



Rent-A-Center, Inc. Reports Third Quarter 2001 Results; Same Store Sales Increase 4.5

November 12, 2001

PLANO, Texas, Nov. 12 -- Rent-A-Center, Inc. (Nasdaq: RCII) (the "Company") announced today net earnings and record revenues for the quarter ended September 30, 2001.

The Company, the nation's largest rent-to-own operator, had net earnings for the quarter ended September 30, 2001 of \$18.9 million, or \$0.50 per diluted share, when excluding the after-tax effect of a non-recurring charge discussed below, representing a 20.8% decrease from the comparable 2000 period net earnings of \$23.9 million, or \$0.68 per diluted share. Total revenues for the quarter ended September 30, 2001 increased to \$447.1 million as compared to \$405.0 million for the same quarter of the prior year. The 10.4% increase in revenues was primarily driven by incremental revenues generated in new and acquired stores, as well as growth in same store revenues. Same store revenues (revenues earned in stores operated for the entirety of both periods) during the third quarter of 2001 increased 4.5% above the comparable quarter of 2000. The Company's quarterly decline in net earnings, exclusive of the one-time charge, resulted primarily from costs associated with new store growth initiatives, an overall increase in expenses, as well as a deterioration of the gross profit margin resulting from in store promotions whereby rates and terms were reduced on certain rental agreements.

Net earnings for the nine months ended September 30, 2001 were \$71.5 million, or \$1.93 per diluted share, representing an increase of 5.6% over the net earnings of \$67.7 million, when excluding the non-recurring charge and the one time gain discussed below, or \$1.95 per diluted share for the same period in the prior year. Total revenues for the nine months ended September 30, 2001 increased to \$1.330 billion from \$1.190 billion in 2000, representing an increase of 11.8%. Same store revenues for the nine month period ending September 30, 2001 increased 7.5%.

During the third quarter of 2001, the Company recorded a one-time, non-recurring pre-tax charge of \$16.0 million as a result of the agreement in principal for the settlement of Margaret Bunch, et al v. Rent-A-Center, Inc., a lawsuit pending in federal court in Kansas City, Missouri, asserting various claims of gender discrimination and other gender based claims on behalf of a nationwide class. Under the terms of the proposed settlement, the Company, while not admitting liability, agreed to pay an aggregate of \$12.25 million to the plaintiffs, and approximately \$3.75 million is estimated for attorney's fees, administrative costs, and various other costs. The settlement is subject to court approval.

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

"We continue to be encouraged by the strong level of demand and foot traffic in our store locations, as evidenced by the strength in the number of deliveries week after week, as well as our same store sales results," commented Mark E. Speese, the Company's Chairman and Chief Executive Officer. "However, we are clearly disappointed in our current level of profitability," continued Mr. Speese, "and therefore, our near term focus is on expense and gross margin management in an effort to return to the store operating margin levels we enjoyed as recently as early 2001."

During the third quarter of 2001, the Company opened 18 new store locations and acquired an additional 13 stores through five separate transactions. Through September 30, 2001, the Company has opened 61 new stores and acquired a total of 91 others this year. Mitchell E. Fadel, the Company's President commented, "Our long term future earnings growth will be driven by our new store and acquisition programs. Since we began opening new stores again in late September 2000, the Company has opened a total of 108 locations. While, as we expected, these stores are currently dilutive to earnings," added Mr. Fadel, "we are continuing to refine our new store program and as a result, our most recent openings are tracking ahead of the stores we opened almost a year ago at a similar point in time."

The Company's cash flow from operations was \$53.2 million for the third quarter and \$116.8 million for the nine months ended September 30, 2001. The Company has reduced debt by \$32.0 million since June 30, 2001 and over \$108.0 million since December 31, 2000. All debt reductions for 2001 are after providing for the cost of the new stores and acquisitions mentioned above.

"The fourth quarter of this year is an important period for our Company," Speese commented, "and we believe we can and will build consistent earnings growth off the third quarter of 2001. We expect diluted earnings per share to be between \$0.58 to \$0.60 in the fourth quarter of 2001 and \$2.51 to \$2.53 for the 2001 fiscal year, excluding the one-time charge. We remain confident in the fundamentals of our business and as we look to 2002, we expect same store sales of 3% to 5% and earnings of \$3.30 to \$3.40 per share. This guidance excludes any benefit from expense management efforts that we will be implementing over the next 12 to 24 months."

Rent-A-Center will host a conference call to discuss the third quarter financial results on Tuesday morning, November 13, 2001, at 10:45 a.m. EST. For a live webcast of the call, visit <http://www.rentacenter.com/CompanyInfo/CompanyInfo.html>. The webcast will be archived for a period of two weeks.

Rent-A-Center, Inc., headquartered in Plano, Texas, currently operates 2,297 rent-to-own stores in 50 states, Washington, D.C. and Puerto Rico, offering high-quality, durable goods such as consumer electronics, appliances, computers, furniture and accessories to consumers under flexible rental purchase arrangements that allow the customer to obtain ownership of the merchandise at the conclusion of an agreed-upon rental period.

ColorTyme, Inc., a wholly owned subsidiary of the Company, is a national franchiser of 344 rent-to-own stores, 331 of which operate under the trade name of "ColorTyme," and the remaining 13 of which operate under the "Rent-A-Center" name.

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

FOURTH QUARTER 2001 GUIDANCE:

Revenues

- The Company expects total revenues to be in the range of \$460 million to \$470 million.
- Store rental and fee revenues are expected to be between \$427 million and \$432 million.
- Total store revenues are expected to be in the range of \$445 million to \$452 million.
- Same store sales increases are expected to be in the 6% to 7% range.
- The Company expects to open 10-15 new store locations.

Expenses

- The Company expects depreciation of rental merchandise to be between 21.0% and 21.4% of store rental and fee revenue and cost of goods merchandise sales to be between 75% and 85% of store merchandise sales.
- Store salaries and other expenses are expected to be in the range of 59% to 61% of total store revenue.
- General and administrative expenses are expected to be between 3.1% and 3.4% of total revenue.
- Interest expense is expected to be approximately \$14.0 million and amortization of intangibles is expected to be approximately \$8.0 million.
- The effective tax rate is expected to be approximately 44.0% of pre-tax income.
- Diluted earnings per share are estimated to be in the range of \$0.58 to \$0.60.
- Diluted shares outstanding are estimated to be between 37.0 million and 37.3 million.

FISCAL 2002 GUIDANCE:

Revenues

- The Company expects total revenues to be in the range of \$1.90 billion and \$1.95 billion.
- Store rental and fee revenues are expected to be between \$1.76 billion and \$1.79 billion.
- Total store revenues are expected to be in the range of \$1.85 billion and \$1.88 billion.
- Same store sales increases are expected to be in the 3% to 5% range.
- The Company expects to open approximately 75 new store locations.

Expenses

- The Company expects depreciation of rental merchandise to be between 20.8% and 21.3% of store rental and fee revenue and cost of goods merchandise sales to be between 75% and 80% of store merchandise sales.
- Store salaries and other expenses are expected to be in the range of 58.0% to 60.0% of total store revenue.
- General and administrative expenses are expected to be between 3.3% and 3.5% of total revenue.
- Interest expense is expected to be between \$54.0 million and \$59.0 million and amortization of intangibles is expected to be approximately \$3.0 million.
- Tax rate is expected to be between 40.25% and 40.75% of pre-tax income.
- Diluted earnings per share are estimated to be in the range of \$3.30 to \$3.40.
- Diluted shares outstanding are estimated to be between 36.8 million and 37.2 million.

This press release and the guidance above contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," or "believe," or the negative thereof or variations thereon or similar terminology. Although the Company believes that the expectations reflected in such forward-looking statements will prove to be correct, the Company can give no assurance that such expectations will prove to have been correct. The actual future performance of the Company could differ materially from such statements. Factors that could cause or contribute to such differences include, but are not limited to, uncertainties regarding the ability to open new stores; the Company's ability to acquire additional rent-to-own stores on favorable terms; the Company's ability to enhance the performance of these acquired stores; the Company's ability to control store level costs; the results of the Company's litigation; the passage of legislation adversely affecting the rent-to-own industry; interest rates; the Company's ability to collect on its rental purchase agreements; the Company's ability to effectively hedge interest rates on its outstanding debt; changes in the Company's effective tax rate;

and the other risks detailed from time to time in the Company's SEC filings, included but not limited to, its annual report on Form 10-K for the year ended December 31, 2000, its quarterly report on Form 10-Q/A for the quarter ended March 31, 2001 and its quarterly report on Form 10-Q for the quarter ended June 30, 2001. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except as required by law, the Company is not obligated to publicly release any revisions to these forward-looking statements to reflect the events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

Rent-A-Center, Inc. and Subsidiaries
STATEMENT OF EARNINGS HIGHLIGHTS

(In Thousands of Dollars, except per share data)

	Three Months Ended September 30,		
	2001	2001	2000
	Before Non- Recurring Legal Charge	After Non- Recurring Legal Charge Unaudited	
Total Revenue	\$ 447,074	\$ 447,074	\$ 404,968
Operating Profit	48,372	32,372(A)	63,720
Net Earnings	18,934	9,974(A)	23,901
Diluted Earnings Per Common Share	\$ 0.50	\$ 0.26(A)	\$ 0.68
EBITDA	\$ 65,904	\$ 50,166(A)	\$ 79,197

	Nine Months Ended September 30,			
	2001	2001	2000	2000
	Before Non- Recurring Legal Charge	After Non- Recurring Legal Charge Unaudited	Before Non- Recurring Legal Reversion	After Non- Recurring Legal Reversion
Total Revenue	\$1,329,535	\$1,329,535	\$1,189,739	\$1,189,739
Operating Profit	177,497	161,497(A)	184,073	206,456(B)
Net Earnings	71,477	62,517(A)	67,663	79,414(B)
Diluted Earnings Per Common Share	\$ 1.93	\$ 1.68(A)	\$ 1.95	\$ 2.30(B)
EBITDA	\$ 228,005	\$ 212,267(A)	\$ 229,833	\$ 252,216(B)

(A) Including the effects of a pre-tax, non-recurring legal charge of

\$16.0 million associated with the settlement in principle of an asserted class action lawsuit pending in federal court in the state of Missouri.

(B) Including the effects of a pre-tax, non-recurring legal reversion of

\$22.4 million associated with the 1999 settlement of three class action lawsuits in the state of New Jersey.

Rent-A-Center, Inc. and Subsidiaries
Diluted Earnings Per Common Share Before Goodwill Amortization

(In Thousands of Dollars, except per share data)

	Three Months Ended September 30,	
	2001	2001
	2001	2000
	Before Non- Recurring Legal Charge	After Non- Recurring Legal Charge

Unaudited

Net Earnings	\$ 18,934	\$ 9,974	\$ 23,901
Goodwill Amortization Net of Tax Effects	6,380	6,380	6,153
Adjusted Net Earnings	\$ 25,314	\$ 16,354	\$ 30,054
Diluted Weighted Average Shares Outstanding	37,779	37,779	35,113
Diluted Earnings Per Common Share Before Goodwill Amortization	\$ 0.67	\$ 0.43	\$ 0.86

	Nine Months Ended September 30,			
	2001 Before Non- Recurring Legal Charge	2001 After Non- Recurring Legal Charge	2000 Before Non- Recurring Legal Reversion	2000 After Non- Recurring Legal Reversion
	Unaudited			
Net Earnings	\$ 71,477	\$ 62,517(A)	\$ 67,663	\$ 79,414(B)
Goodwill Amortization Net of Tax Effects	18,725	18,725	18,163	18,163
Adjusted Net Earnings	\$ 90,202	\$ 81,242(A)	\$ 85,826	\$ 97,577(B)
Diluted Weighted Average Shares Outstanding	37,117	37,117	34,601	34,601
Diluted Earnings Per Common Share Before Goodwill Amortization	\$ 2.43	\$ 2.19(A)	\$ 2.48	\$ 2.82(B)

(A) Including the effects of a pre-tax, non-recurring legal charge of

\$16.0 million associated with the settlement in principle of an asserted class action lawsuit pending in federal court in the state of Missouri.

(B) Including the effects of a pre-tax, non-recurring legal reversion of

\$22.4 million associated with the 1999 settlement of three class action lawsuits in the state of New Jersey.

Selected Balance Sheet Data:

(in Thousands of Dollars)	Sept. 30, 2001	Dec. 31, 2000
Cash and cash equivalents	\$ 28,935	\$ 36,495
Prepaid expenses and other assets	33,737	31,805
Rental merchandise, net		
On rent	527,724	477,095
Held for rent	116,670	110,137
Total Assets	1,530,344	1,486,910
Senior debt	458,020	566,051
Subordinated notes payable	175,000	175,000
Total Liabilities	812,749	896,307
Stockholders' Equity	428,394	309,371

(In Thousands of Dollars, except per share data)

	Three Months Ended September 30, 2001	Unaudited 2000
Store Revenue		
Rentals and Fees	\$ 411,241	\$ 372,402
Merchandise Sales	21,569	18,887
Other	640	922
	433,450	392,211
Franchise Revenue		
Franchise Merchandise Sales	12,087	11,143
Royalty Income and Fees	1,537	1,614
Total Revenue	447,074	404,968
Operating Expenses		
Direct Store Expenses		
Depreciation of Rental Merchandise	86,198	77,014
Cost of Merchandise Sold	17,176	14,348
Salaries and Other Expenses	261,992	219,195
Franchise Operation Expenses		
Cost of Franchise Merchandise Sales	11,624	10,815
	376,990	321,372
General and Administrative Expenses	13,974	12,708
Amortization of Intangibles	7,738	7,168
Non-Recurring Legal Settlements	16,000	---
Total Operating Expenses	414,702	341,248
Operating Profit	32,372	63,720
Interest Expense	14,837	18,915
Interest Income	(282)	(720)
Earnings Before Income Taxes	17,817	45,525
Income Tax Expense	7,843	21,624
NET EARNINGS	9,974	23,901
Preferred Dividends	2,709	2,631
Net earnings allocable to common stockholders	\$ 7,265	\$ 21,270
BASIC WEIGHTED AVERAGE SHARES	26,666	24,404
BASIC EARNINGS PER COMMON SHARE	\$ 0.27	\$ 0.87
DILUTED WEIGHTED AVERAGE SHARES	37,779	35,113
DILUTED EARNINGS PER COMMON SHARE	\$ 0.26	\$ 0.68

Rent-A-Center, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF EARNINGS

(In Thousands of Dollars, except per share data)

Nine Months Ended September 30,
2001
Unaudited
2000

Store Revenue		
Rentals and Fees	\$1,213,387	\$1,082,949
Merchandise Sales	72,440	63,906
Other	2,878	1,916
	1,288,705	1,148,771
Franchise Revenue		
Franchise Merchandise Sales	36,346	36,355
Royalty Income and Fees	4,484	4,613
Total Revenue	1,329,535	1,189,739
Operating Expenses		
Direct Store Expenses		
Depreciation of Rental Merchandise	251,286	222,545
Cost of Merchandise Sold	54,176	51,744
Salaries and Other Expenses	748,576	639,041
Franchise Operation Expenses		
Cost of Franchise Merchandise Sales	34,821	35,049
	1,088,859	948,379
General and Administrative Expenses	40,777	36,189
Amortization of Intangibles	22,402	21,098
Non-Recurring Legal Reversion	16,000	(22,383)
Total Operating Expenses	1,168,038	983,283
Operating Profit	161,497	206,456
Interest Expense	47,215	56,284
Interest Income	(870)	(1,094)
Earnings Before Income Taxes	115,152	151,266
Income Tax Expense	52,635	71,852
NET EARNINGS	62,517	79,414
Preferred Dividends	12,087	7,764
Net earnings allocable to common stockholders	\$ 50,430	\$ 71,650
BASIC WEIGHTED AVERAGE SHARES	25,766	24,347
BASIC EARNINGS PER COMMON SHARE	\$ 1.96	\$ 2.94
DILUTED WEIGHTED AVERAGE SHARES	37,117	34,601
DILUTED EARNINGS PER COMMON SHARE	\$ 1.68	\$ 2.30

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