

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 1999

Commission File Number 0-25370

RENT-A-CENTER, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

48-1024367

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

5700 Tennyson Parkway, Third Floor

Plano, Texas 75024

(972) 801-1100

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

NONE

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

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

YES X NO
--- ---

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 2, 1999:

Class	Outstanding
-----	-----
Common stock, \$.01 par value per share	25,293,208

RENT-A-CENTER, INC.

TABLE OF CONTENTS

PART I.	FINANCIAL INFORMATION	PAGE NO. -----
Item 1.	Consolidated Financial Statements	
	Consolidated Balance Sheets as of September 30, 1999 and December 31, 1998	3
	Consolidated Statements of Earnings for the nine months ended September 30, 1999 and 1998	4
	Consolidated Statements of Earnings for the three months ended September 30, 1999 and 1998	5
	Consolidated Statements of Cash Flows for the nine months ended September 30, 1999 and 1998	6
	Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3.	Quantitative and Qualitative Disclosure About Market Risk	16
PART II.	OTHER INFORMATION	
Item 1.	Legal Proceedings	16
Item 6.	Exhibits and Reports on Form 8-K	20

SIGNATURES

Exhibit 27.1

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars)

	September 30, 1999	December 31, 1998
	----- Unaudited	-----
ASSETS		
Cash and cash equivalents	\$ 15,198	\$ 33,797
Rental merchandise, net		
On rent	378,305	311,650
Held for rent	92,459	97,156
Accounts receivable - trade	3,361	3,296
Prepaid expenses and other assets	26,966	65,689
Property assets, net	82,503	85,018
Deferred income taxes	178,407	178,407
Intangible assets, net	708,956	727,976
	-----	-----
	\$ 1,486,155	\$ 1,502,989
	=====	=====
LIABILITIES		
Senior debt	\$ 608,340	\$ 630,700
Subordinated notes payable	175,000	175,000
Accounts payable - trade	43,889	43,868
Accrued liabilities	199,782	239,032
	-----	-----
	1,027,011	1,088,600
COMMITMENTS AND CONTINGENCIES		
	--	--
PREFERRED STOCK		
Redeemable convertible voting preferred stock, net of placement costs, \$.01 par value; 5,000,000 shares authorized; 268,886 and 260,000 shares issued and outstanding in 1999 and 1998, respectively	268,362	259,476
STOCKHOLDERS' EQUITY		
Common stock, \$.01 par value; 50,000,000 shares authorized; 25,292,708 and 25,073,583 shares issued in 1999 and 1998, respectively	253	251
Additional paid-in capital	105,024	101,781
Retained earnings	110,505	77,881
	-----	-----
	215,782	179,913
Treasury stock, 990,099 shares at cost in 1999 and 1998	(25,000)	(25,000)
	-----	-----
	190,782	154,913
	-----	-----
	\$ 1,486,155	\$ 1,502,989
	=====	=====

The accompanying notes are an integral part of these statements.

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

(In Thousands of Dollars, except per share data)

	Nine months ended September 30,	
	1999	1998
	----- Unaudited -----	
Revenues		
Store		
Rentals and fees	\$ 935,985	\$ 400,793
Merchandise sales	70,841	24,329
Other	1,724	2,094
Franchise		
Merchandise sales	33,499	28,440
Royalty income and fees	4,488	3,777
	-----	-----
	1,046,537	459,433
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	196,815	91,382
Cost of merchandise sold	59,002	16,600
Salaries and other expenses	569,916	238,577
Franchise cost of merchandise sold	32,493	27,318
	-----	-----
	858,226	373,877
General and administrative expenses	31,770	18,054
Amortization of intangibles	20,091	7,767
	-----	-----
Total operating expenses	910,087	399,698
Operating profit	136,450	59,735
Interest expense	56,224	18,469
Non-recurring financing costs	--	5,017
Interest income	(391)	(1,932)
	-----	-----
Earnings before income taxes	80,617	38,181
Income tax expense	39,102	17,153
	-----	-----
NET EARNINGS	41,515	21,028
Preferred dividends	7,473	1,496
	-----	-----
Net earnings allocable to common stockholders	\$ 34,042	\$ 19,532
	=====	=====
Basic earnings per common share	\$ 1.41	\$ 0.79
	=====	=====
Diluted earnings per common share	\$ 1.22	\$ 0.78
	=====	=====

The accompanying notes are an integral part of these statements.

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

(In Thousands of Dollars, except per share data)

	Three months ended September 30,	
	1999	1998
	----- Unaudited -----	
Revenues		
Store		
Rentals and fees	\$ 318,119	\$ 237,350
Merchandise sales	18,662	13,816
Other	404	1,813
Franchise		
Merchandise sales	11,679	11,379
Royalty income and fees	1,556	1,528
	-----	-----
	350,420	265,886
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	65,911	57,543
Cost of merchandise sold	15,664	8,298
Salaries and other expenses	191,804	143,290
Franchise cost of merchandise sold	11,316	10,932
	-----	-----
	284,695	220,063
General and administrative expenses	9,920	10,860
Amortization of intangibles	6,845	4,496
	-----	-----
Total operating expenses	301,460	235,419
Operating profit	48,960	30,467
Interest expense	18,717	16,914
Non-recurring financing costs	--	5,017
Interest income	(54)	(1,694)
	-----	-----
Earnings before income taxes	30,297	10,230
Income tax expense	14,700	5,587
	-----	-----
NET EARNINGS	15,597	4,643
Preferred dividends	2,542	1,496
	-----	-----
Net earnings allocable to common stockholders	\$ 13,055	\$ 3,147
	=====	=====
Basic earnings per common share	\$ 0.54	\$ 0.13
	=====	=====
Diluted earnings per common share	\$ 0.46	\$ 0.13
	=====	=====

The accompanying notes are an integral part of these statements.

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

(In Thousands of Dollars)	Nine months ended September 30,	
	1999	1998
	Unaudited	
Cash flows from operating activities		
Net earnings	\$ 41,515	\$ 21,028
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities		
Depreciation of rental merchandise	196,815	91,382
Depreciation of property assets	23,304	10,539
Amortization of intangibles	20,091	7,767
Non-recurring charges - assets retired related to name change	--	2,451
Amortization of financing fees	1,956	546
Changes in operating assets and liabilities, net of effects of acquisitions		
Rental merchandise	(258,773)	(98,839)
Accounts receivable - trade	(65)	464
Prepaid expenses and other assets	12,326	(19,036)
Deferred income taxes	--	1,826
Accounts payable - trade	21	20,812
Accrued liabilities	(12,587)	(75,816)
Net cash provided by (used in) operating activities	24,603	(36,876)
Cash flows from investing activities		
Purchase of property assets	(32,588)	(9,732)
Proceeds from sale of property assets	8,501	1,029
Acquisitions of businesses, net of cash acquired	--	(946,117)
Net cash used in investing activities	(24,087)	(954,820)
Cash flows from financing activities		
Purchase of treasury stock	--	(25,000)
Exercise of stock options	3,245	1,594
Financing fees paid	--	(24,018)
Proceeds from issuance of preferred stock, net of issuance costs	--	259,476
Proceeds from debt	157,175	1,250,863
Repayments of debt	(179,535)	(385,480)
Net cash provided by (used in) financing activities	(19,115)	1,077,435
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,599)	85,739
Cash and cash equivalents at beginning of period	33,797	4,744
Cash and cash equivalents at end of period	\$ 15,198	\$ 90,483

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- The interim financial statements of Rent-A-Center, Inc. included herein have been prepared by us pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Commission's rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K, as amended by Form 10-K/A, for the year ended December 31, 1998, and our Quarterly Reports on Form 10-Q for the three months ended March 31, 1999 and six months ended June 30, 1999. In our opinion, the accompanying unaudited interim financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly our results of operations and cash flows for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.
- On May 28, 1998, we acquired substantially all of the assets of Central Rents, Inc. for approximately \$100 million in cash. Central Rents operated 176 stores located primarily in California, the Southwest, Midwest, and South. On August 5, 1998, we acquired Thorn Americas, Inc. for approximately \$900 million in cash, including the repayment of certain debt of Thorn Americas. Prior to this acquisition, Thorn Americas was our largest competitor with 1,409 company-owned stores and 65 franchised stores in 49 states and the District of Columbia. During 1998, we also acquired the assets of 51 rent-to-own stores in 13 separate transactions for approximately \$26.4 million in cash. The following pro-forma information combines the results of operations as if the acquisitions of Central Rents and Thorn Americas had been consummated as of the beginning of 1998, after including the impact of adjustments for amortization of intangibles, and the impact of interest expense and preferred dividends as a result of acquisition financing. The results of operations of the other stores acquired in 1998 were not material in relation to our consolidated results of operations.

(In Thousands of Dollars, except per share data)

	Nine months ended September 30, ----- 1998 ----- Unaudited	Three months ended September 30, ----- 1998 ----- Unaudited
Revenues	\$ 1,027,581	\$ 341,160
Net earnings allocable to common stockholders	\$ 4,208	\$ 1,489
Basic earnings per common share	\$ 0.17	\$ 0.06
Diluted earnings per common share	\$ 0.17	\$ 0.06

The pro-forma financial information is presented for informational purposes only and is not necessarily indicative of operating results that would have occurred had the acquisitions been consummated as of the above dates.

3. EARNINGS PER SHARE

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

(In Thousands, except for per share data)	Three months ended September 30, 1999		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 13,055	24,295	\$ 0.54
Effect of dilutive stock options	--	195	
Effect of preferred dividend	2,542	9,625	
Diluted earnings per common share	\$ 15,597	34,115	\$ 0.46

(In Thousands, except for per share data)	Three months ended September 30, 1998		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 3,147	24,821	\$ 0.13
Effect of dilutive stock options	--	201	
Diluted earnings per common share (1)	\$ 3,147	25,022	\$ 0.13

(In Thousands, except for per share data)	Nine months ended September 30, 1999		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 34,042	24,204	\$ 1.41
Effect of dilutive stock options	--	367	
Effect of preferred dividend	7,473	9,538	
Diluted earnings per common share	\$ 41,515	34,109	\$ 1.22

(In Thousands, except for per share data)	Nine months ended September 30, 1998		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 19,532	24,910	\$ 0.79
Effect of dilutive stock options	--	232	
Effect of preferred dividend	1,496	1,892	
Diluted earnings per common share	\$ 21,028	27,034	\$ 0.78

(1) The effect of the redeemable convertible voting preferred stock is anti-dilutive for the three months ended September 30, 1998.

4. ACQUISITION ACCRUED LIABILITIES

In conjunction with the acquisition of Thorn Americas, we recorded accrued liabilities associated with (A) estimated probable losses on assumed litigation, (B) severance costs relating to the termination of substantially all of Thorn Americas' home office employees, and (C) costs relating to the early termination of leases, incurred as a result of the discontinued use of distribution facilities, and the relocation of stores identified at the time of acquisition as being of insufficient size or inappropriate geographic location. The following table summarizes the composition of these liabilities.

(In Thousands of Dollars)	September 30, 1999	December 31, 1998
	-----	-----
Litigation costs	\$ 66,300	\$ 83,600
Severance costs	--	2,500
Lease termination costs	6,300	13,700
	-----	-----
	\$ 72,600	\$ 99,800
	=====	=====

All reductions in the accrued liabilities shown above are attributable to payments against liabilities identified at the time of acquisition. The most significant payment was approximately \$17 million in May 1999, relating to the settlement of Burney v. Thorn Americas, Inc., and associated legal costs.

During the quarterly period ended September 30, 1999, we evaluated the adequacy of these accrued liabilities and concluded that no changes should be recorded against goodwill.

5. PREFERRED STOCK DIVIDENDS

On May 18, 1999 and September 21, 1999 we declared 3.75% dividends on our redeemable convertible voting preferred stock. These dividends were paid through the issuance of 6,395 and 2,491 shares, respectively, of in-kind preferred stock to holders of record on March 31, 1999 and June 30, 1999, respectively.

6. SUBSIDIARY GUARANTORS

Pursuant to the terms of the indenture relating to our subordinated notes, our direct and wholly owned subsidiaries, ColorTyme, Inc. and Advantage Companies, Inc., have fully, jointly and severally, and unconditionally guaranteed our obligations with respect to these notes. Our only direct or indirect subsidiaries that are not guarantors are inconsequential subsidiaries. There are no restrictions on any of the guarantors to transfer funds to us in the forms of loans, advances or dividends, except as provided by applicable law.

The following summarized financial information includes ColorTyme, Inc. and Advantage Companies, Inc. on a combined basis. Separate financial statements and other disclosures concerning the guarantors have not been included because management believes that they are not material to investors.

	Parent Company -----	Subsidiary Guarantors -----	Eliminations -----	Consolidated -----
(In Thousands of Dollars)				
Balance Sheet Data:				
September 30, 1999				
Rental merchandise, net	\$ 470,764	\$ --	\$ --	\$ 470,764
Intangible assets, net	326,373	382,583	--	708,956
Total assets	1,093,481	407,133	(14,459)	1,486,155
Total debt	608,340	--	--	608,340
Total liabilities	1,021,617	5,394	--	1,027,011
December 31, 1998				
Rental merchandise, net	\$ 408,806	\$ --	\$ --	\$ 408,806
Intangible assets, net	345,130	382,846	--	727,976
Total assets	1,113,895	403,553	(14,459)	1,502,989
Total debt	630,700	--	--	630,700
Total liabilities	1,084,819	3,781	--	1,088,600
Statements of Earnings Data:				
For the nine months ended September 30, 1999				
Total revenues	\$1,008,550	\$ 37,987	\$ --	\$ 1,046,537
Direct store expenses	825,733	--	--	825,733
Franchise cost of merchandise sold	--	32,493	--	32,493
Net earnings	39,549	1,966	--	41,515
For the nine months ended September 30, 1998				
Total revenues	\$ 428,788	\$ 30,645	\$ --	\$ 459,433
Direct store expenses	346,559	--	--	346,559
Franchise cost of merchandise sold	1,168	26,150	--	27,318
Net earnings	19,558	1,470	--	21,028
For the three months ended September 30, 1999				
Total revenues	\$ 337,186	\$ 13,234	\$ --	\$ 350,420
Direct store expenses	273,379	--	--	273,379
Franchise cost of merchandise sold	--	11,316	--	11,316
Net earnings	14,796	801	--	15,597
For the three months ended September 30, 1998				
Total revenues	\$ 254,550	\$ 11,336	\$ --	\$ 265,886
Direct store expenses	209,131	--	--	209,131
Franchise cost of merchandise sold	1,168	9,764	--	10,932
Net earnings	4,041	602	--	4,643

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

GENERAL

This report contains forward-looking statements that involve risk and uncertainties. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate" or "believe". We believe that the expectations reflected in these forward-looking statements are accurate. However, we cannot assure you that these expectations will occur. Our actual future performance could differ materially from such statements. Factors that could cause or contribute to these differences include, but are not limited to:

- o our ability to enhance the performance of the stores acquired in the Central Rents and Thorn Americas acquisitions;
- o our ability to acquire additional rent-to-own stores on favorable terms and our ability to integrate those stores into our operations;
- o uncertainties regarding the ability to open new stores;
- o the passage of legislation adversely affecting the rent-to-own industry;
- o interest rates;
- o our ability to collect on our rental purchase agreements at the

current rate; and

- o other risks detailed from time to time in our reports and statements filed with the SEC.

You should not unduly rely on these forward-looking statements, which speak only as of the date of this report. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events. Important factors that could cause our actual results to differ materially from our expectations are discussed under "Risk Factors" in our Annual Report on Form 10-K, as amended by our Form 10-K/A, for our fiscal year ended December 31, 1998, in our Registration Statement on Form S-3 filed on May 7, 1999, in our Quarterly Reports on Form 10-Q for the three months ended March 31, 1999 and six months ended June 30, 1999, and elsewhere in this report. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the statements in those sections.

OUR BUSINESS

We are the largest operator in the United States rent-to-own industry with an approximate 26% market share based on store count. At September 30, 1999, we operated 2,076 company-owned stores and had 349 franchised stores, providing high quality durable goods in 50 states, the District of Columbia and Puerto Rico.

We have pursued an aggressive growth strategy since we were acquired in 1989 by J. Ernest Talley, our Chairman of the Board and Chief Executive Officer. We have sought to acquire under-performing stores to which we could apply our operating strategies. The acquired stores benefit from our administrative network, improved product mix, sophisticated management information systems and the greater purchasing power of a larger organization. Since May 1993, our store base has grown from 27 to 2,076 primarily through acquisitions. During this period we have acquired over 2,000 company-owned stores and over 300 franchised stores in more than 60 separate transactions, including six transactions where we acquired in excess of 70 stores. As a result, we have gained significant experience in the acquisition and integration of other rent-to-own operators and believe that the fragmented nature of the industry will result in ongoing growth opportunities.

In May 1998, we acquired substantially all of the assets of Central Rents, Inc., which operated 176 stores, for approximately \$100 million in cash. In August 1998, we acquired Thorn Americas, Inc. for approximately \$900 million in cash, including the repayment of certain debt of Thorn Americas. Prior to this acquisition, Thorn Americas was our largest competitor, operating 1,409 company-owned stores and 65 franchised stores in 49 states and the District of Columbia. During 1998, we also acquired the assets of 51 stores in 13 separate transactions for approximately \$26.4 million in cash. As a result of these acquisitions, a total of 1,636 stores were added to our store base.

All of the aforementioned acquisitions were accounted for as purchases and, accordingly, the operating results of the acquired stores have been included in our operating results since their respective dates of acquisition. Because of the significant growth since our formation, our historical results of operations, period-to-period comparisons of such results, and certain financial data may not be comparable, meaningful or indicative of future results.

RECENT DEVELOPMENTS

During 1998, we developed a comprehensive program for the integration of Central Rents and Thorn Americas, which was successfully completed by the end of March 1999. The rapid completion of this integration process enabled us to begin to realize most of the synergies identified at the time of the acquisitions, and also enabled us to concentrate our efforts on improving the performance of the acquired stores earlier than we had originally anticipated.

During the nine months ended September 30, 1999, we focused our efforts on enhancing the operational performance and strengthening the depth of management in the stores acquired from Central Rents and Thorn Americas. We sought to improve store performance through strategies intended to produce gains in operating efficiency and profitability. For instance, in conjunction with the closure of the distribution centers and the change to our vendor drop shipment system, we managed to significantly reduce the number of stock-keeping units held, either through normal rental channels or through outright sales. These stock-keeping units were replaced with our current product offerings, and with the support of our marketing and advertising programs, we were able to increase revenues and operating margins. In addition, our strategy of rationalizing the product mix resulted in the average monthly revenue per unit for the acquired stores increasing. This rationalization, as well as management's focus on improving other processes that are essential to our operating model, is enhancing margins and profitability in the acquired stores. Our focus for the remainder of the year is to continue improving operations and to continue to build strength in store management personnel. We have strengthened the depth of management by continuing to aggressively recruit and train high quality personnel.

Despite the increased investment in new merchandise necessary to achieve the desired product mix, we still generated positive cash flow from operations of \$24.6 million for the nine months ended September 30, 1999. Under the terms of our senior credit facility, we are obligated to repay \$2.0 million in 1999. However, our stronger than anticipated financial performance and cash flow position has enabled us to meet this obligation and to additionally repay approximately \$109.7 million of our senior debt since the acquisition of Thorn Americas through September 30, 1999, including \$14.9 million during the three months ended September 30, 1999. It is currently our

intention to make further principal repayments on our senior debt whenever our cash flow position is sufficiently strong.

RESULTS OF OPERATIONS

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998

Total revenue increased by \$587.1 million, or 127.8%, to \$1,046.5 million for 1999 from \$459.4 million for 1998. The increase in total revenue was primarily attributable to the inclusion of the 1,632 stores acquired during the nine months ended September 30, 1998 for the entire nine month period ended September 30, 1999. Same store revenues increased by \$16.8 million, or 7.2% to \$251.5 million for 1999 from \$234.6 million in 1998. Same store revenues represent those revenues earned in stores that were operated by us for the entire nine-month periods ending September 30, 1999 and 1998. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent.

Depreciation of rental merchandise increased by \$105.4 million, or 115.4%, to \$196.8 million for 1999 from \$91.4 million for 1998. Depreciation of rental merchandise expressed as a percent of store rentals and fees revenue decreased from 22.8% in 1998 to 21.0% in 1999. This decrease is primarily attributable to Central Rents and Thorn Americas experiencing depreciation rates of 22.9% and 29.8%, respectively, upon their acquisition in 1998. These rates have decreased following the implementation of our pricing strategies and inventory management practices.

Salaries and other expenses expressed as a percentage of total store revenue increased to 56.5% for 1999 from 55.8% for 1998. This increase is attributable to the increase in salaries for employees and other expenses of the acquired stores immediately following the acquisitions. Occupancy costs also increased as a percentage of total store revenue due to the relocation of certain stores acquired in 1998 to locations that are larger in square footage. Generally, revenue from these stores increased gradually while the additional payroll and occupancy costs were incurred immediately. General and administrative expenses expressed as a percent of total revenue decreased from 3.9% in 1998 (3.4% before the non-recurring expense detailed below), to 3.0% in 1999. This decrease was the result of increased revenues from the stores acquired from Central Rents and Thorn Americas, allowing us to leverage our fixed and semi-fixed costs over the larger revenue base.

Operating profit increased by \$76.7 million, or 128.4%, to \$136.5 million for 1999 from \$59.7 million for 1998. In the third quarter of 1998, we incurred a pre-tax non-recurring expense of \$2.5 million to effect a name change of the Renters Choice stores to "Rent-A-Center." Stated before the effect of this expense, operating profit increased by \$74.2 million, or 119.4%. Operating profit as a percentage of total revenue decreased to 13.0% in 1999 from 13.5% in 1998 (calculated before the effect of the non-recurring expense). This decrease is attributable to the lower margins achieved at the acquired Central Rents and Thorn Americas stores. Our efforts to improve the efficiency and profitability of these acquired stores, as discussed elsewhere in this report, have resulted in operating profit as a percentage of total revenue increasing from 10.7% for the three months ended December 31, 1998 (calculated before the effect of an \$11.5 million non-recurring legal charge), to 12.1% for the three months ended March 31, 1999, 13.0% for the three months ended June 30, 1999, and 14.0% for the three months ended September 30, 1999.

Net earnings increased by \$20.5 million, or 97.4%, to \$41.5 million in 1999 from \$21.0 million in 1998. In addition to the \$2.5 million pre-tax non-recurring expense detailed earlier, we also incurred pre-tax non-recurring financing costs of \$5.0 million associated with interim financing utilized in the acquisition of Thorn Americas, Inc. until permanent financing was obtained. The after-tax effect of these items was \$4.5 million. Calculated before the effects of these non-recurring expenses, net earnings increased by \$16.0 million, or 62.9%. The improvement in net earnings was a result of the increase in operating profit described above.

COMPARISON OF THE THREE MONTHS ENDED SEPTEMBER 30, 1999 AND 1998

Total revenue increased by \$84.5 million, or 31.8%, to \$350.4 million for 1999 from \$265.9 million for 1998. The increase in total revenue was primarily attributable to the inclusion of the 1,450 stores purchased during the three months ended September 30, 1998 for the entire three month period ended September 30, 1999. Same store revenues increased by \$7.5 million, or 7.6%, to \$106.3 million for 1999 from \$98.8 million in 1998. Same store revenues represent those revenues earned in stores that were operated by us for the entire three-month period ending September

30, 1999 and 1998. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per unit on rent.

Depreciation of rental merchandise increased by \$8.4 million, or 14.5%, to \$65.9 million for 1999 from \$57.5 million for 1998. Depreciation of rental merchandise as a percent of store rentals and fees revenue decreased from 24.2% for 1998 to 20.7% for 1999. This decrease is primarily attributable to Central Rents and Thorn Americas experiencing depreciation rates of 22.9% and 29.8%, respectively, upon their acquisition in 1998. These rates have decreased following the implementation of our pricing strategies and inventory management practices.

Salaries and other expenses as a percentage of total store revenue increased to 56.9% for 1999 from 56.6% for 1998. This increase is attributable to the increase in salaries for employees and other expenses of the acquired stores immediately following the acquisitions. Occupancy costs also increased as a percentage of total store revenue due to the relocation of certain stores acquired in 1998 to locations that are larger in square footage. Generally, revenue from these stores increased gradually while the additional payroll and occupancy costs were incurred immediately.

General and administrative expenses expressed as a percentage of total revenue decreased from 4.1% (3.2% before the non-recurring expense detailed below) in 1998 to 2.8% in 1999. This decrease was the result of increased revenues from the stores acquired from Central Rents and Thorn Americas, allowing us to leverage our fixed and semi-fixed costs over a larger revenue base.

Operating profit increased by \$18.5 million, or 60.7%, to \$49.0 million for 1999 from \$30.5 million for 1998. In 1998 we incurred a pre-tax non-recurring expense of \$2.5 million to effect a name change from Renters Choice to "Rent-A-Center." Stated before the effect of this expense, operating profit increased by \$16.0 million or 48.7%. Operating profit as a percentage of total revenue increased to 14.0% in 1999 from 12.4% in 1998 (calculated before the effect of the non-recurring expense). This increase is attributable to our success in improving the efficiency and profitability of the acquired Central Rents and Thorn Americas Stores, as discussed earlier in this report. Net earnings increased by \$11.0 million, or 235.9%, to \$15.6 million in 1999 from \$4.6 million in 1998. In addition to the \$2.5 million pre-tax non-recurring expense detailed earlier, we also incurred pre-tax non-recurring financing costs of \$5.0 million associated with interim financing utilized in the acquisition of Thorn Americas, Inc. until permanent financing was obtained. The after-tax effect of these items was \$4.5 million. Calculated before the effects of these non-recurring expenses, net earnings increased by \$6.5 million or 71.4%.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity requirements are for debt service under our senior credit facilities, the subordinated notes, other indebtedness outstanding, working capital and capital expenditures. At September 30, 1999, we had in place a \$962.3 million senior credit facility. The amounts outstanding under our senior credit facility, subordinated notes, and other indebtedness outstanding as of this date were approximately \$606.0 million, \$175.0 million, and \$2.3 million, respectively.

We purchased \$358.9 million of rental merchandise during the nine months ended September 30, 1999.

For the nine months ended September 30, 1999, cash provided by operating activities increased by \$61.5 million, from \$(36.9) million in 1998 to \$24.6 million in 1999, primarily due to increased earnings and cashflows being generated from operations as a result of our strategy of rationalizing the product mix in the acquired Central Rents and Thorn Americas stores, mitigated by outflows representing the investment in new rental merchandise. Cash used in investing activities decreased by \$930.7 million from \$954.8 million in 1998 to \$24.1 million in 1999, primarily due to the

purchase of Central Rents and Thorn Americas occurring in 1998. Cash used in financing activities was \$19.1 million for the nine months ended September 30, 1999, compared to an inflow of \$1,077.4 million in 1998, which represented the source of funds for the purchase of Central Rents and Thorn Americas.

Borrowings under the senior credit facility bore interest at a rate equal to 0.25% to 1.75% over the designated prime rate, which was 8.25% per annum at September 30, 1999, or 1.25% to 2.75% over LIBOR, which was 5.38% at September 30, 1999, at our option. At September 30, 1999, the average rate on outstanding borrowings was 7.7%. During 1998, we entered into certain interest rate protection agreements with two banks. Under the terms of the interest rate agreements, the LIBOR rate used to calculate the interest rate charged on \$500 million of the outstanding senior term debt has been fixed at an average rate of 5.59%. These interest rate agreements have terms of three and five years. Borrowings were collateralized by a lien on substantially all of our assets. A commitment fee equal to 0.25% to 0.50% of the unused portion of the term loan facility is payable quarterly. The senior credit facility includes certain net worth and fixed charge coverage requirements, as well as covenants which restrict additional indebtedness and the disposition of assets not in the ordinary course of business.

Principal and interest payments under the senior credit facilities, the subordinated notes, and other indebtedness outstanding represent significant liquidity requirements for us. Under the term loans, we will be required to make principal payments totaling approximately \$2.0 million in 1999 (which was paid on September 30, 1999), \$14.0 million in 2000, \$22.0 million in 2001, \$26.0 million in 2002, and \$30.0 million in 2003. Loans under the senior credit facilities not covered by interest rate swap agreements bear interest at floating rates based upon the interest rate option selected by us. As discussed earlier, we have repaid approximately \$109.7 million of our senior debt since the acquisition of Thorn Americas through September 30, 1999.

Capital expenditures are made generally to maintain existing operations and for the acquisition and opening of stores. We spent \$32.6 million in the nine months ended September 30, 1999, and expect to spend a total of approximately \$40.0 million in the year ended December 31, 1999 on capital expenditures, all of which are to maintain existing operations.

Management is currently focusing its efforts on enhancing the operations and the depth of management in the acquired stores. Towards the end of the year 2000, we intend to resume our strategy of increasing our store base and annual revenues and profits through the opening of new stores, as well as through opportunistic acquisitions. It is our goal to increase the number of stores in which we operate by between 100-150 in the year 2000.

We plan to accomplish our future growth through selective and opportunistic acquisitions, with an increasing emphasis on new store development. Typically, a newly opened rental store is profitable on a monthly basis in the sixth to seventh month after its initial opening. Historically, a typical store has achieved break-even profitability in twelve to fifteen months after its initial opening. Total financing requirements of a typical new store approximates \$0.4 million, with roughly 80% to 85% of that amount relating to the purchase of rental merchandise inventory. A newly opened store historically has achieved results consistent with other stores that have been operating within the system for greater than two years by the end of its third year of operation. There can be no assurance that we will open any new stores in the future, or as to the number, location or profitability thereof.

We believe that cash flow from operations together with amounts available under the senior credit facilities, including the revolving credit facility and letter of credit/multidraw facility therein, will be sufficient to fund our debt service requirements, working capital needs, capital expenditures and litigation exposure during 1999. The revolving credit facility provides us with revolving loans in an aggregate principal amount not exceeding \$120.0 million and the \$122.3 million letter of credit/multidraw facility is currently being used to support certain litigation assumed in connection with the Thorn Americas acquisition via a letter of credit. Once the letter of credit is terminated, the letter of credit/multidraw facility will convert to a \$85.0 million term loan facility. Based upon our extensive review and analysis of this litigation and our potential exposure thereon, we believe that we will have sufficient funds available to pay any litigation expenses related to our litigation.

In addition, to provide any additional funds necessary for the continued pursuit of our operating and growth strategies, we may incur from time to time additional short or long-term bank indebtedness and may issue, in public or private transactions, equity and debt securities. The availability and attractiveness of any outside sources of

financing will depend on a number of factors, some of which will relate to our financial condition and performance, and some of which will be beyond our control, such as prevailing interest rates and general economic conditions. There can be no assurance additional financing will be available, or if available, will be on terms acceptable to us.

EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

During the second quarter of 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" which will be effective for the fiscal year 2001. This statement establishes accounting and reporting standards requiring that derivative instruments, including certain derivative instruments imbedded in other contracts, be recorded on the balance sheet as either an asset or a liability measured at its fair value. The statement also requires that changes in the derivative's fair value be recognized in earnings unless specific hedge accounting criteria are met. We are currently evaluating the impact that this statement will have on our financial statements.

YEAR 2000 OVERVIEW

Year 2000 issues exist when dates are recorded on computers using two digits, rather than four, and are then used for arithmetic operations, comparisons or sorting. A two digit recording may recognize a date using "00" as 1900, rather than 2000, which could cause computer systems to perform inaccurate computations or shut down. Many of the world's computer systems currently record years in this two-digit format and will be unable to properly interpret dates beyond the year 1999 if not remedied.

Management Information Systems. Our primary information technology system controls all of our computer operations in our rent-to-own stores and home office. This system has also been integrated into the retail outlets and operations acquired from Central Rents and Thorn Americas. We have received written assurance from our software vendor that the system is Year 2000 compliant, which means that it is equipped to interpret dates beyond the year 1999. We have engaged external resources to complete an independent review of our information systems. Based in part upon the results of this review, we believe that our management information systems are prepared for the Year 2000.

As of September 30, 1999, we have incurred costs of approximately \$0.3 million in assuring Year 2000 compliance through testing and upgrades. Additionally, as part of our recent expansion, we purchased new hardware and software for our home office that is warranted to be Year 2000 compliant. All upgrades in both our headquarters and ColorTyme's offices have been completed.

Major Suppliers. We have received written assurances from approximately 95% of our vendors, confirming that these vendors are Year 2000 compliant. We utilize many suppliers and no single supplier is material to our operations. As a result, we believe that we have the ability to obtain merchandise for our stores from many different vendors. In the event any of our vendors are not Year 2000 compliant, we anticipate having sufficient alternate supply sources available to serve our needs.

Other Systems. We have completed a review of our on-site non-information technology systems such as alarms, elevators, irrigation systems, thermostats, utility meters and switches, and as a result, we believe that these systems are all Year 2000 compliant.

In the event of a complete failure of our information technology systems, our contingency plan is to continue the affected functions either manually or through the use of systems that are not Year 2000 compliant. The primary costs associated with such a necessity would be (A) increased time delays in the posting of information, and (B) increased personnel to manually process the information. We believe that the increased costs associated with any additional personnel would not have a material adverse affect on our operations or financial conditions.

The cost of Year 2000 compliance and the estimated date of completion of necessary modifications are based on our best estimates, which were derived from various assumptions of future events, including the continued availability of resources, third party modification plans and other factors. However, we cannot guarantee these estimates are accurate and actual results could differ materially from those anticipated.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

INTEREST RATE SENSITIVITY

As of September 30, 1999 we had \$175.0 million in subordinated notes at a fixed interest rate of 11.0%, and \$595.0 million in term loans, and \$13.3 million outstanding under revolving credit facilities indexed to the LIBOR rate. The subordinated notes mature on August 15, 2008 and have a fixed interest rate of 11.0%. The fair value of the subordinated notes is estimated based on discounted cash flow analysis using interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of the subordinated notes is \$174.1 million, which is \$0.9 million below their carrying value of \$175.0 million. Unlike the subordinated notes, the \$595.0 million in term loans and \$13.3 million outstanding under revolving credit facilities have variable interest rates indexed to current LIBOR rates. Because the variable rate structure exposes us to the risk of increased interest cost if interest rates rise, we have entered into interest rate swap agreements to hedge this risk. In 1998, we entered into \$500.0 million in interest rate swap agreements that lock in a LIBOR rate of 5.59%. These contracts have an average life of four years. Given the current capital structure, including our interest rate swap agreements, we have \$108.3 million, or 13.8% of our total debt, in variable rate debt. A hypothetical 1.0% change in the LIBOR rate would affect pre-tax earnings by approximately \$0.3 million for the three month period.

MARKET RISK

Market risk is the potential change in an instrument's value caused by fluctuations in interest rates. Our primary market risk exposure is fluctuations in interest rates. Monitoring and managing this risk is a continual process carried out by the Board of Directors and senior management. We manage our market risk based on an ongoing assessment of trends in interest rates and economic developments, giving consideration to possible effects on both total return and reported earnings.

INTEREST RATE RISK

We hold long-term debt with variable interest rates indexed to prime or LIBOR which exposes us to the risk of increased interest costs if interest rates rise. To reduce the risk related to unfavorable interest rate movements, we have entered into certain interest rate swap contracts on \$500.0 million of debt to pay a fixed rate of 5.59%.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we, along with our subsidiaries, are party to various legal proceedings arising in the ordinary course of business. The majority of the material proceedings involve claims that may be generally characterized into one of two categories, recharacterization claims and statutory compliance claims. Recharacterization claims generally involve claims:

- o in states that do not have rent-to-own legislation;
- o that rent-to-own transactions are disguised installment sales in violation of applicable state installment statutes; and
- o that allege greater damages.

Statutory compliance claims generally involve claims:

- o in states that have rent-to-own legislation;
- o that the operator failed to comply with applicable state rental purchase statutes, such as notices and late fees; and

- o that allege lesser damages.

Except as described below, we are not currently a party to any material litigation.

Abels v. Rent-A-Center, Inc. In April 1999, the plaintiff filed suit in state court in Michigan alleging violations of the Michigan Consumer Protection Act pertaining to our basis for setting the cash purchase price on goods rented by plaintiff pursuant to two rental purchase agreements with us. Plaintiff's complaint seeks individual declaratory, injunctive and monetary damages relief, as well as monetary damages on behalf of a putative class of our past, current and future customers in Michigan. We have filed an answer in the matter denying plaintiff's claims and intend to vigorously defend this action. Discovery in the case has only recently commenced. Given the early state of this proceeding, there can be no assurance that we will be found to have no liability in this matter.

Murray v. Rent-A-Center, Inc. In May 1999, the plaintiffs filed a putative nationwide class action suit in federal court in Missouri, alleging that we have discriminated against African Americans in our hiring, compensation, promotion and termination policies. Plaintiffs alleged no specific amount of damages in their complaint. We have filed an answer in the matter denying plaintiffs' allegations and intend to vigorously defend this action. No discovery in this litigation has occurred to date. Members of the regional class defined in our completed settlement of the *Allen v. Thorn Americas, Inc.* litigation would not be included in the *Murray* case. We believe plaintiffs' claims in this suit are without merit. However, given the early stage of this proceeding, there can be no assurance that we will be found to have no liability.

Otero v. Rent-A-Center, Inc. In September 1999, the plaintiff filed this putative class action in Los Angeles Superior Court in California alleging our classification of and pay to our executive assistant managers and our inside/outside managers is contrary to California wage and hour laws. Plaintiff's complaint seeks:

- o class certification;
- o unspecified compensatory and penalty damages in an amount less than \$75,000 per class member;
- o injunctive relief;
- o attorney's fees, filing fees and costs of suit;
- o pre-and post-judgment interest; and
- o any further relief granted by the court.

We intend to vigorously defend ourselves in this matter. However, given the early stage of this proceeding, there can be no assurance we will be found to have no liability.

The following litigation matters were assumed with Thorn Americas pursuant to the Thorn Americas acquisition. In connection with accounting for the Thorn Americas acquisition, we made appropriate purchase accounting adjustments for contingent liabilities associated with outstanding litigation.

Robinson v. Thorn Americas, Inc. The plaintiffs filed this class action on April 19, 1994 in state court in New Jersey. The class consists of all residents of New Jersey who are or have been parties to Thorn Americas' rent-to-own contracts since April 19, 1988. During this period, Thorn Americas operated approximately 23 stores in New Jersey. The plaintiffs' claims are for alleged violations of the New Jersey Retail Installment Sales Act and the New Jersey Consumer Fraud Act, usury, unlawful contractual penalty and conversion. On January 5, 1998, the court entered a judgment against Thorn Americas and ordered Thorn Americas to pay the plaintiffs the amount equal to (A) all reinstatement fees collected by Thorn Americas since April 29, 1988, and (B) 40% of all rental revenue collected by Thorn Americas from the plaintiffs from April 29, 1988, trebled. Later, the court added an incentive award to the class representative, the inclusion of attorneys' fees, and granted plaintiff's counsel 25% of the amount to be distributed to the class. The judgment is secured by a supersedeas bond posted by Thorn Americas in the amount of \$163.0 million, which amount was derived from an accounting by plaintiffs of the projected amount of the judgment liability through April 1999. In December 1998, we settled this matter in principle, along with Gallagher and Boykin, two similar matters pending in New Jersey involving similar claims, for approximately \$60.0

million less certain amounts to be refunded to us based on unlocated class members, subject to preliminary and final approval of the court. Final approval of the court occurred on October 13, 1999. We anticipate funding the settlement in late November 1999.

Colon v. Thorn Americas, Inc. The plaintiffs filed this class action in November 1997 in New York state court. Thorn Americas removed the case to the U.S. District Court for the Southern District of New York. Plaintiffs filed a motion to remand, which was granted. The plaintiffs acknowledge that rent-to-own transactions in New York are subject to the provisions of New York's Rental Purchase Statute but contend the Rental Purchase Statute does not provide Thorn Americas immunity from suit for other statutory violations. Plaintiffs allege Thorn Americas has a duty to disclose "effective interest" under New York consumer protection laws, and seek damages and injunctive relief for Thorn Americas' failure to do so. In their prayers for relief, the plaintiffs have requested the following:

- o class certification;
- o injunctive relief requiring Thorn Americas to (A) cease certain marketing practices, (B) price their rental purchase contracts in certain ways, and (C) disclose effective interest;
- o unspecified compensatory and punitive damages;
- o rescission of the class members contracts;
- o an order placing in trust all moneys received by Thorn Americas in connection with the rental of merchandise during the class period;
- o treble damages, attorney's fees, filing fees and costs of suit;
- o pre-and post-judgment interest; and
- o any further relief granted by the court.

This suit also alleges violations relating to late fees, harassment, undisclosed charges, and the ease of use and accuracy of its payment records. The plaintiffs did not specify a specific amount on their damages request.

The proposed class includes all New York residents who were party to Thorn Americas' rent-to-own contracts from November 26, 1991 through November 26, 1997. We are vigorously defending this action and on September 24, 1998, filed motions to deny class certification and dismiss the complaint. Plaintiff responded and filed a motion for summary judgment asking the court to declare that the transaction includes an undisclosed interest component. The court denied our motion to dismiss plaintiffs' motion for summary judgment on August 24, 1999. We are appealing the court's ruling to the Appellate Division. There can be no assurance that our position will prevail, or that we will be found not to have any liability.

Anslono v. Thorn Americas, Inc. This action was filed in Massachusetts state court on January 6, 1998. Plaintiffs acknowledge that rent-to-own contracts constitute "consumer leases" under Massachusetts' rent-to-own statute, but contend that Thorn Americas failed to comply with certain statutory provisions and Thorn Americas failed to provide certain disclosures. Plaintiffs seek actual and statutory damages and an injunction to prohibit Thorn Americas from engaging in the acts complained of. Specifically, the plaintiffs have requested in their prayers for relief, the following:

- o class certification;
- o unspecified damages, together with an award of treble damages under Massachusetts law;
- o costs and expenses, including reasonable attorneys' fees;
- o injunctive relief, enjoining Thorn Americas from engaging in unfair or deceptive practices relating to certain advertising practices;

- o an order eliminating the plaintiffs' obligation to pay their final periodic rent-to-own installment payment; and
- o any other further relief that the plaintiffs may be entitled to.

The proposed class includes all Massachusetts residents who were parties to Thorn Americas' rent-to-own contracts in the four-year period prior to the January 6, 1998 filing. We settled this matter in principle in April 1999 for \$10.00 coupons to persons who were customers of Thorn Americas from January 6, 1994 to December 31, 1998, and less than \$50,000 in Plaintiff's attorney's fees and expenses. Final approval of the court occurred on August 5, 1999 and we are in the process of distributing the coupons.

In connection with the Thorn Americas acquisition, Thorn plc agreed to indemnify and hold us harmless from the following lawsuit:

Fogie v. Thorn Americas, Inc. The plaintiffs filed this class action on December 4, 1991 in Minnesota. The class consists of residents of Minnesota who entered rental purchase contracts with Thorn Americas from August 1, 1990 through November 30, 1996. The plaintiffs alleged that Thorn Americas' rent-to-own contracts violated Minnesota's Consumer Credit Sales Act and the Minnesota General Usury Statute. On April 15, 1998, the court entered a final judgment against Thorn Americas and ordered it to pay approximately \$30.0 million plus interest after that date to the plaintiffs. Under certain provisions of the judgment, Thorn Americas may receive certain credits against the judgment. On May 15, 1998, Thorn Americas filed a notice of appeal from the damages finding only. Oral argument in the appeal occurred on May 10, 1999. The Eighth Circuit Court of Appeals affirmed the damages finding on August 8, 1999. Thorn plc deposited the judgment amount in an escrow account supervised by plaintiff's counsel and the court on October 15, 1999. The administration of the judgment and payment of class members' claims is expected to occur during late 1999 and early 2000.

The following litigation matters pending against us have been settled in principle in connection with the settlement of the Robinson matter:

Gallagher v. Crown Leasing Corporation. On January 3, 1996, we were served with a class action complaint adding us as a defendant in this action originally filed in April 1994 against Crown and certain of its affiliates in state court in New Jersey. The class consists of all New Jersey residents who entered into rent-to-own contracts with Crown between April 25, 1988 and April 20, 1995. During this period, Crown operated approximately five stores in New Jersey. The lawsuit alleges, among other things, that under certain rent-to-own contracts entered into between the plaintiff class and Crown, some of which were purportedly acquired by us pursuant to the acquisition of Crown and certain of its affiliates, the defendants failed to make the necessary disclosures and charged the plaintiffs fees and expenses that violated the New Jersey Consumer Fraud Act and the New Jersey Retail Installment Sales Act. The plaintiffs seek damages including, among other things, a refund of all excessive fees and/or interest charged or collected by the defendants in violation of such acts, state usury laws and other related statutes and treble damages, as applicable. Pursuant to the Asset Purchase Agreement entered into between Crown, its controlling shareholder and us in connection with the Crown acquisition, we did not contractually assume any liabilities pertaining to Crown's rent-to-own contracts for the period prior to the acquisition of Crown. The plaintiffs have obtained class certification and a summary judgment against Crown on the liability issues. Subsequent to these decisions by the New Jersey state court, Crown filed for protection from its creditors under Chapter 11 of the federal bankruptcy laws. The bankruptcy court allowed the lawsuit to proceed in New Jersey, where the state court granted summary judgment on the plaintiff's damages formula against Crown. The plaintiffs calculated actual damages for purposes of their summary judgment motion at approximately \$7.6 million. The court ruled that the plaintiffs are entitled to three times actual damages. However, the state court's ruling requires certain minor adjustments pursuant to an accounting. Together with the Boykin matter, we settled this matter in principle for approximately \$11.5 million, subject to preliminary and final approval of the court. The final settlement documents were signed on April 23, 1999 and preliminarily approved by the court. Final approval of the court occurred on October 13, 1999. We anticipate funding the settlement in late November, 1999.

Michelle Newhouse v. Rent-A-Center, Inc./Handy Boykin v. Rent-A-Center, Inc. On November 26, 1997 a class action complaint was filed against us by Michelle Newhouse in New Jersey state court alleging, among other things, that under certain rent-to-own contracts entered into between the plaintiffs and us, we failed to make the necessary disclosures and charged the plaintiffs fees and expenses that violated the New Jersey Consumer Fraud Act and the

New Jersey Installment Sales Act. The claims arising from this action are similar to the claims made in Robinson v. Thorn Americas, Inc. and Gallagher v. Crown Leasing Corporation. The proposed class consists of all residents of New Jersey who are or have been parties to contracts to rent-to-own merchandise from us within the past six years. During this period, we operated approximately 17 stores in New Jersey.

We removed the case to federal court on January 21, 1998, and were then advised by the plaintiffs' attorney that Michelle Newhouse no longer wished to serve as class representative. A motion to voluntarily dismiss the Newhouse case filed by the plaintiffs' attorney was granted shortly thereafter. However, on May 1, 1998, a new class action complaint against us made by Handy Boykin was filed by the plaintiffs' attorney in the Newhouse matter in New Jersey state court alleging the same causes of action with the same proposed class as that of the Newhouse matter. This new filing essentially constitutes a replacement of the named plaintiff in the Newhouse matter with a new named plaintiff, Handy Boykin. We anticipated this replacement. We removed the Boykin case to federal court, where Boykin's motion to remand to New Jersey state court is now pending. Together with the Gallagher matter, we settled this matter in principle for approximately \$11.5 million, subject to preliminary and final approval by the court. The final settlement documents were signed on April 23, 1999 and preliminarily approved by the court.

As noted above, the settlements in Robinson, Gallagher and Boykin received final approval from the court on October 13, 1999, and we anticipate funding the settlement in late November, 1999.

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

CURRENT REPORTS ON FORM 8-K.

None.

EXHIBITS

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
2.1(1)	-- Asset Purchase Agreement, dated May 1, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc. (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, Renters Choice will supplementally supply such schedules and exhibits to the Commission.)
2.2(2)	-- Letter Agreement, dated as of May 26, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc. (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, Renters Choice will supplementally supply such schedules and exhibits to the Commission.)
2.3(3)	-- Stock Purchase Agreement, dated as of June 16, 1998, among Renters Choice, Inc., Thorn International BV and Thorn plc (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, the Company will supplementally supply such schedules and exhibits to the Commission.)
3.1(4)	-- Amended and Restated Certificate of Incorporation of Renters Choice
3.2(5)	-- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Renters Choice
3.3(6)	-- Amended and Restated Bylaws of Rent-A-Center
4.1(7)	-- Form of Certificate evidencing Common Stock
4.2(8)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.
4.3(9)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc.
4.4(10)	-- Indenture, dated as of August 18, 1998, by and among Renters Choice, Inc., as Issuer, ColorTyme, Inc. and Rent-A-Center, Inc., as Subsidiary Guarantors, and IJB Schroder Bank & Trust Company, as Trustee

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
4.5(11)	-- Form of Certificate evidencing Series A Preferred Stock
4.6(12)	-- Form of Exchange Note
4.7(13)	-- First Supplemental Indenture, dated as of December 31, 1998, by and among Renters Choice Inc., Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc. and IBJ Schroder Bank & Trust Company, as Trustee.
10.1(14)	-- Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan
10.3(15)	-- Credit Agreement, dated August 5, 1998, among Renters Choice, Inc., Comerica Bank, as Documentation Agent, NationsBank N.A., as Syndication Agent, and The Chase Manhattan Bank, as Administrative Agent, and certain other lenders
10.4(16)	-- Guarantee and Collateral Agreement, dated August 5, 1998, made by Renters Choice, Inc., and certain of its Subsidiaries in favor of the Chase Manhattan Bank, as Administrative Agent
10.5(17)	-- \$175,000,000 Senior Subordinated Credit Agreement, dated as of August 5, 1998, among Renters Choice, Inc., certain other lenders and the Chase Manhattan Bank
10.6(18)	-- Stockholders Agreement, dated as of August 5, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Renters Choice, Inc., and certain other persons
10.7*	___ Agreements to be Bound to Stockholders Agreement, each dated September 9, 1999, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Rent-A-Center, Inc. and certain other persons.
10.8(19)	-- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series A Convertible Preferred Stock
10.9(20)	-- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series B Convertible Preferred Stock
10.10(21)	-- Stock Purchase Agreement, dated August 5, 1998, among Renters Choice, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
10.11(22)	-- Exchange and Registration Rights Agreement, dated August 18, 1998, by and among Renters Choice, Inc. and Chase Securities Inc., Bear, Stearns & Co. Inc., NationsBanc Montgomery Securities LLC and Credit Suisse First Boston Corporation
10.12(23)	-- Employment Agreement, dated October 1, 1998, by and between Rent-A-Center, Inc. and Bradley W. Denison
27.1*	-- Financial Data Schedule

- - - - -

* Filed herewith.

- (1) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated May 28, 1998
- (2) Incorporated herein by reference to Exhibit 2.2 to the registrant's Current Report on Form 8-K dated May 28, 1998
- (3) Incorporated herein by reference to Exhibit 2.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (4) Incorporated herein by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994
- (5) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996

- (6) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999
- (7) Incorporated herein by reference to Exhibit 4.1 to the registrant's Form S-4 filed on January 19, 1999.
- (8) Incorporated herein by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (9) Incorporated herein by reference to Exhibit 4.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (10) Incorporated herein by reference to Exhibit 4.4 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (11) Incorporated herein by reference to Exhibit 4.5 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (12) Incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (13) Incorporated herein by reference to Exhibit 4.7 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (14) Incorporated herein by reference to Exhibit 99.1 to the registrant's Registration Statement on Form S-8 (File No. 333- 53471)
- (15) Incorporated herein by reference to Exhibit 10.18 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (16) Incorporated herein by reference to Exhibit 10.19 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (17) Incorporated herein by reference to Exhibit 10.20 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (18) Incorporated herein by reference to Exhibit 10.21 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (19) Incorporated herein by reference to Exhibit 10.22 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (20) Incorporated herein by reference to Exhibit 10.23 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (21) Incorporated herein by reference to Exhibit 2.10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (22) Incorporated herein by reference to Exhibit 10.14 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (23) Incorporated herein by reference to Exhibit 10.15 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998

- - - - -

* Filed herewith.

SIGNATURES

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

RENT-A-CENTER, INC.

By: /s/ Robert D. Davis

Robert D. Davis
Senior Vice President-Finance
and Chief Financial Officer

Date: November 5, 1999
Rent-A-Center, Inc.

EXHIBIT INDEX

EXHIBIT NUMBER -----	EXHIBIT DESCRIPTION -----
2.1(1)	-- Asset Purchase Agreement, dated May 1, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc. (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, Renters Choice will supplementally supply such schedules and exhibits to the Commission.)
2.2(2)	-- Letter Agreement, dated as of May 26, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc. (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, Renters Choice will supplementally supply such schedules and exhibits to the Commission.)
2.3(3)	-- Stock Purchase Agreement, dated as of June 16, 1998, among Renters Choice, Inc., Thorn International BV and Thorn plc (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, the Company will supplementally supply such schedules and exhibits to the Commission.)
3.1(4)	-- Amended and Restated Certificate of Incorporation of Renters Choice
3.2(5)	-- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Renters Choice
3.3(6)	-- Amended and Restated Bylaws of Rent-A-Center
4.1(7)	-- Form of Certificate evidencing Common Stock
4.2(8)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.
4.3(9)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc.
4.4(10)	-- Indenture, dated as of August 18, 1998, by and among Renters Choice, Inc., as Issuer, ColorTyme, Inc. and Rent-A-Center, Inc., as Subsidiary Guarantors, and IBJ Schroder Bank & Trust Company, as Trustee
4.5(11)	-- Form of Certificate evidencing Series A Preferred Stock
4.6(12)	-- Form of Exchange Note
4.7(13)	-- First Supplemental Indenture, dated as of December 31, 1998, by and among Renters Choice Inc., Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc. and IBJ Schroder Bank & Trust Company, as Trustee.
10.1(14)	-- Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan
10.3(15)	-- Credit Agreement, dated August 5, 1998, among Renters Choice, Inc., Comerica Bank, as Documentation Agent, NationsBank N.A., as Syndication Agent, and The Chase Manhattan Bank, as Administrative Agent, and certain other lenders
10.4(16)	-- Guarantee and Collateral Agreement, dated August 5, 1998, made by Renters Choice, Inc., and certain of its Subsidiaries in favor of the Chase Manhattan Bank, as Administrative Agent
10.5(17)	-- \$175,000,000 Senior Subordinated Credit Agreement, dated as of August 5, 1998, among Renters Choice, Inc., certain other lenders and the Chase Manhattan Bank
10.6(18)	-- Stockholders Agreement, dated as of August 5, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Renters Choice, Inc., and certain other persons
10.7*	-- Agreements to be Bound to Stockholders Agreement, each dated September 9, 1999, by and among Apollo Investment Fund IV, L.P.,

Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Rent-A-Center, Inc. and certain other persons.

- 10.8(19) -- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series A Convertible Preferred Stock
- 10.9(20) -- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series B Convertible Preferred Stock
- 10.10(21) -- Stock Purchase Agreement, dated August 5, 1998, among Renters Choice, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.

EXHIBIT NUMBER -----	EXHIBIT DESCRIPTION -----
10.11(22)	-- Exchange and Registration Rights Agreement, dated August 18, 1998, by and among Renters Choice, Inc. and Chase Securities Inc., Bear, Stearns & Co. Inc., NationsBanc Montgomery Securities LLC and Credit Suisse First Boston Corporation
10.12(23)	-- Employment Agreement, dated October 1, 1998, by and between Rent-A-Center, Inc. and Bradley W. Denison
27.1*	-- Financial Data Schedule

- - - - -

* Filed herewith.

- (1) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated May 28, 1998
- (2) Incorporated herein by reference to Exhibit 2.2 to the registrant's Current Report on Form 8-K dated May 28, 1998
- (3) Incorporated herein by reference to Exhibit 2.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (4) Incorporated herein by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994
- (5) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996
- (6) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999
- (7) Incorporated herein by reference to Exhibit 4.1 to the registrant's Form S-4 filed on January 19, 1999.
- (8) Incorporated herein by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (9) Incorporated herein by reference to Exhibit 4.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (10) Incorporated herein by reference to Exhibit 4.4 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (11) Incorporated herein by reference to Exhibit 4.5 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (12) Incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (13) Incorporated herein by reference to Exhibit 4.7 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (14) Incorporated herein by reference to Exhibit 99.1 to the registrant's Registration Statement on Form S-8 (File No. 333- 53471)

- (15) Incorporated herein by reference to Exhibit 10.18 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (16) Incorporated herein by reference to Exhibit 10.19 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (17) Incorporated herein by reference to Exhibit 10.20 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (18) Incorporated herein by reference to Exhibit 10.21 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (19) Incorporated herein by reference to Exhibit 10.22 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (20) Incorporated herein by reference to Exhibit 10.23 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (21) Incorporated herein by reference to Exhibit 2.10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (22) Incorporated herein by reference to Exhibit 10.14 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (23) Incorporated herein by reference to Exhibit 10.15 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998

- - - - -

* Filed herewith.

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 9th day of September, 1999, by and between (i) Mary Ann Talley, an individual ("Mrs. Talley"), (ii) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (iii) J. Ernest Talley, an individual ("Talley"), (iv) Mark E. Speese, an individual ("Speese"), and (v) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, the Purchaser, the Company, Talley and Speese have each entered into that certain Stockholders Agreement of Renters Choice, Inc., dated as of August 5, 1998 (the "Stockholders Agreement") to impose certain restrictions and obligations upon themselves and the Shares of the Company held by them; and

WHEREAS, it is currently contemplated that Mrs. Talley will acquire a portion of the Shares from Talley and, from time to time, the Talley 1999 Trust, a trust organized under the laws of the State of Texas (the "Trust"); and

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Transferees acquiring any or all of the Shares must enter into an instrument confirming that the Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Transferee's transferor.

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Shares in the Company, Mrs. Talley hereby (i) acknowledges that she has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Shares in which she holds any direct or indirect pecuniary, beneficial or voting interest, including as an individual, shareholder, trustee, beneficiary or otherwise. Furthermore, Mrs. Talley acknowledges that the Shares acquired by her will contain the legend set forth on Exhibit "A" hereto and the Company covenants to place such a legend on any Shares that Mrs. Talley acquires. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by Mrs. Talley except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

/s/ MARY ANN TALLEY

Mary Ann Talley

RENT-A-CENTER, INC.

By: /s/ ROBERT D. DAVIS

Name: Robert D. Davis

Title: Vice President - Finance and Chief
Financial Officer

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

/s/ J. ERNEST TALLEY

J. Ernest Talley

/s/ MARK E. SPEESE

Mark E. Speese

Exhibit "A"

Legend

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 9th day of September, 1999, by and between (i) the Talley 1999 Trust, a trust organized under the laws of the State of Texas (the "Trust"), (ii) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (iii) J. Ernest Talley, an individual ("Talley"), (iv) Mary Ann Talley, an individual ("Mrs. Talley"), (v) Mark E. Speese, an individual ("Speese"), and (vi) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, the Purchaser, the Company, Talley and Speese have each entered into that certain Stockholders Agreement of Renters Choice, Inc., dated as of August 5, 1998 (the "Stockholders Agreement") to impose certain restrictions and obligations upon themselves and the Shares of the Company held by them; and

WHEREAS, Mrs. Talley has previously agreed to be bound by the terms of the Stockholders Agreement.

WHEREAS, it is currently contemplated that the Trust will acquire a portion of the Shares from Mrs. Talley; and

WHEREAS, Talley will serve as sole trustee (the "Trustee") of the Trust; and

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Transferees acquiring any or all of the Shares must enter into an instrument confirming that the Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Transferee's transferor.

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Shares in the Company, the Trust and the Trustee each hereby (i) acknowledges that each of them has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Shares in which it holds any direct or indirect pecuniary, beneficial or voting interest. Furthermore, the Trust and Trustee each hereby acknowledges that the Shares acquired by the Trust will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Shares that the Trust acquires. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns, including, without limitation, any successor Trustee under the Trust; provided that neither this Agreement nor any rights or obligations hereunder may

be transferred by the Trust or Trustee except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. Except as permitted by Section 2.2 of the Stockholders Agreement, the Trust, Trustee, Talley and Mrs. Talley covenant and agree that no Person other than Talley, Mrs. Talley, Matthew Talley or Mark Talley can or will (A) be a Trustee or a beneficiary of the Trust, or (B) have any direct or indirect pecuniary, beneficial or voting interest in the Trust or Shares held by the Trust. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

TALLEY 1999 TRUST

By: /s/ J. ERNEST TALLEY

J. Ernest Talley, as Trustee

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ ROBERT D. DAVIS

Name: Robert D. Davis

Title: Vice President - Finance and Chief
Financial Officer

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

/s/ J. ERNEST TALLEY

J. Ernest Talley

/s/ MARY ANN TALLEY

Mary Ann Talley

/s/ MARK E. SPEESE

Mark E. Speese

Exhibit "A"

Legend

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 9th day of September, 1999, by and between (i) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of Talley Partners, Ltd., a Texas limited partnership (the "Partnership"), (ii) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (iii) J. Ernest Talley, an individual ("Talley"), (iv) Mary Ann Talley, an individual ("Mrs. Talley") (v) Mark E. Speese, an individual ("Speese"), and (vi) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, the Purchaser, the Company, Talley and Speese have each entered into that certain Stockholders Agreement of Renters Choice, Inc., dated as of August 5, 1998 (the "Stockholders Agreement") to impose certain restrictions and obligations upon themselves and the Shares of the Company held by them; and

WHEREAS, Mrs. Talley has previously agreed to be bound by the terms of the Stockholders Agreement; and

WHEREAS, it is currently contemplated that Talley Management will acquire a portion of the Shares from Talley and Mrs. Talley; and

WHEREAS, Talley and Mrs. Talley, as the sole stockholders, directors and officers of Talley Management, will have sole dispositive and voting control over all Shares held by Talley Management; and

WHEREAS, Talley Management, as the general partner of the Partnership, will have sole dispositive and voting control over all of the Shares held by the Partnership; and

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Transferees acquiring any or all of the Shares must enter into an instrument confirming that the Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Transferee's transferor.

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Shares in the Company, Talley Management hereby (i) acknowledges that it has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Shares in which it or the Partnership holds any direct or indirect pecuniary, beneficial or voting interest. Furthermore, Talley Management acknowledges that the Shares acquired by it or the Partnership will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Shares that Talley Management or the Partnership acquires. This Agreement shall be binding upon and shall inure to the benefit of

the parties hereto, and their respective successors and permitted assigns; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by Talley Management or the Partnership except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. Except as permitted by Section 2.2 of the Stockholders Agreement, Talley, Mrs. Talley and Talley Management covenant and agree that (A) no Person other than Talley, Mrs. Talley, Matthew Talley or Mark Talley can or will have any direct or indirect pecuniary, beneficial or voting interest in any Shares held by Talley Management or the Partnership, including as a result of any liquidation, dissolution or other distribution, (B) Talley will at all times control Talley Management, and (C) no Person other than Talley, Mrs. Talley, Matthew Talley or Mark Talley can or will own any direct or indirect pecuniary, beneficial or voting interest in Talley Management or the Partnership. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ ROBERT D. DAVIS

Name: Robert D. Davis

Title: Vice President - Finance and Chief
Financial Officer

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

/s/ J. ERNEST TALLEY

J. Ernest Talley

/s/ MARY ANN TALLEY

Mary Ann Talley

/s/ MARK E. SPEESE

Mark E. Speese

Exhibit "A"

Legend

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 9th day of September, 1999, by and between (i) Talley Partners, Ltd., a Texas limited partnership (the "Partnership"), (ii) Talley Management, Inc., a Texas corporation and the general partner of the Partnership ("Talley Management"), (iii) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (iv) J. Ernest Talley, an individual ("Talley"), (v) Mary Ann Talley, an individual ("Mrs. Talley") (vi) Mark E. Speese, an individual ("Speese"), and (vii) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, the Purchaser, the Company, Talley and Speese have each entered into that certain Stockholders Agreement of Renters Choice, Inc., dated as of August 5, 1998 (the "Stockholders Agreement") to impose certain restrictions and obligations upon themselves and the Shares of the Company held by them; and

WHEREAS, Mrs. Talley and Talley Management have previously agreed to be bound by the terms of the Stockholders Agreement; and

WHEREAS, it is currently contemplated that the Partnership will acquire a portion of the Shares from Talley, Mrs. Talley and Talley Management; and

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Transferees acquiring any or all of the Shares must enter into an instrument confirming that the Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Transferee's transferor.

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Shares in the Company, the Partnership hereby (i) acknowledges that it has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Shares in which it holds any direct or indirect pecuniary, beneficial or voting interest. Furthermore, the Partnership acknowledges that the Shares acquired by it will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Shares that the Partnership acquires. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and assigns; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by the Partnership except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. Except as permitted by Section 2.2 of the Stockholders Agreement, Talley, Mrs. Talley, Talley

Management and the Partnership covenant and agree that (A) no Person other than Talley, Mrs. Talley, Matthew Talley, Mark Talley and Talley Management can or will have any direct or indirect pecuniary, beneficial or voting interest in any Shares held by the Partnership, including as a result of any liquidation, dissolution or other Transfer, (B) Talley will at all times control Talley Management, and (C) no Person other than Talley, Mrs. Talley, Matthew Talley, Mark Talley or Talley Management will own any direct or indirect pecuniary, beneficial or voting interest in the Partnership. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

TALLEY PARTNERS, LTD.
a Texas limited partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ ROBERT D. DAVIS

Name: Robert D. Davis

Title: Vice President - Finance and
Chief Financial Officer

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

/s/ J. ERNEST TALLEY

J. Ernest Talley

/s/ MARY ANN TALLEY

Mary Ann Talley

/s/ MARK E. SPEESE

Mark E. Speese

Exhibit "A"

Legend

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 9th day of September, 1999, by and between (i) Matthew Talley, an individual ("Matt Talley"), (ii) Talley Partners, Ltd., a Texas limited partnership (the "Partnership"), (iii) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the partnership, (iv) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (v) J. Ernest Talley, an individual ("Talley"), (vi) Mary Ann Talley, an individual ("Mrs. Talley"), (vii) Mark E. Speese, an individual ("Speese"), and (viii) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, the Purchaser, the Company, Talley and Speese have each entered into that certain Stockholders Agreement of Renters Choice, Inc., dated as of August 5, 1998 (the "Stockholders Agreement") to impose certain restrictions and obligations upon themselves and the Shares of the Company held by them; and

WHEREAS, Mrs. Talley, Talley Management and the Partnership have previously agreed to be bound by the terms of the Stockholders Agreement; and

WHEREAS, it is currently contemplated that Matt Talley may, in the future, acquire a portion of the Shares from Talley, Mrs. Talley or an entity created by either or both of them; and

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Transferees acquiring any or all of the Shares must enter into an instrument confirming that the Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Transferee's transferor.

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Shares in the Company, Matt Talley hereby (i) acknowledges that he has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Shares in which he may hold any direct or indirect pecuniary, beneficial or voting interest, including as an individual, shareholder, trustee, beneficiary or otherwise. Furthermore, Matt Talley acknowledges that any Shares acquired by him will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Shares that he acquires. Except as permitted by Section 2.2 of the Stockholders Agreement, Matt Talley, Talley, Mrs. Talley, the Partnership and Talley Management covenant and agree that no Person other than Talley, Mrs. Talley, Matt Talley and Mark Talley can or will have any direct or indirect pecuniary, beneficial or voting interest in the Partnership or any Shares held by the Partnership. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by Matt Talley except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. This Agreement shall be attached to and become a part of the Stockholders Agreement.

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

/s/ MATTHEW TALLEY

Matthew Talley

TALLEY PARTNERS, LTD.
a Texas Limited Partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ ROBERT B. DAVIS

Name: Robert B. Davis

Title: Vice President - Finance and
Chief Financial Officer

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

/s/ J. ERNEST TALLEY

J. Ernest Talley

/s/ MARY ANN TALLEY

Mary Ann Talley

/s/ MARK E. SPEESE

Mark E. Speese

Exhibit "A"

Legend

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 9th day of September, 1999, by and between (i) the Matthew Talley Family Trust #1, a trust organized under the laws of the State of Texas ("Matt Trust #1"), (ii) Matthew Talley, an individual ("Matt Talley") and the trustee under Matt Trust #1, (iii) Talley Partners, Ltd., a Texas limited partnership (the "Partnership"), (iv) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the partnership, (v) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (vi) J. Ernest Talley, an individual ("Talley"), (vii) Mary Ann Talley, an individual ("Mrs. Talley"), (viii) Mark E. Speese, an individual ("Speese"), and (ix) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, the Purchaser, the Company, Talley and Speese have each entered into that certain Stockholders Agreement of Renters Choice, Inc., dated as of August 5, 1998 (the "Stockholders Agreement") to impose certain restrictions and obligations upon themselves and the Shares of the Company held by them; and

WHEREAS, Mrs. Talley, Talley Management and the Partnership have previously agreed to be bound by the terms of the Stockholders Agreement; and

WHEREAS, it is currently contemplated that Matt Trust #1 may, in the future, acquire a direct or indirect interest in the Shares from Talley, Mrs. Talley or an entity created by either or both of them; and

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Transferees acquiring any or all of the Shares must enter into an instrument confirming that the Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Transferee's transferor.

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Shares in the Company, Matt Trust #1 hereby (i) acknowledges that it has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Shares in which it may hold any direct or indirect pecuniary, beneficial or voting interest. Matt Trust #1 acknowledges that any Shares acquired by it will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Shares that the Matt Trust #1 acquires. Furthermore, Matt Trust #1 and Matt Talley, as trustee and beneficiary under Matt Trust #1, hereby covenant and agree that no Person other than Matt Talley can or will (A) be the trustee or beneficiary of Matt Trust #1 or (B) have any direct or indirect

pecuniary, beneficial or voting interest in Matt Trust #1 or any Shares held by Matt Trust #1, except as permitted under Section 2.2 of the Stockholders Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by Matt Trust #1 or Matt Talley except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

MATTHEW TALLEY FAMILY
TRUST #1
a trust organized under the laws and the State of Texas

By: /s/ MATTHEW TALLEY

Matthew Talley, as trustee

/s/ MATTHEW TALLEY

Matthew Talley

TALLEY PARTNERS, LTD.
a Texas Limited Partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ ROBERT D. DAVIS

Name: Robert D. Davis

Title: Vice President -- Finance and Chief Financial
Officer

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: VP

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

/s/ J. ERNEST TALLEY

J. Ernest Talley

/s/ MARY ANN TALLEY

Mary Ann Talley

/s/ MARK E. SPEESE

Mark E. Speese

EXHIBIT "A"

Legend

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 9th day of September, 1999, by and between (i) the Matthew Talley Family Trust #2, a trust organized under the laws of the State of Texas ("Matt Trust #2"), (ii) Matthew Talley, an individual ("Matt Talley") and the trustee under Matt Trust #2, (iii) Talley Partners, Ltd., a Texas limited partnership (the "Partnership"), (iv) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the partnership, (v) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (vi) J. Ernest Talley, an individual ("Talley"), (vii) Mary Ann Talley, an individual ("Mrs. Talley"), (viii) Mark E. Speese, an individual ("Speese"), and (ix) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, the Purchaser, the Company, Talley and Speese have each entered into that certain Stockholders Agreement of Renters Choice, Inc., dated as of August 5, 1998 (the "Stockholders Agreement") to impose certain restrictions and obligations upon themselves and the Shares of the Company held by them; and

WHEREAS, Mrs. Talley, Talley Management and the Partnership have previously agreed to be bound by the terms of the Stockholders Agreement; and

WHEREAS, it is currently contemplated that Matt Trust #2 may, in the future, acquire a direct or indirect interest in the Shares from Talley, Mrs. Talley or an entity created by either or both of them; and

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Transferees acquiring any or all of the Shares must enter into an instrument confirming that the Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Transferee's transferor.

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Shares in the Company, Matt Trust #2 hereby (i) acknowledges that it has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Shares in which it may hold any direct or indirect pecuniary, beneficial or voting interest. Matt Trust #2 acknowledges that any Shares acquired by it will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Shares that the Matt Trust #2 acquires. Furthermore, Matt Trust #2 and Matt Talley, as trustee and beneficiary under Matt Trust #2, hereby covenant and agree that no Person other than Matt Talley can or will (A) be the trustee or beneficiary of Matt Trust #2 or (B) have any direct or indirect

pecuniary, beneficial or voting interest in Matt Trust #2 or any Shares held by Matt Trust #2, except as permitted under Section 2.2 of the Stockholders Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by Matt Trust #2 or Matt Talley except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

MATTHEW TALLEY FAMILY
TRUST #2
a trust organized under the laws and the State of Texas

By: /s/ MATTHEW TALLEY

Matthew Talley, as trustee

/s/ MATTHEW TALLEY

Matthew Talley

TALLEY PARTNERS, LTD.
a Texas Limited Partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ ROBERT B. DAVIS

Name: Robert B. Davis

Title: Vice President - Finance and
Chief Financial Officer

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: VP

/s/ J. ERNEST TALLEY

J. Ernest Talley

/s/ MARY ANN TALLEY

Mary Ann Talley

/s/ MARK E. SPEESE

Mark E. Speese

Exhibit "A"

Legend

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 9th day of September, 1999, by and between (i) Mark Talley, an individual ("Mark Talley"), (ii) Talley Partners, Ltd., a Texas limited partnership (the "Partnership"), (iii) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the partnership, (iv) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (v) J. Ernest Talley, an individual ("Talley"), (vi) Mary Ann Talley, an individual ("Mrs. Talley"), (vii) Mark E. Speese, an individual ("Speese"), and (viii) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, the Purchaser, the Company, Talley and Speese have each entered into that certain Stockholders Agreement of Renters Choice, Inc., dated as of August 5, 1998 (the "Stockholders Agreement") to impose certain restrictions and obligations upon themselves and the Shares of the Company held by them; and

WHEREAS, Mrs. Talley, Talley Management and the Partnership have previously agreed to be bound by the terms of the Stockholders Agreement; and

WHEREAS, it is currently contemplated that Mark Talley may, in the future, acquire a portion of the Shares from Talley, Mrs. Talley or an entity created by either or both of them; and

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Transferees acquiring any or all of the Shares must enter into an instrument confirming that the Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Transferee's transferor.

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Shares in the Company, Mark Talley hereby (i) acknowledges that he has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Shares in which he may hold any direct or indirect pecuniary, beneficial or voting interest, including as an individual, shareholder, trustee, beneficiary or otherwise. Furthermore, Mark Talley acknowledges that any Shares acquired by him will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Shares that he may acquire. Except as permitted by Section 2.2 of the Stockholders Agreement, Mark Talley, Talley, Mrs. Talley, the Partnership and Talley Management covenant and agree that no Person other than Talley, Mrs. Talley, Matt Talley and Mark Talley can or will have any direct or indirect pecuniary, beneficial or voting interest in the Partnership or any Shares held by the Partnership. This

Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by Mark Talley except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

/s/ MARK TALLEY

Mark Talley

TALLEY PARTNERS, LTD.
a Texas Limited Partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ ROBERT B. DAVIS

Name: Robert B. Davis

Title: Vice President - Finance and
Chief Financial Officer

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

/s/ J. ERNEST TALLEY

J. Ernest Talley

/s/ MARY ANN TALLEY

Mary Ann Talley

/s/ MARK E. SPEESE

Mark E. Speese

Exhibit "A"

Legend

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 9th day of September, 1999, by and between (i) the Mark Andrew Talley Family Trust #1, a trust organized under the laws of the State of Texas ("Mark Trust #1"), (ii) Mark Andrew Talley, an individual ("Mark Talley") and the trustee under Mark Trust #1, (iii) Talley Partners, Ltd., a Texas limited partnership (the "Partnership"), (iv) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the partnership, (v) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (vi) J. Ernest Talley, an individual ("Talley"), (vii) Mary Ann Talley, an individual ("Mrs. Talley"), (viii) Mark E. Speese, an individual ("Speese"), and (ix) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, the Purchaser, the Company, Talley and Speese have each entered into that certain Stockholders Agreement of Renters Choice, Inc., dated as of August 5, 1998 (the "Stockholders Agreement") to impose certain restrictions and obligations upon themselves and the Shares of the Company held by them; and

WHEREAS, Mrs. Talley, Talley Management and the Partnership have previously agreed to be bound by the terms of the Stockholders Agreement; and

WHEREAS, it is currently contemplated that Mark Trust #1 may, in the future, acquire a direct or indirect interest in the Shares from Talley, Mrs. Talley or an entity created by either or both of them; and

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Transferees acquiring any or all of the Shares must enter into an instrument confirming that the Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Transferee's transferor.

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Shares in the Company, Mark Trust #1 hereby (i) acknowledges that it has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Shares in which it may hold any direct or indirect pecuniary, beneficial or voting interest. Mark Trust #1 acknowledges that any Shares acquired by it will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Shares that the Mark Trust #1 acquires. Furthermore, Mark Trust #1 and Mark Talley, as trustee and beneficiary under Mark Trust #1, hereby covenant and agree that no Person other than Mark Talley can or will (A) be the trustee or beneficiary of Mark Trust #1 or (B) have any direct or

indirect pecuniary, beneficial or voting interest in Mark Trust #1 or any Shares held by Mark Trust #1, except as permitted under Section 2.2 of the Stockholders Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by Mark Trust #1 or Mark Talley except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

MARK ANDREW TALLEY FAMILY TRUST #1 a trust organized under the laws and the State of Texas

By: /s/ MARK ANDREW TALLEY Mark Andrew Talley, as trustee

/s/ MARK ANDREW TALLEY Mark Andrew Talley

TALLEY PARTNERS, LTD. a Texas Limited Partnership

By: Talley Management, Inc. its General Partner

By: /s/ J. ERNEST TALLEY Name: J. Ernest Talley Title: President

TALLEY MANAGEMENT, INC. a Texas corporation

By: /s/ J. ERNEST TALLEY Name: J. Ernest Talley Title: President

RENT-A-CENTER, INC. a Delaware corporation

By: /s/ ROBERT B. DAVIS Name: Robert B. Davis Title: Vice President - Finance and Chief Financial Officer

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

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

By: /s/ LARRY BERG Name: Larry Berg Title: V.P.

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

/s/ J. ERNEST TALLEY

J. Ernest Talley

/s/ MARY ANN TALLEY

Mary Ann Talley

/s/ MARK E. SPEESE

Mark E. Speese

Exhibit "A"

Legend

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 9th day of September, 1999, by and between (i) the Mark Andrew Talley Family Trust #2, a trust organized under the laws of the State of Texas ("Mark Trust #2"), (ii) Mark Andrew Talley, an individual ("Mark Talley") and the trustee under Mark Trust #2, (iii) Talley Partners, Ltd., a Texas limited partnership (the "Partnership"), (iv) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the partnership, (v) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (vi) J. Ernest Talley, an individual ("Talley"), (vii) Mary Ann Talley, an individual ("Mrs. Talley"), (viii) Mark E. Speese, an individual ("Speese"), and (ix) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

W I T N E S S E T H :

WHEREAS, the Purchaser, the Company, Talley and Speese have each entered into that certain Stockholders Agreement of Renters Choice, Inc., dated as of August 5, 1998 (the "Stockholders Agreement") to impose certain restrictions and obligations upon themselves and the Shares of the Company held by them; and

WHEREAS, Mrs. Talley, Talley Management and the Partnership have previously agreed to be bound by the terms of the Stockholders Agreement; and

WHEREAS, it is currently contemplated that Mark Trust #2 may, in the future, acquire a direct or indirect interest in the Shares from Talley, Mrs. Talley or an entity created by either or both of them; and

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Transferees acquiring any or all of the Shares must enter into an instrument confirming that the Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Transferee's transferor.

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Shares in the Company, Mark Trust #2 hereby (i) acknowledges that it has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Shares in which it may hold any direct or indirect pecuniary, beneficial or voting interest. Mark Trust #2 acknowledges that any Shares acquired by it will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Shares that the Mark Trust #2 acquires. Furthermore, Mark Trust #2 and Mark Talley, as trustee and beneficiary under Mark Trust #2, hereby covenant and agree that no Person other than Mark Talley can or will (A) be the trustee or beneficiary of Mark Trust #2 or (B) have any direct or

indirect pecuniary, beneficial or voting interest in Mark Trust #2 or any Shares held by Mark Trust #2, except as permitted under Section 2.2 of the Stockholders Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by Mark Trust #2 or Mark Talley except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

MARK ANDREW TALLEY FAMILY
TRUST #2
a trust organized under the laws and the
State of Texas

By: /s/ MARK ANDREW TALLEY

Mark Andrew Talley, as trustee

/s/ MARK ANDREW TALLEY

Mark Andrew Talley

TALLEY PARTNERS, LTD.
a Texas Limited Partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. ERNEST TALLEY

Name: J. Ernest Talley

Title: President

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ ROBERT D. DAVIS

Name: Robert D. Davis

Title: Vice President-Finance and
Chief Financial Officer

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

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

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

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

By: /s/ LARRY BERG

Name: Larry Berg

Title: V.P.

/s/ J. ERNEST TALLEY

J. Ernest Talley

/s/ MARY ANN TALLEY

Mary Ann Talley

/s/ MARK E. SPEESE

Mark E. Speese

Exhibit "A"

Legend

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED AND SOLD ONLY IF SO REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE HOLDER OF THESE SHARES MAY BE REQUIRED TO DELIVER TO THE COMPANY, IF THE COMPANY SO REQUESTS, AN OPINION OF COUNSEL (REASONABLY SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) TO THE EFFECT THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (OR FROM REGISTRATION OR QUALIFICATION UNDER STATE SECURITIES LAWS) IS AVAILABLE WITH RESPECT TO ANY TRANSFER OF THESE SHARES THAT HAS NOT BEEN SO REGISTERED (OR QUALIFIED).

THE SHARES REPRESENTED BY THIS CERTIFICATE ALSO ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND OBLIGATIONS, TO WHICH ANY TRANSFEREE AGREES BY HIS ACCEPTANCE HEREOF, AS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF AUGUST 5, 1998, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY. NO TRANSFER OF SUCH SHARES WILL BE MADE ON THE BOOKS OF THE COMPANY UNLESS ACCOMPANIED BY EVIDENCE OF COMPLIANCE WITH THE TERMS OF SUCH AGREEMENT AND BY AN AGREEMENT OF THE TRANSFEREE TO BE BOUND BY THE RESTRICTIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT.

THE FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF EARNINGS FOUND ON PAGES 3 AND 4 OF OUR FORM 10-Q FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999.

1,000

9-MOS		
	DEC-31-1999	
	SEP-30-1999	
		15,198
		0
		3,361
		14
		92,459
		0
		123,881
		41,378
		1,486,155
		0
		175,000
	268,362	0
		253
		190,529
1,486,155		104,340
	1,046,537	91,495
		858,226
		51,861
		0
		55,833
		80,617
		39,102
	41,515	0
		0
		0
		41,515
		1.41
		1.22

RENTAL MERCHANDISE, HELD FOR RENT.
 BALANCE SHEET IS UNCLASSIFIED.
 ADDITIONAL PAID IN CAPITAL, RETAINED EARNINGS AND TREASURY STOCK.
 STORE AND FRANCHISE MERCHANDISE SALES.
 STORE AND FRANCHISE COST OF MERCHANDISE SOLD.
 GENERAL AND ADMINISTRATIVE EXPENSE AND AMORTIZATION OF INTANGIBLES.