (including after the expiration of the Term) of the Obligations and termination of the Loan Agreement, (ii) be binding upon each Pledgor, its successors and assigns, and (iii) inure, together with the rights and remedies of the Agent hereunder, to the benefit of the Agent, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of clause (iii) above, any Lender may, except as limited by the express terms of the Loan Agreement, assign or otherwise transfer any Note held by it to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise.

14.7 Reinstatement. To the extent permitted by law, this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by the Agent or any Lender in respect of the Obligations is rescinded or must otherwise be restored or returned by the Agent or such Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Pledgor or upon the appointment of any receiver, intervenor, conservator, trustee or similar official for any Pledgor or any substantial part of its assets, or otherwise, all as though such payments had not been made.

14.8 Survival of Provisions. All representations, warranties and covenants of each Pledgor contained herein shall survive the execution and delivery of this

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Agreement, and shall terminate only upon the full and final payment and performance by the Borrower of the Obligations secured hereby and termination of the Loan Agreement.

14.9 Waivers. Each Pledgor waives presentment and demand for payment of any of the Obligations, protest and notice of dishonor or default with respect to any of the Obligations, and all other notices to which such Pledgor might otherwise be entitled, except as otherwise expressly provided herein or in the Loan Agreement.

14.10 Authority of the Agent. The Agent shall have and be entitled to exercise all powers hereunder which are specifically granted to the Agent by the terms hereof, together with such powers as are reasonably incident thereto. The Agent may perform any of its duties hereunder or in connection with the Pledged Collateral by or through agents or employees and shall be entitled to retain counsel and to act in reliance upon the advice of counsel concerning all such matters. Neither the Agent nor any director, officer, employee, attorney or agent of the Agent shall be liable to any Pledgor for any action taken or omitted to be taken by it or them hereunder, except for its or their own gross negligence or willful misconduct, nor shall the Agent be responsible for the validity, effectiveness or sufficiency of this Agreement or of any document or security furnished pursuant hereto. The Agent and its directors, officers, employees, attorneys and agents shall be entitled to rely on any communication, instrument or document reasonably believed by it or them to be genuine and correct and to have been signed or sent by the proper person or persons. Each Pledgor agrees to indemnify and hold harmless the Agent and the Lenders from and against any and all reasonable out-of-pocket costs, expenses (including reasonable fees, expenses and disbursements of attorneys and paralegals), claims and liabilities incurred by the Agent or the Lenders in connection with this Agreement, unless such claim or liability shall be due to willful misconduct or gross negligence on the part of the Agent or such Person. Any successor agent appointed pursuant to the terms of the Loan Agreement shall automatically become the Agent under this Agreement.

14.11 Release; Termination of Agreement. Subject to the provisions of Section 14.7 hereof, this Agreement shall terminate upon full and final payment and performance of all the Obligations and termination of the Loan Agreement. At such time, the Agent shall, at the request and expense of the Pledgors, reassign and redeliver to the Pledgors all of the Pledged Collateral hereunder which has not been sold, disposed of, retained or applied by the Agent in accordance with the terms hereof, together with a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement, and such other documents as may reasonably be requested by the Pledgors in connection therewith. Such reassignment and redelivery shall be without warranty by or recourse to the Agent, except as to the absence of any prior assignments by the Agent of its interest in the Pledged Collateral, and shall be at the expense of the Pledgors.

14.12 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be deemed an original but all of which shall together constitute one and the same agreement.

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14.13 GOVERNING LAW. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THE AGREEMENT OR ANY OF THE LOAN DOCUMENTS, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAWS PROVISIONS) AND DECISIONS OF THE STATE OF CALIFORNIA.

14.14 SUBMISSION TO JURISDICTION. ALL DISPUTES AMONG ANY OF THE PLEDGORS, THE AGENT, AND THE LENDERS (OR THE AGENT ACTING ON THEIR BEHALF) ARISING UNDER THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE AND FEDERAL COURTS LOCATED IN LOS ANGELES, CALIFORNIA, AND THE COURTS TO WHICH AN APPEAL THEREFROM MAY BE TAKEN; PROVIDED, HOWEVER, THAT THE AGENT, ON BEHALF OF THE LENDERS, SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST ANY OF THE PLEDGORS OR THEIR PROPERTY IN ANY LOCATION REASONABLY SELECTED BY THE AGENT IN GOOD FAITH TO ENABLE THE AGENT TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE AGENT. EACH PLEDGOR WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE AGENT HAS COMMENCED A PROCEEDING ARISING UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON FORUM NON CONVENIENS.

14.15 SERVICE OF PROCESS. EACH PLEDGOR HEREBY IRREVOCABLY DESIGNATES CT CORPORATIONS SYSTEMS AS THE DESIGNEE, APPOINTEE AND AGENT OF THE BORROWER TO RECEIVE, FOR AND ON BEHALF OF SUCH PLEDGOR, SERVICE OF PROCESS IN SUCH RESPECTIVE JURISDICTIONS IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT. IT IS UNDERSTOOD THAT A COPY OF SUCH PROCESS SERVED ON SUCH AGENT AT ITS ADDRESS WILL BE PROMPTLY

FORWARDED BY MAIL TO SUCH PLEDGOR, BUT FAILURE OF SUCH PLEDGOR TO RECEIVE SUCH COPY SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS.

14.16 JURY TRIAL. THE PLEDGORS, THE AGENT AND THE LENDERS EACH HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY. INSTEAD, ANY DISPUTES WILL BE RESOLVED IN A BENCH TRIAL.

14.17 LIMITATION OF LIABILITY. NEITHER THE AGENT NOR ANY LENDER SHALL HAVE ANY LIABILITY TO ANY OF THE PLEDGORS (WHETHER SOUNDING IN TORT, CONTRACT, OR OTHERWISE) FOR LOSSES-SUFFERED BY ANY PLEDGOR IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO THE TRANSACTIONS OR RELATIONSHIPS CONTEMPLATED BY THIS AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH,

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UNLESS IT IS DETERMINED BY A FINAL AND NONAPPEALABLE JUDGEMENT OR COURT ORDER BINDING ON THE AGENT OR ANY SUCH LENDER, THAT THE LOSSES WERE THE RESULT OF ACTS OR OMISSIONS CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

14.18 Additional Pledgors. From time to time subsequent to the date hereof, additional Subsidiaries of any Pledgor may become parties hereto as additional Pledgors (the "Additional Pledgors"), by executing a counterpart (the "Counterpart") substantially in the form of Exhibit B hereto. Upon delivery of any such Counterpart to the Agent, notice of which is hereby waived by Pledgors, each such Additional Pledgor shall be a Pledgor and shall be as fully a party hereto as if such Additional Pledgor were an original signatory hereto. Each Pledgor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Pledgor hereunder, nor by any election of Agent not to cause any Subsidiary of Pledgors to become an Additional Pledgor hereunder. This Agreement shall be fully effective as to any Pledgor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Pledgor hereunder.

[SIGNATURE PAGE TO FOLLOW]

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IN WITNESS WHEREOF, each of the Pledgors and the Agent have each caused this Agreement to be duly executed and delivered as of the date first above written.

PLEDGORS:

MOBILE MINI, INC.,
a Delaware corporation

/s/ Lawrence Trachtenberg
Title: Executive Vice President and CFO

MOBILE MINI I, INC.,
an Arizona corporation

/s/ Lawrence Trachtenberg
Title: Executive Vice President

MOBILE MINI HOLDINGS, INC.,
a Delaware corporation

/s/ Lawrence Trachtenberg
Title: President

DELIVERY DESIGN SYSTEMS, INC.,
an Arizona corporation

/s/ Lawrence Trachtenberg
Title: Executive Vice President

MOBILE MINI, LLC,
a Delaware limited liability company

/s/ Lawrence Trachtenberg
Title: Executive Vice President

MOBILE MINI, LLC,
a California limited liability company

/s/ Lawrence Trachtenberg
Title: Executive Vice President and CFO

MOBILE MINI OF OHIO, LLC,
a Delaware limited liability company

/s/ Lawrence Trachtenberg
Title: Executive Vice President and CFO

MOBILE MINI TEXAS LIMITED
PARTNERSHIP, LLP,
a Texas limited liability partnership

/s/ Lawrence Trachtenberg
Title: Treasurer

PLEDGEE:

FLEET CAPITAL CORPORATION,
as Agent

/s/ Matthew Van Steenhuyse
Title: Senior Vice President

Schedule I

PLEDGED SHARES

[UPDATE AS NECESSARY]

Pledgor -----	Issuer -----	Number of Pledged Shares -----	Share Certificate Numbers -----	Percentage of Outstanding -----
Mobile Mini, Inc.	Mobile Mini I, Inc.	10,000	No. 1	100%
Mobile Mini, Inc.	Delivery Design Systems, Inc.	10,000	No. 2	100%

EXHIBIT A TO
PLEDGE AGREEMENT

[FORM OF PLEDGE SUPPLEMENT]

PLEDGE SUPPLEMENT

This Pledge Supplement, dated _____, is delivered pursuant to the Pledge Agreement, dated as of February 11, 2002 (as it may be from time to time amended, modified or supplemented, the "Pledge Agreement"; capitalized terms used herein not otherwise defined herein shall have the meanings ascribed therein), among Mobile Mini, Inc., a Delaware corporation, Mobile Mini I, Inc., an Arizona corporation, Mobile Mini Holdings, Inc., a Delaware corporation, Delivery Design Systems, Inc., an Arizona corporation, Mobile Mini, LLC, a Delaware limited liability company, Mobile Mini, LLC, a California limited liability company, Mobile Mini of Ohio, LLC, a Delaware limited liability company, and Mobile Mini Texas Limited Partnership, LLP, a Texas limited liability partnership, in favor of Fleet Capital Corporation, for itself and as agent (the "Agent").

[NAME OF PLEDGOR] a _____ corporation ("Pledgor") hereby agrees that the Pledged Shares listed on the schedule attached hereto shall be deemed to be part of the Pledge Shares and shall become part of the Pledged Collateral and shall secure all Obligations.

IN WITNESS WHEREOF, Pledgor has caused this Supplement to be duly executed and delivered by its duly authorized officer as of _____.

[PLEDGOR]

By: _____

Name: _____

Title: _____

EXHIBIT B TO
PLEDGE AGREEMENT

[FORM OF COUNTERPART]

COUNTERPART

COUNTERPART (this "Counterpart"), dated _____, is delivered pursuant to Section 14.18 of the Pledge Agreement referred to below. The undersigned hereby agrees that this Counterpart may be attached to the Pledge Agreement, dated as of February 11, 2002 (as it may be from time to time amended, modified or supplemented, the "Pledge Agreement"; capitalized terms used herein not otherwise defined herein shall have the meanings ascribed therein), among Mobile Mini., Inc., a Delaware corporation, Mobile Mini I, Inc., an Arizona corporation, Mobile Mini Holdings, Inc., a Delaware corporation, Delivery Design Systems, Inc., an Arizona corporation, Mobile Mini, LLC, a Delaware limited liability company, Mobile Mini, LLC, a California limited liability company, Mobile Mini of Ohio, LLC, a Delaware limited liability company, and Mobile Mini Texas Limited Partnership, LLP, a Texas limited liability partnership, in favor of Fleet Capital Corporation, for itself and as agent (the "Agent"). The undersigned by executing and delivering this Counterpart hereby becomes a Pledgor under the Pledge Agreement in accordance with Section 14.18 thereof and agrees to be bound by all of the terms thereof. Without limiting the generality of the foregoing, the undersigned hereby:

(i) authorizes the Agent to add the information set forth on the Schedules to this Counterpart to the correlative Schedules attached to the Pledge Agreement;

(ii) agrees that all Pledged Collateral of the undersigned, including the items of property described on the Schedules hereto, shall become part of the Pledged Collateral and shall secure all Obligations; and

(iii) makes the representations and warranties set forth in the Pledge Agreement, as amended hereby, to the extent relating to the undersigned.

[NAME OF ADDITIONAL PLEDGOR]

By: _____

Name: _____

Title: _____

GUARANTY

THIS GUARANTY (this "Guaranty"), is made and entered into as of February 11, 2002, by MOBILE MINI I, INC., an Arizona corporation, MOBILE MINI HOLDINGS, INC., a Delaware corporation, DELIVERY DESIGN SYSTEMS, INC., an Arizona corporation, MOBILE MINI, LLC, a Delaware limited liability company, MOBILE MINI, LLC, a California limited liability company, MOBILE MINI OF OHIO, LLC, a Delaware limited liability company, and MOBILE MINI TEXAS LIMITED PARTNERSHIP, LLP, a Texas limited liability partnership (each, together with each additional Subsidiary of Mobile Mini, Inc. (the "Borrower") which becomes a party hereto, a "Guarantor" and collectively, the "Guarantors"), in favor of the financial institutions and their successors and assigns (the "Lenders") which may now be or hereafter become parties to the Loan Agreement (as defined below), and FLEET CAPITAL CORPORATION, for itself and as agent for the Lenders (the "Agent"; and together with the Lenders, the "Guaranteed Parties").

R E C I T A L S

WHEREAS, the Agent, the Lenders and Mobile Mini, Inc., a Delaware corporation (the "Borrower"), the parent of Guarantors, have entered into that certain Loan and Security Agreement, dated as of February 11, 2002 (as the same may be amended, supplemented, amended and restated or otherwise modified from time to time, the "Loan Agreement"), providing for the extension of credit by the Lenders to the Borrower;

WHEREAS, as wholly-owned subsidiaries of Borrower, each Guarantor is materially interested in the financial success of Borrower; and

WHEREAS, Borrower and Guarantors are involved in an inter-related business enterprise and will benefit from the financing provided by the Guaranteed Parties;

WHEREAS, the Lenders have required, as a condition to the extension of credit under the Loan Agreement, that the Guarantors execute and deliver this Guaranty.

NOW, THEREFORE, in consideration of the premises and to induce the Lenders to extend credit under the Loan Agreement, each Guarantor agrees with the Agent for its benefit and the ratable benefit of the Lenders as follows:

A G R E E M E N T

1. DEFINITIONS AND CONSTRUCTION.

1.1 DEFINITIONS. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement. The following terms, as used in this Guaranty, shall have the following meanings:

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"GUARANTEED OBLIGATIONS" means the Obligations owing by Borrower to the Guaranteed Parties, including interest that accrues after the commencement of a bankruptcy or insolvency proceeding or which would have accrued but for such proceeding.

1.2 CONSTRUCTION. Unless the context of this Guaranty clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, and the term "including" is not limiting. The words "hereof," "herein," "hereby," "hereunder," and other similar terms refer to this Guaranty as a whole and not to any particular provision of this Guaranty. Any reference herein to any of the Loan Documents includes any and all alterations, amendments, extensions, modifications, renewals, or supplements thereto or thereof, as applicable. Neither this Guaranty nor any uncertainty or ambiguity herein shall be construed or resolved against the Guaranteed Parties or any Guarantor, whether under any rule of construction or otherwise. On the contrary, this Guaranty has been reviewed by each Guarantor, each of the Guaranteed Parties, and their respective

counsel, and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the Guaranteed Parties and Guarantors.

2. GUARANTEED OBLIGATIONS. Each Guarantor hereby irrevocably and unconditionally, jointly and severally, guarantees to the Guaranteed Parties, as and for its own debt, until final and indefeasible payment thereof has been made, (a) payment of the Guaranteed Obligations, in each case when and as the same shall become due and payable, whether at maturity, pursuant to a mandatory prepayment requirement, by acceleration, or otherwise; it being the intent of such Guarantor that the guaranty set forth herein shall be a guaranty of payment and not a guaranty of collection; and (b) the punctual and faithful performance, keeping, observance, and fulfillment by Borrower of all of the agreements, conditions, covenants, and obligations of Borrower contained in the Loan Agreement and in each of the other Loan Documents.

The liability of Guarantors under this Guaranty shall be joint and several and may be enforced against each Guarantor without regard to whether enforcement is sought or available against any other Guarantor.

3. CONTINUING GUARANTY. This Guaranty includes Guaranteed Obligations arising under successive transactions continuing, compromising, extending, increasing, modifying, releasing, or renewing the Guaranteed Obligations, changing the interest rate, payment terms, or other terms and conditions thereof, or creating new or additional Guaranteed Obligations after prior Guaranteed Obligations have been satisfied in whole or in part. Each Guarantor hereby absolutely, knowingly, unconditionally, and expressly waives and agrees not to assert any right it has under Section 2815 of the California Civil Code, or otherwise, to revoke this Guaranty as to future indebtedness.

4. PERFORMANCE UNDER THIS GUARANTY. In the event that Borrower fails to make any payment of any Guaranteed Obligations on or before the due date thereof, or if Borrower shall fail to perform, keep, observe, or fulfill any other obligation referred to in clause (b) of Section 2 hereof in the manner provided in the Loan Agreement or the other Loan

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Documents, as applicable, Guarantors immediately shall cause such payment to be made or each of such obligations to be performed, kept, observed, or fulfilled.

5. PRIMARY OBLIGATIONS. This Guaranty is a primary and original obligation of each Guarantor and is an absolute, unconditional, and continuing guaranty of payment and performance which shall remain in full force and effect without respect to future changes in conditions, including any change of law. Each Guarantor agrees that it is directly, and jointly and severally with any other Guarantor of the Guaranteed Obligations, liable to the Guaranteed Parties, that the obligations of each Guarantor hereunder are independent of the obligations of Borrower or any other Guarantor, and that a separate action may be brought against such Guarantor whether such action is brought against Borrower or any other Guarantor or whether Borrower or any such other guarantor is joined in such action. Each Guarantor agrees that its liability hereunder shall be immediate and shall not be contingent upon the exercise or enforcement by the Guaranteed Parties of whatever remedies they may have against Borrower or any other Guarantor, or the enforcement of any lien or realization upon any security the Guaranteed Parties may at any time possess. Each Guarantor agrees that any release which may be given by any Guaranteed Party to Borrower or any other Guarantor shall not release such Guarantor. Each Guarantor consents and agrees that the Guaranteed Parties shall be under no obligation (under Sections 2899 or 3433 of the California Civil Code or otherwise) to marshal any assets of Borrower or any other Guarantor in favor of such Guarantor, or against or in payment of any or all of the Guaranteed Obligations.

6. WAIVERS.

6.1 Each Guarantor absolutely, unconditionally, knowingly, and expressly waives:

(a) (a) notice of acceptance hereof;
(b) notice of any loans or other financial accommodations made or extended under the Loan Documents or the creation or existence of any Guaranteed Obligations;
(c) notice of the amount of the Guaranteed Obligations, subject, however, to

such Guarantor's right to make inquiry of Agent to ascertain the amount of the Guaranteed Obligations at any reasonable time; (d) notice of any adverse change in the financial condition of Borrower or any other Guarantor or of any other fact that might increase such Guarantor's risk hereunder; (e) notice of presentment for payment, demand, protest, and notice thereof as to any instruments among the Loan Documents; (f) notice of any unmatured event of default or event of default under the Loan Agreement; and (g) all other notices (except if such notice is specifically required to be given to such Guarantor hereunder or under any Loan Document to which such Guarantor is a party) and demands to which such Guarantor might otherwise be entitled.

(b) its right, under Sections 2845 or 2850 of the California Civil Code, or otherwise, to require the Guaranteed Parties to institute suit against, or to exhaust any rights and remedies which the Guaranteed Parties have or may have against, Borrower or any third party, or against any collateral for the Guaranteed Obligations provided by Borrower, such Guarantor, or any other Guarantor or any third party. In this regard, such Guarantor agrees that it is bound to the payment of all Guaranteed Obligations, whether now existing or hereafter

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accruing, as fully as if such Guaranteed Obligations were directly owing to the Guaranteed Parties by such Guarantor. Such Guarantor further waives any defense arising by reason of any disability or other defense (other than the defense that the Guaranteed Obligations shall have been fully and finally performed and indefeasibly paid) of Borrower or by reason of the cessation from any cause whatsoever of the liability of Borrower in respect thereof.

(c) (a) any rights to assert against any of the Guaranteed Parties any defense (legal or equitable), set-off, counterclaim, or claim which such Guarantor may now or at any time hereafter have against Borrower or any other party liable to such Guaranteed Party; (b) any defense, set-off, counterclaim, or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity, or enforceability of the Guaranteed Obligations or any security therefore or for this Guaranty; (c) any defense such Guarantor has to performance hereunder, and any right such Guarantor has to be exonerated, provided by Sections 2819, 2822, or 2825 of the California Civil Code, or otherwise, arising by reason of: the impairment or suspension of any Guaranteed Party's rights or remedies against Borrower or any other Guarantor; the alteration by any Guaranteed Party of the Guaranteed Obligations; any discharge of the Borrower's or any other Guarantor's obligations to any Guaranteed Party by operation of law as a result of such Guaranteed Party's intervention or omission; or the acceptance by any Guaranteed Party of anything in partial satisfaction of the Guaranteed Obligations; (d) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement thereof, and any act which shall defer or delay the operation of any statute of limitations applicable to the Guaranteed Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to such Guarantor's liability hereunder.

6.2 Each Guarantor absolutely, unconditionally, knowingly, and expressly waives any defense arising by reason of or deriving from (i) any claim or defense based upon an election of remedies by any of the Guaranteed Parties including any defense based upon an election of remedies by any Guaranteed Party under the provisions of Sections 580a, 580b, 580d, and 726 of the California Code of Civil Procedure or any similar law of California or any other jurisdiction; or (ii) any election by any Guaranteed Party under Bankruptcy Code Section 1111(b) to limit the amount of, or any collateral securing, its claim against the Borrower. Pursuant to California Civil Code Section 2856(b):

"Guarantor waives all rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580(d) of the California Code of Civil Procedure or otherwise."

If any of the Guaranteed Obligations or any obligations of a Guarantor hereunder at any time are secured by a mortgage or deed of trust upon real property, the Guaranteed Parties may elect, in their sole discretion and except as otherwise

provided in the Loan Documents, upon a default with respect to the Guaranteed Obligations, to foreclose such mortgage or deed of trust judicially or nonjudicially in any manner permitted by law, before or after enforcing this Guaranty, without diminishing or affecting the liability of such Guarantor hereunder except to the extent the

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Guaranteed Obligations are repaid with the proceeds of such foreclosure. Each Guarantor understands that (a) by virtue of the operation of California's antideficiency law applicable to nonjudicial foreclosures, an election by the Guaranteed Parties nonjudicially to foreclose such a mortgage or deed of trust probably would have the effect of impairing or destroying rights of subrogation, reimbursement, contribution, or indemnity of such Guarantor against Borrower or other guarantors or sureties, and (b) absent the waiver given by such Guarantor herein, such an election would prevent the Guaranteed Parties from enforcing this Guaranty against such Guarantor. Understanding the foregoing, and understanding that each Guarantor is hereby relinquishing a defense to the enforceability of this Guaranty, each Guarantor hereby waives any right to assert against any of the Guaranteed Parties any defense to the enforcement of this Guaranty, whether denominated "estoppel" or otherwise, based on or arising from an election by the Guaranteed Parties nonjudicially to foreclose any such mortgage or deed of trust. Each Guarantor understands that the effect of the foregoing waiver may be that such Guarantor may have liability hereunder for amounts with respect to which such Guarantor may be left without rights of subrogation, reimbursement, contribution, or indemnity against Borrower or other guarantors or sureties. Each Guarantor also agrees that the "fair market value" provisions of Section 580a of the California Code of Civil Procedure shall have no applicability with respect to the determination of such Guarantor's liability under this Guaranty.

6.3 To the extent that any Guarantor shall repay any of the Guaranteed Obligations, it shall be entitled to contribution and indemnification from, and to be reimbursed by, each other Guarantor, but all such claims of contributions, indemnification and reimbursement shall be subordinate in right of payment to the prior indefeasible payment in full, in cash, of the Guaranteed Obligations. Notwithstanding the foregoing, until such time as all of the Guaranteed Obligations have been fully, finally, and indefeasibly paid in full in cash: (a) each Guarantor hereby postpones any right of subrogation such Guarantor has or may have as against Borrower or any other Guarantor of the Obligations of Borrower with respect to the Guaranteed Obligations; (b) each Guarantor hereby postpones any right to proceed against Borrower or any other Guarantor or any other Person, now or hereafter, for contribution, indemnity, reimbursement, or any other suretyship rights and claims, whether direct or indirect, liquidated or contingent, whether arising under express or implied contract or by operation of law, which such Guarantor may now have or hereafter have as against Borrower or any other Guarantor with respect to the Guaranteed Obligations; and (c) each Guarantor also hereby postpones any right to proceed or seek recourse against or with respect to any property or asset of Borrower or any other Guarantor.

6.4 WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER OR OTHER PROVISION SET FORTH IN THIS GUARANTY, EACH GUARANTOR HEREBY ABSOLUTELY, KNOWINGLY, UNCONDITIONALLY, AND EXPRESSLY WAIVES AND AGREES NOT TO ASSERT ANY AND ALL BENEFITS OR DEFENSES ARISING DIRECTLY OR INDIRECTLY UNDER ANY ONE OR MORE OF CALIFORNIA CIVIL CODE SECTIONS 2799, 2808, 2809, 2810, 2815, 2819, 2820, 2821, 2822, 2825, 2839, 2845, 2848, 2849, AND 2850, CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 580a, 580b, 580c, 580d, AND 726, AND CHAPTER 2 OF TITLE 14 OF THE CALIFORNIA CIVIL CODE.

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7. RELEASES. Each Guarantor consents and agrees that, without notice to or by such Guarantor and without affecting or impairing the obligations of such Guarantor hereunder, the Guaranteed Parties may, by action or inaction and in accordance with any applicable provisions of the Loan Documents:

7.1 compromise, settle, extend the duration or the time for the payment of, or discharge the performance of, or may refuse to or otherwise not enforce the Loan Documents;

7.2 release all or any one or more parties to

any one or more of the Loan Documents or grant other indulgences to Borrower in respect thereof;

7.3 amend or modify in any manner and at any time (or from time to time) any of the Loan Documents; or

7.4 add (or fail to add), release or substitute any other guarantor, if any, of the Guaranteed Obligations, or enforce, exchange, release (by action or inaction), or waive any security for the Guaranteed Obligations (including, the collateral referred to in Section 14 hereof) or any other guaranty of the Guaranteed Obligations, or any portion thereof.

8. NO ELECTION. The Guaranteed Parties shall have the right to seek recourse against each Guarantor to the fullest extent provided for herein, and no election by any Guaranteed Party to proceed in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of the Guaranteed Parties' right to proceed in any other form of action or proceeding or against other parties unless the Guaranteed Parties have expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by any Guaranteed Party under any document or instrument evidencing the Guaranteed Obligations shall serve to diminish the liability of any Guarantor under this Guaranty except to the extent that the Guaranteed Parties finally and unconditionally shall have realized indefeasible payment by such action or proceeding.

9. INDEFEASIBLE PAYMENT. The Guaranteed Obligations shall not be considered indefeasibly paid for purposes of this Guaranty unless and until all payments to the Guaranteed Parties are no longer subject to any right on the part of any person, including Borrower, Borrower as a debtor in possession, or any trustee (whether appointed under the Bankruptcy Code or otherwise) of Borrower's assets to invalidate or set aside such payments or to seek to recoup the amount of such payments or any portion thereof, or to declare same to be fraudulent or preferential. In the event that, for any reason, any portion of such payments to the Guaranteed Parties is set aside or restored, whether voluntarily or involuntarily, after the making thereof, then the obligation intended to be satisfied thereby shall be revived and continued in full force and effect as if said payment or payments had not been made, and the Guarantors shall be liable for the full amount the Guaranteed Parties are required to repay plus any and all reasonable out-of-pocket costs and expenses (including attorneys' fees) paid by the Guaranteed Parties in connection therewith.

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10. SUBORDINATION. Each Guarantor hereby agrees that any and all present and future indebtedness of Borrower owing to such Guarantor is postponed in favor of and subordinated to payment, in full, in cash, of the Guaranteed Obligations. In this regard, no payment of any kind whatsoever, other than payments consistent with the past practices of Borrower or otherwise consented to by Agent, which consent shall not be unreasonably withheld, shall be made with respect to such indebtedness until the Guaranteed Obligations have been paid in full.

11. PAYMENTS; APPLICATION. All payments to be made hereunder by each Guarantor shall be made in lawful money of the United States of America at the time of payment, shall be made in immediately available funds, and shall be made without deduction (whether for taxes or otherwise) or offset. All payments made by each Guarantor hereunder shall be applied as follows: first, to all reasonable out-of-pocket costs and expenses (including attorneys' fees) incurred by the Guaranteed Parties in enforcing this Guaranty or in collecting the Guaranteed Obligations; second, to all accrued and unpaid interest, premium, if any, and fees owing to the Guaranteed Parties constituting Guaranteed Obligations; and third, to the balance of the Guaranteed Obligations.

12. INDEMNIFICATION. Each Guarantor agrees to indemnify each of the Guaranteed Parties and hold each of the Guaranteed Parties harmless against all obligations, demands, or liabilities asserted by any party and against all losses in any way suffered, incurred, or paid by any Guaranteed Party as a result of or in any way arising in connection with this Agreement, unless such obligations, demand, liabilities or losses shall be due to willful misconduct or gross negligence on the part of such Guaranteed Party.

13. BOOKS AND RECORDS. Each Guarantor agrees that the

Guaranteed Parties' books and records showing the account between the Guaranteed Parties and Borrower shall be admissible in any action or proceeding and shall be binding upon such Guarantor for the purpose of establishing the items therein set forth and shall constitute prima facie proof thereof.

14. COLLATERAL. The obligations of each Guarantor hereunder are secured, as provided in the Subsidiary Security Agreement, of even date herewith, executed by such Guarantor in favor of the Agent, and the other Loan Documents to which such Guarantor is a party.

15. RIGHT OF SETOFF. Except to the extent prohibited by applicable law, and in addition to and not in limitation of all rights of offset that any Guaranteed Party or other holder of a Note may have under applicable law or under any Loan Documents, each Guaranteed Party or other holder of a Note shall upon the occurrence of any Event of Default and whether or not such Guaranteed Party or such holder has made any demand or the Guarantors' obligations are matured, have the right to appropriate and apply to the payment of the Guarantors' obligations hereunder, all deposits (general or special, time or demand, provisional or final) then or thereafter held by and other indebtedness or property then or thereafter owing by such Guaranteed Party or other holder to the Guarantors, whether or not related to this Guaranty or any transaction hereunder.

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16. AMENDMENTS. Any amendment or waiver of any provision of this Guaranty and any consent to any departure by any Guarantor from any provision of this Guaranty shall be effective only if made or given in compliance with all of the terms and provisions of Section 11.10 of the Loan Agreement.

17. EXPENSES. Each Guarantor shall promptly pay to the Agent, for the ratable benefit of the Guaranteed Parties, the amount of any and all reasonable out-of-pocket costs and expenses of the Guaranteed Parties (both before and after the execution hereof) in connection with any matters contemplated by or arising out of this Guarantee or any of the Loan Documents whether (a) to prepare, negotiate or execute (i) any amendment to, modification of or extension of this Guaranty or any other Loan Document to which such Guarantor is a party or (ii) any instrument, document or agreement in connection with any sale or attempted sale of any interest herein to any participant, (b) to commence, defend, or intervene in any litigation or to file a petition, complaint, answer, motion or other pleadings necessary to protect or enforce the rights of the Guaranteed Parties under this Guaranty or any other Loan Document, (c) to take any other action in or with respect to any suit or proceeding (bankruptcy or otherwise) necessary to protect the rights of the Guaranteed Parties under this Guaranty or any other Loan Document or to respond to any subpoena, deposition or interrogatory with respect to any litigation involving such Guarantor, or (d) to attempt to enforce or to enforce any rights of the Guaranteed Parties to collect any of the Guaranteed Obligations, including all reasonable out-of-pocket fees and expenses of attorneys and paralegals (including charges for inside counsel).

18. HEADINGS. The headings in this Guaranty are for purposes of reference only and shall not otherwise affect the meaning or construction of any provision of this Guaranty.

19. SEVERABILITY. The provisions of this Guaranty are severable, and if any clause or provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect in that jurisdiction only such clause or provision, or part thereof, and shall not in any manner affect such clause or provision in any other jurisdiction or any other clause or provision of this Guaranty in any jurisdiction.

20. NOTICES. All notices, approvals, consents or other communications to Agent required or desired to be given hereunder shall be in the form and manner, and delivered to Agent at its addresses, as set forth in Section 12.8 of the Loan Agreement. All notices, approvals, consents or other communications to Guarantors required or desired to be given hereunder shall be in the form and manner, and delivered to Borrower at its addresses, as set forth in Section 12.8 of the Loan Agreement.

21. REMEDIES CUMULATIVE. Each right, power and remedy of the Guaranteed Parties provided in this Guaranty or now or hereafter existing at

law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Guaranty or now or hereafter existing at law or in equity or by statute or otherwise. The exercise or partial exercise by the Guaranteed Parties of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by the Guaranteed Parties of all such other rights, powers or remedies, and no failure or delay on the

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part of the Guaranteed Parties to exercise any such right, power or remedy shall operate as a waiver thereof.

22. FINAL EXPRESSION. This Guaranty, together with any other agreement executed in connection herewith, is intended by the parties as a final expression of the Guaranty and is intended as a complete and exclusive statement of the terms and conditions thereof. Acceptance of or acquiescence in a course of performance rendered under this Guaranty shall not be relevant to determine the meaning of this Guaranty even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection.

23. ASSIGNABILITY. This Guaranty shall be binding on each of the Guarantors and its successors and permitted assigns and shall inure to the benefit of the Guaranteed Parties and their respective successors, transferees, endorsees and assigns. The Guarantors may not assign this Guaranty.

24. NON-WAIVER. The failure of the Guaranteed Parties to exercise any right or remedy hereunder, or promptly to enforce any such right or remedy, shall not constitute a waiver thereof, nor give rise to any estoppel against the Guaranteed Parties, nor excuse the Guarantors from their obligations hereunder.

25. TERMINATION; REINSTATEMENT. Except as otherwise provided herein, this Guaranty shall terminate upon the receipt by each of the Guaranteed Parties of evidence satisfactory to it of the payment (or prepayment) in full of the Guaranteed Obligations and any other amounts which may be owing hereunder and termination of the Lenders' Revolving Loan Commitment. At the time of such termination, the Guaranteed Parties, at the request and expense of the Guarantors, will promptly execute and deliver to the Guarantors a proper instrument or instruments acknowledging the satisfaction and termination of this Guaranty and such other documents as may be reasonably requested by Guarantors. To the maximum extent permitted by law, this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any amount received by Agent or any Lender in respect of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Guarantor or any other Person or upon the appointment of any receiver, intervenor, conservator, trustee or similar official for any Guarantor or any other Person or any substantial part of its assets, or otherwise, all as though such payments had not been made.

26. COUNTERPARTS. This Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all of which shall together constitute one and the same agreement.

27. GOVERNING LAW. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS GUARANTY AND ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTY, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE GOVERNED BY THE INTERNAL LAWS (AS

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OPPOSED TO THE CONFLICTS OF LAWS PROVISIONS) AND DECISIONS OF THE STATE OF CALIFORNIA.

28. SUBMISSION TO JURISDICTION. ALL DISPUTES AMONG THE GUARANTORS AND THE LENDERS (OR THE AGENT ACTING ON THEIR BEHALF) ARISING UNDER THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED ONLY BY STATE AND FEDERAL COURTS LOCATED IN LOS ANGELES, CALIFORNIA, AND THE COURTS TO WHICH AN APPEAL THEREFROM MAY BE TAKEN; PROVIDED, HOWEVER, THAT THE AGENT, ON BEHALF OF THE LENDERS, SHALL HAVE THE RIGHT, TO THE EXTENT

PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST ANY OF THE GUARANTORS OR THEIR PROPERTY IN ANY LOCATION REASONABLY SELECTED BY THE AGENT IN GOOD FAITH TO ENABLE THE AGENT TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE AGENT. EACH OF THE GUARANTORS WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE AGENT HAS COMMENCED A PROCEEDING ARISING UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON FORUM NON CONVENIENS.

29. SERVICE OF PROCESS. THE GUARANTORS HEREBY IRREVOCABLY DESIGNATE CT CORPORATIONS SYSTEMS AS THE DESIGNEE, APPOINTEE AND AGENT OF THE GUARANTORS TO RECEIVE, FOR AND ON BEHALF OF THE GUARANTORS, SERVICE OF PROCESS IN SUCH RESPECTIVE JURISDICTIONS IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS LOAN AGREEMENT OR ANY OTHER LOAN DOCUMENT. IT IS UNDERSTOOD THAT A COPY OF SUCH PROCESS SERVED ON SUCH AGENT AT ITS ADDRESS WILL BE PROMPTLY FORWARDED BY MAIL TO THE BORROWER, BUT FAILURE OF ANY OF THE GUARANTORS TO RECEIVE SUCH COPY SHALL NOT AFFECT IN ANY WAY THE SERVICE OF SUCH PROCESS.

30. JURY TRIAL. THE GUARANTORS, THE AGENT AND THE LENDERS EACH HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY. INSTEAD, ANY DISPUTES WILL BE RESOLVED IN A BENCH TRIAL.

31. LIMITATION OF LIABILITY. NEITHER THE AGENT NOR ANY LENDER SHALL HAVE ANY LIABILITY TO THE GUARANTORS (WHETHER SOUNDING IN TORT, CONTRACT, OR OTHERWISE) FOR LOSSES SUFFERED BY ANY OF THE GUARANTORS IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO THE TRANSACTIONS OR RELATIONSHIPS CONTEMPLATED BY THIS GUARANTY, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, UNLESS IT IS DETERMINED BY A FINAL AND NONAPPEALABLE JUDGMENT OR COURT ORDER BINDING ON THE AGENT OR ANY SUCH LENDER, THAT THE LOSSES WERE THE RESULT OF ACTS OR OMISSIONS CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

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32. MAXIMUM GUARANTEED AMOUNT. Notwithstanding any other provision of this Guaranty to the contrary, if and to extent that the obligations of a Guarantor hereunder would otherwise be held or determined by a court of competent jurisdiction in any action or proceeding involving any state corporate law or any state or Federal bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other law affecting the rights of creditors generally, to be void, invalid or unenforceable to any extent on account of the amount of such Guarantor's liability under this Guaranty, giving effect to the rights of subrogation, contribution, reimbursement and indemnification of such Guarantor, if any, then notwithstanding any other provision of this Guaranty to the contrary, the amount of the liability of such Guarantor shall, without any further action by such Guarantor or any other Person, be automatically limited and reduced to the highest amount which is valid and enforceable as determined in such action or proceeding. Each Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed such maximum liability without impairing this Guaranty or the rights and remedies of any Guaranteed Party.

33. WAIVERS, CONSENTS. Each Guarantor warrants and agrees that each of the waivers and consents set forth herein is made after consultation with legal counsel and with full knowledge of its significance and consequence, with the understanding that events giving rise to any defense or right waived may diminish, destroy, or otherwise adversely affect rights which such Guarantor otherwise may have against Borrower, the Guaranteed Parties, or others, or against any collateral, and that, under the circumstances, the waivers and consents herein given are reasonable and not contrary to public policy or law. If any of the waivers or consents herein are determined to be unenforceable under applicable law, such waivers and consents shall be effective to the maximum extent permitted by law.

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34. Additional Guarantors. From time to time subsequent to the date hereof, additional Subsidiaries of any Guarantor may become parties hereto as additional Guarantors (the "Additional Guarantors"), by executing a counterpart (the "Counterpart") substantially in the form of Exhibit A hereto. Upon delivery of any such Counterpart to the Agent, notice of which is hereby waived by Guarantors, each such Additional Guarantor shall be a Guarantor and shall be as fully a party hereto as if such Additional Guarantor were an original signatory hereto. 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 Agent not to cause any Subsidiary of Guarantors to become an Additional Guarantor hereunder. This Agreement 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.

35. Interpretation of Agreement. Time is of the essence in each provision of this Agreement of which time is an element. All terms not defined herein or in the Loan Agreement shall have the meaning set forth in the applicable Uniform Commercial Code, except where the context otherwise requires. To the extent a term or provision of this Agreement conflicts with the Loan Agreement, the Loan Agreement shall control with respect to the subject matter of such term or provision. Acceptance of or acquiescence in a course of performance rendered under this Agreement shall not be relevant in determining the meaning of this Agreement even though the accepting or acquiescing party had knowledge of the nature of the performance and opportunity for objection

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IN WITNESS WHEREOF, each of the Guarantors has executed and delivered this Guaranty as of the date set forth in the first paragraph hereof.

GUARANTORS:

MOBILE MINI I, INC.,
an Arizona corporation

/s/ Lawrence Trachtenberg
Title: Executive Vice President

MOBILE MINI HOLDINGS, INC.,
a Delaware corporation

/s/ Lawrence Trachtenberg
Title: President

DELIVERY DESIGN SYSTEMS, INC.,
an Arizona corporation

/s/ Lawrence Trachtenberg
Title: Executive Vice President

MOBILE MINI, LLC,
a Delaware limited liability company

/s/ Lawrence Trachtenberg
Title: Executive Vice President and CFO

MOBILE MINI, LLC,
a California limited liability company

/s/ Lawrence Trachtenberg
Title: Executive Vice President and CFO

MOBILE MINI OF OHIO, LLC,
a Delaware limited liability company

/s/ Lawrence Trachtenberg
Title: Executive Vice President and CFO

MOBILE MINI TEXAS LIMITED
PARTNERSHIP, LLP,
a Texas limited liability partnership

/s/ Lawrence Trachtenberg
Title: Treasurer

[FORM OF COUNTERPART]

COUNTERPART

COUNTERPART (this "Counterpart"), dated _____, is delivered pursuant to Section 34 of the Guaranty referred to below. The undersigned hereby agrees that this Counterpart may be attached to the Guaranty, dated as of February 11, 2002 (as it may be from time to time amended, modified or supplemented, the "Guaranty"; capitalized terms used herein not otherwise defined herein shall have the meanings ascribed therein), by Mobile Mini I, Inc., an Arizona corporation, Mobile Mini Holdings, Inc., a Delaware corporation, Delivery Design Systems, Inc., an Arizona corporation, Mobile Mini, LLC, a Delaware limited liability company, Mobile Mini, LLC, a California limited liability company, Mobile Mini of Ohio, LLC, a Delaware limited liability company, and Mobile Mini Texas Limited Partnership, LLP, a Texas limited liability partnership, in favor of Fleet Capital Corporation, for itself and as agent (the "Agent"). The undersigned by executing and delivering this Counterpart hereby becomes a Guarantor under the Guaranty in accordance with Section 34 thereof and agrees to be bound by all of the terms thereof.

[NAME OF ADDITIONAL GUARANTOR]

By: _____
Name: _____
Title: _____

EXHIBIT 11

MOBILE MINI, INC.

STATEMENT REGARDING COMPUTATION OF EARNINGS PER SHARE

	YEAR ENDED DECEMBER 31,		
	1999	2000	2001
BASIC:			
Common shares outstanding, beginning of year	7,966,863	11,438,356	11,591,584
Effect of weighting shares:			
Weighted common shares issued	2,186,223	103,760	1,922,957
Weighted average number of common shares outstanding	10,153,086	11,542,116	13,514,541
Income before extraordinary item	\$ 9,449,539	\$13,219,938	\$18,683,087
Extraordinary item	(424,053)	--	--
Net income	9,025,486	13,219,938	18,683,087
Preferred stock dividend	(21,918)	--	--
Net income available to common stockholders	\$ 9,003,568	\$13,219,938	\$18,683,087
Earnings per share:			
Income before extraordinary item	\$ 0.93	\$ 1.15	\$ 1.38
Extraordinary item	(0.04)	--	--
Net income	\$ 0.89	\$ 1.15	\$ 1.38
DILUTED:			
Common shares outstanding, beginning of year	7,966,863	11,438,356	11,591,584
Effect of weighting shares:			
Weighted common shares issued	2,186,223	103,760	1,922,957
Employee stock options and warrants assumed converted	487,352	401,591	439,545
Weighted average number of common and common equivalent shares outstanding	10,640,438	11,943,707	13,954,086
Income before extraordinary item	\$ 9,449,539	\$13,219,938	\$18,683,087
Extraordinary item	(424,053)	--	--
Net income	9,025,486	13,219,938	
Preferred stock dividend	(21,918)	--	--
Net income available to common stockholders (Note 1 of Notes to Consolidated Financial Statements)	\$ 9,003,568	\$13,219,938	\$18,683,087
Earnings per share			
Income before extraordinary item	\$ 0.89	\$ 1.11	\$ 1.34
Extraordinary item	(0.04)	--	--
Net income	\$ 0.85	\$ 1.11	\$ 1.34

EXHIBIT 21

SUBSIDIARIES OF MOBILE MINI, INC.

NAME OF SUBSIDIARY -----	JURISDICTION OF INCORPORATION/FORMATION -----	PERCENT OWNERSHIP BY MMI -----
Mobile Mini I, Inc.	Arizona	100%
Delivery Design Systems, Inc. (1)	Arizona	100%
Mobile Mini, LLC	California	100%
Mobile Mini, LLC	Delaware	100%
Mobile Mini of Ohio LLC	Delaware	100%
Mobile Mini Holdings, Inc.	Delaware	100%

(1) An inactive corporation.

NAME OF SUBSIDIARY -----	JURISDICTION OF INCORPORATION/FORMATION -----	PERCENT OWNERSHIP -----
Mobile Mini Texas Limited Partnership, LLP	Texas	99% - Mobile Mini Holdings, Inc. 1% - Mobile Mini I, Inc.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated February 11, 2002, included in this Form 10-K into the Company's previously filed Registration Statements File Nos. 333-2868, 333-41495, 333-86495, 333-43954 and 333-65566.

/s/ ARTHUR ANDERSEN LLP

Phoenix, Arizona
March 26, 2002

EXHIBIT 99

ARTHUR ANDERSEN LLP REPRESENTATION LETTER

To the Securities and Exchange Commission:

Arthur Andersen LLP (Andersen) has represented to Mobile Mini, Inc. that its audit was subject to Andersen's quality control system for the U.S. accounting and auditing practice to provide reasonable assurance that the engagement was conducted in compliance with professional standards and that there was appropriate continuity of Andersen personnel working on the audit and availability of national office consultation. Availability of personnel at foreign affiliates of Andersen was not relevant to this audit.