

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2004

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)

45-0491516
(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 NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of July 28, 2004:

Class	Outstanding
Common stock, \$.01 par value per share	79,109,972

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

	Three months ended June 30,	
	2004	2003
	Unaudited	
(In thousands, except per share data)		
Revenues		
Store		
Rentals and fees	\$ 520,593	\$ 504,352
Merchandise sales	34,599	32,528
Installment sales	5,801	4,745
Other	967	812
Franchise		
Merchandise sales	9,668	9,261
Royalty income and fees	1,357	1,562
	<u>572,985</u>	<u>553,260</u>
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	112,113	109,341
Cost of merchandise sold	25,350	24,235
Cost of installment sales	2,477	2,090
Salaries and other expenses	311,058	291,726
Franchise cost of merchandise sold	9,214	8,946
	<u>460,212</u>	<u>436,338</u>
General and administrative expenses	19,392	16,388
Amortization of intangibles	3,158	3,296
Total operating expenses	<u>482,762</u>	<u>456,022</u>
Operating profit	90,223	97,238
Finance charges from recapitalization	—	27,748
Interest expense	10,252	13,070
Interest income	<u>(1,488)</u>	<u>(1,208)</u>
Earnings before income taxes	81,459	57,628
Income tax expense	<u>30,265</u>	<u>22,328</u>
NET EARNINGS	51,194	35,300
Preferred dividends	—	—
Net earnings allocable to common stockholders	<u>\$ 51,194</u>	<u>\$ 35,300</u>
Basic earnings per common share	<u>\$ 0.64</u>	<u>\$ 0.40</u>
Diluted earnings per common share	<u>\$ 0.62</u>	<u>\$ 0.39</u>

See accompanying notes to consolidated financial statements.

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

	Six months ended June 30,	
	2004	2003
	Unaudited	
(In thousands, except per share data)		
Revenues		
Store		
Rentals and fees	\$ 1,024,883	\$ 997,771
Merchandise sales	94,022	85,192
Installment sales	12,499	10,790
Other	2,047	1,527
Franchise		
Merchandise sales	22,132	21,333
Royalty income and fees	2,782	3,053
	<u>1,158,365</u>	<u>1,119,666</u>
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	220,428	216,001
Cost of merchandise sold	64,961	60,783
Cost of installment sales	5,622	5,321
Salaries and other expenses	620,142	584,222
Franchise cost of merchandise sold	21,106	20,497
	<u>932,259</u>	<u>886,824</u>
General and administrative expenses	37,578	33,144
Amortization of intangibles	5,646	6,169
Total operating expenses	975,483	926,137
Operating profit	182,882	193,529
Finance charges from recapitalization	—	27,748
Interest expense	20,611	26,593
Interest income	(2,991)	(1,979)
Earnings before income taxes	165,262	141,167
Income tax expense	61,859	54,908
NET EARNINGS	103,403	86,259
Preferred dividends	—	—
Net earnings allocable to common stockholders	<u>\$ 103,403</u>	<u>\$ 86,259</u>
Basic earnings per common share	<u>\$ 1.29</u>	<u>\$ 0.99</u>
Diluted earnings per common share	<u>\$ 1.25</u>	<u>\$ 0.96</u>

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	June 30, 2004	December 31, 2003
(In thousands, except per share data)		
	<u>Unaudited</u>	
ASSETS		
Cash and cash equivalents	\$ 86,164	\$ 143,941
Accounts receivable, net	14,940	14,949
Prepaid expenses and other assets	57,155	70,702
Rental merchandise, net		
On rent	565,977	542,909
Held for rent	169,044	137,792
Merchandise held for installment sale	1,172	1,666
Property assets, net	134,413	121,909
Goodwill, net	888,426	788,059
Intangible assets, net	12,912	9,375
	<u>\$ 1,930,203</u>	<u>\$ 1,831,302</u>
LIABILITIES		
Accounts payable – trade	\$ 69,834	\$ 72,708
Accrued liabilities	186,649	132,844
Deferred income taxes	117,500	132,918
Senior debt	396,000	398,000
Subordinated notes payable, net of discount	300,000	300,000
Redeemable convertible voting preferred stock	<u>2</u>	<u>2</u>
	1,069,985	1,036,472
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, \$.01 par value; 250,000,000 shares authorized; 101,807,748 and 101,148,417 shares issued in 2004 and 2003, respectively	1,018	1,012
Additional paid-in capital	603,632	572,628
Retained earnings	713,337	609,930
Treasury stock, 22,832,099 and 21,020,041 shares at cost in 2004 and 2003, respectively	<u>(457,769)</u>	<u>(388,740)</u>
	<u>860,218</u>	<u>794,830</u>
	<u>\$ 1,930,203</u>	<u>\$ 1,831,302</u>

See accompanying notes to consolidated financial statements.

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

	Six months ended June 30,	
	2004	2003
(In thousands)	Unaudited	
Cash flows from operating activities		
Net earnings	\$ 103,403	\$ 86,259
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of rental merchandise	220,428	216,001
Depreciation of property assets	23,083	20,953
Amortization of intangibles	5,646	6,169
Amortization of financing fees	424	419
Deferred income taxes	(15,418)	291
Finance charges from recapitalization	—	17,931
Changes in operating assets and liabilities, net of effects of acquisitions		
Rental merchandise	(209,329)	(208,349)
Accounts receivable, net	9	(3,942)
Prepaid expenses and other assets	20,508	17,865
Accounts payable – trade	(2,875)	14,761
Accrued liabilities	53,810	15,045
Net cash provided by operating activities	199,689	183,403
Cash flows from investing activities		
Purchase of property assets	(34,853)	(22,923)
Proceeds from sale of property assets	3,336	410
Acquisitions of businesses, net of cash acquired	(155,953)	(106,240)
Net cash used in investing activities	(187,470)	(128,753)
Cash flows from financing activities		
Purchase of treasury stock	(77,266)	(142,645)
Exercise of stock options	9,270	17,841
Issuance of subordinated notes	—	300,000
Payment of refinance charges	—	(15,963)
Proceeds from debt	—	400,000
Repurchase of subordinated notes, including premium paid	—	(201,856)
Repayments of debt	(2,000)	(249,500)
Net cash provided by (used in) financing activities	(69,996)	107,877
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(57,777)	162,527
Cash and cash equivalents at beginning of period	143,941	85,723
Cash and cash equivalents at end of period	<u>\$ 86,164</u>	<u>\$ 248,250</u>

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

	Six months ended June 30,	
	2004	2003
Supplemental cash flow information	(in thousands)	
Cash paid during the period for:		
Interest	\$ 19,408	\$ 32,773
Income taxes	\$ 57,050	\$ 41,141
Supplemental schedule of non-cash investing and financing activities		
Fair value of assets acquired	\$ 185,790	\$ 106,240
Cash paid	\$ 155,953	\$ 106,240

The difference between the fair value of assets acquired and cash paid is due to non-cash consideration, including approximately \$23.9 million in common stock issued and the approximately \$6.1 million in fair value assigned to the stock options assumed in connection with the acquisition of Rent Rite, Inc.

RENT-A-CENTER, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. 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 accounting principles generally accepted in the United States of America 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. We suggest that these financial statements be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K/A for the year ended December 31, 2003, and our Quarterly Report on Form 10-Q for the three months ended March 31, 2004. 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.
2. *Stock Split.* On July 28, 2003, we announced that our Board of Directors had approved a 5 for 2 stock split on our common stock to be paid in the form of a stock dividend. Each common stockholder of record on August 15, 2003 received 1.5 additional shares of common stock for each share of common stock held on that date. No fractional shares were issued in connection with the stock dividend. Each stockholder who would otherwise have received a fractional share received an additional share of common stock. The distribution date for the stock dividend was August 29, 2003. The effect of the stock split has been recognized retroactively in the stockholder's equity accounts and in all share data in the consolidated statements of earnings, notes to the consolidated financial statements and management's discussion and analysis, unless otherwise noted.
3. *Principles of Consolidation and Nature of Operations.* These financial statements include the accounts of Rent-A-Center, Inc. and its direct and indirect wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. Unless the context indicates otherwise, references to "Rent-A-Center" refer only to Rent-A-Center, Inc., the parent, and references to "we," "us" and "our" refer to the consolidated business operations of Rent-A-Center and all of its direct and indirect subsidiaries.

At June 30, 2004, we operated 2,846 company-owned stores nationwide and in Canada and Puerto Rico, including 21 stores in Wisconsin operated by a subsidiary, Get It Now, LLC, under the name "Get It Now," and five stores in Canada operated by a subsidiary, Rent-A-Centre Canada, Ltd., under the name "Rent-A-Centre." Rent-A-Center's primary operating segment consists of leasing household durable goods to customers on a rent-to-own basis. Get It Now offers merchandise on an installment sales basis in Wisconsin.

ColorTyme, Inc., an indirect wholly-owned subsidiary of Rent-A-Center, is a nationwide franchisor of rent-to-own stores. At June 30, 2004, ColorTyme had 319 franchised stores operating in 40 states. ColorTyme's primary source of revenues is the sale of rental merchandise to its franchisees, who in turn offer the merchandise to the general public for rent or purchase under a rent-to-own program. The balance of ColorTyme's revenues is generated primarily from royalties based on franchisees' monthly gross revenues.

RENT-A-CENTER, INC. AND SUBSIDIARIES

4. *Reconciliation of Rental Merchandise.*

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
	(in thousands)	
Beginning merchandise value	\$ 682,367	\$ 631,724
Inventory additions through acquisitions	64,925	52,258
Purchases	311,662	305,130
Depreciation of rental merchandise	(220,428)	(216,001)
Cost of goods sold	(70,583)	(66,104)
Skips and stolens	(25,182)	(22,303)
Other inventory deletions ⁽¹⁾	(6,568)	(8,374)
Ending merchandise value	<u>\$ 736,193</u>	<u>\$ 676,330</u>

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003
	(in thousands)	
Beginning merchandise value	\$ 697,902	\$ 693,324
Inventory additions through acquisitions	60,725	1,894
Purchases	134,401	132,630
Depreciation of rental merchandise	(112,113)	(109,341)
Cost of goods sold	(27,827)	(26,325)
Skips and stolens	(12,569)	(11,834)
Other inventory deletions ⁽¹⁾	(4,326)	(4,018)
Ending merchandise value	<u>\$ 736,193</u>	<u>\$ 676,330</u>

(1) Other inventory deletions include loss/damage waiver claims and unrepairable and missing merchandise, as well as acquisition write-offs.

5. *Intangibles.*

Amortization of intangibles consists primarily of the amortization of customer relationships and non-compete agreements.

Intangibles consist of the following (in thousands):

	Avg. Life (years)	June 30, 2004		December 31, 2003	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets					
Franchise network	10	\$ 3,000	\$ 2,400	\$ 3,000	\$ 2,250
Non-compete agreements	3	5,332	2,270	5,275	1,788
Customer relationships	1.5	30,002	20,752	20,699	15,561
Total		38,334	25,422	28,974	19,599
Intangible assets not subject to amortization					
Goodwill		987,588	99,162	887,221	99,162
Total intangibles		<u>\$ 1,025,922</u>	<u>\$ 124,584</u>	<u>\$ 916,195</u>	<u>\$ 118,761</u>

RENT-A-CENTER, INC. AND SUBSIDIARIES

5. *Intangibles* – (continued)

The estimated remaining amortization expense, assuming current intangible balances and no new acquisitions, for each of the fiscal years ending December 31, is as follows:

	Estimated Amortization Expense
	(in thousands)
2004	\$ 4,911
2005	6,627
2006	1,273
2007	101
2008	—
Total	<u>\$ 12,912</u>

Changes in the net carrying amount of goodwill are as follows:

	At June 30, 2004	At December 31, 2003
	(in thousands)	
Balance as of January 1,	\$ 788,059	\$ 736,395
Additions from acquisitions	103,406	48,445
Post-purchase price allocation adjustments	(3,039)	3,219
Balance as of the end of the period	<u>\$ 888,426</u>	<u>\$ 788,059</u>

6. *Stock Based Compensation*.

Rent-A-Center’s Amended and Restated Long-Term Incentive Plan (the “Plan”) for the benefit of certain employees, consultants and directors provides the Board of Directors broad discretion in creating equity incentives. Under the Plan, 14,562,865 shares of Rent-A-Center’s common stock were reserved for issuance under stock options, stock appreciation rights or restricted stock grants. Options granted to our employees under the Plan generally become exercisable over a period of one to four years from the date of grant and may be exercised up to a maximum of 10 years from the date of grant. Options granted to directors are immediately exercisable. There have been no grants of stock appreciation rights and all options have been granted with fixed prices. At June 30, 2004, there were 10,050,453 shares available for issuance under the Plan, of which 5,768,950 shares were allocated to options currently outstanding. However, pursuant to the terms of the Plan, when an optionee leaves our employ, unvested options granted to that employee terminate and become available for re-issuance under the Plan. Vested options not exercised within 90 days from the date the optionee leaves the Company’s employ generally terminate and become available for re-issuance under the Plan.

Rent-A-Center accounts for the Plan under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations. No stock-based employee compensation cost is reflected in net earnings, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. If Rent-A-Center had applied the fair value recognition provisions of Financial Accounting Standards Board (“FASB”) Statement No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation, net earnings and earnings per share would have decreased as illustrated by the following table:

RENT-A-CENTER, INC. AND SUBSIDIARIES

6. *Stock Based Compensation* – (continued)

	Six months ended June 30,	
	2004	2003
	(In thousands, except per share data)	
Net earnings allocable to common stockholders		
As reported	\$ 103,403	\$ 86,259
Deduct: Total stock-based employee compensation under fair value based method for all awards, net of related tax expense	6,399	7,618
Pro forma	\$ 97,004	\$ 78,641
Basic earnings per common share		
As reported	\$ 1.29	\$ 0.99
Pro forma	\$ 1.21	\$ 0.90
Diluted earnings per common share		
As reported	\$ 1.25	\$ 0.96
Pro forma	\$ 1.18	\$ 0.87
	Three months ended June 30,	
	2004	2003
	(In thousands, except per share data)	
Net earnings allocable to common stockholders		
As reported	\$ 51,194	\$ 35,300
Deduct: Total stock-based employee compensation under fair value based method for all awards, net of related tax expense	3,223	3,914
Pro forma	\$ 47,971	\$ 31,386
Basic earnings per common share		
As reported	\$ 0.64	\$ 0.40
Pro forma	\$ 0.60	\$ 0.36
Diluted earnings per common share		
As reported	\$ 0.62	\$ 0.39
Pro forma	\$ 0.59	\$ 0.34

For all periods prior to April 1, 2004, the fair value of these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: expected volatility of 55.0%, risk-free interest rates of 2.9% and 3.7% and expected lives of four years and seven years in 2004 and 2003, respectively, and no dividend yield. For options granted on or after April 1, 2004, the fair value of the options was estimated at the date of grant using the binomial method pricing model with the following weighted average assumptions: expected volatility of 52.4% to 55.1%, a risk-free interest rate of 2.5% to 2.9%, no dividend yield and an expected life of four years. Had we changed from using the Black-Scholes option pricing model to a binomial method pricing model effective January 1, 2004 rather than April 1, 2004, the impact would not have been significant.

RENT-A-CENTER, INC. AND SUBSIDIARIES**7. Earnings Per Share.**

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

(In thousands, except per share data)	Six months ended June 30, 2004		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 103,403	79,874	\$ 1.29
Effect of dilutive stock options	—	2,559	
Diluted earnings per common share	\$ 103,403	82,433	\$ 1.25

(In thousands, except per share data)	Six months ended June 30, 2003		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 86,259	87,370	\$ 0.99
Effect of dilutive stock options	—	2,933	
Diluted earnings per common share	\$ 86,259	90,303	\$ 0.96

(In thousands, except per share data)	Three months ended June 30, 2004		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 51,194	79,464	\$ 0.64
Effect of dilutive stock options	—	2,516	
Diluted earnings per common share	\$ 51,194	81,980	\$ 0.62

(In thousands, except per share data)	Three months ended June 30, 2003		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 35,300	87,498	\$ 0.40
Effect of dilutive stock options	—	3,270	
Diluted earnings per common share	\$ 35,300	90,768	\$ 0.39

For the six months ended June 30, 2004 and 2003, the number of stock options that were outstanding but not included in the computation of diluted earnings per common share because their exercise price was greater than the average market price of our common stock, and therefore anti-dilutive, was 583,834 and 5,000, respectively

For the three months ended June 30, 2004 and 2003, the number of stock options that were outstanding but not included in the computation of diluted earnings per common share because their exercise price was greater than the average market price of our common stock, and therefore anti-dilutive, was 583,834 and 0, respectively.

8. Subsidiary Guarantors.

11% Senior Subordinated Notes. In December 2001, Rent-A-Center East, Inc., one of our subsidiaries, issued \$100.0 million of 11% senior subordinated notes (the "11% Notes"), maturing on August 15, 2008, under an indenture dated as of December 19, 2001 among Rent-A-Center East, its subsidiary guarantors and The Bank of New York, as trustee. On May 2, 2002, Rent-A-Center East closed an exchange offer for, among other things, approximately \$175.0 million of senior subordinated notes issued by it under a previous indenture, such that, on that date, all senior subordinated notes were governed by the terms of the 2001 indenture. On May 6, 2003, Rent-A-Center East repurchased approximately \$183.0 million of its then outstanding 11% Notes. On August 15, 2003, Rent-A-Center East redeemed the remaining outstanding 11% Notes.

RENT-A-CENTER, INC. AND SUBSIDIARIES

8. *Subsidiary Guarantors* – (continued)

7½% Senior Subordinated Notes. On May 6, 2003, Rent-A-Center issued \$300.0 million in senior subordinated notes due 2010, bearing interest at 7½% (the “7½% Notes”), pursuant to an indenture dated May 6, 2003, among Rent-A-Center, Inc., its subsidiary guarantors and The Bank of New York, as trustee. The proceeds of this offering were used to fund the repurchase and redemption of the then outstanding 11% Notes.

The 2003 indenture contains covenants that limit Rent-A-Center’s ability to:

- incur additional debt;
- sell assets or its subsidiaries;
- grant liens to third parties;
- pay dividends or repurchase stock; and
- engage in a merger or sell substantially all of its assets.

Events of default under the 2003 indenture include customary events, such as a cross-acceleration provision in the event that Rent-A-Center defaults in the payment of other debt due at maturity or upon acceleration for default in an amount exceeding \$50.0 million, as well as in the event a judgment is entered against us in excess of \$50.0 million that is not discharged, bonded, or insured.

The 7½% Notes may be redeemed on or after May 1, 2006, at our option, in whole or in part, at a premium declining from 103.75%. The 7½% Notes also require that upon the occurrence of a change of control (as defined in the 2003 indenture), the holders of the notes have the right to require Rent-A-Center to repurchase the notes at a price equal to 101% of the original aggregate principal amount, together with accrued and unpaid interest, if any, to the date of repurchase. This would trigger an event of default under our senior credit facility.

The subsidiary guarantors have fully, jointly and severally, and unconditionally guaranteed the obligations of Rent-A-Center with respect to the 7½% Notes. Each subsidiary guarantor is a wholly owned direct or indirect subsidiary of Rent-A-Center. The only direct or indirect subsidiaries of Rent-A-Center that are not guarantors are minor subsidiaries. Rent-A-Center has no independent assets or operations. There are no restrictions on the ability of any of the subsidiary guarantors to transfer funds to Rent-A-Center in the form of loans, advances or dividends, except as provided by applicable law.

Set forth below is certain condensed consolidating financial information as of June 30, 2004 and December 31, 2003 and for the six months ended June 30, 2004 and 2003. The financial information includes the subsidiary guarantors from the dates they were acquired or formed by Rent-A-Center and Rent-A-Center East and is presented using the push-down basis of accounting.

Condensed Consolidating Statements of Operations – (in thousands)

	Parent Company	Subsidiary Guarantors	Total	
Six Months Ended June 30, 2004 (unaudited)				
Total revenues	\$ —	\$ 1,158,365	\$ 1,158,365	
Direct store expenses	—	911,513	911,513	
Other expenses	—	143,449	143,449	
Net earnings	\$ —	\$ 103,403	\$ 103,403	
	Parent Company	Rent-A- Center East	Subsidiary Guarantors	Total
Six Months Ended June 30, 2003 (unaudited)				
Total revenues	\$ —	\$ 792,540	\$ 327,126	\$ 1,119,666
Direct store expenses	—	590,816	275,511	866,327
Other expenses	—	114,784	52,296	167,080
Net earnings (loss)	\$ —	\$ 86,940	\$ (681)	\$ 86,259

RENT-A-CENTER, INC. AND SUBSIDIARIES

8. *Subsidiary Guarantors* – (continued)

	Parent Company	Subsidiary Guarantors	Total
Three Months Ended June 30, 2004 (unaudited)			
Total revenues	\$ —	\$ 572,985	\$ 572,985
Direct store expenses	—	450,998	450,998
Other expenses	—	70,793	70,793
Net earnings	\$ —	\$ 51,194	\$ 51,194

	Parent Company	Rent-A- Center East	Subsidiary Guarantors	Total
Three Months Ended June 30, 2003 (unaudited)				
Total revenues	\$ —	\$ 392,277	\$ 160,983	\$ 553,260
Direct store expenses	—	293,350	134,042	427,392
Other expenses	—	64,510	26,058	90,568
Net earnings	\$ —	\$ 34,417	\$ 883	\$ 35,300

Condensed Consolidating Statements of Operations – (in thousands)

Condensed Consolidating Balance Sheets – (in thousands)

	Parent Company	Subsidiary Guarantors	Consolidating Adjustments	Totals
June 30, 2004 (unaudited)				
Rental merchandise, net	\$ —	\$ 736,193	\$ —	\$ 736,193
Intangible assets, net	—	901,338	—	901,338
Other assets	870,935	162,308	(740,571)	292,672
Total assets	\$ 870,935	\$ 1,799,839	\$ (740,571)	\$ 1,930,203
Senior debt	\$ 396,000	\$ —	\$ —	\$ 396,000
Other liabilities	300,002	772,812	(398,829)	673,985
Stockholders' equity	174,933	1,027,027	(341,742)	860,218
Total liabilities and equity	\$ 870,935	\$ 1,799,839	\$ (740,571)	\$ 1,930,203

	Parent Company	Subsidiary Guarantors	Consolidating Adjustments	Totals
December 31, 2003				
Rental merchandise, net	\$ —	\$ 682,367	\$ —	\$ 682,367
Intangible assets, net	—	797,434	—	797,434
Other assets	882,876	231,893	(763,268)	351,501
Total assets	\$ 882,876	\$ 1,711,694	\$ (763,268)	\$ 1,831,302
Senior debt	\$ 398,000	\$ —	\$ —	\$ 398,000
Other liabilities	300,002	759,996	(421,526)	638,472
Stockholders' equity	184,874	951,698	(341,742)	794,830
Total liabilities and equity	\$ 882,876	\$ 1,711,694	\$ (763,268)	\$ 1,831,302

RENT-A-CENTER, INC. AND SUBSIDIARIES

8. *Subsidiary Guarantors* – (continued)

Condensed Consolidating Statements of Cash Flows – (in thousands)

	Parent Company	Subsidiary Guarantors	Total
Six months ended June 30, 2004 (unaudited)			
Net cash provided by operating activities	\$ —	\$ 199,689	\$ 199,689
Cash flows from investing activities			
Purchase of property assets	—	(34,853)	(34,853)
Acquisitions of businesses, net of cash acquired	—	(155,953)	(155,953)
Proceeds from sale of property assets	—	3,336	3,336
Net cash used in investing activities	—	(187,470)	(187,470)
Cash flows from financing activities			
Purchase of treasury stock	(77,266)	—	(77,266)
Exercise of stock options	9,270	—	9,270
Repayments of debt	(2,000)	—	(2,000)
Intercompany advances	70,978	(70,978)	—
Net cash provided by (used in) financing activities	982	(70,978)	(69,996)
Net increase (decrease) in cash and cash equivalents	982	(58,759)	(57,777)
Cash and cash equivalents at beginning of period	61,006	82,935	143,941
Cash and cash equivalents at end of period	\$ 61,988	\$ 24,176	\$ 86,164

	Parent Company	Rent-A- Center East	Subsidiary Guarantors	Total
Six months ended June 30, 2003 (unaudited)				
Net cash provided by operating activities	\$ —	\$ 112,254	\$ 71,149	\$ 183,403
Cash flows from investing activities				
Purchase of property assets	—	(16,550)	(6,373)	(22,923)
Acquisitions of businesses, net of cash acquired	—	(71,372)	(34,868)	(106,240)
Other	—	296	114	410
Net cash used in investing activities	—	(87,626)	(41,127)	(128,753)
Cash flows from financing activities				
Purchase of treasury stock	(142,645)	—	—	(142,645)
Exercise of stock options	17,841	—	—	17,841
Issuance of subordinated notes	300,000	—	—	300,000
Payment of refinancing charges	—	(15,963)	—	(15,963)
Proceeds from debt	400,000	—	—	400,000
Repurchase of subordinated notes, including premium paid	—	(201,856)	—	(201,856)
Repayments of debt	—	(249,500)	—	(249,500)
Intercompany advances	(367,573)	379,783	(12,210)	—
Net provided by (cash used) in financing activities	207,623	(87,536)	(12,210)	107,877
Net increase (decrease) in cash and cash equivalents	207,623	(62,908)	17,812	162,527
Cash and cash equivalents at beginning of period	—	85,723	—	85,723
Cash and cash equivalents at end of period	\$ 207,623	\$ 22,815	\$ 17,812	\$ 248,250

RENT-A-CENTER, INC. AND SUBSIDIARIES9. *Comprehensive Income.*

Comprehensive income includes net earnings and items of other comprehensive income or loss. The following table provides information regarding comprehensive income, net of tax:

	Six months ended June,	
	2004	2003
	(in thousands)	
Net earnings	\$ 103,403	\$ 86,259
Other comprehensive (loss) income:		
Unrealized gain on derivatives held as cash flow hedges:		
Change in unrealized gain during period	—	4,480
Reclassification adjustment for loss included in net earnings	—	(4,480)
Other comprehensive income	—	—
Comprehensive income	\$ 103,403	\$ 86,259
	Three months ended June,	
	2004	2003
	(in thousands)	
Net earnings	\$ 51,194	\$ 35,300
Other comprehensive (loss) income:		
Unrealized gain on derivatives held as cash flow hedges:		
Change in unrealized gain during period	—	1,869
Reclassification adjustment for loss included in net earnings	—	(1,869)
Other comprehensive income	—	—
Comprehensive income	\$ 51,194	\$ 35,300

10. *Common and Preferred Stock Transactions.*

In April 2000, we announced that our Board of Directors had authorized a program to repurchase, from time to time, in the open market and in privately negotiated transactions, up to an aggregate of \$25.0 million of our common stock. Our Board of Directors increased the amount of repurchases authorized under our common stock repurchase program over a period of time to \$100.0 million. We repurchased a total of approximately 1.6 million shares (on a pre-split basis) of our common stock for an aggregate of \$91.5 million under this common stock repurchase program through October 24, 2003.

On October 24, 2003 we announced our Board of Directors had rescinded our old common stock repurchase program and authorized a new common stock repurchase program, permitting us to purchase, from time to time, in the open market and privately negotiated transactions, up to an aggregate of \$100.0 million of our common stock. On May 19, 2004, the Board of Directors increased the amount of repurchases authorized under the new stock repurchase program from \$100.0 million to \$115.0 million. As of June 30, 2004, we had purchased a total of 3,457,000 shares of our common stock for an aggregate of \$104.2 million under our new common stock repurchase program. On July 26, 2004, we announced that our Board of Directors increased the authorization for stock repurchases under our new common stock repurchase program to \$200.0 million. Please see "Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities" later in this report.

RENT-A-CENTER, INC. AND SUBSIDIARIES11. *Acquisitions.***Rent Rite, Inc.**

On May 7, 2004, we completed the acquisition of Rent Rite, Inc. d/b/a Rent Rite Rental Purchase for an aggregate purchase price of \$59.9 million. Rent Rite operated 90 stores in 11 states, of which 26 stores were subsequently merged with our existing store locations. Results of operations have been included since the acquisition date. Approximately 40% of the consideration was paid with 815,592 shares of our common stock, with the remaining portion consisting of cash, the assumption of Rent Rite's stock options and retirement of Rent Rite's outstanding debt. The common stock paid as well as the assumption of stock options were recorded at the fair value determined at the effective date of the purchase. The table below summarizes the preliminary allocation of the purchase price based on the fair values of the significant assets acquired:

	Fair Values (in thousands)
Rental merchandise	\$ 18,644
Property assets	1,262
Customer relationships	3,180
Non-compete agreements	242
Goodwill	<u>36,568</u>
Total assets acquired	<u>\$59,896</u>

Rainbow Rentals, Inc.

On May 14, 2004, we completed the acquisition of Rainbow Rentals, Inc. for an aggregate purchase price of \$109.0 million. Rainbow Rentals operated 124 stores in 15 states, of which 29 stores were subsequently merged with our existing store locations. Results of operations have been included since the acquisition date. We funded the acquisition entirely with cash on hand. The table below summarizes the preliminary allocation of the purchase price based on the fair values of the significant assets acquired:

	Fair Values (in thousands)
Rental merchandise	\$ 41,337
Property assets	2,864
Customer relationships	4,553
Non-compete agreements	100
Goodwill	<u>60,192</u>
Total assets acquired	<u>\$109,046</u>

We entered into these transactions seeing them as opportunistic acquisitions that would allow us to expand our store base in conjunction with our strategic growth plans. The prices of the acquisitions were determined by evaluating the average monthly rental income of the acquired stores and applying a multiple to the total. Customer relationships are amortized utilizing the straight-line method over an 18 month period. The non-compete agreements are amortized using the straight-line method over a three year period and, in accordance with SFAS 142, the goodwill associated with the acquisitions will not be amortized.

RENT-A-CENTER, INC. AND SUBSIDIARIES

12. *Guarantees.*

ColorTyme Guarantee. ColorTyme is a party to an agreement with Wells Fargo Foothill, Inc., who provides \$50.0 million in aggregate financing to qualifying franchisees of ColorTyme generally of up to five times their average monthly revenues. Under the Wells Fargo agreement, upon an event of default by the franchisee under agreements governing this financing and upon the occurrence of certain other events, Wells Fargo can assign the loans and the collateral securing such loans to ColorTyme, with ColorTyme then succeeding to the rights of Wells Fargo under the debt agreements, including the right to foreclose on the collateral. An additional \$15.0 million of financing is provided by Texas Capital Bank, National Association under an agreement similar to the Wells Fargo financing. Rent-A-Center East guarantees the obligations of ColorTyme under each of these agreements, excluding the effects of any amounts that could be recovered under collateralization provisions, up to a maximum amount of \$65.0 million, of which \$27.9 million was outstanding as of June 30, 2004.

We also provide assurance to our insurance providers that if they are not able to draw funds from us for claims paid, they have the ability to draw against our letters of credit. Generally our letters of credit are renewed automatically every year unless we notify the institution not to renew. At June 30, 2004, we had \$86.7 million in outstanding letters of credit under our previous senior credit facility. Of the \$86.7 million, \$55.0 million was supported by our additional term loan facility. The remaining \$31.7 million reduced the amount available under the previous \$120.0 million revolving facility. On July 14, 2004, we refinanced our senior credit facilities. Under the new senior credit facility, the \$86.7 million is supported by our \$250.0 million revolving facility. See Note 14, "Subsequent Events" and "Recent Developments" later in this report.

13. *Recapitalization.*

In April 2003, we announced and commenced a program to recapitalize a portion of our financial structure in a series of transactions. The recapitalization consisted of the tender offer for all of Rent-A-Center East's \$272.25 million 11% Notes, the redemption of the 11% Notes, the issuance of \$300.0 million 7½% Notes, the refinancing of our senior debt and the repurchase of shares of our common stock.

On May 6, 2003, we repurchased approximately \$183.0 million principal amount of 11% Notes pursuant to a debt tender offer announced on April 23, 2003. On August 15, 2003, we redeemed all of the remaining outstanding 11% Notes in accordance with the terms of the indenture governing the 11% Notes, at the applicable redemption price of 105.5% of the principal amount, plus accrued and unpaid interest to that date. The total aggregate redemption price for the 11% Notes was approximately \$93.75 million, including \$4.65 million in accrued interest and \$4.65 million in redemption premium. Proceeds from the offering of \$300.0 million in 7½% Notes were used to pay for the redemption.

On April 25, 2003, we announced that we had entered into an agreement with Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. ("Apollo") which provided for the repurchase of a number of shares of Rent-A-Center's common stock sufficient to reduce Apollo's aggregate record ownership to 19.00% after consummation of Rent-A-Center's planned tender offer at the price per share paid in the tender offer. On April 28, 2003, we commenced a tender offer to purchase up to 2.2 million shares of Rent-A-Center's common stock (on a pre-split basis) pursuant to a modified "Dutch Auction." On June 25, 2003, we closed the tender offer and purchased 1,769,960 shares of Rent-A-Center's common stock (on a pre-split basis) at \$73 per share (on a pre-split basis) for approximately \$129.2 million. On July 11, 2003, we closed the Apollo transaction and purchased 774,547 shares of Rent-A-Center's common stock (on a pre-split basis) at \$73 per share (on a pre-split basis) for approximately \$56.5 million. As contemplated by the Apollo agreement, Apollo also exchanged their shares of Series A preferred stock for shares of Series C preferred stock. As a result, no shares of Series A preferred stock remain outstanding. The terms of the Series A preferred stock and Series C preferred stock are substantially similar, except the Series C preferred stock does not have the right to directly elect any members of Rent-A-Center's Board of Directors.

On May 6, 2003, Rent-A-Center issued \$300.0 million in 7½% Notes, the proceeds of which were used, in part, to fund the repurchase and redemption of the 11% Notes.

On May 28, 2003, we refinanced our then existing senior debt by entering into a new \$600.0 million senior credit facility, consisting of a \$400.0 million term loan, a \$120.0 million revolving credit facility and an \$80.0 million additional term loan.

RENT-A-CENTER, INC. AND SUBSIDIARIES

14. *Subsequent Events.*

New Senior Credit Facilities. On July 14, 2004, we announced the completion of the refinancing of our senior secured debt. Our new \$600.0 million senior credit facilities consist of a \$350.0 million term loan and a \$250.0 million revolving credit facility. On that day, we drew down the \$350.0 million term loan and \$50.0 million of revolving facility and utilized the proceeds to repay our existing senior term debt. In connection with the refinancing, we will record a \$4.2 million non-cash charge to write off the remaining unamortized balance of financing costs in the third quarter.

Increased Stock Repurchase Authorization. On July 26, 2004, we announced that our Board of Directors increased the authorization for stock repurchases under our common stock repurchase program to \$200.0 million.

RENT-A-CENTER, INC. AND SUBSIDIARIES

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The statements, other than statements of historical facts, included in this report are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "would," "expect," "intend," "could," "estimate," "should," "anticipate" or "believe." We believe that the expectations reflected in such 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:

- uncertainties regarding the ability to open new stores;
- our ability to acquire additional rent-to-own stores on favorable terms;
- our ability to enhance the performance of these acquired stores;
- our ability to control store level costs;
- our ability to realize benefits from our margin enhancement initiatives;
- the results of our litigation;
- the passage of legislation adversely affecting the rent-to-own industry;
- interest rates;
- our ability to collect on our rental purchase agreements;
- changes in our effective tax rate;
- changes in our stock price and the number of shares of common stock that we may or may not repurchase; and
- the other risks detailed from time to time in our SEC reports.

Additional 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/A for our fiscal year ended December 31, 2003. 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.

Our Business

We are the largest rent-to-own operator in the United States with an approximate 32% market share based on store count. At June 30, 2004, we operated 2,846 company-owned stores nationwide and in Canada and Puerto Rico, including 21 stores located in Wisconsin and operated by our subsidiary Get It Now, LLC under the name "Get It Now" and five stores located in Canada and operated by our subsidiary Rent-A-Centre Canada, Ltd., under the name "Rent-A-Centre." Another of our subsidiaries, ColorTyme, is a national franchisor of rent-to-own stores. At June 30, 2004, ColorTyme had 319 franchised stores in 40 states, 307 of which operated under the ColorTyme name and 12 stores of which operated under the Rent-A-Center name. Our stores generally offer high quality durable products such as home electronics, appliances, computers, and furniture and accessories under flexible rental purchase agreements that generally allow the customer to obtain ownership of the merchandise at the conclusion of an agreed-upon rental period. These rental purchase agreements are designed to appeal to a wide variety of customers by allowing them to obtain merchandise that they might otherwise be unable to obtain due to insufficient cash resources or a lack of access to credit. These agreements also cater to customers who only have a temporary need or who simply desire to rent rather than purchase the merchandise.

We have pursued an aggressive growth strategy since 1989. We have sought to acquire underperforming stores to which we could apply our operating model as well as open new stores. As a result, acquired stores have generally experienced more significant revenue growth during the initial periods following their acquisition than in subsequent periods. Because of significant growth since our formation, our historical results of operations and period-to-period comparisons of such results and other financial data, including the rate of earnings growth, may not be meaningful or indicative of future results.

RENT-A-CENTER, INC. AND SUBSIDIARIES

We plan to accomplish our future growth through selective and opportunistic acquisitions, and new store development. Typically, a newly opened store is profitable on a monthly basis in the ninth to twelfth month after its initial opening. Historically, a typical store has achieved cumulative break-even profitability in 18 to 24 months after its initial opening. Total financing requirements of a typical new store approximate \$450,000, with roughly 70% 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. As a result, our quarterly earnings are impacted by how many new stores we opened during a particular quarter and the quarters preceding it. There can be no assurance that we will open any new stores in the future or as to the number, location or profitability thereof.

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 are 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.

Recent Developments

Appointment of Richard K. Arney to our Board of Directors. On May 24, 2004, we announced that Richard K. "Dick" Arney had been named to our Board of Directors. Congressman Arney served for 18 years in the U.S. House of Representatives, culminating in eight years as Majority Leader. In addition to joining the Board of Directors, Congressman Arney has become a member of the Board's Audit Committee and Compensation Committee.

New Senior Credit Facility On July 14, 2004, we announced the completion of the refinancing of our senior secured debt. Our new \$600.0 million senior credit facilities consist of a \$350.0 million term loan and a \$250.0 million revolving credit facility. On that day, we drew down the \$350.0 million term loan and \$50.0 million of revolving facility and utilized the proceeds to repay our existing senior term debt. We will record a \$4.2 million non-cash charge to write off the remaining unamortized balance of financing costs in the third quarter.

Increased Stock Repurchase Authorization. On July 26, 2004, we announced that our Board of Directors increased the authorization for stock repurchases under our common stock repurchase program to \$200.0 million.

Store Growth. As of July 28, 2004, we have acquired two additional stores and accounts from five additional locations, opened five new stores, merged one store into an existing location and sold one store during the third quarter of 2004. It is our intention to increase the number of stores we operate by an average of approximately 5 to 10% per year.

Critical Accounting Policies Involving Critical Estimates, Uncertainties or Assessments in Our Financial Statements

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In applying accounting principles, we must often make individual estimates and assumptions regarding expected outcomes or uncertainties. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. We believe the following are areas where the degree of judgment and complexity in determining amounts recorded in our consolidated financial statements make the accounting policies critical.

Self-Insurance Liabilities. We have self-insured retentions with respect to losses under our workers' compensation, general liability, and auto liability insurance policies. We establish reserves for our liabilities associated with these losses by obtaining forecasts for the ultimate expected losses and estimating amounts needed to pay losses within our self-insured retentions.

RENT-A-CENTER, INC. AND SUBSIDIARIES

We make assumptions on our liabilities within our self-insured retentions using loss forecasts, which are prepared using methods and assumptions that are in accordance with standard actuarial practice and third party claims administrator loss estimates, which are based on known facts surrounding individual claims. Each quarter, we reevaluate our estimate of liability within our self-insured retentions, including our assumptions related to our loss forecasts, and obtain updated loss forecasts reports using currently valued loss data. We evaluate the adequacy of our accruals by comparing amounts accrued on our balance sheet for anticipated losses to our loss forecasts and to the third party claim administrator loss estimates, and make adjustments to our accruals as needed based upon such review.

Over the previous 10 years, our loss exposure has increased, primarily as a result of our growth. We instituted procedures to manage our loss exposure through a greater focus on the risk management function, a transitional duty program for injured workers, ongoing safety and accident prevention training, and various programs designed to minimize losses and improve our loss experience in our store locations.

As of the quarter ended June 30, 2004, the net amount accrued for losses within our self-insured retentions was \$73.5 million, as compared to \$54.2 million at June 30, 2003. The increase in the net amount accrued for the 2004 period is a result of store growth, increased number of employees, new claims made during the period and the net effect of prior period claims which have closed or for which additional development or changes in estimates have occurred.

Litigation Reserves. We are the subject of litigation in the ordinary course of our business. Our litigation involves, among other things, actions relating to claims that our rental purchase agreements constitute installment sales contracts, violate state usury laws or violate other state laws to protect consumers, claims asserting violations of wage and hour laws in our employment practices, as well as claims we violated the federal securities laws. In preparing our financial statements at a given point in time, we account for these contingencies pursuant to the provisions of FASB No. 5, which requires that we accrue for losses that are both probable and reasonably estimable.

Each quarter, we make estimates of our probable liabilities, if reasonably estimable, and record such amounts in our consolidated financial statements. These amounts represent our best estimate, or may be the minimum range of probable loss when no single best estimate is determinable. We, together with our counsel, monitor developments related to these legal matters and, when appropriate, adjustments are made to reflect current facts and circumstances. For the quarter ended June 30, 2004 we had accrued \$2.5 million for probable litigation costs with respect to our outstanding litigation as compared to \$3.6 million for the quarter ended June 30, 2003. The amounts accrued, relating to legal fees and expenses, represent our estimate of the probable liabilities with respect to our litigation. The ultimate outcome of our litigation is uncertain, and the amount of loss we may incur, if any, cannot in our judgment be reasonably estimated. Additional developments in our litigation, such as an adverse or positive development or ruling, could effect our assumptions and thus, our accrual.

If we make changes to our accruals in any of these areas in accordance with the policies described above, these changes would impact our earnings. Increases to our accruals would reduce earnings and similarly, reductions to our accruals would increase our earnings. A \$1.3 million change in our estimates would result in a corresponding \$.01 change in our earnings per share.

Based on an assessment of our accounting policies and the underlying judgments and uncertainties affecting the application of those policies, we believe that our consolidated financial statements provide a meaningful and fair perspective of our company. However, we do not suggest that other general risk factors, such as those discussed in our Annual Report on Form 10-K/A as well as changes in our growth objectives or performance of new or acquired stores, could not adversely impact our consolidated financial position, results of operations and cash flows in future periods.

RENT-A-CENTER, INC. AND SUBSIDIARIES

Other Significant Accounting Policies

Our significant accounting policies are summarized below and in Note A to our consolidated financial statements included in our Annual Report on Form 10-K/A.

Revenue. Merchandise is rented to customers pursuant to rental-purchase agreements which provide for weekly or monthly rental terms with non-refundable rental payments. Generally, the customer has the right to acquire title either through a purchase option or through payment of all required rentals. Rental revenue and fees are recognized over the rental term as payments are received and merchandise sales revenue is recognized when the customer exercises their purchase option and pays the cash price due. No revenue is accrued because the customer can cancel the rental contract at any time and we cannot enforce collection for non-payment of rents. Because Get It Now makes retail sales on an installment credit basis, Get It Now's revenue is recognized at the time of such retail sale, as is the cost of the merchandise sold, net of a provision for uncollectable accounts.

Franchise Revenue. Revenue from the sale of rental merchandise is recognized upon shipment of the merchandise to the franchisee. Franchise fee revenue is recognized upon completion of substantially all services and satisfaction of all material conditions required under the terms of the franchise agreement.

Depreciation of Rental Merchandise. We depreciate our rental merchandise using the income forecasting method. The income forecasting method of depreciation we use does not consider salvage value and does not allow the depreciation of rental merchandise during periods when it is not generating rental revenue. The objective of this method of depreciation is to provide for consistent depreciation expense while the merchandise is on rent. We accelerate the depreciation on computers that are 21 months old or older and which have become idle using the straight-line method for a period of at least six months, generally not to exceed an aggregate depreciation period of 30 months. The purpose is to better reflect the depreciable life of a computer in our stores and to encourage the sale of older computers.

Cost of Merchandise Sold. Cost of merchandise sold represents the book value net of accumulated depreciation of rental merchandise at time of sale.

Salaries and Other Expenses. Salaries and other expenses include all salaries and wages paid to store level employees, together with market managers' salaries, travel and occupancy, including any related benefits and taxes, as well as all store level general and administrative expenses and selling, advertising, insurance, occupancy, delivery, fixed asset depreciation and other operating expenses.

General and Administrative Expenses. General and administrative expenses include all corporate overhead expenses related to our headquarters such as salaries, taxes and benefits, occupancy, administrative and other operating expenses, as well as regional directors' salaries, travel and office expenses.

Amortization of Intangibles. Amortization of intangibles consists primarily of the amortization of customer relationships and non-compete agreements resulting from acquisitions.

Results of Operations

Six Months Ended June 30, 2004 compared to Six Months Ended June 30, 2003

Store Revenue. Total store revenue increased by \$38.2 million, or 3.5%, to \$1,133.5 million for the six months ended June 30, 2004 as compared to \$1,095.3 million for the six months ended June 30, 2003. The increase in total store revenue is primarily attributable to approximately \$55.5 million in incremental revenue from new stores and acquisitions during the first six months of 2004 as compared to 2003, offset by a decrease in same store sales of 2.2%.

Same store revenues represent those revenues earned in stores that were operated by us for each of the entire six month periods ending June 30, 2004 and 2003, excluding store locations that received accounts through an acquisition or merger of an existing store location. Same store revenues decreased by \$19.5 million, or 2.2%, to \$860.2 million for the six months ended June 30, 2004 as compared to \$879.7 million in 2003. The decrease in same store revenues was primarily attributable to a decrease in the average number of customers on a per store basis during the first six months of 2004 versus the first six months of 2003, offset by an increase in the average revenue per customer.

RENT-A-CENTER, INC. AND SUBSIDIARIES

Franchise Revenue. Total franchise revenue increased by \$528,000, or 2.2%, to \$24.9 million for the six months ended June 30, 2004 as compared to \$24.4 million in 2003. This increase was primarily attributable to an increase in merchandise sales to franchise locations as a result of more franchised locations operating in the first six months of 2004 as compared to the first six months of 2003.

Depreciation of Rental Merchandise. Depreciation of rental merchandise increased by \$4.4 million, or 2.0%, to \$220.4 million for the six months ended June 30, 2004 as compared to \$216.0 million in 2003. This increase is a result of an increase in rental revenue for the first six months of 2004 compared to the first six months of 2003. Depreciation of rental merchandise expressed as a percentage of store rentals and fees revenue decreased slightly to 21.5% in 2004 from 21.6% for the same period in 2003. The slight decrease was primarily attributable to a more normalized depreciation rate in the first six months of 2004 as compared to 2003, resulting from the continued integration of the inventory acquired in our acquisition of 295 stores from Rent-Way in February of 2003, offset slightly by the depreciation associated with the Rainbow Rentals and Rent Rite acquisitions in May 2004.

Cost of Merchandise Sold. Cost of merchandise sold increased by \$4.2 million, or 6.9%, to \$65.0 million for the six months ended June 30, 2004 as compared to \$60.8 million in 2003. This increase was primarily a result of an increase in the number of items sold during the first six months of 2004 as compared to the first six months 2003. The gross margin percent of merchandise sales increased to 30.9% in 2004 from 28.6% in 2003. This percentage increase was primarily attributable to the sale of merchandise acquired from Rent-Way in February 2003, which caused a lower gross margin to occur in 2003 versus 2004.

Salaries and Other Expenses. Salaries and other expenses increased by \$35.9 million, or 6.1%, to \$620.1 million for the six months ended June 30, 2004 as compared to \$584.2 million in 2003. The increase was primarily the result of an increase in salaries and wages and occupancy costs due to an increased number of stores in the 2004 period. Salaries and other expenses were also negatively impacted by the increase in gasoline prices, which increases our delivery expense. Salaries and other expenses expressed as a percentage of total store revenue increased to 54.7% for the six months ended June 30, 2004 from 53.3% for the six months ended June 30, 2003. This increase was primarily attributable to the decrease in same store sales coupled with an increase in salaries and other expenses in the first six months of 2004 compared to the first six months of 2003 resulting from an increase in our store base. In the first six months of 2004, there were 24 more new stores and 52 more acquired stores open as compared to 2003, which are not yet performing at the level of a mature store. We expect salaries and other expenses to continue to increase as we implement our new store initiatives.

Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold increased by \$609,000 or 3.0%, to \$21.1 million for the six months ended June 30, 2004 as compared to \$20.5 million in 2003. This increase was primarily attributable to an increase in merchandise sales to franchise locations as a result of more franchised locations operating in the first six months of 2004 as compared to the first six months of 2003.

General and Administrative Expenses. General and administrative expenses expressed as a percentage of total revenue increased to 3.2% for the six months ending June 30, 2004 as compared to 3.0% for the six months ending June 30, 2003. This increase is primarily attributable to the operation of the Rainbow Rentals and Rent Rite headquarters during the integration and transition period pursuant to those acquisitions, as well as the impact of a decrease in our same stores sales for the first six months of 2004.

Amortization of Intangibles. Amortization of intangibles decreased by \$523,000, or 8.5%, to \$5.6 million for the six months ended June 30, 2004, as compared to \$6.2 million for the six months ended June 30, 2003. This decrease was primarily attributable to the completed amortization of some intangibles, offset by the customer relationship and non-compete amortization related to the Rainbow Rentals and Rent Rite acquisitions in May 2004.

Operating Profit. Operating profit decreased by \$10.6 million, or 5.5%, to \$182.9 million for the six months ended June 30, 2004 as compared to \$193.5 million in 2003. Operating profit as a percentage of total revenue decreased to 15.8% for the six months ended June 30, 2004, from 17.3% in 2003. These decreases were primarily attributable to the increase in salaries and other expenses and the decrease in same store sales during the first six months of 2004 versus 2003 as discussed above. In the first six months of 2004, there were 24 more new stores and 52 more acquired stores open as compared to 2003, which are not yet performing at the level of a mature store.

RENT-A-CENTER, INC. AND SUBSIDIARIES

Net Earnings. Net earnings increased by \$17.1 million, or 19.9%, to \$103.4 million for the six months ended June 30, 2004 as compared to \$86.3 million in 2003. This increase is primarily attributable to growth in total revenues and a decrease in interest expense offset by increases in salaries and other expenses and general and administrative expenses, and the finance charges incurred during the second quarter of 2003 resulting from the recapitalization initiated during the same period. When excluding the effect of the recapitalization finance charges incurred in the second quarter of 2003, our net earnings increased approximately \$100,000 in the first six months of 2004 as compared to 2003.

Three Months Ended June 30, 2004 compared to Three Months Ended June 30, 2003

Store Revenue. Total store revenue increased by \$19.6 million, or 3.6%, to \$562.0 million for the three months ended June 30, 2004 as compared to \$542.4 million for the three months ended June 30, 2003. The increase in total store revenue is primarily attributable to approximately \$30.0 million in incremental revenue from new stores and acquisitions during the second quarter of 2004 as compared to 2003, offset by a decrease in same store sales of 2.3%.

Same store revenues represent those revenues earned in stores that were operated by us for each of the entire three month periods ending June 30, 2004 and 2003, excluding store locations that received accounts through an acquisition or merger of an existing store location. Same store revenues decreased by \$10.4 million, or 2.3%, to \$444.7 million for the three months ended June 30, 2004 as compared to \$455.1 million in 2003. The decrease in same store revenues was primarily attributable to a decrease in the average number of customers on a per store basis during the second quarter of 2004 versus the second quarter of 2003 offset by an increase in the average revenue per customer.

Franchise Revenue. Total franchise revenue increased by \$202,000, or 1.9%, to \$11.0 million for the three months ended June 30, 2004 as compared to \$10.8 million in 2003. This increase was primarily attributable to an increase in merchandise sales to franchise locations as a result of more franchised locations operating in the second quarter of 2004 as compared to the second quarter of 2003.

Depreciation of Rental Merchandise. Depreciation of rental merchandise increased by \$2.8 million, or 2.5%, to \$112.1 million for the three months ended June 30, 2004 as compared to \$109.3 million in 2003. Depreciation of rental merchandise expressed as a percentage of store rentals and fees revenue decreased to 21.5% in 2004 from 21.7% for the same period in 2003. The slight decrease was primarily attributable to a more normalized depreciation rate in the three month period ending June 30, 2004 as compared to 2003, pursuant to the continued integration of the inventory acquired in the acquisition of Rent-Way in February of 2003, offset slightly by the depreciation associated with the Rainbow Rentals and Rent Rite acquisitions in May 2004.

Cost of Merchandise Sold. Cost of merchandise sold increased by \$1.1 million, or 4.6%, to \$25.3 million for the three months ended June 30, 2004 as compared to \$24.2 million in 2003. This increase was primarily a result of an increase in the number of items sold during the second quarter of 2004 as compared to the second quarter of 2003. The gross margin percent of merchandise sales increased to 26.7% in 2004 from 25.5% in 2003. This percentage increase was primarily attributable to the sale of merchandise acquired from Rent-Way in February 2003, which caused a lower gross margin to occur in 2003 versus 2004.

Salaries and Other Expenses. Salaries and other expenses increased by \$19.3 million, or 6.6%, to \$311.1 million for the three months ended June 30, 2004 as compared to \$291.7 million for the three months ended June 30, 2003. The increase was primarily the result of an increase in salaries and wages and occupancy costs due to an increased number of stores in the 2004 period. Salaries and other expenses were also negatively impacted by the increase in gasoline prices, which increases our delivery expense. Salaries and other expenses expressed as a percentage of total store revenue increased to 55.4% for the three months ended June 30, 2004 from 53.8% for the three months ended June 30, 2003. This increase was primarily attributable to the decrease in same store sales coupled with an increase in salaries and other expenses in the second quarter of 2004 compared to the second quarter of 2003 resulting from an increase in our store base. In the second quarter of 2004, there were 24 more new stores and 52 more acquired stores open as compared to 2003, which are not yet performing at the level of a mature store. We expect salaries and other expenses to continue to increase as we implement our new store initiatives.

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Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold increased by \$268,000 or 3.0%, to \$9.2 million for the three months ended June 30, 2004 as compared to \$9.0 million in 2003. This increase was primarily attributable to an increase in merchandise sales to franchise locations as a result of more franchised locations operating in the second quarter of 2004 as compared to the second quarter of 2003.

General and Administrative Expenses. General and administrative expenses expressed as a percentage of total revenue increased to 3.4% for the three months ending June 30, 2004 as compared to 3.0% for the three months ending June 30, 2003. This increase is primarily attributable to the operation of the Rainbow Rentals and Rent Rite headquarters during the integration and transition period pursuant to those acquisitions, as well as the impact of a decrease in our same stores sales for the three month period ending June 30, 2004.

Amortization of Intangibles. Amortization of intangibles decreased by \$138,000, or 4.2%, to \$3.2 million for the three months ended June 30, 2004 as compared to \$3.3 million for the three months ended June 30, 2003. This decrease was primarily attributable to the completed amortization of some intangibles, offset by the customer relationship and non-compete amortization related to the Rainbow Rentals and Rent Rite acquisitions in May 2004.

Operating Profit. Operating profit decreased by \$7.0 million, or 7.2%, to \$90.2 million for the three months ended June 30, 2004 as compared to \$97.2 million in 2003. Operating profit as a percentage of total revenue decreased to 15.7% for the three months ended June 30, 2004, from 17.6% in 2003. These decreases were primarily attributable to the increase in salaries and other expenses and the decrease in same store sales during the second quarter of 2004 versus 2003 as discussed above. In the second quarter of 2004, there were 24 more new stores and 52 more acquired stores open as compared to 2003, which are not yet performing at the level of a mature store.

Net Earnings. Net earnings increased by \$15.9 million, or 45.0%, to \$51.2 million for the three months ended June 30, 2004 as compared to \$35.3 million in 2003. This increase is primarily attributable to growth in total revenues and a decrease in interest expense, offset by increases in salaries and other expenses and general and administrative expenses, and the finance charges incurred during the second quarter of 2003 resulting from the recapitalization initiated during the same period. When excluding the effect of the recapitalization finance charges incurred in the second quarter of 2003, our net earnings decreased \$1.1 million to \$51.2 million for the three months ended June 30, 2004 as compared to \$52.3 million for the three months ended June 30, 2003. This slight decrease is primarily attributable to the temporary impact of the Rainbow Rentals and Rent Rite acquisitions, our new store initiatives, as well as the decrease in our same store sales.

RENT-A-CENTER, INC. AND SUBSIDIARIES

Liquidity and Capital Resources

Cash provided by operating activities increased by \$16.3 million to \$199.7 million for the six months ending June 30, 2004 as compared to \$183.4 million in 2003. This increase resulted primarily from an increase in net earnings and an increase in accrued liabilities during the first six months of 2004 as compared to 2003, consisting primarily of income taxes accrued for but not yet due, offset by a decrease in deferred income taxes.

Cash used in investing activities increased by \$58.7 million to \$187.5 million during the six month period ending June 30, 2004 as compared to \$128.8 million in 2003. This increase is primarily attributable to the acquisition of the stores from Rent Rite and Rainbow Rentals in May 2004 coupled with an increase in property assets purchased during the period.

Cash used in financing activities increased by \$177.9 million to \$70.0 million during the six month period ending June 30, 2004 as compared to \$107.9 million provided by financing activities in 2003. This increase is primarily related to the 2003 activity relating to our recapitalization. In 2003, we issued \$300.0 million in senior subordinated notes and received the proceeds of a \$400.0 million term loan under our previous senior credit facility, offset by the repurchase of \$201.9 million of our 11% notes, the repayment of \$249.5 million of our then-existing debt and the repurchase of \$142.6 million of our common stock, which related to our 2003 recapitalization. In the six month period ending June 30, 2004, we repurchased \$77.3 million in aggregate purchase price of our common stock.

Liquidity Requirements. Our primary liquidity requirements are for debt service, rental merchandise purchases, capital expenditures and our store expansion program. Our primary sources of liquidity have been cash provided by operations, borrowings and sales of debt and equity securities. In the future, we may incur additional debt, or may issue debt or equity securities to finance our operating and growth strategies. The availability and attractiveness of any outside sources of financing will depend on a number of factors, some of which relate to our financial condition and performance, and some of which are beyond our control, such as prevailing interest rates and general economic conditions. There can be no assurance that additional financing will be available, or if available, that it will be on terms we find acceptable.

We believe that the cash flow generated from operations, together with amounts available under our senior credit facilities, will be sufficient to fund our debt service requirements, rental merchandise purchases, capital expenditures and our store expansion programs into 2005. Our revolving credit facilities provide us with revolving loans in an aggregate principal amount not exceeding \$250.0 million, of which \$113.3 million was available at July 28, 2004. At July 28, 2004, we had approximately \$111.1 million in cash. To the extent we have available cash that is not necessary for working capital, store openings or acquisitions, we intend to repurchase additional shares of our common stock as well as make payments to service our existing debt. While our operating cash flow has been strong and we expect this strength to continue, our liquidity could be negatively impacted if we do not remain as profitable as we expect.

Our senior credit facilities and the indenture governing our 7½% notes contain certain change in control provisions. A change in control would result in an event of default under our senior credit facilities, and, pursuant to the underlying indenture would also require us to offer to repurchase all of our 7½% notes at 101% of their principal amount, plus accrued interest to the date of repurchase. Provisions of our senior credit facilities restrict the repurchase of all of our 7½% notes. In the event a change in control occurs, we cannot be sure that we would have enough funds to immediately pay our accelerated senior credit facility obligations and all of the 7½% notes, or that we would be able to obtain financing to do so on favorable terms, if at all.

Deferred Taxes. On March 9, 2002, President Bush signed into law the Job Creation and Worker Assistance Act of 2002, which provides for accelerated tax depreciation deductions for qualifying assets placed in service between September 11, 2001 and September 10, 2004. Under these provisions, 30 percent of the basis of qualifying property is deductible in the year the property is placed in service, with the remaining 70 percent of the basis depreciated under the normal tax depreciation rules. For assets placed in service between May 6, 2003 and December 31, 2004, the Jobs and Growth Tax Relief Reconciliation Act of 2003 increased the percent of the basis of qualifying property deductible in the year the property is placed in service from 30% to 50%. Accordingly, our cash flow will benefit from having a lower current cash tax obligation, which in turn will provide additional cash flows from operations until the deferred tax liabilities begin to reverse. We estimate that our operating cash flow will have increased by approximately \$102.4 million through 2004 before the deferred tax liabilities begin to reverse over a three year period beginning in 2005.

Rental Merchandise Purchases. We purchased \$311.7 million and \$305.1 million of rental merchandise during the six month periods ending June 30, 2004 and 2003, respectively.

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Capital Expenditures. We make capital expenditures in order to maintain our existing operations as well as for new capital assets in new and acquired stores. We spent \$34.9 million and \$22.9 million on capital expenditures during the six month periods ending June 30, 2004 and 2003, respectively, and expect to spend approximately \$25.0 million for the remainder of 2004.

Acquisitions and New Store Openings. For the first six months of 2004, we spent approximately \$156.0 million on acquiring stores and accounts. For the entire year ending December 31, 2004, we intend to add approximately 5-10% to our store base by opening approximately 80-120 new store locations as well as pursuing opportunistic acquisitions.

On May 7, 2004, we completed the acquisition of Rent Rite for an aggregate purchase price of \$59.9 million. Rent Rite operated 90 stores in 11 states, of which we subsequently merged 26 stores with our existing store locations. Approximately 40% of the consideration was paid with our common stock, with the remaining portion consisting of cash, the assumption of Rent Rite's stock options and retirement of Rent Rite's outstanding debt.

On May 14, 2004, we completed the acquisition of Rainbow Rentals for an aggregate purchase price of \$109.0 million. Rainbow Rentals operated 124 stores in 15 states, of which we subsequently merged 29 stores with our existing store locations. We funded the acquisition entirely with cash on hand.

We entered into these transactions seeing them as opportunistic acquisitions that would allow us to expand our store base in conjunction with our strategic growth plans. The prices of the acquisitions were determined by evaluating the average monthly rental income of the acquired stores and applying a multiple to the total.

Furthermore, during the first six months of 2004, we acquired 20 additional stores, accounts from 28 additional locations, opened 47 new stores, and closed 32 stores. Of the closed stores, 25 were merged with existing store locations, and seven stores were sold. The additional stores and acquired accounts were the result of 22 separate transactions for an aggregate price of approximately \$13.6 million in cash. As of July 28, 2004, we have acquired two additional stores and accounts from five additional locations, opened five new stores, merged one store into an existing location and sold one store during the third quarter of 2004. It is our intention to increase the number of stores we operate by an average of approximately 5 to 10% per year.

The profitability of our stores tends to grow at a slower rate approximately five years from the time we open or acquire them. As a result, in order for us to show improvements in our profitability, it is important for us to continue to open stores in new locations or acquire under-performing stores on favorable terms. There can be no assurance that we will be able to acquire or open new stores at the rates we expect, or at all. Additionally, we cannot assure that the stores we do acquire or open will be profitable at the same levels that our current stores are, or at all.

Senior Credit Facilities. On May 28, 2003, we entered into a senior credit facility provided by a syndicate of banks and other financial institutions led by Lehman Commercial Paper Inc., as administrative agent. At June 30, 2004, we had a total of \$396.0 million outstanding under these senior credit facilities related to our term loans and \$88.3 million of availability under the revolving credit line portion of the senior credit facilities.

The table below shows the scheduled maturity dates of our senior debt outstanding at June 30, 2004.

YEAR ENDING DECEMBER 31,	(IN THOUSANDS)
2004	\$ 2,000
2005	4,000
2006	4,000
2007	4,000
2008	192,000
Thereafter	190,000
	<u>\$ 396,000</u>

On July 14, 2004, we announced the completion of the refinancing of our new senior secured debt. Our new \$600.0 million senior credit facilities consist of a \$350.0 million term loan and a \$250.0 million revolving credit facility. On that day, we drew down the \$350.0 million term loan and \$50.0 million of revolving facility and utilized the proceeds to repay our existing senior term debt. In connection with the refinancing, we will record a \$4.2 million non-cash charge to write off the remaining unamortized balance of financing costs in the third quarter.

RENT-A-CENTER, INC. AND SUBSIDIARIES

The table below shows the scheduled maturity dates of our new term debt outstanding as if it was outstanding on June 30, 2004.

YEAR ENDING DECEMBER 31,	(IN THOUSANDS)
2004	\$ 1,750
2005	3,500
2006	3,500
2007	3,500
2008	3,500
Thereafter	334,250
	<u>\$ 350,000</u>

The full amount of the new revolving credit facility may be used for the issuance of letters of credit, of which \$86.7 had been utilized as of July 28, 2004. The revolving credit facility expires in July 2009 and the term loan expires in 2010.

Borrowings under our new senior credit facilities bear interest at varying rates equal to 1.75% over the Eurodollar rate, which was 1.48% at July 28, 2004. We also have a prime rate option under the facilities, but have not exercised it to date. We have not entered into any interest rate protection agreements with respect to the term loans under our senior credit facilities.

Our new senior credit facilities are secured by a security interest in substantially all of our tangible and intangible assets, including intellectual property. Our new senior credit facilities are also secured by a pledge of the capital stock of our U.S. subsidiaries, and a portion of the capital stock of our international subsidiaries.

The new senior credit facilities contain covenants, including without limitation, those that generally limit our ability to:

- incur additional debt (including subordinated debt) in excess of \$50.0 million at any one time outstanding;
- repurchase our capital stock and 7½% notes;
- incur liens or other encumbrances;
- merge, consolidate or sell substantially all our property or business;
- sell assets, other than inventory in the ordinary course of business;
- make investments or acquisitions unless we meet financial tests and other requirements;
- make capital expenditures; or
- enter into a new line of business.

Our new senior credit facilities require us to comply with several financial covenants, including a maximum consolidated leverage ratio, a minimum consolidated interest coverage ratio and a minimum fixed charge coverage ratio. At June 30, 2004, we were in compliance with our previous covenants and the table below shows the required and actual ratios under our new credit facilities calculated as at June 30, 2004:

	Required ratio		Actual ratio
Maximum consolidated leverage ratio	No greater than	2.75:1	1.49:1
Minimum consolidated interest coverage ratio	No less than	4.0:1	9.43:1
Minimum fixed charge coverage ratio	No less than	1.50:1	2.62:1

Events of default under our new senior credit facilities include customary events, such as a cross-acceleration provision in the event that we default on other debt. An event of default under the senior credit facilities would occur if there is a change of control. This is defined to include the case where a third party becomes the beneficial owner of 35% or more of our voting stock or certain changes in our Board of Directors occurs. An event of default would also occur if one or more judgments were entered against us of \$20 million or more and such judgments were not satisfied or bonded pending appeal within 30 days after entry.

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7½% Senior Subordinated Notes. On May 6, 2003, we issued \$300.0 million in senior subordinated notes due 2010, bearing interest at 7½%, pursuant to an indenture dated May 6, 2003, among Rent-A-Center, Inc., its subsidiary guarantors and The Bank of New York, as trustee. The proceeds of this offering were used to fund the repurchase and redemption of the 11% senior subordinated notes.

The 2003 indenture contains covenants that limit Rent-A-Center's ability to:

- incur additional debt;
- sell assets or our subsidiaries;
- grant liens to third parties;
- pay dividends or repurchase stock; or
- engage in a merger or sell substantially all of its assets.

Events of default under the 2003 indenture include customary events, such as a cross-acceleration provision in the event that we default in the payment of other debt due at maturity or upon acceleration for default in an amount exceeding \$50.0 million, as well as in the event a judgment is entered against us in excess of \$50.0 million that is not discharged, bonded or insured.

The 7½% Notes may be redeemed on or after May 1, 2006, at our option, in whole or in part, at a premium declining from 103.75%. The 7½% Notes also require that upon the occurrence of a change of control (as defined in the 2003 indenture), the holders of the notes have the right to require us to repurchase the notes at a price equal to 101% of the original aggregate principal amount, together with accrued and unpaid interest, if any, to the date of repurchase. If we do not comply with this repurchase obligation, this would trigger an event of default under our senior credit facilities.

Store Leases. We lease space for all of our stores as well as our corporate and regional offices under operating leases expiring at various times through 2011.

ColorTyme Guarantee. ColorTyme is a party to an agreement with Wells Fargo Foothill, Inc., who provides \$50.0 million in aggregate financing to qualifying franchisees of ColorTyme generally of up to five times their average monthly revenues. Under the Wells Fargo agreement, upon an event of default by the franchisee under agreements governing this financing and upon the occurrence of certain other events, Wells Fargo can assign the loans and the collateral securing such loans to ColorTyme, with ColorTyme then succeeding to the rights of Wells Fargo under the debt agreements, including the right to foreclose on the collateral. An additional \$15.0 million of financing is provided by Texas Capital Bank, National Association under an agreement similar to the Wells Fargo financing. Rent-A-Center East guarantees the obligations of ColorTyme under each of these agreements, not considering the effects of any amounts that could be recovered under collateralization provisions, up to a maximum amount of \$65.0 million, of which \$27.9 million was outstanding as of June 30, 2004. Mark E. Speese, Rent-A-Center's Chairman of the Board and Chief Executive Officer, is a passive investor in Texas Capital Bank, owning less than 1% of its outstanding equity.

Litigation. We are currently a party to litigation pending in California styled *Benjamin Griego, et al. v. Rent-A-Center, Inc., et al.*, alleging we violated various provisions of the California Rental Purchase Act. As discussed later in this report, in the event that a trial court judgment was entered against us in that matter, we would be required to post a cash bond in an amount equal to 1.5 times any damage award to enable us to appeal. We may not have cash immediately available to post a bond in such amount at the required time. To raise such cash, we may be required to raise debt or equity or take other similar actions. Although we believe we would be able to raise sufficient cash to support such a bond, we cannot assure you that we will be able to do so, and the terms of such financing could be less favorable to us than the terms we have obtained on our existing financing.

Any settlements or judgments against us on our existing litigation could affect our liquidity. Please refer to Part II Item 1 later in this report.

Sales of Equity Securities. During 1998, we issued 260,000 shares of our preferred stock at \$1,000 per share, resulting in aggregate proceeds of \$260.0 million. Dividends on our preferred stock accrue on a quarterly basis at the rate of 3.75%, or \$37.50 per annum. Prior to the conversion of all but two shares of our preferred stock in August 2002, we paid these dividends in additional shares of preferred stock because of restrictive provisions in our senior credit facilities. We have the ability to pay the dividends in cash and may do so under our senior credit facilities so long as we are not in default.

RENT-A-CENTER, INC. AND SUBSIDIARIES

In connection with the repurchase of 774,547 shares of our common stock (on a pre-split basis) from Apollo in July 2003, Apollo exchanged their shares of Series A preferred stock for shares of Series C preferred stock. As a result, no shares of Series A preferred stock remain outstanding. The terms of the Series A preferred stock and Series C preferred stock are substantially similar, except the Series C preferred stock does not have the right to directly elect any members of our Board of Directors.

Repurchases of Outstanding Securities. On April 25, 2003, we announced that we entered into an agreement with Apollo which provided for the repurchase of a number of shares of our common stock sufficient to reduce Apollo's aggregate record ownership to 19.00% after consummation of our planned tender offer at the price per share paid in the tender offer. On April 28, 2003, we commenced a tender offer to purchase up to 2.2 million shares of our common stock (on a pre-split basis) pursuant to a modified "Dutch Auction." On June 25, 2003, we closed the tender offer and purchased 1,769,960 shares of our common stock (on a pre-split basis) at \$73 per share (on a pre-split basis) for approximately \$129.2 million. On July 11, 2003, we closed the Apollo transaction and purchased 774,547 shares of our common stock (on a pre-split basis) at \$73 per share (on a pre-split basis) for approximately \$56.5 million. As contemplated by the Apollo agreement, Apollo also exchanged their shares of Series A preferred stock for shares of Series C preferred stock.

In April 2000, we announced that our Board of Directors had authorized a program to repurchase, from time to time, in the open market and in privately negotiated transactions, up to an aggregate of \$25.0 million of our common stock. Our Board of Directors increased the amount of repurchases authorized under our common stock repurchase program over a period of time to \$100.0 million. We repurchased a total of approximately 1.6 million shares (on a pre-split basis) of our common stock for an aggregate of \$91.5 million under this common stock repurchase program through October 24, 2003.

On October 24, 2003 we announced our Board of Directors had rescinded our old common stock repurchase program and authorized a new common stock repurchase program, permitting us to purchase, from time to time, in the open market and privately negotiated transactions, up to an aggregate of \$100.0 million of our common stock. On May 19, 2004, the Board of Directors increased the amount of repurchases authorized under the new stock repurchase program from \$100.0 million to \$115.0 million. As of June 30, 2004, we had purchased a total of 3,457,000 shares of our common stock for an aggregate of \$104.2 million under our new common stock repurchase program. On July 26, 2004, we announced that our Board of Directors increased the authorization for stock repurchases under our new common stock repurchase program to \$200.0 million. Please see "Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities" later in this report.

Economic Conditions. Although our performance has not suffered in previous economic downturns, we cannot assure you that demand for our products, particularly in higher price ranges, will not significantly decrease in the event of a prolonged recession. Recent nationwide increases in fuel and energy costs may reduce the disposable income of our customers and could adversely impact our results of operations.

Seasonality. Our revenue mix is moderately seasonal, with the first quarter of each fiscal year generally providing higher merchandise sales than any other quarter during a fiscal year, primarily related to federal income tax refunds. Generally, our customers will more frequently exercise their early purchase option on their existing rental purchase agreements or purchase pre-leased merchandise off the showroom floor during the first quarter of each fiscal year. We expect this trend to continue in future periods. Furthermore, we tend to experience slower demand for our products in the third quarter of each fiscal year when compared to other quarters throughout the year. As a result, we would expect revenues for the third quarter of each fiscal year to remain relatively flat or slightly below the prior quarter. We expect this trend to continue in future periods unless we add significantly to our store base during the third quarter of future fiscal years as a result of new store openings or opportunistic acquisitions.

RENT-A-CENTER, INC. AND SUBSIDIARIES

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Interest Rate Sensitivity

As of June 30, 2004, we had \$300.0 million in subordinated notes outstanding at a fixed interest rate of 7½% and \$396.0 million in term loans outstanding at interest rates indexed to the Eurodollar rate. 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 7½% subordinated notes at June 30, 2004 was \$304.5 million which is \$4.5 million above their carrying value. Unlike the subordinated notes, the \$396.0 million in term loans have variable interest rates indexed to current Eurodollar rates. As of June 30, 2004, we have not entered into any interest rate swap agreements with respect to term loans under our senior credit facilities.

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 our 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 the Eurodollar rate that exposes us to the risk of increased interest costs if interest rates rise.

Item 4. Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on that evaluation, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that our disclosure controls and procedures were effective. There have been no significant changes in our internal controls or in other factors that have materially affected, or are reasonably likely to materially affect, our internal controls.

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. Except as described below, we are not currently a party to any material litigation. The ultimate outcome of our litigation is uncertain and the amount of any loss we may incur, if any, cannot in our judgment be reasonably estimated. Accordingly, other than with respect to anticipated legal fees and expenses, no provision has been made in our consolidated financial statements for any such loss.

Colon v. Thorn Americas, Inc. The plaintiff filed this class action in November 1997 in New York state court. This matter was assumed by us in connection with the Thorn Americas acquisition, and appropriate purchase accounting adjustments were made for such contingent liabilities. The plaintiff acknowledges that rent-to-own transactions in New York are subject to the provisions of New York's Rental Purchase Statute but contends the Rental Purchase Statute does not provide Thorn Americas immunity from suit for other statutory violations. The plaintiff alleges Thorn Americas has a duty to disclose effective interest under New York consumer protection laws, and seeks damages and injunctive relief for Thorn Americas' failure to do so. This suit also alleges violations relating to excessive and unconscionable pricing, late fees, harassment, undisclosed charges, and the ease of use and accuracy of its payment records. In the prayer for relief, the plaintiff requested class certification, injunctive relief requiring Thorn Americas to cease certain marketing practices and price their rental purchase contracts in certain ways, unspecified compensatory and punitive damages, rescission of the class members contracts, an order placing in trust all moneys received by Thorn Americas in connection with the rental of merchandise during the class period, treble damages, attorney's fees, filing fees and costs of suit, pre- and post-judgment interest, and any further relief granted by the court. The plaintiff has not alleged a specific monetary amount with respect to the request for damages.

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The proposed class includes all New York residents who were party to our rent-to-own contracts from November 26, 1994. In November 2000, following interlocutory appeal by both parties from the denial of cross-motions for summary judgment, we obtained a favorable ruling from the Appellate Division of the State of New York, dismissing the plaintiff's claims based on the alleged failure to disclose an effective interest rate. The plaintiff's other claims were not dismissed. The plaintiff moved to certify a state-wide class in December 2000. The plaintiff's class certification motion was heard by the court on November 7, 2001 and, on September 12, 2002, the court issued an opinion denying in part and granting in part the plaintiff's requested certification. The opinion grants certification as to all of the plaintiff's claims except the plaintiff's pricing claims pursuant to the Rental Purchase Statute, as to which certification was denied. The parties have differing views as to the effect of the court's opinion, and accordingly, the court granted the parties permission to submit competing orders as to the effect of the opinion on the plaintiff's specific claims. Both proposed orders were submitted to the court on March 27, 2003, and on May 30, 2003, the court held a hearing regarding such orders. No order has yet been entered by the court. Regardless of the determination of the final certification order by the court, we intend to pursue an interlocutory appeal of the court's certification order.

We believe these claims are without merit and will continue to vigorously defend ourselves in this case. However, we cannot assure you that we will be found to have no liability in this matter.

Terry Walker, et al. v. Rent-A-Center, Inc., et al. On January 4, 2002, a putative class action was filed against us and certain of our current and former officers and directors by Terry Walker in federal court in Texarkana, Texas. The complaint alleged that the defendants violated Sections 10(b) and/or Section 20(a) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder by issuing false and misleading statements and omitting material facts regarding our financial performance and prospects for the third and fourth quarters of 2001. The complaint purported to be brought on behalf of all purchasers of our common stock from April 25, 2001 through October 8, 2001 and sought damages in unspecified amounts. Similar complaints were consolidated by the court with the Walker matter in October 2002.

On November 25, 2002, the lead plaintiffs in the *Walker* matter filed an amended consolidated complaint which added certain of our outside directors as defendants to the Exchange Act claims. The amended complaint also added additional claims that we, and certain of our current and former officers and directors, violated various provisions of the Securities Act as a result of alleged misrepresentations and omissions in connection with an offering in May 2001 and also added the managing underwriters in that offering as defendants.

On February 7, 2003, we, along with certain officer and director defendants, filed a motion to dismiss the matter as well as a motion to transfer venue. In addition, our outside directors named in the matter separately filed a motion to dismiss the Securities Act claims on statute of limitations grounds. On February 19, 2003, the underwriter defendants also filed a motion to dismiss the matter. The plaintiffs filed response briefs to these motions, to which we replied on May 21, 2003. A hearing was held by the court on June 26, 2003 to hear each of these motions.

On September 30, 2003, the court granted our motion to dismiss without prejudice, dismissed without prejudice the outside directors' and underwriters' separate motions to dismiss and denied our motion to transfer venue. In its order on the motions to dismiss, the court granted the lead plaintiffs leave to replead the case within certain parameters. On October 9, 2003, the lead plaintiffs filed a motion for reconsideration with the court with respect to the Securities Act claims. We filed our response to this motion on October 24, 2003. On June 4, 2004, the court denied the plaintiffs' motion for reconsideration with respect to the Securities Act claims and required the plaintiffs to replead the case no later than July 7, 2004, should they choose to do so.

On July 7, 2004, the plaintiffs again repleaded their claims by filing a third amended consolidated complaint, raising allegations of similar violations against the same parties generally based upon alleged facts not previously asserted. Our response to the third amended consolidated complaint is due on August 23, 2004.

We continue to believe the plaintiffs' claims in this matter are without merit and intend to vigorously defend ourselves. However, we cannot assure you that we will be found to have no liability in this matter.

Benjamin Griego, et al. v. Rent-A-Center, Inc., et al. This matter is a state-wide class action originally filed in San Diego, California on January 21, 2002 by Benjamin Griego. A similar matter, entitled *Arthur Carrillo, et al. v. Rent-A-Center, Inc., et al.*, filed on April 12, 2002 in Los Angeles, California, was coordinated with *Griego* in the Superior Court for the County of San Diego on September 10, 2002.

On February 28, 2003, the plaintiffs filed a consolidated amended complaint alleging various claims, including that our cash sales prices exceed the pricing permitted under the California Rental Purchase Act, that the guaranteed merchandise replacement benefit in the third-party membership program offered by us to our customers in California violates the prohibitions in the Rental Purchase Act relating to the sale of loss damage waiver and property insurance, that the

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membership program prematurely offers service contracts to our customers, and that the fee for the membership program is excessive. In addition, the plaintiffs allege that portions of our form of rental purchase agreement in California do not strictly comply with the type-size requirements under the Rental Purchase Act. The plaintiffs further allege that our rental purchase documentation improperly references certain merchandise as “previously rented” rather than “used,” does not contain all of the required disclosures and terms of the transaction, and includes language that the plaintiffs interpret as affording us rights not permitted under the applicable California statutes.

In accordance with a previously issued opinion from the California Legislative Counsel, we believe that the pricing formula utilized by us in California complies with the Rental Purchase Act. In addition, we believe that under California case law, courts have found that arrangements similar to the guaranteed merchandise replacement benefit offered to our customers do not constitute insurance.

Upon notification of the alleged violations, we promptly modified our rental purchase documentation in California, including increasing the type-size in the relevant portion of our rental purchase agreements from 9-point type to 10-point type and modifying the language in our rental purchase documentation to, among other things, refer to “previously rented” merchandise as “used.” In addition, we dispute plaintiffs’ interpretation of the language in our rental purchase agreement and note that the rights the plaintiffs contend were granted to us were never asserted by us. In connection with the revisions described above, we also modified our rental purchase documentation to clarify our disclosures and the disputed language. As part of that process, we promptly communicated to our California customers that their statutory rights remained intact. Accordingly, we believe that no harm to our customers could have occurred as a result of these claims.

The plaintiffs have not alleged specific damages in the amended complaint, but contend that no proof of actual harm or damage on the part of the individual consumer is necessary to establish recovery for these claims, which we vigorously dispute. Under the Rental Purchase Act, a consumer damaged by a violation of the Rental Purchase Act is entitled to recover actual damages, statutory damages equal to twenty-five percent of an amount equal to the total amount of payments to obtain ownership if all payments were made under the rental purchase agreement (but not less than \$100 nor more than \$1,000), reasonable attorney’s fees and court costs, exemplary damages for intentional or willful violations, and equitable relief. The Rental Purchase Act also provides that with respect to certain violations, a rental purchase agreement is voidable by the consumer. Furthermore, the statute provides that if a lessor willfully discloses a cash price that exceeds the price permitted under the statute, the contract is void and the consumer is entitled to keep the merchandise and recover a full refund of all payments. A consumer who suffers any damage from a violation of the Consumer Legal Remedies Act is entitled to recover actual damages, injunctive relief, restitution, punitive damages, certain civil penalties and attorneys’ fees and costs.

On October 17, 2003, the plaintiffs filed their motion for class certification. On October 24, 2003, we filed a motion to dismiss certain of the plaintiffs’ claims and on October 31, 2003, filed our opposition to the plaintiffs’ motion for class certification. The hearing on our motion to dismiss and plaintiffs’ motion for class certification was held on November 14, 2003. On December 4, 2003, the court denied our motion to dismiss and granted the plaintiffs’ motion for class certification. The class definition includes our customers in California from February 1, 1999 through January 31, 2002, and encompasses customers who entered into approximately 407,000 rental purchase agreements. Such customers also purchased approximately 167,000 memberships. With respect to such rental purchase agreements, we believe that twenty-five percent of the total amount of payments to obtain ownership (the maximum percentage applicable to statutory damages) was approximately \$600 per agreement on average. On February 20, 2004, the court ruled that it would enter an order certifying the class described above and, with respect to the cash price claims, a sub-class of our customers during the same time period who rented electronic appliances and entertainment equipment. We believe this sub-class encompasses customers who entered into approximately 249,000 of the 407,000 rental purchase agreements, with an average revenue of approximately \$700 per agreement. On March 16, 2004, the court entered the certification order.

On February 13, 2004, we filed motions seeking rulings by the court on a series of legal questions applicable to plaintiffs’ claims. The plaintiffs subsequently filed a cross-motion with respect to one of the legal questions. On April 2, 2004, the court ruled with respect to these motions. These rulings include that there is no requirement that class members prove actual damages resulting from violations of the Rental Purchase Act, and that the pricing formula referenced in the Rental Purchase Act is merely evidence of permissible “cash prices” under the Rental Purchase Act as opposed to a statutory determination of permissible “cash prices.” The court also ruled, without prejudice, that our service contracts made available under our membership program are offered and sold in violation of the Rental Purchase Act but agreed to allow us to present evidence to the contrary later in the proceeding. The court also concurred with our position that the contract terms for the membership program need not be contained in the rental purchase agreement.

A mediation with the plaintiffs’ counsel was held on April 23, 2004, and discovery in the case is continuing. On May 28, 2004, we petitioned the California Court of Appeal to review certain of the April 2004 trial court rulings. On June 24, 2004, the California Court of Appeal denied our petition to hear our appeal at this time, but did not rule on the merits. On July 6, 2004, we petitioned the California Supreme Court to review the Court of Appeal’s denial.

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We intend to file a motion in the trial court to decertify or modify the class on the grounds that the trial court's rulings, such as that regarding permissible "cash prices," indicate a predominance of individualized claims. We are continuing through the mediation process to attempt to negotiate a reasonable settlement of the case. In addition, we anticipate seeking a ruling from the trial court at the appropriate time that any allowable statutory damages are limited to rental purchase agreements entered into within the one-year period prior to the plaintiffs' January 31, 2002 filing date, rather than the three-year period contended by plaintiffs due to California law provisions limiting the imposition of mandatory civil penalties.

We continue to believe the claims in the plaintiffs' complaint are unfounded, that we have meritorious defenses to the allegations made and that a class should not have been certified by the court. In the event the California appellate courts refuse to hear our interlocutory appeals at this time, we would be unable to present our arguments to them until a trial court judgment is rendered. In the event that a trial court judgment were entered against us, we would be required to post a cash bond in an amount equal to 1.5 times any damage award to enable us to appeal. We will continue to vigorously defend ourselves in this case, while seeking reasonable opportunities to resolve this matter. Nevertheless, we cannot assure you that we will be found to have no liability in this matter.

We recently received an inquiry from the California Attorney General regarding our business practices in California with respect to our cash prices and our membership program. We are cooperating with the Attorney General's office in this inquiry.

Carey Duron, et. al. v. Rent-A-Center, Inc. This matter is a putative class action filed on August 29, 2003 in the District Court of Jefferson County, Texas by Carey Duron, who alleges we violated certain provisions of the Texas Business and Commerce Code relating to late fees charged by us under our rental purchase agreements in Texas. In the complaint, Duron alleges that her contract provided for a percentage late fee greater than that permitted by Texas law, that she was charged and paid a late fee in excess of the amount permitted by Texas law and that we had a policy and practice of assessing and collecting late fees in excess of that allowed by Texas law. Duron has not alleged specific damages in the complaint, but seeks to recover actual damages, statutory damages, interest, reasonable attorney's fees and costs of court.

When this matter was filed, we promptly investigated Duron's allegations, including the formula we use to calculate late fees in Texas. While we do not believe the formula utilized by us during this time period violated Texas law, in late 2003, we sent written notice to approximately 29,500 of our Texas customers for whom we had records and who were potentially adversely impacted by our calculation. We also refunded approximately \$37,000 in the aggregate to the customers we could locate. In taking these measures, we believe we complied with the curative measures provided for under the Texas statute. We also reprogrammed our computer system in Texas to modify the formula by which late fees are calculated.

On November 26, 2003, we filed a motion for summary judgment in this matter. On December 4, 2003, Duron filed her motion for class certification. On March 11, 2004, we were notified that the court denied our summary judgment motion and granted Duron's motion for class certification. The certified class includes our customers in Texas from August 29, 1999 through March 5, 2004 who were charged and paid a late fee in excess of the amount permitted by Texas law.

Under the Texas statute, a consumer damaged by a violation is entitled to recover actual damages, statutory damages equal to twenty-five percent of an amount equal to the total amount of payments required to obtain ownership of the merchandise involved (but not less than \$250 nor more than \$1,000), reasonable attorney's fees and court costs. With respect to the approximately 29,500 Texas customers for whom we have records (representing approximately two years of the recently certified class), we believe that twenty-five percent of the total amount of payments to obtain ownership (the maximum percentage applicable to statutory damages) under those rental purchase agreements was approximately \$600 per agreement on average.

We believe the claims in Duron's complaint are unfounded and that we have meritorious defenses to the allegations made. We further believe that a class should not have been certified by the court, and have appealed the court's certification order, which we are entitled to do as a matter of right under applicable Texas law. This matter has been stayed pending the decision on appeal. Although we intend to vigorously defend ourselves in this case, we cannot assure you that we will be found to have no liability in this matter.

State Wage and Hour Class Actions. We are subject to various actions filed against us in the states of Oregon, California and Washington alleging we violated the wage and hour laws of such states. As of June 30, 2004, we operated 24 stores in Oregon, 161 stores in California and 41 stores in Washington.

RENT-A-CENTER, INC. AND SUBSIDIARIES

Rob Pucci, et al. v. Rent-A-Center, Inc. On August 20, 2001, this putative class action was filed against us in state court in Multnomah County, Oregon alleging we violated various provisions of Oregon state law regarding overtime, lunch and work breaks, that we failed to pay all wages due to our Oregon employees, and various contract claims that we promised but failed to pay overtime. Pucci seeks to represent a class of all present and former executive assistants, inside/outside managers and account managers employed by us within the six year period prior to the filing of the complaint as to the contract claims, and three years as to the statutory claims, and seeks class certification, payments for all unpaid wages under Oregon law, statutory and civil penalties, costs and disbursements, pre- and post-judgment interest in the amount of 9% per annum and attorneys fees. On July 25, 2002, the plaintiffs filed a motion for class certification and on July 31, 2002, we filed our motion for summary judgment. On January 15, 2003, the court orally granted our motion for summary judgment in part, ruling that the plaintiffs were prevented from recovering overtime payments at the rate of “time and a half,” but stated that the plaintiffs may recover “straight-time” to the extent plaintiffs could prove purported class members worked in excess of forty hours in a work week but were not paid for such time worked. The court denied our motion for summary judgment on the remaining claims. We strongly disagree with the court’s rulings against our positions and requested that the court grant us interlocutory appeal on those matters. The plaintiffs filed a motion for summary judgment seeking to resolve certain factual issues related to the purported class, which was denied on July 1, 2003. On October 10, 2003, the court issued an opinion letter stating that it would certify a class and not permit an interlocutory appeal, and issued its written order to that effect on December 9, 2003. We subsequently filed a petition for a writ of mandamus with the Oregon Supreme Court, which was denied on January 24, 2004. On June 15, 2004, notice to the class was distributed advising them of their right to opt out of the class. We intend to continue to challenge the appropriateness of the court’s class certification. Although we believe the court’s certification ruling is inappropriate and that the claims remaining in this case are without merit, we cannot assure you we will be found to have no liability in this matter.

Jeremy Burdusis, et al. v. Rent-A-Center, Inc., et al./Israel French, et al. v. Rent-A-Center, Inc. These matters pending in Los Angeles, California were filed on October 23, 2001, and October 30, 2001, respectively, and allege similar violations of the wage and hour laws of California as those in *Pucci*. The same law firm seeking to represent the purported class in *Pucci* is seeking to represent the purported class in *Burdusis*. The *Burdusis* and *French* proceedings are pending before the same judge in California. On March 24, 2003, the *Burdusis* court denied the plaintiffs’ motion for class certification in that case, which we view as a favorable development in that proceeding. On April 25, 2003, the plaintiffs in *Burdusis* filed a notice of appeal of that ruling, and on May 8, 2003, the *Burdusis* court, at our request, stayed further proceedings in *Burdusis* and *French* pending the resolution on appeal of the court’s denial of class certification in *Burdusis*. In June 2004, the *Burdusis* plaintiffs filed their appellate brief. Our response brief is due in September 2004.

On October 30, 2003, the plaintiffs’ counsel in *Burdusis* and *French* filed a new non-class lawsuit in Orange County, California entitled *Kris Corso, et al. v. Rent-A-Center, Inc.* The plaintiffs’ counsel later amended this complaint to add additional plaintiffs, totaling approximately 339 individuals. The claims made are substantially the same as those in *Burdusis*. On January 16, 2004, we filed a demurrer to the complaint, arguing, among other things, that the plaintiffs in *Corso* were misjoined. On February 19, 2004, the court granted our demurrer on the misjoinder argument, with leave for the plaintiffs to replead. On March 8, 2004, the plaintiffs filed an amended complaint in *Corso*, increasing the number of plaintiffs to approximately 400. The claims in the amended complaint are substantially the same as those in *Burdusis*. We filed a demurrer with respect to the amended complaint on April 12, 2004, which the court granted on May 6, 2004. However, the court allowed the plaintiffs to again replead the action on a representative basis, which they did on May 26, 2004. We subsequently filed a demurrer. No decision has been entered by the court with respect to our demurrer.

Kevin Rose, et al. v. Rent-A-Center, Inc. et al. This matter pending in Clark County, Washington was filed on June 26, 2001, and alleges similar violations of the wage and hour laws of Washington as those in *Pucci*. The same law firm seeking to represent the purported class in *Pucci* is seeking to represent the purported class in this matter. On May 14, 2003, the *Rose* court denied the plaintiffs’ motion for class certification in that case, which we view as a favorable development in that proceeding. On June 3, 2003, the plaintiffs in *Rose* filed a notice of appeal. On September 8, 2003, the Commissioner appointed by the Court of Appeals denied review of the *Rose* court decision. On October 10, 2003, the *Rose* plaintiffs filed a motion seeking to modify the Commissioner’s ruling, to which we responded on October 30, 2003. The Court of Appeals denied the plaintiffs’ motion on November 26, 2003. Following the denial by the Court of Appeals, the plaintiffs’ counsel filed 14 county-wide putative class actions in Washington with substantially the same claims as in *Rose*. The purported classes in these county-wide class actions range from approximately 20 individuals to approximately 100 individuals. In December 2003, we filed motions to dismiss and/or stay the class allegations in each of the county-wide actions, arguing that the plaintiffs were collaterally estopped by virtue of the previous ruling in *Rose* denying state-wide class certification. Four of these motions were subsequently granted. Accordingly, ten of the county-wide claims are proceeding as putative class actions and four are proceeding on an individual plaintiff basis. The plaintiffs have not filed motions to certify a class in any of the putative county-wide class actions. In the event they do so, we intend to vigorously oppose class certification.

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Although the wage and hour laws and class certification procedures of Oregon, California and Washington contain certain differences that could cause differences in the outcome of the pending litigation in these states, we believe the claims of the purported classes involved in each are without merit. We cannot assure you, however, that we will be found to have no liability in these matters.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

In October 2003, we eliminated our then current stock repurchase program and adopted a new stock repurchase program which as of June 30, 2004, authorized us to repurchase up to \$115.0 million in aggregate purchase price of our common stock. As of June 30, 2004, we had repurchased \$104.2 million in aggregate purchase price of our common stock under our new stock repurchase program. In the second quarter of 2004, we effected the following repurchases of our common stock:

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs (1)</u>
April 1 through April 30	97,700	\$ 29.2551	97,700	\$ 76,920,680
May 1 through May 31	2,257,400	\$ 29.2556	2,257,400	\$ 10,879,089
June 1 through June 30	0	\$ 0.0000	0	\$ 10,879,089
Total	2,355,100	\$ 29.5556	2,355,100	\$ 10,879,089

(1) As of June 30, 2004. On July 26, 2004, we announced that the program was increased by \$85 million to \$200 million.

On May 7, 2004, we completed the acquisition of Rent Rite, pursuant to which, and as partial consideration for, shares of Rent Rite stock held by certain Rent Rite shareholders were converted into the right to receive, in the aggregate, 815,592 shares of our common stock. Under the merger agreement, the market value of these shares was determined to be, in the aggregate, approximately \$23.9 million. In addition, in connection with this acquisition, we assumed options of Rent Rite that are convertible into 554,102 shares of our common stock at a weighted average exercise price of \$11.05 per share. These securities were not registered under the Securities Act in reliance upon the exemption provided by Section 4(2) of the Securities Act and Rule 506 promulgated thereunder. Each Rent Rite shareholder who received shares of our common stock and each Rent Rite optionholder represented to the Company in writing that he or she is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

RENT-A-CENTER, INC. AND SUBSIDIARIES

Item 4. Submission of Matters to a Vote of Security Holders.

Our Annual Meeting of Stockholders was held on May 19, 2004. At the meeting, our stockholders voted on two matters: (1) election of three Class I Directors, and (2) a proposal to amend our Certificate of Incorporation to increase the number of shares of our common stock we are authorized to issue.

The individuals named below were re-elected to a three-year term as Class I Directors:

<u>Nominee</u>	<u>Votes For</u>	<u>Votes Withheld</u>
Mitchell E. Fadel	71,362,492	2,744,648
Peter P. Copses	69,469,193	4,637,947
Mary Elizabeth Burton	71,916,746	2,190,394

The following directors' terms of office as a director continued after the Annual Meeting of Stockholders:

Mark E. Speese
Laurence M. Berg
J.V. Lentell
Andrew S. Jhawar

The proposal to amend our Certificate of Incorporation to increase the number of shares of our common stock authorized to be issued from 125,000,000 to 250,000,000 was approved and adopted with voting on the proposal as follows:

<u>Vote For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
69,435,023	4,611,255	60,862	3,690,730

Item 6. Exhibits and Reports on Form 8-K.

Current Reports on Form 8-K

None.

Exhibits

The exhibits required to be furnished pursuant to Item 6 are listed in the Exhibit Index filed herewith, which Exhibit Index is incorporated herein by reference.

RENT-A-CENTER, INC. AND SUBSIDIARIES

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,
Chief Financial Officer and Treasurer

Date: July 30, 2004

RENT-A-CENTER, INC. AND SUBSIDIARIES

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description
2.1(1)	— Asset Purchase Agreement, dated as of December 17, 2002, by and among Rent-A-Center East, Inc. and Rent-Way, Inc., Rent-Way of Michigan, Inc. and Rent-Way of TTIG, L.P. (Pursuant to the rules of the SEC, the schedules and exhibits have been omitted. Upon the request of the SEC, Rent-A-Center, Inc. will supplementally supply such schedules and exhibits to the SEC.)
2.2(2)	— Letter Agreement, dated December 31, 2002
2.3(3)	— Letter Agreement, dated January 7, 2003
2.4(4)	— Letter Agreement, dated February 7, 2003
2.5(5)	— Letter Agreement, dated February 10, 2003 (Pursuant to the rules of the SEC, the exhibit has been omitted. Upon the request of the SEC, Rent-A-Center, Inc. will supplementally supply such exhibit to the SEC.)
2.6(6)	— Letter Agreement, dated March 10, 2003 (Pursuant to the rules of the SEC, the exhibit has been omitted. Upon the request of the SEC, Rent-A-Center, Inc. will supplementally supply such exhibit to the SEC.)
2.7(7)	— Agreement and Plan of Merger, dated as of February 4, 2004, by and between Rent-A-Center, Inc., Eagle Acquisition Sub, Inc. and Rainbow Rentals, Inc. (Pursuant to the rules of the SEC, the schedules and exhibits have been omitted. Upon the request of the SEC, Rent-A-Center, Inc. will supplementally supply such schedules and exhibits to the SEC.)
2.8(8)	— Agreement and Plan of Merger, dated as of April 27, 2004, by and between Rent-A-Center, Inc., RAC RR, Inc. and Rent Rite, Inc. d/b/a Rent Rite Rental Purchase (Pursuant to the rules of the SEC, the schedules and exhibits have been omitted. Upon the request of the SEC, Rent-A-Center, Inc. will supplementally supply such schedules and exhibits to the SEC.)
3.1(9)	— Certificate of Incorporation of Rent-A-Center, Inc., as amended
3.2*	— Certificate of Amendment to the Certificate of Incorporation of Rent-A-Center, Inc., dated May 19, 2004
3.3*	— Amended and Restated Bylaws of Rent-A-Center, Inc.
4.1(10)	— Form of Certificate evidencing Common Stock
4.2(11)	— Certificate of Elimination of Series A Preferred Stock
4.3(12)	— Certificate of Designations, Preferences and relative Rights and Limitations of Series C Preferred Stock of Rent-A-Center, Inc.
4.4(13)	— Form of Certificate evidencing Series C Preferred Stock
4.5(14)	— Indenture, dated as of May 6, 2003, by and among Rent-A-Center, Inc., as Issuer, Rent-A-Center East, Inc., ColorTyme, Inc., Rent-A-Center West, Inc., Get It Now, LLC, Rent-A-Center Texas, L.P. and Rent-A-Center Texas, L.L.C., as Guarantors, and The Bank of New York, as Trustee
4.6(15)	— First Supplemental Indenture, dated as of December 4, 2003, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee
4.7(16)	— Second Supplemental Indenture, dated as of April 26, 2004, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee
4.8*	— Third Supplemental Indenture, dated as of May 7, 2004, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee
4.9*	— Fourth Supplemental Indenture, dated as of May 14, 2004, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee
4.10(17)	— Form of 2003 Exchange Note
10.1(18)+	— Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan
10.2(19)	— Amended and Restated Credit Agreement, dated as of August 5, 1998, as amended and restated as of December 31, 2002, among

Rent-A-Center, Inc., Rent-A-Center East, Inc., Comerica Bank, as Documentation Agent, Bank of America NA, as Syndication Agent, and JP Morgan Chase Bank (formerly known as The Chase Manhattan Bank), as Administrative Agent

10.3(20)

— First Amendment, dated as of April 22, 2003, to the Amended and Restated Credit Agreement, dated as of August 5, 1998, as amended and restated as of December 31, 2002, among Rent-A-Center, Inc., Rent-A-Center East, Inc., Comerica Bank, as Documentation Agent, Bank of America NA, as Syndication Agent, and JP Morgan Chase Bank (formerly known as The Chase Manhattan Bank), as

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Exhibit Number	Exhibit Description
	Administrative Agent
10.4(21)	— Credit Agreement, dated as of May 28, 2003, among Rent-A-Center, Inc., Morgan Stanley Senior Funding Inc., as Documentation Agent, JPMorgan Chase Bank and Bear, Stearns & Co. Inc., each as Syndication Agent, and Lehman Commercial Paper Inc., as Administrative Agent
10.5(22)	— Guarantee and Collateral Agreement, dated as of August 5, 1998, as amended and restated as of December 31, 2002, made by Rent-A-Center, Inc., Rent-A-Center East, Inc. and certain of its Subsidiaries in favor of JP Morgan Chase Bank (formerly known as The Chase Manhattan Bank), as Administrative Agent
10.6(23)	— Guarantee and Collateral Agreement, dated as of May 28, 2003, made by Rent-A-Center, Inc., Rent-A-Center East, Inc. and certain of its Subsidiaries in favor of Lehman Commercial Paper Inc., as Administrative Agent
10.7(24)	— First Amendment, dated as of May 28, 2003, to the Credit Agreement and the Guarantee and Collateral Agreement, both dated as of May 28, 2003, among Rent-A-Center, Inc., Rent-A-Center East, Inc., ColorTyme, Inc., Rent-A-Center West, Inc., Remco America, Inc., Get It Now LLC, Rent-A-Center Texas, L.P., Rent-A-Center Texas, L.L.C. and Lehman Commercial Paper Inc., as Administrative Agent
10.8(25)	— Amended and Restated Credit Agreement, dated as of May 28, 2003, as amended and restated as of July 14, 2004, among Rent-A-Center, Inc., the several lenders from time to time parties thereto, Calyon New York Branch, SunTrust Bank and Union Bank of California, N.A., as Documentation Agents, Lehman Commercial Paper Inc., as Syndication Agent, and JPMorgan Chase Bank, as Administrative Agent
10.9(26)	— Amended and Restated Guarantee and Collateral Agreement, dated as of May 28, 2003, as amended and restated as of July 14, 2004, made by Rent-A-Center, Inc. and certain of its Subsidiaries in favor of JPMorgan Chase Bank, as Administrative Agent
10.10(27)	— Second Amended and Restated Stockholders Agreement, dated as of August 5, 2002, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., Mark E. Speese, Rent-A-Center, Inc., and certain other persons
10.11(28)	— Third Amended and Restated Stockholders Agreement, dated as of December 31, 2002, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., Mark E. Speese, Rent-A-Center, Inc., and certain other persons
10.12(29)	— Fourth Amended and Restated Stockholders Agreement, dated as of July 11, 2003, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., Mark E. Speese, Rent-A-Center, Inc., and certain other persons
10.13(30)	— 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.
10.14(31)	— Second Amendment to Registration Rights Agreement, dated as of August 5, 2002, by and among Rent-A-Center, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
10.15(32)	— Third Amendment to Registration Rights Agreement, dated as of December 31, 2002, by and among Rent-A-Center, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
10.16(33)	— Fourth Amendment to Registration Rights Agreement, dated as of July 11, 2003, by and between Rent-A-Center, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P.
10.17(34)	— Registration Rights Agreement, dated as of May 6, 2003, by and among Rent-A-Center, Inc., as Issuer, Rent-A-Center East, Inc., ColorTyme, Inc., Rent-A-Center West, Inc., Get It Now, LLC, Rent-A-Center Texas, L.P. and Rent-A-Center Texas, L.L.C., as Guarantors, and Lehman Commercial Paper Inc., J.P. Morgan Securities, Inc., J.P. Morgan Stanley & Co. Incorporated, Bear, Stearns & Co. Inc., UBS Warburg LLC and Wachovia Securities, Inc., as Initial Purchasers
10.19(35)	— Franchisee Financing Agreement, dated April 30, 2002, but effective as of June 28, 2002, by and between Texas Capital Bank, National Association, ColorTyme, Inc. and Rent-A-Center, Inc.
10.20(36)	— Supplemental Letter Agreement to Franchisee Financing Amendment, dated May 26, 2003, by and between Texas Capital Bank, National Association, ColorTyme, Inc. and Rent-A-Center, Inc.
10.21(37)	— Amended and Restated Franchise Financing Agreement, dated October 1, 2003, by and among Wells Fargo Foothill, Inc., ColorTyme, Inc. and Rent-A-Center East, Inc.

RENT-A-CENTER, INC. AND SUBSIDIARIES

Exhibit Number	Exhibit Description
	2003, by and among Wells Fargo Foothill, Inc., ColorTyme, Inc. and Rent-A-Center East, Inc.
10.23(39)	— Second Amendment to Amended and Restated Franchisee Financing Agreement, dated as of March 1, 2004, by and among Wells Fargo Foothill, Inc., ColorTyme, Inc. and Rent-A-Center East, Inc.
10.24(40)	— Purchase Agreement, dated May 1, 2003, among Rent-A-Center, Inc., Rent-A-Center East, Inc., ColorTyme, Inc., Rent-A-Center West, Inc., Get It Now, LLC, Rent-A-Center Texas, L.P., Rent-A-Center Texas, L.L.C., Lehman Brothers Inc., J.P. Morgan Securities, Inc., Morgan Stanley & Co. Incorporated, Bear, Stearns & Co. Inc., UBS Warburg LLC and Wachovia Securities, Inc.
10.25(41)	— Stock Purchase and Exchange Agreement, dated April 25, 2003, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P. and Rent-A-Center, Inc.
21.1*	— Subsidiaries of Rent-A-Center, Inc.
31.1*	— Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002 by Mark E. Speese
31.2*	— Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002 by Robert D. Davis
32.1*	— Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Mark E. Speese
32.2*	— Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Robert D. Davis

* Filed herewith.

+ Management contract or compensatory plan or arrangement

- (1) Incorporated herein by reference to Exhibit 2.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002
- (2) Incorporated herein by reference to Exhibit 2.3 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002
- (3) Incorporated herein by reference to Exhibit 2.4 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002
- (4) Incorporated herein by reference to Exhibit 2.5 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002
- (5) Incorporated herein by reference to Exhibit 2.6 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002
- (6) Incorporated herein by reference to Exhibit 2.7 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002
- (7) Incorporated herein by reference to Exhibit 2.7 to the registrant's Annual Report on Form 10-K/A for the year ended December 31, 2003
- (8) Incorporated herein by reference to Exhibit 2.8 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004
- (9) Incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K dated as of December 31, 2002
- (10) Incorporated herein by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-4 filed on January 13, 1999

RENT-A-CENTER, INC. AND SUBSIDIARIES

- (11) Incorporated herein by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003
- (12) Incorporated herein by reference to Exhibit 4.4 to the registrant's Registration Statement on Form S-4 filed July 11, 2003
- (13) Incorporated herein by reference to Exhibit 4.5 to the registrant's Registration Statement on Form S-4 filed July 11, 2003
- (14) Incorporated herein by reference to Exhibit 4.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003
- (15) Incorporated herein by reference to Exhibit 4.6 to the registrant's Annual Report on Form 10-K/A for the year ended December 31, 2003
- (16) Incorporated herein by reference to Exhibit 4.7 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004
- (17) Incorporated herein by reference to Exhibit 4.11 to the registrant's Registration Statement on Form S-4 filed July 11, 2003
- (18) Incorporated herein by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003
- (19) Incorporated herein by reference to Exhibit 10.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002
- (20) Incorporated herein by reference to Exhibit 10.3 to the registrant's Quarterly Report on form 10-Q for the quarter ended March 31, 2003
- (21) Incorporated herein by reference to Exhibit 10.4 to the registrant's Registration Statement on Form S-4 filed July 11, 2003
- (22) Incorporated herein by reference to Exhibit 10.3 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002
- (23) Incorporated herein by reference to Exhibit 10.6 to the registrant's Registration Statement on Form S-4 filed July 11, 2003
- (24) Incorporated herein by reference to Exhibit 10.7 to the registrant's Annual Report on Form 10-K/A for the year ended December 31, 2003
- (25) Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated July 15, 2004
- (26) Incorporated herein by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K dated July 15, 2004
- (27) Incorporated herein by reference to Exhibit 10.8 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002
- (28) Incorporated herein by reference to Exhibit 10.6 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002
- (29) Incorporated herein by reference to Exhibit 10.15 to the registrant's Registration Statement on Form S-4 filed July 11, 2003
- (30) 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

RENT-A-CENTER, INC. AND SUBSIDIARIES

- (31) Incorporated herein by reference to Exhibit 10.10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002
- (32) Incorporated herein by reference to Exhibit 10.9 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002
- (33) Incorporated herein by reference to Exhibit 10.10 to the registrant's Registration Statement on Form S-4 filed July 11, 2003
- (34) Incorporated herein by reference to Exhibit 10.19 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003
- (35) Incorporated herein by reference to Exhibit 10.14 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002
- (36) Incorporated herein by reference to Exhibit 10.23 to the registrant's Registration Statement on Form S-4 filed July 11, 2003
- (37) Incorporated herein by reference to Exhibit 10.22 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003
- (38) Incorporated herein by reference to Exhibit 10.23 to the registrant's Annual Report on Form 10-K/A for the year ended December 31, 2003
- (39) Incorporated herein by reference to Exhibit 10.24 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004
- (40) Incorporated herein by reference to Exhibit 10.18 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003
- (41) Incorporated herein by reference to Exhibit 99(d)(1) to the registrant's Schedule TO filed on April 28, 2003

CERTIFICATE OF AMENDMENT
TO THE
CERTIFICATE OF INCORPORATION
OF
RENT-A-CENTER, INC.
(THE "COMPANY")

Pursuant to the provisions of Section 242 of the Delaware General Corporation Law, the undersigned Company files the following Certificate of Amendment to its Certificate of Incorporation, which amends the fourth article thereof so as to increase the number of shares of the Company's common stock, par value \$0.01 per share, authorized for issuance from 125,000,000 to 250,000,000 shares.

ARTICLE I

The name of the Company is Rent-A-Center, Inc.

ARTICLE II

At a meeting of the Board of Directors (the "BOARD") of the Company held on March 17, 2004, the Board adopted resolutions setting forth a proposed amendment of the Certificate of Incorporation of the Company, declaring said amendment to be advisable, and directing that such amendment be considered by the stockholders of the Company entitled to vote thereon. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that, subject to the approval of the stockholders of the Company, the Board hereby authorizes and approves the following amendment to the Certificate of Incorporation to increase the number of shares of Common Stock authorized to be issued from 125,000,000 shares to 250,000,000 shares (the "AMENDMENT"):

The first paragraph of Article Fourth of the Company's Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:

"FOURTH: The aggregate number of shares of capital stock which the Corporation shall have authority to issue is 250,000,000 shares of common stock, having a par value of \$0.01 per share (the "COMMON STOCK"), and 5,000,000 shares of preferred stock, having a par value of \$0.01 per share (the "PREFERRED STOCK")."

The remaining provisions of Article Fourth of the Company's Certificate of Incorporation shall remain the same and in full force and effect.

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ARTICLE III

Thereafter, pursuant to resolution of the Board, the annual meeting of stockholders of the Company was duly called and held, upon notice in accordance with Section 222 of the Delaware General Corporation Law, at which meeting the necessary number of shares as required by statute were voted in favor of said amendment. Specifically, at the time of adoption, the holders of 80,266,569 shares of capital stock of the Company were entitled to vote on said amendment, of which 69,435,023 shares voted for said amendment, 4,611,255 voted against said amendment and 60,862 shares abstained from voting.

ARTICLE IV

Said amendment was duly adopted in accordance with the provisions of

Section 242 of the Delaware General Corporation Law.

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IN WITNESS WHEREOF, I have hereunto set my hand this the 19th day of May,
2004.

RENT-A-CENTER, INC.

/s/ MITCHELL E. FADEL

Mitchell E. Fadel, President and
Chief Operating Officer

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RENT-A-CENTER, INC.

AMENDED AND RESTATED BYLAWS

DATED MAY 19, 2004

ARTICLE I

MEETINGS OF STOCKHOLDERS

Section 1. Annual Meetings of Stockholders. The annual meeting of the stockholders of Rent-A-Center, Inc. (the "CORPORATION") shall be held on such day as may be designated from time to time by the Board of Directors and stated in the notice of the meeting, and on any subsequent day or days to which such meeting may be adjourned, for the purposes of electing directors and of transacting such other business as may properly come before the meeting. The Board of Directors shall designate the place and time for the holding of such meeting, and not less than ten days nor more than sixty days notice shall be given to the stockholders of the time and place so fixed. If the day designated therein is a legal holiday, the annual meeting shall be held on the first succeeding day which is not a legal holiday. If for any reason the annual meeting shall not be held on the day designated therein, the Board of Directors shall cause the annual meeting to be held as soon thereafter as may be convenient.

At the annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the annual meeting. To be properly brought before the annual meeting of stockholders, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a stockholder of the Corporation who is a stockholder of record at the time of giving notice provided for in this Section 1 of Article I, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1 of Article I. For business to be properly brought before an annual meeting by a stockholder, the stockholder, in addition to any other applicable requirements, must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders of the Corporation. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of voting stock of the Corporation that are beneficially owned by the stockholder; (d) a representation that the stockholder intends to appear in person or by proxy at the meeting to bring the proposed business before the annual meeting, and (e) a description of any material interest of the stockholder in such business. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 1 of Article I. The presiding officer of an annual meeting shall, if the facts warrant, determine and declare to the meeting that the

business was not properly brought before the meeting in accordance with the provisions of this Section 1 of Article I, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Notwithstanding the foregoing provisions of this Section 1 of Article I, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 1 of Article I.

Section 2. Special Meetings of Stockholders. Special meetings of the stockholders may be called at any time by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors or the majority of an entire committee of such Board. Upon written request of the persons who have duly called a special meeting, it shall be the duty of the Secretary of the Corporation to fix the date of the meeting to be held not less than ten nor more than sixty days after the receipt of the request and to give due notice thereof. If the Secretary shall neglect or refuse to fix the date of the meeting and give notice thereof, the persons calling the meeting may do so.

Section 3. Place of Meetings. Every annual or special meeting of the stockholders shall be held at such place within or without the State of Delaware as the Board of Directors may designate, or, in the absence of such designation, at the registered office of the Corporation in the State of Delaware.

Section 4. Notice of Meetings. Written notice of every meeting of the stockholders shall be given by the Secretary of the Corporation to each stockholder of record entitled to vote at the meeting, by placing such notice in the mail not less than ten nor more than sixty days, prior to the day named for the meeting addressed to each stockholder at his address appearing on the books of the Corporation or supplied by him to the Corporation for the purpose of notice.

Section 5. Record Date. The Board of Directors may fix a date, not less than ten or more than sixty days preceding the date of any meeting of stockholders, as a record date for the determination of stockholders entitled to notice of, or to vote at, any such meeting. The Board of Directors shall not close the books of the Corporation against transfers of shares during the whole or any part of such period.

Section 6. Proxies. The notice of every meeting of the stockholders may be accompanied by a form of proxy approved by the Board of Directors in favor of such person or persons as the Board of Directors may select.

Section 7. Quorum and Voting. A majority of the outstanding shares of stock of the Corporation entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting of the stockholders, and the stockholders present at any duly convened meeting may continue to do business until adjournment notwithstanding any withdrawal from the meeting of holders of shares counted in determining the existence of a quorum. Directors shall be elected by a plurality of the votes cast in the election. For all matters as to which no other voting requirement is specified by the General Corporation Law of the State of Delaware, as amended (the "GENERAL CORPORATION LAW"), the Certificate of Incorporation of the Corporation, as

amended (the "CERTIFICATE OF INCORPORATION"), or these Bylaws, the affirmative vote required for stockholder action shall be that of a majority of the shares present in person or represented by proxy at the meeting (as counted for purposes of determining the existence of a quorum at the meeting). In the case of a matter submitted for a vote of the stockholders as to which a stockholder approval requirement is applicable under the stockholder approval policy of the Nasdaq National Market or any other exchange or quotation system on which the capital stock of the Corporation is quoted or traded, the requirements of Rule 16b-3 under the Securities Exchange Act of 1934 or any provision of the Internal Revenue Code, in each case for which no higher voting requirement is specified by the General Corporation Law, the Certificate of Incorporation or these Bylaws, the vote required for approval shall be the requisite vote specified in such stockholder approval policy, Rule 16b-3 or Internal Revenue Code provision, as the case may be (or the highest such requirement if more than one is

applicable). For the approval of the appointment of independent public accountants (if submitted for a vote of the stockholders), the vote required for approval shall be a majority of the votes cast on the matter.

Section 8. Adjournment. Any meeting of the stockholders may be adjourned from time to time, without notice other than by announcement at the meeting at which such adjournment is taken, and at any such adjourned meeting at which a quorum shall be present any action may be taken that could have been taken at the meeting originally called; provided that if the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting.

Section 9. Nominations for Election as a Director. Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible for election as, and to serve as, directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (a) by or at the direction of the Board of Directors or (b) by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 9 of Article I, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section 9 of Article I. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered or mailed and received at the principal executive offices of the Corporation (i) with respect to an election to be held at the annual meeting of the stockholders of the Corporation, not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders of the Corporation, and (ii) with respect to an election to be held at a special meeting of stockholders of the Corporation for the election of directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed to stockholders of the Corporation as provided in Section 4 of Article I or public disclosure of the date of the special meeting was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (x) as to each person whom the stockholder proposes to nominate for election or re-election as a director, information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected), and (y) as to the stockholder giving the notice (i) the name and address, as they appear on the

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Corporation's books, of such stockholder and (ii) the class and number of shares of voting stock of the Corporation which are beneficially owned by such stockholder. At the request of the Board of Directors, any person nominated by the Board of Directors for election as a director shall furnish to the Secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. Other than directors chosen pursuant to the provisions of Section 2 of Article II, no person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 9 of Article I. The presiding officer of the meeting of stockholders shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 9 of Article I, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 9 of Article I.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number of Directors. The business, affairs and property of the Corporation shall be managed by a board of directors divided into three classes as provided in the Certificate of Incorporation of the Corporation. Unless otherwise provided by law, the number of directors constituting the Board of Directors shall be determined from time to time by resolutions adopted by a majority of the entire Board of Directors; provided, however, that (i) the number of directors constituting the entire Board of Directors shall be consistent with any stockholders agreement that the Corporation is a party to, and (ii) in no event, shall the Board of Directors cause the number of directors to be greater than seven (7) without the approval of holders of at least a majority of the outstanding shares of the Corporation's Series C Preferred Stock, voting separately as a class. Each director shall hold office for the full term to which he shall have been elected and until his successor is duly elected and shall qualify, or until his earlier death, resignation or removal. A director need not be a resident of the State of Delaware or a stockholder of the Corporation.

Section 2. Vacancies. Except as provided in the Certificate of Incorporation of the Corporation, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 3. Removal by Stockholders. No director of the Corporation shall be removed from his office as a director by vote or other action of stockholders or otherwise except for cause.

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Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place or places within or without the State of Delaware, at such hour and on such day as may be fixed by resolution of the Board of Directors, without further notice of such meetings. The time or place of holding regular meetings of the Board of Directors may be changed by the Chairman of the Board or the President by giving written notice thereof as provided in Section 6 of this Article II.

Section 5. Special Meeting. Special meetings of the Board of Directors shall be held, whenever called by the Chairman of the Board, the President, by a majority of the directors or by resolution adopted by the Board of Directors, at such place or places within or without the State of Delaware as may be stated in the notice of the meeting.

Section 6. Notice. Written notice of the time and place of, and general nature of the business to be transacted at, all special meetings of the Board of Directors, and written notice of any change in the time or place of holding the regular meetings of the Board of Directors, shall be given to each director personally or by mail or by telegraph, telecopier or similar communication at least one day before the day of the meeting; provided, however, that notice of any meeting need not be given to any director if waived by him in writing, or if he shall be present at such meeting.

Section 7. Quorum. A majority of the directors in office shall constitute a quorum of the Board of Directors for the transaction of business; but a lesser number may adjourn from day to day until a quorum is present.

Section 7A. Voting. Except as otherwise provided herein or in the

Certificate of Incorporation of the Corporation, all decisions of the Corporation's Board of Directors shall require the affirmative vote of a majority of the directors of the Corporation then in office, or a majority of the members of the Executive Committee of the Board of Directors, to the extent such decisions may be lawfully delegated to the Executive Committee.

Section 8. Action by Written Consent. Any action which may be taken at a meeting of the directors or of any committee thereof may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all of the directors or members of such committee as the case may be and shall be filed with the Secretary of the Corporation.

Section 9. Chairman. The Board of Directors may designate one or more of its number to be Chairman of the Board and chairman of any committees of the Board and to hold such other positions on the Board as the Board of Directors may designate.

ARTICLE III

COMMITTEES

Section 1. The Board of Directors may, by resolution adopted by a majority of the full Board of Directors of the Corporation, designate from among its members one or more committees, each of which shall be comprised of one or more of its members, and may designate one or more of its members as alternate members of any committee, who may, subject to any limitations by the Board of Directors of the Corporation, replace absent or disqualified members

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at any meeting of the committee. Any such committee, to the extent provided in such resolution or in the Certificate of Incorporation or these Bylaws, shall have and may exercise all of the authority of the Board of Directors of the Corporation to the extent permitted by the Delaware General Corporation Law.

Section 2. The Board of Directors of the Corporation shall have the power at any time to change the membership of any such committee and to fill vacancies in it. A majority of the number of members of any such committee shall constitute a quorum for the transaction of business unless a greater number of members is required by a resolution adopted by the Board of Directors of the Corporation. The act of the majority of the members of a committee present at any meeting at which a quorum is present shall be the act of the Committee, unless the act of a greater number is required by a resolution adopted by the Board of Directors of the Corporation. Each such committee may elect a chairman and appoint such subcommittees and assistants as it may deem necessary. Except as otherwise provided by the Board of Directors of the Corporation, meetings of any committee shall be conducted in accordance with these Bylaws. Any member of any such committee elected or appointed by the Board of Directors of the Corporation may be removed by the Board of Directors of the Corporation whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of a member of a committee shall not itself create contract rights.

Section 3. Any action taken by any committee of the Board of Directors shall be promptly recorded in the minutes and filed with the Secretary of the Corporation.

ARTICLE IV

OFFICERS

Section 1. Designation and Removal. The officers of the Corporation shall consist of a Chairman of the Board, Chief Executive Officer, President, Vice President-Finance, Regional Vice Presidents, Secretary, Treasurer, Chief Operating Officer, Chief Financial Officer, and such other officers as may be

named by the Board of Directors. Any number of offices may be held by the same person. All officers shall hold office until their successors are elected or appointed, except that the Board of Directors may remove any officer at any time at its discretion.

Section 2. Powers and Duties. The officers of the Corporation shall have such powers and duties as generally pertain to their offices, except as modified herein or by the Board of Directors, as well as such powers and duties as from time to time may be conferred by the Board of Directors. The Chairman of the Board shall have such duties as may be assigned to him by the Board of Directors and shall preside at meetings of the Board and at meetings of the stockholders. In addition to the other powers and duties conferred upon the Chief Executive Officer by the Board of Directors, the Chief Executive Officer of the Corporation shall have the duty and responsibility for the general supervision over the business, affairs, and property of the Corporation.

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ARTICLE V

SEAL

The seal of the Corporation shall be in such form as the Board of Directors shall prescribe.

ARTICLE VI

CERTIFICATES OF STOCK

The shares of stock of the Corporation shall be represented by certificates of stock, signed by the President or such Vice President or other officer designated by the Board of Directors, countersigned by the Treasurer or the Secretary or an Assistant Treasurer or an Assistant Secretary; and such signature of the President, Vice President, or other officer, such countersignature of the Treasurer or Secretary or Assistant Treasurer or Assistant Secretary, and such seal, or any of them, may be executed in facsimile, engraved or printed. In case any officer who has signed or whose facsimile signature has been placed upon any share certificate shall have ceased to be such officer because of death, resignation or otherwise before the certificate is issued, it may be issued by the Corporation with the same effect as if the officer had not ceased to be such at the date of its issue. Said certificates of stock shall be in such form as the Board of Directors may from time to time prescribe.

ARTICLE VII

INDEMNIFICATION

Section 1. General. The Corporation shall indemnify, and advance Expenses (as this and a other capitalized words not otherwise defined herein are defined in Section 14 of this Article) to, Indemnitee to the fullest extent permitted by applicable law in effect on the date of effectiveness of these Bylaws, and to such greater extent as applicable law may thereafter permit. The rights of Indemnitee provided under the preceding sentence shall include, but not be limited to, the right to be indemnified to the fullest extent permitted by Section 145(b) of the Delaware General Corporation Law in Proceedings by or in the right of the Corporation and to the fullest extent permitted by Section 145(a) of the Delaware General Corporation Law in all other Proceedings.

Section 2. Expenses Related to Proceedings. If Indemnitee is, by reason of his Corporate Status, a witness in or a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to any Matter in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses actually and

reasonably incurred by him or on his behalf relating to each Matter. The termination of any Matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such Matter.

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Section 3. Advancement of Expenses. Indemnitee shall be advanced Expenses within ten days after requesting them to the fullest extent permitted by Section 145(e) of the Delaware General Corporation Law.

Section 4. Request for Indemnification. To obtain indemnification Indemnitee shall submit to the Corporation a written request with such information as is reasonably available to Indemnitee. The Secretary of the Corporation shall promptly advise the Board of Directors of such request.

Section 5. Determination of Entitlement; No Change of Control. If there has been no Change of Control at the time the request for indemnification is sent, Indemnitee's entitlement to indemnification shall be determined in accordance with Section 145(d) of the Delaware General Corporation Law. If entitlement to indemnification is to be determined by Independent Counsel, the Corporation shall furnish notice to Indemnitee within ten days after receipt of the request for indemnification, specifying the identity and address of Independent Counsel. The Indemnitee may, within fourteen days after receipt of such written notice of selection, deliver to the Corporation a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of Independent Counsel and the objection shall set forth with particularity the factual basis of such assertion. If there is an objection to the selection of Independent Counsel, either the Corporation or Indemnitee may petition the Court of Chancery of the State of Delaware or any other court of competent jurisdiction for a determination that the objection is without a reasonable basis and/or for the appointment of Independent Counsel selected by the Court.

Section 6. Determination of Entitlement; Change of Control. If there has been a Change of Control at the time the request for indemnification is sent, Indemnitee's entitlement to indemnification shall be determined in a written opinion by Independent Counsel selected by Indemnitee. Indemnitee shall give the Corporation written notice advising of the identity and address of the Independent Counsel so selected. The Corporation may, within seven days after receipt of such written notice of selection, deliver to the Indemnitee a written objection to such selection. Indemnitee may, within five days after the receipt of such objection from the Corporation, submit the name of another Independent Counsel and the Corporation may, within seven days after receipt of such written notice of selection, deliver to the Indemnitee a written objection to such selection.

Any objection is subject to the limitations in Section 5 of this Article. Indemnitee may petition the Court of Chancery of the State of Delaware or any other Court of competent jurisdiction for a determination that the Corporation's objection to the first and/or second selection of Independent Counsel is without a reasonable basis and/or for the appointment as Independent Counsel of a person selected by the Court.

Section 7. Procedures of Independent Counsel. If a Change of Control shall have occurred before the request for indemnification is sent by Indemnitee, Indemnitee shall be presumed (except as otherwise expressly provided in this Article) to be entitled to indemnification upon submission of a request for indemnification in accordance with Section 4 of this Article, and thereafter the Corporation shall have the burden of proof to overcome the presumption in reaching a determination contrary to the presumption. The presumption shall be

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used by Independent Counsel as a basis for a determination of entitlement to

indemnification unless the Corporation provides information sufficient to overcome such presumption by clear and convincing evidence or the investigation, review and analysis of Independent Counsel convinces him by clear and convincing evidence that the presumption should not apply.

Except in the event that the determination of entitlement to indemnification is to be made by Independent Counsel, if the person or persons empowered under Section 5 or 6 of this Article to determine entitlement to indemnification shall not have made and furnished to Indemnitee in writing a determination within sixty days after receipt by the Corporation of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification unless Indemnitee knowingly misrepresented a material fact in connection with the request for indemnification or such indemnification is prohibited by law. The termination of any proceeding or of any matter therein by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Article) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, or with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

Section 8. Independent Counsel Expenses. The Corporation shall pay any and all reasonable fees and expenses of Independent Counsel incurred acting pursuant to this Article and in any proceeding to which it is a party or witness in respect of its investigation and written report and shall pay all reasonable fees and expenses incident to the procedures in which such Independent Counsel was selected or appointed. No Independent Counsel may serve if a timely objection has been made to his selection until a Court has determined that such objection is without a reasonable basis.

Section 9. Adjudication. In the event that (i) a determination is made pursuant to Section 5 or 6 that Indemnitee is not entitled to indemnification under this Article, (ii) advancement of Expenses is not timely made pursuant to Section 3 of this Article, (iii) Independent Counsel has not made and delivered a written opinion determining the request for indemnification (a) within 90 days after being appointed by the Court, or (b) within 90 days after objections to his selection have been overruled by the Court, or (c) within 90 days after the time for the Corporation or Indemnitee to object to his selection, or (iv) payment of indemnification is not made within 5 days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 5, 6 or 7 of this Article, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his entitlement to such indemnification or advancement of Expenses. In the event that a determination shall have been made that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section shall be conducted in all respects as a de novo trial on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section, the Corporation shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be. If a determination shall have been made or deemed to have been made that Indemnitee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial

proceeding commenced pursuant to this Section 9, or otherwise, unless Indemnitee knowingly misrepresented a material fact in connection with the request for indemnification, or such indemnification is prohibited by law.

The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 9 that the procedures and presumptions of this Article are not valid, binding and enforceable and shall

stipulate in any such court that the Corporation is bound by all provisions of this Article. In the event that Indemnitee, pursuant to this Section 9, seeks a judicial adjudication to enforce his rights under, or to recover damages for breach of, this Article, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all Expenses actually and reasonably incurred by him in such judicial adjudication, but only if he prevails therein. If it shall be determined in such judicial adjudication that Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

Section 10. Nonexclusivity of Rights. The rights of indemnification and advancement of Expenses as provided by this Article shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Article or any provision thereof shall be effective as to any Indemnitee for acts, events and circumstances that occurred, in whole or in part, before such amendment, alteration or repeal. The provisions of this Article shall continue as to an Indemnitee whose Corporate Status has ceased and shall inure to the benefit of his heirs, executors and administrators.

Section 11. Insurance and Subrogation. To the extent the Corporation maintains an insurance policy or policies providing liability insurance for directors or officers of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Corporation, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of coverage available for any such director or officer under such policy or policies.

In the event of any payment hereunder, the Corporation shall be subrogated to the extent of such payment to all the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

The Corporation shall not be liable under this Article to make any payment of amounts otherwise indemnifiable hereunder if, and to the extent that, Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 12. Severability. If any provision or provisions of this Article shall be held to be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby; and, to the fullest extent possible, the provisions of this Article shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

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Section 13. Certain Persons Not Entitled to Indemnification. Notwithstanding any other provision of this Article, no person shall be entitled to indemnification or advancement of Expenses under this Article with respect to any Proceeding, or any Matter therein, brought or made by such person against the Corporation.

Section 14. Definitions. For purposes of this Article:

"Change of Control" means a change in control of the Corporation after the date of adoption of these Bylaws in any one of the following circumstances: (i) there shall have occurred an event required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of

1934 (the "ACT"), whether or not the Corporation is then subject to such reporting requirement; (ii) any "person" (as such term is used in Section 13(d) and 14(d) of the Act) shall have become the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing 40% or more of the combined voting power of the Corporation's then outstanding voting securities without prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person attaining such percentage interest; (iii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; (iv) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

"Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Corporation.

"Disinterested Director" means a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

"Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, or being or preparing to be a witness in a Proceeding.

"Indemnitee" includes any person who is, or is threatened to be made, a witness in or a party to any Proceeding as described in Section 1 or 2 of this Article by reason of his Corporate Status.

"Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the five years previous to his

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selection or appointment has been, retained to represent: (i) the Corporation or Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder.

"Matter" is a claim, a material issue, or a substantial request for relief.

"Proceeding" includes any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative, except one initiated by an Indemnitee pursuant to Section 9 of this Article to enforce his rights under this Article.

Section 15. Notices. Any communication required or permitted to the Corporation shall be addressed to the Secretary of the Corporation and any such communication to Indemnitee shall be addressed to his home address unless he specifies otherwise and shall be personally delivered or delivered by overnight mail delivery.

Section 16. Contractual Rights. The right to be indemnified or to the advancement or reimbursement of Expenses (i) is a contract right based upon good and valuable consideration, pursuant to which Indemnatee may sue as if these provisions were set forth in a separate written contract between him or her and the Corporation, (ii) is and is intended to be retroactive and shall be available as to events occurring prior to the adoption of these provisions, and (iii) shall continue after any rescission or restrictive modification of such provisions as to events occurring prior thereto.

RENT-A-CENTER, INC.,
as Issuer,

the GUARANTORS named herein,
as Guarantors,

and

THE BANK OF NEW YORK,
as Trustee

THIRD SUPPLEMENTAL INDENTURE

Dated as of May 7, 2004

to

INDENTURE

Dated as of May 6, 2003

between

RENT-A-CENTER, INC., as Issuer,

the GUARANTORS named therein, as Guarantors,

and

THE BANK OF NEW YORK, as Trustee

\$300,000,000

SERIES B

7 1/2% SENIOR SUBORDINATED NOTES DUE 2010

This THIRD SUPPLEMENTAL INDENTURE, dated as of May 7, 2004, is entered into by and among Rent-A-Center, Inc., a Delaware corporation (the "COMPANY"), Rent-A-Center East, Inc., a Delaware corporation ("RAC EAST"), ColorTyme, Inc., a Texas corporation ("COLORTYME"), Rent-A-Center West, Inc., a Delaware corporation ("RAC WEST"), Get It Now, LLC, a Delaware limited liability company ("GET IT NOW"), Rent-A-Center Texas, L.P., a Texas limited partnership ("RAC TEXAS, LP"), Rent-A-Center Texas, L.L.C., a Nevada limited liability company ("RAC TEXAS, LLC"), Rent-A-Center International, Inc., a Delaware corporation ("RAC INTERNATIONAL"), Rent-A-Center Addison, L.L.C., a Delaware limited liability company ("RAC ADDISON"), RAC National Product Service, LLC, a Delaware limited liability company ("RAC NATIONAL"), RAC RR, Inc., a Delaware corporation ("RAC RR"), and The Bank of New York, a New York banking corporation, as Trustee (the "TRUSTEE").

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of May 6, 2003, as supplemented by the First Supplemental Indenture, dated December 4, 2003, and the Second Supplemental Indenture, dated April 26, 2004, by and among the Company, RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National and the Trustee (the "INDENTURE"), providing for the issuance of its 7-1/2% Series B Senior Subordinated Notes due 2010 (the "NOTES"); and

WHEREAS, RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison and RAC National are currently Guarantors under the Indenture; and

WHEREAS, RAC East has formed RAC RR as a wholly-owned subsidiary; and

WHEREAS, the Company is a party to that certain Agreement and Plan of Merger and Reorganization (the "MERGER AGREEMENT"), dated as of April 27, 2004, by and among the Company, RAC RR, and Rent Rite, Inc. d/b/a Rent Rite Rental Purchase, a Tennessee corporation ("RENT RITE"), pursuant to which Rent Rite will merge with and into RAC RR (the "MERGER"), with RAC RR continuing as the surviving entity; and

WHEREAS, the Company has designated RAC RR as a Restricted Subsidiary under the Indenture to be effective immediately prior to consummation of the Merger; and

WHEREAS, pursuant to Section 1012 and 1009 of the Indenture, the Merger is permitted under the Indenture; and

WHEREAS, pursuant to Section 1020 of the Indenture, the addition of RAC RR as a Guarantor is required under the Indenture; and

WHEREAS, RAC RR has agreed to become a Guarantor by guaranteeing the obligations of the Company under the Indenture in accordance with the terms thereof; and

WHEREAS, RAC RR has been duly authorized to enter into, execute and deliver this Third Supplemental Indenture.

NOW, THEREFORE, for and in consideration of the premises and covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, RAC East, ColorTyme, RAC

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West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National, RAC RR and the Trustee agree as follows:

SECTION 1. Capitalized terms used herein but not defined herein shall have the meaning provided in the Indenture.

SECTION 2. The Trustee hereby consents to the Merger and the addition of RAC RR as an additional Guarantor under the Indenture. As of the date hereof (the "EFFECTIVE TIME"), RAC RR shall become, and each of RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison and RAC National shall continue to be, a "Guarantor" under and as defined in the Indenture, and at the Effective Time, RAC RR shall assume all the obligations of a Guarantor under the Notes and the Indenture as described in the Indenture. RAC RR hereby unconditionally guarantees the full and prompt payment of the principal of, premium, if any, and interest on the Notes and all other obligations of the Issuer and the Guarantors under the Indenture in accordance with the terms of the Notes and the Indenture.

SECTION 3. Except as expressly supplemented by this Third Supplemental Indenture, the Indenture and the Notes issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Indenture and Notes issued thereunder shall remain in full force and effect.

SECTION 4. This Third Supplemental Indenture is executed and shall constitute an indenture supplemental to the Indenture and shall be construed in connection with and as part of the Indenture. This Third Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction that governs the Indenture and its construction.

SECTION 5. This Third Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes, but such counterparts shall together be deemed to constitute but one and the same instrument.

SECTION 6. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Third Supplemental Indenture may refer to the Indenture without making specific reference to this Third Supplemental Indenture, but nevertheless all such references shall include this Third Supplemental Indenture unless the context otherwise requires.

SECTION 7. This Third Supplemental Indenture shall be deemed to have become effective upon the date first above written.

SECTION 8. In the event of a conflict between the terms of this Third Supplemental Indenture and the Indenture, this Third Supplemental Indenture shall control.

SECTION 9. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Third Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company, RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National and RAC RR.

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IN WITNESS WHEREOF, the parties have caused this Third Supplemental Indenture to be duly executed as of the day and year first above written.

THE BANK OF NEW YORK,
as Trustee

By: /s/ VAN K. BROWN

Name: Van K. Brown

Title: Vice President

RENT-A-CENTER, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
President and Chief Operating Officer

RENT-A-CENTER EAST, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

COLORTYME, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

RENT-A-CENTER WEST, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

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GET IT NOW, LLC

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

RENT-A-CENTER TEXAS, L.P.

By: Rent-A-Center East, Inc.,
its general partner

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

RENT-A-CENTER TEXAS, L.L.C.

By: /s/ JAMES ASHWORTH

James Ashworth
President and Secretary

RENT-A-CENTER INTERNATIONAL, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

RENT-A-CENTER ADDISON, L.L.C.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

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RAC NATIONAL PRODUCT SERVICE, LLC

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

RAC RR, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

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RENT-A-CENTER, INC.,
as Issuer,

the GUARANTORS named herein,
as Guarantors,

and

THE BANK OF NEW YORK,
as Trustee

FOURTH SUPPLEMENTAL INDENTURE

Dated as of May 14, 2004

to

INDENTURE

Dated as of May 6, 2003

between

RENT-A-CENTER, INC., as Issuer,

the GUARANTORS named therein, as Guarantors,

and

THE BANK OF NEW YORK, as Trustee

\$300,000,000

SERIES B

7 1/2% SENIOR SUBORDINATED NOTES DUE 2010

This FOURTH SUPPLEMENTAL INDENTURE, dated as of May 14, 2004, is entered into by and among Rent-A-Center, Inc., a Delaware corporation (the "COMPANY"), Rent-A-Center East, Inc., a Delaware corporation ("RAC EAST"), ColorTyme, Inc., a Texas corporation ("COLORTYME"), Rent-A-Center West, Inc., a Delaware corporation ("RAC WEST"), Get It Now, LLC, a Delaware limited liability company ("GET IT NOW"), Rent-A-Center Texas, L.P., a Texas limited partnership ("RAC TEXAS, LP"), Rent-A-Center Texas, L.L.C., a Nevada limited liability company ("RAC TEXAS, LLC"), Rent-A-Center International, Inc., a Delaware corporation ("RAC INTERNATIONAL"), Rent-A-Center Addison, L.L.C., a Delaware limited liability company ("RAC ADDISON"), RAC National Product Service, LLC, a Delaware limited liability company ("RAC NATIONAL"), RAC RR, Inc., a Delaware corporation ("RAC RR"), Eagle Acquisition Sub, Inc., an Ohio corporation ("EAGLE"), and The Bank of New York, a New York banking corporation, as Trustee (the "TRUSTEE").

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of May 6, 2003, as supplemented by the First Supplemental Indenture, dated December 4, 2003, the Second Supplemental Indenture, dated April 26, 2004, and the Third Supplemental Indenture, dated May 7, 2004, by and among the Company, RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National, RAC RR and the Trustee (the "INDENTURE"), providing for the issuance of its 7-1/2% Series B Senior Subordinated Notes due 2010 (the "NOTES"); and

WHEREAS, RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National and RAC RR are currently Guarantors under the Indenture; and

WHEREAS, RAC East has formed Eagle as a wholly-owned subsidiary of RAC East; and

WHEREAS, the Company is a party to that certain Agreement and Plan of Merger (the "MERGER AGREEMENT"), dated as of February 4, 2004, by and among the Company, Eagle and Rainbow Rentals, Inc., an Ohio corporation ("RAINBOW"), pursuant to which Eagle will merge with and into Rainbow (the "MERGER"), with Rainbow continuing as the surviving entity; and

WHEREAS, the Company has designated Eagle as a Restricted Subsidiary under the Indenture to be effective immediately upon consummation of the Merger; and

WHEREAS, pursuant to Section 1009 of the Indenture, the Merger is permitted under the Indenture; and

WHEREAS, pursuant to Section 1020 of the Indenture, the addition of Eagle as a Guarantor is required under the Indenture; and

WHEREAS, Eagle has agreed to become a Guarantor by guaranteeing the obligations of the Company under the Indenture in accordance with the terms thereof; and

WHEREAS, Eagle has been duly authorized to enter into, execute and deliver this Fourth Supplemental Indenture.

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NOW, THEREFORE, for and in consideration of the premises and covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National, RAC RR, Eagle and the Trustee agree as follows:

SECTION 1. Capitalized terms used herein but not defined herein shall have the meaning provided in the Indenture.

SECTION 2. The Trustee hereby consents to the addition of Eagle as an additional Guarantor under the Indenture. As of the date hereof (the "EFFECTIVE TIME"), Eagle shall become, and each of RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National and RAC RR shall continue to be, a "Guarantor" under and as defined in the Indenture, and at the Effective Time, Eagle shall assume all the obligations of a Guarantor under the Notes and the Indenture as described in the Indenture. Eagle hereby unconditionally guarantees the full and prompt payment of the principal of, premium, if any, and interest on the Notes and all other obligations of the Issuer and the Guarantors under the Indenture in accordance with the terms of the Notes and the Indenture.

SECTION 3. Except as expressly supplemented by this Fourth Supplemental Indenture, the Indenture and the Notes issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants and agreements of the Indenture and Notes issued thereunder shall remain in full force and effect.

SECTION 4. This Fourth Supplemental Indenture is executed and shall constitute an indenture supplemental to the Indenture and shall be construed in connection with and as part of the Indenture. This Fourth Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction that governs the Indenture and its construction.

SECTION 5. This Fourth Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes, but such counterparts shall together be deemed to constitute but one and the same instrument.

SECTION 6. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Fourth Supplemental Indenture may refer to the Indenture without making specific reference to this Fourth Supplemental Indenture, but nevertheless all such references shall include this Fourth Supplemental Indenture unless the context otherwise requires.

SECTION 7. This Fourth Supplemental Indenture shall be deemed to have become effective upon the date first above written.

SECTION 8. In the event of a conflict between the terms of this Fourth Supplemental Indenture and the Indenture, this Fourth Supplemental Indenture shall control.

SECTION 9. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Fourth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company, RAC East,

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ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National, RAC RR and Eagle.

SIGNATURES APPEAR ON NEXT PAGE

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IN WITNESS WHEREOF, the parties have caused this Fourth Supplemental Indenture to be duly executed as of the day and year first above written.

THE BANK OF NEW YORK,
as Trustee

By: /s/ VAN K. BROWN

Name: Van K. Brown

Title: Vice President

RENT-A-CENTER, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
President and Chief Operating Officer

RENT-A-CENTER EAST, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

COLORTYME, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

RENT-A-CENTER WEST, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

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GET IT NOW, LLC

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

RENT-A-CENTER TEXAS, L.P.

By: Rent-A-Center East, Inc.,
its general partner

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

RENT-A-CENTER TEXAS, L.L.C.

By: /s/ JAMES ASHWORTH

James Ashworth
President and Secretary

RENT-A-CENTER INTERNATIONAL, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

RENT-A-CENTER ADDISON, L.L.C.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

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RAC NATIONAL PRODUCT SERVICE, LLC

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

RAC RR, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

EAGLE ACQUISITION SUB, INC.

By: /s/ MITCHELL E. FADEL

Mitchell E. Fadel
Vice President

SUBSIDIARIES

ColorTyme, Inc., a Texas corporation

Get It Now, LLC, a Delaware limited liability company

RAC Canada Finance LP, a Canadian limited partnership

RAC Canada Holdings, a Canadian partnership

RAC National Product Service, LLC, a Delaware limited liability company

RAC RR, Inc., a Delaware corporation

Remco America, Inc., a Delaware corporation

Rent-A-Center Addison, L.L.C., a Delaware limited liability company

Rent-A-Center East, Inc., a Delaware corporation

Rent-A-Center International, Inc., a Delaware corporation

Rent-A-Center Texas, L.P., a Texas limited partnership

Rent-A-Center Texas, L.L.C., a Nevada limited liability company

Rent-A-Center West, Inc., a Delaware corporation

Rent-A-Centre Canada, Ltd., a Canadian corporation

Rainbow Rentals, Inc., an Ohio corporation

I, Mark E. Speese, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rent-A-Center, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2004

/s/ Mark E. Speese

Mark E. Speese
Chairman of the Board
and Chief Executive Officer

I, Robert D. Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rent-A-Center, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 30, 2004

/s/ Robert D. Davis

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

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Rent-A-Center, Inc. (the "COMPANY") on Form 10-Q for the period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "REPORT"), I, Mark E. Speese, Chairman of the Board and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark E. Speese

Mark E. Speese
Chairman of the Board and
Chief Executive Officer

Dated: July 30, 2004

A signed original of this written statement required by Section 906 has been provided to Rent-A-Center, Inc. and will be retained by Rent-A-Center, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Rent-A-Center, Inc. (the "COMPANY") on Form 10-Q for the period ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "REPORT"), I, Robert D. Davis, Senior Vice President - Finance, Treasurer and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert D. Davis

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

Dated: July 30, 2004

A signed original of this written statement required by Section 906 has been provided to Rent-A-Center, Inc. and will be retained by Rent-A-Center, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.