Rent-A-Center, Inc. Reports Record Second Quarter 2001 Results

July 30, 2001

Plano, Texas, July 30, 2001. - Rent-A-Center, Inc. (the "Company") (NASDAQ/NNM:RCII) announced today record revenues and net earnings for the quarter ended June 30, 2001.

The Company, the nation's largest rent-to-own operator, had net earnings for the quarter ended June 30, 2001 of $27.5 million, or $0.74 per diluted share, representing a 20.4% increase from the comparable 2000 period net earnings of $22.9 million, or $0.66 per diluted share, when excluding the one-time gain discussed below. Total revenues for the quarter ended June 30, 2001 increased to $442.8 million as compared to $392.2 million for the same quarter of the prior year. The 12.9% increase in revenues was primarily driven by growth in same store revenues, as well as incremental revenues generated in new and acquired stores. Same store revenues (revenues earned in stores operated for the entirety of both periods) during the second quarter of 2001 increased 8.7% above the comparable quarter of 2000. The Company's quarterly growth in net earnings, exclusive of the one-time gain, resulted primarily from the overall increase in revenues.

Net earnings for the six months ended June 30, 2001, were $52.5 million, or $1.43 per diluted share, representing an increase of 20.1% over the net earnings of $43.8 million, when excluding the one time gain, or $1.27 per diluted share for the same period in the prior year. Total revenues for the six months ended June 30, 2001 increased to $882.5 million from $784.8 million in 2000, representing an increase of 12.4%. Same store revenues for the six month period ending June 30, 2001 increased 8.7%.

During 2000, the Company received a reimbursement of $22.4 million from the settlement fund related to three class action lawsuits in the state of New Jersey which it settled in December 1998. Accordingly, the Company recorded a one-time pre-tax gain of $22.4 million to reflect this reimbursement during the quarter ended June 30, 2000.

"We are pleased that we were able to meet our earnings targets for the second quarter of 2001 in such a challenging economic environment," commented J. Ernest Talley, the Company's Chairman and Chief Executive Officer. "Despite a softening economy that is impacting most traditional retailers, we achieved 8.7% same store sales increases, as well as, our consensus earnings estimates."

During the second quarter of 2001, the Company opened 20 new store locations and acquired an additional 74 stores through nine separate transactions. Through June 30, 2001, the Company has opened 43 new stores and acquired a total of 78 others. Mitchell E. Fadel, the Company's President commented, "We continue to lay the foundation for future earnings growth with our new store and acquisition program. In the second quarter, we acquired 74 stores for approximately $32.7 million. We believe these attractively-valued acquisitions will be accretive to earnings in 2002 and are representative of other opportunities we are reviewing to acquire stores from smaller operators." Fadel continued, "Since we began opening new stores again in October 2000, the Company has opened 84 locations. While, as we expected, these stores are currently dilutive to earnings by approximately $0.08 per quarter, we are pleased with their performance to date and expect them to drive earnings growth in the future as they mature."

The new store and acquisition program has been funded entirely through internally generated cash flows. The Company's cash flow from operations was $31.3 million for the second quarter and $63.3 million for the six months ended June 30, 2001. Also during the second quarter, the Company raised approximately $45.7 million through a follow on public offering. Along with the proceeds from the offering and the strong cash flows, the Company has reduced the amount of debt outstanding through June 30, 2001 by approximately $76.1 million since December 31, 2000. Furthermore the Company has reduced debt by an additional $20.0 million since June 30, 2001. All debt reductions for 2001 are after providing for the cost of the acquisitions mentioned above.

"As we look forward to the remainder of the year, we expect our revenues to continue to be strong at 5% to 7% on a same store basis," Talley commented. "We anticipate investing in increased advertising, promotion and in-store labor costs to drive sales and new stores. These cost increases, combined with increased utility, insurance and energy costs and an increased outstanding share base are resulting in the following earnings expectations," Talley continued. "We expect diluted earnings per share to be $0.68 to $0.70 in the third quarter of 2001 and $2.87 to $2.91 for the 2001 fiscal year. We remain confident in the fundamentals of our business and as we look to 2002, we expect same store sales of 4% to 6% and earnings of $3.85 to $3.95 per share."

Rent-A-Center will host a conference call to discuss the second quarter financial results on Tuesday morning at 10:45 a.m. EDT. For a live webcast of the call, visit http://www.rentacenter.com/CompanyInfo/CompanyInfo.html. The webcast will be archived for a period of two weeks.

Rent-A-Center, Inc., headquartered in Plano, Texas, currently operates 2,275 rent-to-own stores in 50 states, Washington, D.C. and Puerto Rico, offering high-quality, durable goods such as consumer electronics, appliances, computers, furniture and accessories to consumers under flexible rental purchase arrangements that allow the customer to obtain ownership of the merchandise at the conclusion of an agreed-upon rental period. ColorTyme, Inc., a wholly owned subsidiary of the Company, is a national franchiser of 347 rent-to-own stores, 334 of which operate under the trade name of "ColorTyme," and the remaining 13 of which operate under the "Rent-A-Center" name.

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. These statements do not include the potential impact of store acquisitions that may be completed after June 30, 2001.

THIRD QUARTER 2001 GUIDANCE:

Revenues The Company expects total revenues to be in the range of $442 million to $452 million.

Store rental and fee revenues are expected to be between $412 million and $417 million. Total store revenues are expected to be in the range of $430 million to $440 million. Same store sales increases are expected to be in the 4% to 6% range. The Company expects to open 15-25 new store locations. Expenses The Company expects depreciation of rental merchandise to be between 20.5% and 20.8% of store rental and fee revenue and cost of goods merchandise sales to be between 75% and 80% of store merchandise sales. Store salaries and other expenses are expected to be in the range of 57% and 59% of total store revenue. General and administrative expenses are expected to be between 3.0% and 3.3% of total revenue. Interest expense is expected to be approximately $15.0 million and amortization is expected to be approximately $7.8 million. Tax rate is expected to be in the range of 43.5% to 44.5% of pre-tax income. Diluted earnings per share are estimated to be in the range of $0.68 to $0.70. FISCAL 2001 GUIDANCE:

Revenues

- The Company expects total revenues to be in the range of $1.785 billion and $1.805 billion.
- Store rental and fee revenues are expected to be between $1.635 billion and $1.650 billion.
- Total store revenues are expected to be in the range of $1.730 billion and $1.745 billion.
- Same store sales increases are expected to be in the 6% to 8% range.
- The Company expects to open a total of 75-100 new store locations.

Expenses

- The Company expects depreciation of rental merchandise to be between 20.5% and 20.8% of store rental and fee revenue and cost of goods merchandise sales to be between 74% and 79% of store merchandise sales.
- Store salaries and other expenses are expected to be in the range of 56.5% and 58.5% of total store revenue.
- General and administrative expenses are expected to be between 3.0% and 3.3% of total revenue.
- Interest expense is expected to be between $59.0 million and $62.0 million.
- The Company expects amortization to be approximately $30.0 million.
- Tax rate is expected to be in the range of 44.0% to 45.0% of pre-tax income.
- Diluted earnings per share are estimated to be in the range of $2.87 to $2.91.

FISCAL 2002 GUIDANCE:

Revenues

- The Company expects total revenues to be in the range of $1.94 billion and $1.99 billion.
- Store rental and fee revenues are expected to be between $1.80 billion and $1.83 billion.
- Total store revenues are expected to be in the range of $1.89 billion and $1.94 billion.
- Same store sales increases are expected to be in the 4% to 6% range.
- The Company expects to open 100-125 new store locations.

Expenses

- The Company expects depreciation of rental merchandise to be between 20.5% and 20.8% of store rental and fee revenue and cost of goods merchandise sales to be between 74% and 79% of store merchandise sales.
- Store salaries and other expenses are expected to be in the range of 57.0% and 58.5% of total store revenue.
- General and administrative expenses are expected to be between 3.0% and 3.3% of total revenue.
- Interest expense is expected to be between $55.0 million and $60.0 million.
- Tax rate is expected to be between 40.0% and 40.5% of pre-tax income.
- Diluted earnings per share are estimated to be in the range of $3.85 to $3.95.

This press release and the guidance above contains forward-looking statements that involve risks and uncertainties. Such forward looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," or "believe," or the negative thereof or variations thereon or similar terminology. Although the Company believes that the expectations reflected in such forward looking statements will prove to be correct, the Company can give no assurance that such expectations will prove to have been correct. The actual future performance of the Company could differ materially from such statements. Factors that could cause or contribute to such differences include, but are not limited to, uncertainties regarding the ability to open new stores; the Company's ability to acquire additional rent-to-own stores on favorable terms; the Company's ability to enhance the performance of these acquired stores; the results of the Company's litigation; the passage of legislation adversely affecting the rent-to-own industry; interest rates; the Company's ability to collect on its rental purchase agreements; the Company's ability to effectively hedge interest rates on its outstanding debt; changes in the Company's effective tax rate; and the other risks detailed from time to time in the Company's SEC filings, included but not limited to, its annual report on Form 10-K for the year ended December 31, 2000 and its quarterly report on Form 10-Q/A for the quarter ended March 31, 2001. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except as required by law, the Company is not obligated to publicly release any revisions to these forward-looking statements to reflect the events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

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