SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM __________ TO __________.

Commission File Number 0-25370

RENT-A-CENTER, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	48-1024367
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5700 Tennyson Parkway, Third Floor
Plano, Texas 75024
(972) 801-1100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

NONE
(Former name, former address and former fiscal year, if changed since last report)

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

YES X NO ---

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 8, 2002:

Class	Outstanding
Common stock, $.01 par value per share	34,935,423

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RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS OF DOLLARS, EXCEPT SHARE DATA)

	SEPTEMBER 30, 2002	DECEMBER 31, 2001
	UNAUDITED	
ASSETS		
Cash and cash equivalents	$ 110,261	$ 107,958
Accounts receivable - trade	2,885	1,664
Prepaid expenses and other assets	28,043	29,846
Rental merchandise, net		
On rent	505,397	531,627
Held for rent	119,197	122,074
Property assets, net	105,786	106,883
Deferred income tax assets	--	8,772
Intangible assets, net	739,489	711,096
	$ 1,611,058	$ 1,619,920
LIABILITIES		
Accounts payable - trade	$ 50,898	$ 49,930
Accrued liabilities	197,774	170,196
Deferred income tax liabilities	19,688	--
Senior debt	260,000	428,000
Subordinated notes payable, net of discount	273,312	274,506
	801,672	922,632
COMMITMENTS AND CONTINGENCIES	--	--
PREFERRED STOCK		
Redeemable convertible voting preferred stock, net of placement costs, $.01 par value; 5,000,000 shares authorized; 2 and 292,434 shares issued and outstanding in 2002 and 2001, respectively	2	291,910
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value; 125,000,000 shares authorized; 39,391,892 and 27,726,092 shares issued in 2002 and 2001, respectively	394	277
Additional paid-in capital	527,697	191,438
Accumulated comprehensive loss	(5,509)	(6,319)
Retained earnings	383,405	269,982
Treasury stock, 4,179,669 and 2,224,179 shares at cost in 2002 and 2001, respectively	(96,603)	(50,000)
	809,384	405,378
	$ 1,611,058	$ 1,619,920

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	NINE MONTHS ENDED SEPTEMBER 30, 2002	NINE MONTHS ENDED SEPTEMBER 30, 2001
	UNAUDITED	
Revenues		
Store		
Rentals and fees	$ 1,356,062	$ 1,213,387
Merchandise sales	88,309	72,440
Other	1,742	2,878
Franchise		
Merchandise sales	37,305	36,346
Royalty income and fees	4,413	4,484
	1,487,831	1,329,535
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	282,085	251,286
Cost of merchandise sold	62,950	54,176
Salaries and other expenses	795,649	748,576
Franchise cost of merchandise sold	35,598	34,821
	1,176,282	1,088,859
General and administrative expenses	47,727	40,777
Amortization of intangibles	3,199	22,402
Non-recurring litigation settlements	--	16,000
Total operating expenses	1,227,208	1,168,038
Operating profit	260,623	161,497
Interest expense	49,565	47,215
Interest income	(2,016)	(870)
Earnings before income taxes	213,074	115,152
Income tax expense	86,119	52,635
NET EARNINGS	126,955	62,517
Preferred dividends	10,211	12,087
Net earnings allocable to common stockholders	$ 116,744	$ 50,430
Basic earnings per common share	$ 4.24	$ 1.96
Diluted earnings per common share	$ 3.48	$ 1.68

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(IN THOUSANDS, EXCEPT PER SHARE DATA)	THREE MONTHS ENDED SEPTEMBER 30, 2002	2001
	UNAUDITED	
Revenues		
Store		
Rentals and fees	$ 456,208	$ 411,241
Merchandise sales	24,710	21,569
Other	561	640
Franchise		
Merchandise sales	11,566	12,087
Royalty income and fees	1,516	1,537
	494,561	447,074
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	95,508	86,198
Cost of merchandise sold	18,471	17,176
Salaries and other expenses	268,552	261,992
Franchise cost of merchandise sold	11,061	11,624
	393,592	376,990
General and administrative expenses	15,325	13,974
Amortization of intangibles	1,557	7,738
Non-recurring litigation settlement	--	16,000
Total operating expenses	410,474	414,702
Operating profit	84,087	32,372
Interest expense	15,301	14,837
Interest income	(588)	(282)
Earnings before income taxes	69,374	17,817
Income tax expense	27,925	7,843
NET EARNINGS	41,449	9,974
Preferred dividends	1,321	2,709
Net earnings allocable to common stockholders	$ 40,128	$ 7,265
Basic earnings per common share	$ 1.24	$ 0.27
Diluted earnings per common share	$ 1.14	$ 0.26

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, (IN THOUSANDS OF DOLLARS)	2002	2001
	UNAUDITED	
Cash flows from operating activities		
Net earnings	$ 126,955	$ 62,517
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of rental merchandise	282,085	251,286
Depreciation of property assets	28,525	28,106
Amortization of intangibles	3,199	22,402
Amortization of financing fees	5,451	2,070
Changes in operating assets and liabilities, net of effects of Acquisitions		
Rental merchandise	(238,606)	(291,696)
Accounts receivable - trade	(1,221)	437
Prepaid expenses and other assets	(6,327)	(3,946)
Deferred income taxes	28,460	28,395
Accounts payable - trade	968	(2,669)
Accrued liabilities	36,194	19,903
Net cash provided by operating activities	265,683	116,805
Cash flows from investing activities		
Purchase of property assets	(27,606)	(42,282)
Proceeds from sale of property assets	216	395
Acquisitions of businesses	(43,322)	(44,943)
Net cash used in investing activities	(70,712)	(86,830)
Cash flows from financing activities		
Purchase of treasury stock	(46,603)	--
Exercise of stock options	23,185	24,819
Proceeds from issuance of common stock	--	45,677
Repurchase of subordinated notes	(1,250)	--
Repayments of debt	(168,000)	(108,031)
Net cash used in financing activities	(192,668)	(37,535)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,303	(7,560)
Cash and cash equivalents at beginning of period	107,958	36,495
Cash and cash equivalents at end of period	$ 110,261	$ 28,935
Supplemental cash flow information		
Cash paid during the year for:		
Interest	$ 47,468	$ 50,020
Income taxes	$ 29,225	$ 8,239
Supplemental schedule of non-cash investing and financing activities		
Fair value of assets acquired	$ 43,322	$ 44,943
Cash paid	$ 43,322	$ 44,943
Liabilities assumed	$ --	$ --

For the nine month period ending September 30, 2002 and 2001, we paid dividends on our Series A preferred stock of approximately $10.2 million and $12.1 million, respectively.

See accompanying notes to consolidated financial statements.

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 for the year ended December 31, 2001, our Quarterly Report on Form 10-Q for the three months ended March 31, 2002 and our Quarterly Report on Form 10-Q for the six months ended June 30, 2002. 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. Intangibles. In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, Business Combinations and SFAS No. 142, Goodwill and Intangible Assets. These statements established new accounting and reporting standards for business combinations and associated goodwill and intangible assets and require, among other things, the elimination of the pooling of interests method of accounting and amortization of acquired goodwill as well as periodic assessment for impairment of all goodwill and intangible assets acquired in a business combination. SFAS No. 142 is effective for our fiscal year beginning January 1, 2002. We conducted the transitional test of the fair value of our goodwill outstanding as of December 31, 2001 as required and determined there was no impairment as of that date. Accordingly, the implementation of SFAS No. 142 had no effect on our financial statements or operating results. Under SFAS No. 142, goodwill is subject to an annual assessment for impairment using a prescribed fair-value based test.

   Intangibles consist of the following (in thousands):

		SEPTEMBER 30, 2002		DECEMBER 31, 2001	
	AVG. LIFE (YEARS)	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION
Amortizable intangible assets					
Franchise network	10	$ 3,000	$ 1,875	$ 3,000	$ 1,650
Non-compete agreements	5	1,510	1,406	1,677	1,405
Customer contracts	1.5	10,848	4,633	3,994	1,882
Intangible assets not subject to amortization					
Goodwill		$831,207	$ 99,162	$806,524	$ 99,162
Total intangibles		$846,565	$107,076		

$815,195	$104,099
========	========
========	========

AGGREGATE AMORTIZATION EXPENSE	
Three months ended September 30, 2002...............	$ 1,557
Three months ended September 30, 2001...............	$ 7,738
Nine months ended September 30, 2002................	$ 3,199
Nine months ended September 30, 2001................	$22,402

SUPPLEMENTAL INFORMATION REGARDING INTANGIBLE ASSETS AND AMORTIZATION.

Estimated amortization expense for each of the years ending December 31, is as follows:

	ESTIMATED AMORTIZATION EXPENSE (IN THOUSANDS)
2002	$ 4,726
2003	5,159
2004	307
2005	302
2006	149
TOTAL	$10,643

Changes in the carrying amount of goodwill for the nine months ended September 30, 2002 are as follows (in thousands):

Balance as of January 1, 2002	$707,362
Acquisitions through September 30, 2002	24,683
Balance as of September 30, 2002	$732,045

Goodwill and intangible assets recognized prior to July 1, 2001 were amortized through December 31, 2001. At September 30, 2002, quarterly and year to date goodwill amortization of approximately $7.5 million and $23.0 million were not recognized in accordance with SFAS No. 142.

Below is a schedule showing the pro forma effect of SFAS No. 142 for the nine and three months ended September 30, 2002 in comparison to the nine and three months ended September 30, 2001.

(IN THOUSANDS, EXCEPT PER SHARE DATA)	NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001
	UNAUDITED	
Net earnings	$126,955	$ 62,517
Goodwill amortization, net of tax	--	18,725
Adjusted net earnings	$126,955	$ 81,242
Diluted weighted average shares outstanding	36,489	37,117
Diluted earnings per common share before goodwill amortization	$ 3.48	$ 2.19

(IN THOUSANDS, EXCEPT PER SHARE DATA)	THREE MONTHS ENDED SEPTEMBER 30,	
	2002	2001
	UNAUDITED	
Net earnings	$ 41,449	$ 9,974
Goodwill amortization, net of tax	--	6,380
Adjusted net earnings	$	

41,449 $ 16,354 ======== ========
Diluted weighted average shares outstanding 36,431 37,779
======== ======== Diluted earnings per common share before goodwill amortization
.... $ 1.14 $ 0.43 ======== ========

3. EARNINGS PER SHARE

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

(IN THOUSANDS, EXCEPT PER SHARE DATA) THREE MONTHS ENDED SEPTEMBER 30, 2002	NET EARNINGS	SHARES	PER SHARE
Basic earnings per common share	$40,128	32,355	$1.24
Effect of dilutive stock options	--	1,344	
Assumed conversion of convertible preferred stock	1,321	2,732	
Diluted earnings per common share ...	$41,449	36,431	$1.14

THREE MONTHS ENDED SEPTEMBER 30, 2001	NET EARNINGS	SHARES	PER SHARE
Basic earnings per common share	$ 7,265	26,666	$0.27
Effect of dilutive stock options	--	742	
Assumed conversion of convertible preferred stock	2,709	10,371	
Diluted earnings per common share ...	$ 9,974	37,779	$0.26

NINE MONTHS ENDED SEPTEMBER 30, 2002	NET EARNINGS	SHARES	PER SHARE
Basic earnings per common share	$116,744	27,526	$4.24
Effect of dilutive stock options	--	1,423	
Assumed conversion of convertible preferred stock	10,211	7,540	

Diluted earnings per common share ...	$126,955	36,489	$3.48
	========	======	=====

NINE MONTHS ENDED SEPTEMBER 30, 2001	NET EARNINGS	SHARES	PER SHARE
Basic earnings per common share	$50,430	25,766	$1.96
Effect of dilutive stock options	--	1,074	
Assumed conversion of convertible preferred stock	12,087	10,277	
Diluted earnings per common share ...	$62,517	37,117	$1.68
	=======	======	=====

For the three months ended September 30, 2002 and 2001, 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 300,000 and 441,500, respectively. For the nine months ended September 30, 2002 and 2001, 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 315,000 and 685,500, respectively.

Dividends on our Series A preferred stock are payable quarterly at an annual rate of 3.75%. We account for shares of preferred stock distributed as dividends in-kind at the greater of the stated value or the value of the common stock obtainable upon conversion on the payment date.

4. SUBSIDIARY GUARANTORS

At September 30, 2002, Rent-A-Center had $273.8 million of subordinated notes outstanding, maturing on August 15, 2008, including $100.0 million which were issued in December 2001 at 99.5% of par. The notes require semi-annual interest-only payments at 11%, and are guaranteed by Rent-A-Center's three principal subsidiaries. The notes are redeemable at Rent-A-Center's option, at any time on or after August 15, 2003, at a set redemption price that varies depending upon the proximity of the redemption date to final maturity. Upon a change of control, the holders of the subordinated notes have the right to require Rent-A-Center to redeem the notes.

The notes contain restrictive covenants, as defined therein, including a consolidated interest coverage ratio and limitations on incurring additional indebtedness, selling assets of Rent-A-Center's subsidiaries, granting liens to third parties, making restricted payments and engaging in a merger or selling substantially all of Rent-A-Center's assets.

Rent-A-Center's direct and wholly-owned subsidiaries, consisting of ColorTyme, Inc., Advantage Companies, Inc. and Get It Now, LLC (collectively, the "Guarantors"), have fully, jointly and severally, and unconditionally guaranteed the obligations of Rent-A-Center with respect to the subordinated notes. The only direct or indirect subsidiaries of Rent-A-Center that are not Guarantors are inconsequential subsidiaries. There are no restrictions on the ability of any of the 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 September 30, 2002 and December 31, 2001, and for the nine months ended September 30, 2002 and 2001. The financial information includes the Guarantors from the dates they were acquired or formed by Rent-A-Center and is presented using the push-down basis of accounting.

CONDENSED CONSOLIDATING BALANCE SHEETS

(IN THOUSANDS)	PARENT COMPANY	SUBSIDIARY GUARANTORS	CONSOLIDATING ADJUSTMENTS	TOTALS
AT SEPTEMBER 30, 2002 (UNAUDITED)				
Rental merchandise, net	$ 624,594	$ --	$ --	$ 624,594
Intangible assets, net	395,889	343,600	--	739,489
Other assets	563,132	25,585	(341,742)	246,975
Total assets	$1,583,615	$ 369,185	$ (341,742)	$1,611,058
Senior debt	$ 260,000	$ --	$ --	$ 260,000
Other liabilities	534,098	7,574	--	541,672
Preferred stock	2	--	--	2
Stockholders' equity	789,515	361,611	(341,742)	809,384
Total liabilities and equity	$1,583,615	$ 369,185	$ (341,742)	$1,611,058
AT DECEMBER 31, 2001				
Rental merchandise, net				

.... $ 653,701
$ -- $ -- $ 653,701 Intangible
assets, net
.... 367,271
343,825 -- 711,096 Other assets
....
578,077 18,788 (341,742)
255,123 ---------- ---------- -
--------- ---------- Total
assets ....
$1,599,049 $ 362,613 $
(341,742) $1,619,920 ==========
========== ==========
========== Senior debt
....
$ 428,000 $ -- $ -- $ 428,000
Other liabilities
....
489,174 5,458 -- 494,632
Preferred stock
....
291,910 -- -- 291,910
Stockholders' equity
.... 389,965
357,155 (341,742) 405,378 -----
----- ---------- ---------- ---
------- Total liabilities and
equity ..... $1,599,049 $
362,613 $ (341,742) $1,619,920
========== ==========
========== ==========

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

(IN THOUSANDS)	PARENT COMPANY	SUBSIDIARY GUARANTORS	TOTAL
NINE MONTHS ENDED SEPTEMBER 30, 2002 (UNAUDITED)			
Total revenues	$1,446,113	$ 41,718	$1,487,831
Direct store expenses	1,140,684	--	1,140,684
Other expenses	181,088	39,104	220,192
Net earnings	$ 124,341	$ 2,614	$ 126,955
NINE MONTHS ENDED SEPTEMBER 30, 2001 (UNAUDITED)			
Total revenues	$1,288,705	$ 40,830	$1,329,535
Direct store expenses	1,054,038	--	1,054,038
Other expenses	168,667	44,313	212,980
Net earnings (loss)	$ 66,000	$ (3,483)	$ 62,517

(IN THOUSANDS)	PARENT COMPANY	SUBSIDIARY GUARANTORS	TOTAL
THREE MONTHS ENDED SEPTEMBER 30, 2002 (UNAUDITED)			
Total revenues	$ 481,479	$ 13,082	$ 494,561
Direct store expenses	382,531	--	382,531
Other expenses	58,431	12,150	70,581
Net earnings	$ 40,517	$ 932	$ 41,449
THREE MONTHS ENDED SEPTEMBER 30, 2001 (UNAUDITED)			
Total revenues	$ 433,450	$ 13,624	$ 447,074
Direct store expenses	365,366	--	365,366
Other expenses	56,946	14,788	71,734
Net earnings (loss)	$ 11,138	$ (1,164)	$ 9,974

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

(IN THOUSANDS)	PARENT COMPANY	SUBSIDIARY GUARANTORS	TOTAL
NINE MONTHS ENDED SEPTEMBER 30, 2002 (UNAUDITED)			
Net cash provided by operating activities	$ 262,273	$ 3,410	$ 265,683
Cash flows from investing activities			
Purchase of property assets	(28,317)	711	(27,606)
Acquisitions of businesses, net of cash acquired	(43,322)	--	(43,322)
Other	216	--	216
Net cash provided by / (used) in investing activities	(71,423)	711	(70,712)
Cash flows from financing activities			
Purchase of treasury stock	(46,603)	--	(46,603)
Exercise of stock options	23,185	--	23,185
Repurchase of subordinated notes	(1,250)	--	(1,250)
Repayments of debt	(168,000)	--	(168,000)
Intercompany advances	4,121	(4,121)	--
Net cash used in financing activities	(188,547)	(4,121)	(192,668)
Net increase in cash and cash equivalents	2,303	--	2,303
Cash and cash equivalents at beginning of period	107,958	--	107,958
Cash and cash equivalents at end of period	$ 110,261	$ --	$ 110,261
NINE MONTHS ENDED SEPTEMBER 30, 2001 (UNAUDITED)			
Net cash provided by operating activities	$ 111,905	$ 4,900	$ 116,805
Cash flows from investing activities			
Purchase of property assets	(42,237)	(45)	(42,282)
Acquisitions of businesses, net of cash acquired	(44,943)	--	(44,943)
Other	395	--	395
Net cash used in investing activities	(86,785)	(45)	(86,830)
Cash flows from financing activities			
Exercise of stock options	24,819	--	24,819
Repayments of debt	(108,031)	--	(108,031)
Proceeds from the issuance of common stock	45,677	--	45,677
Intercompany advances	4,855	(4,855)	--
Net cash used in financing activities	(32,680)	(4,855)	(37,535)
Net decrease in cash and cash equivalents	(7,560)	--	(7,560)
Cash and cash equivalents at beginning of period	36,495	--	36,495
Cash and cash equivalents at end of period	$ 28,935	$ --	$ 28,935

5. 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:

	NINE MONTHS ENDED SEPTEMBER 30, (IN THOUSANDS)		THREE MONTHS ENDED SEPTEMBER 30, (IN THOUSANDS)	
	2002	2001	2002	2001
Net earnings	$ 126,955	$ 62,517	$ 41,449	$ 9,974
Other comprehensive (loss) income: Unrealized gain on derivatives held as cash flow hedges:				
Cumulative effect of adoption of SFAS 133	--	1,378	--	--
Change in unrealized (loss) gain during period	7,757	(9,449)	2,541	(5,256)
Reclassification adjustment for (loss) gain included in net earnings	(6,947)	2,051	(2,395)	1,765
Other comprehensive (loss) income	810	(6,020)	146	(3,491)
Comprehensive income	$ 127,765	$ 56,497	$ 41,595	$ 6,483

6. COMMON AND PREFERRED STOCK TRANSACTIONS

Purchase of Treasury Stock. In connection with the retirement of our former Chief Executive Officer and Chairman of the Board, Mr. J. Ernest Talley, we entered into an agreement to repurchase $25.0 million worth of shares of our common stock held by Mr. Talley at a purchase price equal to the average closing price of our common stock over the 10 trading days beginning October 9, 2001, subject to a maximum of $27.00 per share and a minimum of $20.00 per share. Under this formula, the purchase price for the repurchase was calculated at $20.258 per share. Accordingly, on October 23, 2001, we repurchased 493,632 shares of our common stock from Mr. Talley at $20.258 per share for a total purchase price of $10.0 million and on November 30, 2001, repurchased an additional 740,448 shares of our common stock from Mr. Talley at $20.258 per share, for a total purchase price of an additional $15.0 million. On January 25, 2002, we exercised the option to repurchase all of the remaining 1,714,086 shares of its common stock held by Mr. Talley at $20.258 per share, for $34.7 million. We repurchased those remaining shares on January 30, 2002.

In April 2000, we announced that our board of directors had authorized a program to repurchase in the open market up to an aggregate of $25.0 million of our common stock. In October 2002, we announced that our board of directors increased our ability to effect repurchases of our outstanding common stock under our common stock repurchase program from $25.0 million to $50.0 million. Through September 30, 2002, we repurchased approximately 241,404 shares of our common stock under this program for approximately $11.9 million, all of which was effected during the quarter ended September 30, 2002. As of November 5, 2002, we have repurchased approximately 389,400 additional shares of our common stock under this program since September 30, 2002, for approximately $17.7 million.

Secondary Equity Offering. In connection with the issuance of our Series A preferred stock in August 1998, we entered into a registration rights agreement with Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. which, among other things, granted them two rights to request that their shares be registered, and a registration rights agreement with an affiliate of Bear, Stearns & Co., Inc., which granted them the right to participate in any company-initiated registration of shares, subject to certain exceptions. In May 2002, Apollo exercised one of their two rights to request that their shares be registered and Bear Stearns elected to participate in such registration. In connection therewith, Apollo and an affiliate of Bear Stearns converted 97,197 shares of our Series A preferred stock held by them into 3,500,000 shares of our common stock, which they sold in the May 2002 public offering. We did not receive any of the proceeds from this offering.

Conversion of Series A Preferred Stock. On August 5, 2002, the first date on which the Series A preferred stock could be optionally redeemed by us, the holders of our Series A preferred stock converted all but two shares of our Series A preferred stock held by them into 7,281,548 shares of our common stock. As a result of the conversion, the dividend on our Series A preferred stock has been substantially eliminated for future periods. In connection with Apollo's conversion of all but two of the shares of Series A preferred stock held by them on August 5, 2002, we granted Apollo an additional right to effect a demand registration under the existing registration rights agreement we entered into with them in 1998.

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 and implement our margin enhancement initiatives;
- 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;
- our ability to effectively hedge interest rates on our outstanding debt;
- changes in our effective tax rate; 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 for our fiscal year ended December 31, 2001. 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 28% market share based on store count. At September 30, 2002, we operated 2,362 company-owned stores nationwide and in Puerto Rico. Our subsidiary, ColorTyme, is a national franchisor of rent-to-own stores. At September 30, 2002, ColorTyme had 329 franchised stores in 41 states, 317 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 typically 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, the 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, particularly due to the Thorn Americas acquisition, 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.

We plan to accomplish our future growth through selective and opportunistic acquisitions, with an emphasis on 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.

If a change in control occurs, we may be required to offer to repurchase all of our outstanding subordinated notes at 101% of their principal amount, plus accrued interest to the date of repurchase. Our senior credit facility limits our ability to repurchase our subordinated notes, including in the event of a change in control. In addition, a change in control would result in an event of default under our senior credit facilities, which could then be accelerated by our lenders, and would require us to offer to redeem our Series A preferred stock. 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, all of our subordinated notes and for the redemption of our Series A preferred stock, or that we would be able to obtain financing to do so on favorable terms, if at all.

CRITICAL ACCOUNTING POLICIES INVOLVING CRITICAL ESTIMATES, UNCERTAINTIES OR ASSESSMENTS IN OUR FINANCIAL STATEMENTS

The preparation of our financial statements in conformity with generally accepted accounting principles 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 our accounting principles, we must often make individual estimates and assumptions regarding expected outcomes or uncertainties. As you might expect, the actual results or outcomes are generally different than the estimated or assumed amounts. These differences are usually minor and are included in our consolidated financial statements as soon as they are known. 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.

Actual results related to the estimates and assumptions made by us in preparing our consolidated financial statements will emerge over periods of time, such as estimates and assumptions underlying the determination of our self-insurance liabilities. These estimates and assumptions are monitored by us and periodically adjusted as circumstances warrant. For instance, our liability for self-insurance related to our workers compensation, general liability, medical and automobile liability may be adjusted based on higher or lower actual loss experience. Although there is greater risk with respect to the accuracy of these estimates and assumptions because of the period over which actual results may emerge, such risk is mitigated by our ability to make changes to these estimates and assumptions over the same period.

In preparing our financial statements at any point in time, we are also periodically faced with uncertainties, the outcomes of which are not within our control and will not be known for prolonged periods of time. As discussed in the section entitled "Legal Proceedings" and the notes to our consolidated financial statements, we are involved in actions relating to claims that our rental purchase agreements constitute installment sales contracts, violate state usury laws or violate other state laws enacted to protect consumers, claims asserting gender discrimination in our employment practices, as well as claims we violated the federal securities laws. We, together with our counsel, make estimates, if

determinable, of our probable liabilities and record such amounts in our consolidated financial statements. These estimates represent our best estimate, or may be the minimum range of probable loss when no single best estimate is determinable. Disclosure is made, when determinable, of the additional possible amount of loss on these claims, or if such estimate cannot be made, that fact is disclosed. We, together with our counsel, monitor developments related to these legal matters and, when appropriate, adjustments are made to liabilities to reflect current facts and circumstances.

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 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.

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.

Revenue. We collect non-refundable rental payments and fees in advance, generally on a weekly or monthly basis. This revenue is recognized over the term of the agreement. Rental purchase agreements generally include a discounted early purchase option. Upon exercise of this option, and upon sale of used merchandise, revenue is recognized as these payments are received.

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. On July 1, 2002, we began accelerating 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. The purpose for this change is to better reflect the depreciable life of a computer in our stores. Though this method will accelerate the depreciation expense on the effected computers, we do not expect it to have a material effect on our financial position, results of operations or cash flows in future periods.

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, 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 the excess of purchase price over the fair market value of acquired assets and liabilities. Effective January 1, 2002, under SFAS 142 all goodwill and intangible assets with indefinite lives are no longer subject to amortization. SFAS 142 requires that an impairment test be conducted annually and in the event of an impairment indicator.

Preferred Dividends. Dividends on Series A preferred stock are payable at an annual rate of 3.75%. Shares of Series A preferred stock distributed as dividends in-kind are accounted for at the greater of the stated value or the value of the common stock obtainable upon conversion on the payment date. As discussed below, on August 5, 2002, the holders of our Series A preferred stock converted substantially all of the shares of Series A preferred stock held by them. Accordingly, dividends on our Series A preferred stock have been substantially eliminated for future periods.

RECENT DEVELOPMENTS

Store Growth. In the second half of 2000, we resumed our strategy of increasing our store base and annual revenues and profits through opportunistic acquisitions and new store openings. During the third quarter of 2002, we acquired a total of 23 stores and accounts from 25 locations for approximately $16.2 million in 11 separate transactions, opened 17 new stores, and closed 13 stores. All the closed stores were merged with existing stores. For the nine months ended September 30, 2002, we acquired a total of 64 stores and accounts from 84 locations for approximately $43.3 million in 43 separate transactions, opened 39 new stores and closed 22 stores. Of the closed stores, 19 were merged with existing stores and three were sold. As of November 8, 2002, we have acquired 13 additional stores, accounts from 10 locations, opened 12 new stores, sold one location and merged one store with an existing location during the fourth quarter of 2002.

Conversion of Series A Preferred Stock. On August 5, 2002, the first date on which the Series A preferred stock could be optionally redeemed by us, the holders of our Series A preferred stock converted all but two shares of our Series A preferred stock held by them into 7,281,548 shares of our common stock. As a result of the conversion, the dividend on our Series A preferred stock has been substantially eliminated for future periods. In connection with Apollo's conversion of all but two of the shares of Series A preferred stock held by them on August 5, 2002, we granted Apollo an additional right to effect a demand registration under the existing registration rights agreement we entered into with them in 1998.

Repurchase of Subordinated Notes. In September 2002, we repurchased $1.25 million of our subordinated notes for approximately $1.35 million, which included a loss of approximately $82,800. Since September 30, 2002, we have repurchased an additional $1.5 million of our subordinated notes for approximately $1.62 million, which included a loss of approximately $96,250.

Get It Now, LLC. On September 30, 2002, we transferred all of our Wisconsin store operations to a newly formed wholly owned subsidiary, Get It Now, LLC. On October 1, 2002, due to consumer laws in the state of Wisconsin, Get It Now began operations in the state of Wisconsin under a new retail operation which will generate installment credit sales through a retail transaction.

Stock Repurchase Program. On October 8, 2002, the Board of Directors increased our authority to effect repurchases of our outstanding common stock under our common stock repurchase program from $25.0 million to $50.0 million. During the third quarter of 2002, we repurchased approximately $11.9 million of our common stock under the common stock repurchase program. As of November 5, 2002, we have repurchased an additional $17.7 million of our common stock under this program.

RESULTS OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2001

Store Revenue. Total store revenue increased by $157.4 million, or 12.2%, to $1,446.1 million for the nine months ended September 30, 2002 from $1,288.7 million for the nine months ended September 30, 2001. The increase in total store revenue is primarily attributable to growth in same store revenues and incremental revenues in new and acquired stores.

Same store revenues represent those revenues earned in stores that were operated by us for each of the entire nine month periods ending September 30, 2002 and 2001. Same store revenues increased by $75.1 million, or 6.6%, to $1,207.7 million for the nine months ended September 30, 2002 from $1,132.6 million in 2001. The increase in same store revenues was primarily attributable to an increase in the number of customers served (approximately 400 active customers per day per store for 2002 vs. approximately 391 active customers per day per store for 2001 in same stores open), as well as revenue earned per customer (approximately $1,597 per customer for the nine month period ending September 30, 2002 vs. approximately $1,531 per customer for 2001). Merchandise sales increased $15.9 million, or 21.9%, to $88.3 million for 2002 from $72.4 million in 2001. The increase in merchandise sales was primarily attributable to an increase in the number of items sold in the first nine months of 2002 (approximately 652,000) from the number of items sold in 2001 (approximately 561,000). This increase in the number of items sold in 2002 versus the same period in 2001 was primarily the result of an increase in the amount of customers exercising early purchase options.

Franchise Revenue. Total franchise revenue increased by $888,000, or 2.2%, to $41.7 million for the nine months ended September 30, 2002 from $40.8 million in 2001. This increase was primarily attributable to an increase in merchandise sales to franchise locations, partially offset by a decrease in the number of franchised locations in the first nine months of 2002 as compared to the first nine months of 2001, which caused a slight decrease in royalty income.

Depreciation of Rental Merchandise. Depreciation of rental merchandise increased by $30.8 million, or 12.3%, to $282.1 million for the nine months ended September 30, 2002 from $251.3 million in 2001. This increase was primarily attributable to an increase in rental and fee revenue. Depreciation of rental merchandise expressed as a percent of store rentals and fees revenue increased to 20.8% in 2002 from 20.7% for the same period in 2001. This slight increase is primarily a result of in-store promotions made during the third quarter of 2001, which included a reduction in the rates and terms on certain rental agreements. These in-store promotions caused depreciation to be a greater percentage of store rentals and fees revenue on those promotional items rented.

Cost of Merchandise Sold. Cost of merchandise sold increased by $8.8 million, or 16.2%, to $63.0 million for the nine months ended September 30, 2002 from $54.2 million in 2001. This increase was primarily a result of an increase in the number of items sold during the first nine months of 2002 as compared to the first nine months of 2001.

Salaries and Other Expenses. Salaries and other expenses expressed as a percentage of total store revenue decreased to 55.0% for the nine months ended September 30, 2002 from 58.1% for the nine months ended September 30, 2001. This decrease was primarily attributable to an increase in store revenues in the first nine months of 2002 as compared to 2001 coupled with the realization of our margin enhancement initiatives and reductions in store level costs in 2002.

Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold increased by $777,000, or 2.2%, to $35.6 million for the nine months ended September 30, 2002 from $34.8 million in 2001. This increase was primarily attributable to an increase in merchandise sales to franchise locations, partially offset by a decrease in the number of franchised locations in the first nine months of 2002 as compared to the first nine months of 2001.

General and Administrative Expenses. General and administrative expenses expressed as a percent of total revenue increased slightly to 3.2% for the nine months ending September 30, 2002 as compared to 3.1% for the nine months ending September 30, 2001. This increase is primarily attributable to additional litigation settlement costs of $2.0 million in connection with the settlement of our class action gender discrimination litigation incurred during the second quarter of 2002.

Amortization of Intangibles. Amortization of intangibles decreased by $19.2 million, or 85.7%, to $3.2 million for the nine months ended September 30, 2002 from $22.4 million for the nine months ended September 30, 2001. This decrease was directly attributable to the implementation of SFAS 142, which requires that goodwill no longer be amortized.

Operating Profit. Operating profit increased by $99.1 million, or 61.4%, to $260.6 million for the nine months ended September 30, 2002 from $161.5 million in 2001, including the $16 million litigation settlement charge taken in the third quarter of 2001. Operating profit as a percentage of total revenue increased to 17.5% for the nine months ended September 30, 2002, from 12.1% in 2001. This increase was primarily attributable to an increase in store revenues in the first nine months of 2002 as compared to 2001 coupled with the realization of our margin enhancement initiatives, reduction of store level costs and the reduction of intangible amortization expense as discussed above. After adjusting reported results for the first nine months of 2001 to exclude the effects of goodwill amortization, operating profit increased by $78.0 million, or 42.7% on a comparable basis.

Net Earnings. Net earnings increased by $64.4 million, or 103.1%, to $126.9 million for the nine months ended September 30, 2002 from $62.5 million in 2001. This increase is primarily attributable to growth in operating profit as discussed above. After adjusting reported results for the first nine months of 2001 to exclude the effects of goodwill amortization, net earnings increased by $45.7 million, or 56.3% on a comparable basis.

Preferred Dividends. Dividends on our Series A preferred stock are payable quarterly at an annual rate of 3.75%. We account for shares of preferred stock distributed as dividends in-kind at the greater of the stated value or the value of the common stock obtainable upon conversion on the payment date. Preferred dividends decreased by $1.9 million, or 15.5%, to $10.2 million for the nine months ended September 30, 2002 as compared to $12.1 million in 2001. This decrease is a direct result of the conversion of 97,197 shares of preferred stock into 3,500,000 shares of our common stock in May 2002 and the conversion in August 2002 of all but two shares of our outstanding Series A preferred stock into approximately 7,281,548 shares of our common stock, resulting in less preferred shares outstanding in 2002 as compared to 2001.

THREE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2001

Store Revenue. Total store revenue increased by $48.0 million, or 11.1%, to $481.5 million for the three months ended September 30, 2002 from $433.4 million for the three months ended September 30, 2001. The increase in total store revenue is primarily attributable to growth in same store revenues and incremental revenues in new and acquired stores.

Same store revenues represent those revenues earned in stores that were operated by us for each of the entire three month periods ending September 30, 2002 and 2001. Same store revenues increased by $27.0 million, or 6.9%, to $421.0 million for the three months ended September 30, 2002 from $394.0 million in 2001. The increase in same store revenues was primarily attributable to an increase in the number of customers served (approximately 394 active customers per day per store for 2002 vs. approximately 389 active customers per day per store for 2001 in same stores open), as well as revenue earned per customer (approximately $528 per customer for the three months ended September 30, 2002 vs. approximately $500 per customer for 2001). Merchandise sales increased $3.1 million, or 14.6%, to $24.7 million for 2002 from $21.6 million in 2001. The increase in merchandise sales was primarily attributable to an increase in the number of items sold in the third quarter of 2002 (approximately 206,000) from the number of items sold in 2001 (approximately 188,000). This increase in the number of items sold in 2002 versus the same period in 2001 was primarily the result of an increase in the amount of customers exercising early purchase options.

Franchise Revenue. Total franchise revenue decreased by $542,000, or 4.0%, to $13.1 million for the three months ended September 30, 2002 from $13.6 million in 2001. This decrease was primarily attributable to a decrease in the number of franchised locations in the third quarter of 2002 as compared to the third quarter of 2001, which caused a decrease in royalty income and merchandise sales.

Depreciation of Rental Merchandise. Depreciation of rental merchandise increased by $9.3 million, or 10.8%, to $95.5 million for the three months ended September 30, 2002 from $86.2 million in 2001. This increase was primarily attributable to an increase in rental and fee revenue. Depreciation of rental merchandise expressed as a percent of store rentals and fees revenue decreased to 20.9% in 2002 from 21.0% for the same period in 2001. This slight decrease is primarily a result of in-store promotions made during the third quarter of 2001, which included a reduction in the rates and terms on certain rental agreements. These in-store promotions caused depreciation to be a greater percentage of store rentals and fees revenue on those promotional items rented.

Cost of Merchandise Sold. Cost of merchandise sold increased by $1.3 million, or 7.5%, to $18.5 million for the three months ended September 30, 2002 from $17.2 million in 2001. This increase was primarily a result of an increase in the number of items sold during the third quarter of 2002 as compared to the third quarter of 2001.

Salaries and Other Expenses. Salaries and other expenses expressed as a percentage of total store revenue decreased to 55.8% for the three months ended September 30, 2002 from 60.4% for the three months ended September 30, 2001. This decrease was primarily attributable to an increase in store revenues in the third quarter of 2002 as compared to 2001 coupled with the realization of our margin enhancement initiatives and reductions in store level costs in 2002.

Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold decreased by $563,000, or 4.8%, to $11.1 million for the three months ended September 30, 2002 from $11.6 million in 2001. This decrease was primarily attributable to a decrease in the number of franchised locations in the third quarter of 2002 as compared to the third quarter of 2001.

General and Administrative Expenses. General and administrative expenses expressed as a percent of total revenue remained constant at 3.1% for the three months ending September 30, 2002 and 2001.

Amortization of Intangibles. Amortization of intangibles decreased by $6.2 million, or 79.9%, to $1.5 million for the three months ended September 30, 2002 from $7.7 million for the three months ended September 30, 2001. This decrease was directly attributable to the implementation of SFAS 142, which requires that goodwill no longer be amortized.

Operating Profit. Operating profit increased by $51.7 million, or 159.8%, to $84.1 million for the three months ended September 30, 2002 from $32.4 million in 2001. Operating profit as a percentage of total revenue increased to 17.0% for the three months ended September 30, 2002, from 7.2% in 2001. This increase was primarily attributable to an increase in store revenues in 2002 as compared to 2001 coupled with the realization of our margin enhancement initiatives, reduction of store level costs and the reduction of intangible amortization expense as discussed above. After adjusting reported results for the third quarter of 2001 to exclude the effects of goodwill amortization, operating profit increased by $44.5 million, or 112.2% on a comparable basis.

Net Earnings. Net earnings increased by $31.5 million, or 315.6%, to $41.4

million for the three months ended September 30, 2002 from $9.9 million in 2001. This increase is primarily attributable to growth in operating profit as discussed above. After adjusting reported results for the third quarter of 2001 to exclude the effects of goodwill amortization, net earnings increased by $25.1 million, or 153.5% on a comparable basis.

Preferred Dividends. Dividends on our Series A preferred stock are payable quarterly at an annual rate of 3.75%. We account for shares of preferred stock distributed as dividends in-kind at the greater of the stated value or the value of the common stock obtainable upon conversion on the payment date. Preferred dividends decreased by $1.4 million or 51.2%, to $1.3 million for the three months ended September 30, 2002 as compared to $2.7 million in 2001. This decrease is a direct result of the conversion of 97,197 shares of preferred stock into 3,500,000 shares of our common stock in May 2002 and the conversion in August 2002 of all but two shares of our outstanding Series A preferred stock into approximately 7,281,548 shares of our common stock, resulting in less preferred shares outstanding in 2002 as compared to 2001.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities increased by $148.9 million to $265.7 million for the nine months ending September 30, 2002 from $116.8 million in 2001. This increase resulted primarily from an increase in net earnings and depreciation of rental merchandise, as well as a decrease in the amount of rental merchandise purchased during the first nine months of 2002 compared to 2001.

Cash used in investing activities decreased by $16.1 million to $70.7 million during the nine month period ending September 30, 2002 from $86.8 million in 2001. This decrease is primarily attributable to a decrease in capital expenditures as well as a decrease in the acquisition and opening of new stores during the first nine months of 2002 as compared to 2001.

Cash used in financing activities increased by $155.1 million to $192.7 million during the nine month period ending September 30, 2002 from $37.5 million in 2001. This increase is a result of our purchase of $46.6 million in treasury stock, the repurchase of $1.25 million of our subordinated notes, and an increase of debt repayments of $60.0 million during the first nine months of 2002 as compared to 2001. In addition, there were no proceeds from the issuance of common stock in 2002 as compared to proceeds of approximately $45.7 million in 2001.

Liquidity Requirements. Our primary liquidity requirements are for debt service, rental merchandise purchases, capital expenditures, litigation and our store expansion program. Our primary sources of liquidity have been cash provided by operations, borrowings and sales of 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 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, litigation and our store expansion intentions through 2003. At November 8, 2002, we had $95.2 million in cash. 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.

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. 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 increase by approximately $60.0 million through 2004 before the deferred tax liabilities begin to reverse over a three year period beginning in 2005.

Rental Merchandise Purchases. We purchased $354.4 million and $395.0 million of rental merchandise during the nine month periods ending September 30, 2002 and 2001, respectively.

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 $27.6 million and $42.3 million on capital expenditures during

the nine month periods ending September 30, 2002 and 2001, respectively, and expect to spend approximately $11.0 million for the remainder of 2002.

Acquisitions and New Store Openings. For the first nine months of 2002, we spent approximately $43.3 million on acquiring stores and accounts. For the entire year ending December 31, 2002, we intend to add approximately 5% to 10% to our store base by opening between 60 and 70 new store locations as well as continuing to pursue opportunistic acquisitions.

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 underperforming 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. We cannot assure you that the stores we do acquire or open will be profitable at the same levels that our current stores are, or at all.

Borrowings. The table below shows the scheduled maturity dates of our senior debt outstanding at September 30, 2002.

PERIOD (YEAR) ENDING DECEMBER 31,	(IN THOUSANDS)
2002	$ 0
2003	1,108
2004	13,589
2005	51,159
2006	118,913
Thereafter	75,231
	$260,000

As of September 30, 2002, we paid $168.0 million of our senior debt during 2002. Since September 30, 2002, we have prepaid an additional $10.5 million of our senior debt during the fourth quarter of 2002.

Under our senior credit facilities, we are required to use 25% of the net proceeds from any equity offering to repay our term loans. We intend to continue to make prepayments of debt under our senior credit facilities, repurchase some of our senior subordinated notes or repurchase our common stock to the extent we have available cash that is not necessary for store openings or acquisitions. However, we cannot assure you that we will have excess cash for these purposes. Our senior credit facilities currently limit our ability to repurchase in excess of $51.3 million of our senior subordinated notes. In addition, our senior credit facilities currently limit our ability to repurchase our common stock in excess of 25% of our consolidated net income for the period from January 1, 2002 through our latest quarterly financial reports and require us to make a matching pre-payment on our term loans with any such repurchase.

Senior Credit Facilities. The senior credit facilities are provided by a syndicate of banks and other financial institutions led by JP Morgan Chase Bank, as administrative agent. On May 3, 2002, we amended and restated our senior credit facility to provide for a new Tranche D LC Facility in an aggregate amount at closing equal to $80.0 million to support our outstanding letters of credit. Under this new LC Facility, in the event that a letter of credit is drawn upon, we have the right to either repay the LC lenders the amount withdrawn or request a loan in that amount. Interest on any requested LC loan accrues at an adjusted prime rate plus 1.75% or, at our option, at the Eurodollar base rate plus 2.80%, with the entire amount of the LC Facility due on December 31, 2007. As a result of this amendment, our letters of credit are issued under the new LC Facility, which increases the amount available to us under our revolving credit facility, thereby enabling us to achieve more flexibility and liquidity within our capital structure. At September 30, 2002, we had a total of $260.0 million outstanding under our senior credit facilities, all of which was under our term loans. At September 30, 2002, we had $114.3 million of availability under our revolving credit facility.

As of November 8, 2002, our outstanding letters of credit amounted to $85.7 million, $80.0 million of which is supported by our Tranche D LC Facility and the remaining $5.7 million which is supported by our $120.0 million revolving credit facility.

Borrowings under the senior credit facilities bear interest at varying rates equal to 1.50% to 3.0% over LIBOR, which was 1.81% at September 30, 2002. We also have a prime rate option under the facilities, but have not exercised it to date. At September 30, 2002, the average rate on outstanding senior debt borrowings was 8.9%. Including the non-recurring finance fees of $881,651 incurred in connection with our prepayment of debt, the average rate on outstanding senior debt borrowings was 10.1%.

During 1998, we entered into interest rate protection agreements with two banks, one of which expired in 2001. Under the terms of the current interest rate protection agreements, the LIBOR rate used to calculate the interest rate charged on $250.0 million of the outstanding senior term debt has been fixed at an average rate of 5.60%. The protection on the $250.0 million expires in 2003.

The senior credit facilities are secured by a security interest in substantially all of our tangible and intangible assets, including intellectual property and real property. The senior credit facilities are also secured by a pledge of the capital stock of our subsidiaries.

The senior credit facilities contain covenants that limit our ability to:

- incur additional debt (including subordinated debt) in excess of $25 million;
- repurchase our capital stock and senior subordinated notes;
- incur liens or other encumbrances;
- merge, consolidate or sell substantially all our property or business;
- sell assets, other than inventory;
- make investments or acquisitions unless we meet financial tests and other requirements;
- make capital expenditures; or
- enter into a new line of business.

The senior credit facilities require us to comply with several financial covenants, including a maximum leverage ratio, a minimum interest coverage ratio and a minimum fixed charge coverage ratio. At September 30, 2002, the maximum leverage ratio was 3.75:1, the minimum interest coverage ratio was 3.00:1, and the minimum fixed charge coverage ratio was 1.30:1. On that date, our actual ratios were 1.40:1, 6.09:1 and 2.51:1.

Events of default under the senior credit facilities include customary events, such as a cross-acceleration provision in the event that we default on other debt. In addition, an event of default under the senior credit facilities would occur if we undergo a change of control. This is defined to include the case where Apollo ceases to own at least 4,474,673 shares of our common stock on an as converted basis, or a third party becomes the beneficial owner of 33.33% or more of our voting stock at a time when certain permitted investors own less than the third party or Apollo entities own less than 35% of the voting stock owned by the permitted investors. We do not have the ability to prevent Apollo from selling its stock, and therefore would be subject to an event of default if Apollo did so and its sales were not agreed to by the lenders under the senior credit facilities. This could result in the acceleration of the maturity of our debt under the senior credit facilities, as well as under the subordinated notes through their cross-acceleration provision.

Senior Subordinated Notes. In August 1998, we issued $175.0 million of senior subordinated notes, maturing on August 15, 2008, under an indenture dated as of August 18, 1998 among us, our subsidiary guarantors and the trustee, which is now The Bank of New York, as successor to IBJ Schroder Bank & Trust Company. In December 2001, we issued an additional $100.0 million of 11% senior subordinated notes, maturing on August 15, 2008, under a separate indenture dated as of December 19, 2001 among us, our subsidiary guarantors and The Bank of New York, as trustee. On May 2, 2002, we closed an exchange offer for, among other things, all of the notes issued by us under the 1998 indenture, such that all of our senior subordinated notes are now governed by the terms of the 2001 indenture.

The 2001 indenture contains covenants that limit our ability to:

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

Events of default under the 2001 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 $25 million.

We may redeem the notes after August 15, 2003, at our option, in whole or in part, at a premium declining from 105.5%. The subordinated notes also require that upon the occurrence of a change of control (as defined in the 2001 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 did 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 2010.

ColorTyme Guarantee. ColorTyme is a party to an agreement with Textron Financial Corporation, who generally provides financing to qualifying franchisees of ColorTyme of up to five times their average monthly revenues. Under this agreement, upon an event of default by the franchisee under agreements governing this financing and upon the occurrence of certain other events, Textron may assign the loans and the collateral securing such loans to ColorTyme, with ColorTyme then succeeding to the rights of Textron under the debt agreements, including the rights to foreclose on the collateral. Approximately $10.0 million of the Textron financing was recently refinanced by Texas Capital Bank, National Association upon terms and conditions similar to the Textron financing. We guarantee the obligations of ColorTyme under these agreements up to a maximum amount of $50.0 million, of which $32.9 million was outstanding as of September 30, 2002. Mark E. Speese, our 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. In 1998, we recorded an accrual of approximately $125.0 million for estimated probable losses on litigation assumed in connection with the Thorn Americas acquisition. As of September 30, 2002, we have paid approximately $124.5 million of this accrual in settlement of most of these matters and legal fees. These settlements were funded primarily from amounts available under our senior credit facilities, including the revolving credit facility and the multidraw facility, as well as from cash flow from operations.

In November 2001, we announced that we had reached an agreement in principle for the settlement of the Bunch matter. Under the terms of the Bunch settlement, while not admitting any liability, we agreed to pay an aggregate of $12.25 million to the agreed upon class, plus plaintiffs' attorneys fees as determined by the court and costs to administer the settlement subject to an aggregate cap of $3.15 million. Accordingly, to account for the aforementioned costs, we recorded a non-recurring charge of $16.0 million in the third quarter of 2001.

In early March 2002, we reached an agreement in principle with the plaintiffs attorneys in Wilfong and the EEOC to resolve the Wilfong suit and the Tennessee EEOC action. At the parties' request, the court in the Bunch case stayed the proceedings in that case, including postponing the fairness hearing previously scheduled for March 6, 2002. Similarly, the court in the Tennessee EEOC action stayed the proceeding in that case. The definitive settlement agreement documents were filed with the Wilfong court in June 2002, and the court granted preliminary approval of the settlement on June 19, 2002. The court held a fairness hearing, approved the settlement and entered its order and judgment of final approval on October 4, 2002. Assuming there are no appeals, the order and judgment will become effective on December 4, 2002.

Under the terms of the Wilfong settlement, while not admitting any liability, we agreed to pay an aggregate of $47.0 million to approximately 6,000 female employees and approximately 2,300 female applicants who were employed by or applied for employment with us during the period commencing on April 19, 1998 and ending on June 19, 2002, plus up to $375,000 in settlement administrative costs. The $47.0 million payment includes the $12.25 million payment discussed in connection with the Bunch settlement. Attorney fees of approximately $10.5 million for class counsel in Wilfong will be paid out of the $47.0 million settlement fund. Pursuant to the settlement procedures approved by the court, approximately fifty class members opted out of the settlement.

In June 2002, we separately agreed to contribute an additional $2.0 million to a dispute resolution fund in which approximately 100 class members in Bunch will participate. This dispute resolution fund has been approved by the Bunch court and counsel to the plaintiffs in Bunch support the dispute resolution fund and the Wilfong settlement.

The settlement agreement contemplates the settlement would be subject to a four-year consent decree, which could be extended by the court for an additional one year upon a showing of good cause. Also, under the settlement agreement, we agreed to augment our human resources department and our internal employee complaint procedures; enhance our gender anti-discrimination training for all employees; hire a consultant mutually acceptable to the parties for two years to advise us on employment matters; provide certain reports to the EEOC during the period of the consent decree; seek qualified female representation on our board of directors; publicize our desire to recruit, hire and promote qualified women; offer to fill job vacancies within our regional markets with qualified class members who reside in those markets and express an interest in employment by us to the extent of 10% of our job vacancies in such markets over a fifteen month

period; and to take certain other steps to improve opportunities for women. We initiated many of the above programs prior to entering into the settlement agreement.

In connection with the settlement, the parties have agreed that the Bunch case and the Tennessee EEOC action will be dismissed with prejudice once the Wilfong settlement becomes final, which we expect will occur in early December 2002.

To account for the aforementioned costs, as well as our own attorney's fees, we recorded an additional non-recurring charge of $36.0 million in the fourth quarter of 2001 in connection with the Wilfong matter and a non-recurrring charge of $2.0 million in the second quarter of 2002 for a total non-recurring charge of $54.0 million.

In November 2002, we reached a settlement of the suit with the Wisconsin Attorney General, subject to court approval. Under the terms of the settlement, we agreed to create a restitution fund in the amount of approximately $7.0 million for our applicable Wisconsin customers who had completed or active transactions with us as of September 30, 2002. In addition, we agreed to pay $1.4 million to the State of Wisconsin for fines, penalties, costs and fees. The settlement of this matter was fully reserved for in our financial statements. A portion of this restitution fund is allocated for restitution on active rental transactions, which will be allowed to terminate according to their terms when customers either acquire or return the merchandise. Restitution will be offered to these customers when all such active transactions have terminated, which we anticipate will occur in approximately two years. Any unclaimed restitution funds at the conclusion of the restitution period will revert back to us. To the extent the amount in the restitution fund is insufficient to pay the required amount of restitution, we are obligated to provide additional funds to do so. However, we believe the amount in the restitution fund allocated for these customers, together with the amount of funds we anticipate will revert to us at the conclusion of the restitution period, will be sufficient to pay the required amount of restitution. Any customer accepting a restitution check will be required to release us and our subsidiary ColorTyme from all claims related to their transaction or transactions with us. We, together with ColorTyme, also agreed to enter into an injunction requiring each of us to comply with the Wisconsin Consumer Act in any transaction in Wisconsin in which the customer can become the owner of merchandise other than through a single lump sum payment.

A court hearing to approve the settlement is scheduled for November 12, 2002. We expect to fund this settlement within ten days following the court's approval.

We expect to fund the Wilfong settlement and the Wisconsin Attorney General matter with cash on hand. Additional settlements or judgments against us on our existing litigation could affect our liquidity. Please refer to Note J of our consolidated financial statements included in our Annual Report on Form 10-K.

Sales of Equity Securities. On May 31, 2001, we completed an offering of 3,680,000 shares of our common stock at an offering price of $42.50 per share. In that offering, 1,150,000 shares were offered by us and 2,530,000 shares were offered by some of our stockholders. Net proceeds to us were approximately $45.6 million.

During 1998, we issued 260,000 shares of our Series A preferred stock at $1,000 per share, resulting in aggregate proceeds of $260.0 million. Dividends on our Series A preferred stock accrue on a quarterly basis at the rate of $37.50 per annum. To date, we have paid these dividends in additional shares of Series A preferred stock because of restrictive provisions in our senior credit facilities. Beginning in August 2003, we will be required to pay the dividends in cash and may do so under our senior credit facilities so long as we are not in default.

On August 5, 2002, the first date in which we had the right to optionally redeem the shares of Series A preferred stock, the holders of our Series A preferred stock converted all but two shares of our Series A preferred stock held by them into 7,281,548 shares of our common stock. As a result, the dividend on our Series A preferred stock has been substantially eliminated for future periods. In connection with Apollo's conversion of all but two of the shares of Series A preferred stock held by them on August 5, 2002, we granted Apollo an additional right to effect a demand registration under the existing registration rights agreement we entered into with them in 1998.

Contractual Cash Commitments. The table below summarizes debt, lease and other minimum cash obligations outstanding as of September 30, 2002:

PAYMENTS DUE BY YEAR
END: Contractual
Cash Obligations(1)
TOTAL 2002 2003 2004
2005 AND THEREAFTER

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(IN THOUSANDS)					
Senior Credit Facilities (including current portion)	$260,000	$ 0	$ 1,108	$ 13,589	$245,303
11% Senior Subordinated Notes (2) ...	454,425	0	30,112	30,112	394,201
Operating Leases	361,252	42,593	111,072	94,023	113,564

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(1) Excludes obligations under the ColorTyme guarantee, the change in control and acceleration provisions under the senior credit facilities, and the optional redemption, change in control and acceleration provisions under the indenture governing our subordinated notes.

(2) Includes interest payments of $15.06 million on each of February 15 and August 15 of each year.

Repurchases of Outstanding Securities. In connection with the retirement of J. Ernest Talley, our former Chairman of the Board and Chief Executive Officer, we entered into an agreement to repurchase $25.0 million worth of shares of our common stock held by Mr. Talley at a purchase price equal to the average closing price of our common stock over the 10 trading days beginning October 9, 2001, subject to a maximum of $27.00 per share and a minimum of $20.00 per share. Under this formula, the purchase price for the repurchase was calculated at $20.258 per share. Accordingly, on October 23, 2001 we repurchased 493,632 shares of our common stock from Mr. Talley at $20.258 per share for a total purchase price of $10.0 million, and on November 30, 2001, we repurchased an additional 740,448 shares of our common stock from Mr. Talley at $20.258 per share, for a total purchase price of an additional $15.0 million. On January 25, 2002, we exercised the option to repurchase all of the remaining 1,714,086 shares of common stock held by Mr. Talley at $20.258 per share. We repurchased those remaining shares on January 30, 2002.

In April 2000, we announced that our board of directors had authorized a program to repurchase in the open market up to an aggregate of $25.0 million of our common stock. In October 2002, our board of directors increased our authority to effect repurchases of our outstanding common stock under our common stock repurchase program from $25.0 million to $50.0 million. Through September 30, 2002, we have repurchased approximately 241,404 shares of our common stock under this program for approximately $11.9 million, all of which was effected in the quarter ended September 30, 2002. As of November 5, 2002, we have repurchased an additional 389,400 shares of our common stock under this program since September 30, 2002, for approximately $17.7 million.

In September 2002, we repurchased $1.25 million of our subordinated notes for approximately $1.35 million, which included a loss of approximately $82,800. Since September 30, 2002, we have repurchased an additional $1.5 million of our subordinated notes for approximately $1.62 million, which included a loss of approximately $96,250.

Our senior credit facilities currently limit our ability to repurchase our common stock in excess of 25% of our consolidated net income for the period from January 1, 2002 through our latest quarterly financial reports and require us to make a matching pre-payment on our term loans with any such repurchase. Furthermore, our senior credit facilities generally limit our ability to repurchase our subordinated notes in excess of $54.0 million, of which approximately $2.75 million has been utilized. The indenture governing our subordinated notes contains covenants limiting our ability to repurchase our capital stock. Accordingly, our ability to make further repurchases of our common stock, including pursuant to our common stock repurchase program, and our ability to repurchase our subordinated notes, is limited.

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.

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 growth in the number of rental purchase agreements on rent 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 with 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

INTEREST RATE SENSITIVITY

As of September 30, 2002, we had $273.8 million in subordinated notes outstanding at a fixed interest rate of 11.0% and $260.0 million in term loans outstanding at interest rates indexed to the LIBOR rate. The subordinated notes mature on August 15, 2008. The fair value of the subordinated notes is estimated based on discounted cash flow analysis using interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of the subordinated notes at September 30, 2002 was $292.9 million, which is $19.1 million above their carrying value. Unlike the subordinated notes, the $260.0 million in term loans have variable interest rates indexed to current LIBOR rates. Because the variable rate structure exposes us to the risk of increased interest cost if interest rates rise, in 1998 we entered into $500.0 million in interest rate swap agreements that lock in a LIBOR rate of 5.59%, thus hedging this risk. Of the $500.0 million in agreements, $250.0 million expired in September 2001 and the remaining $250.0 million will expire in 2003. Given our capital structure at September 30, 2002, including our interest rate swap agreements, we have $10.0 million, or 3.85% of our total debt, in variable rate debt. A hypothetical 1.0% change in the LIBOR rate would affect pre-tax earnings by approximately $100,000. The swap agreements had an aggregate negative fair value of $8.9 million and $11.5 million at September 30, 2002 and 2001, respectively. A hypothetical 1.0% change in the LIBOR rate would have increased the negative fair value of the swaps by approximately $2.6 million.

MARKET RISK

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

INTEREST RATE RISK

We hold long-term debt with variable interest rates indexed to prime or LIBOR that exposes us to the risk of increased interest costs if interest rates rise. To reduce the risk related to unfavorable interest rate movements, we have entered into certain interest rate swap contracts on $250.0 million of debt to pay a fixed rate of 5.60%.

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 within 90 days before the filing of 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 could significantly affect internal controls subsequent to their evaluation.

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.

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. Plaintiff alleges Thorn Americas has a duty to disclose effective interest under New York consumer protection laws, and seek damages and injunctive relief for Thorn Americas' failure to do so. 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 the following:

- class certification;
- injunctive relief requiring Thorn Americas to (A) cease certain marketing practices, and (B) 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.

The proposed class originally included all New York residents who were party to Thorn Americas' rent-to-own contracts from November 26, 1991 through November 26, 1997. In her class certification briefing, Plaintiff acknowledged her claims under the General Business Law in New York are subject to a three year statute of limitations, and is now requesting a class of all persons in New York who paid for rental merchandise from us since 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 Plaintiff's claims based on the alleged failure to disclose an effective interest rate. Plaintiff's other claims were not dismissed. Plaintiff moved to certify a state-wide class in December 2000. 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 Plaintiff's requested certification. The opinion grants certification as to all of Plaintiff's claims except Plaintiff's pricing claims pursuant to the Rental Purchase Statute. A court hearing is scheduled for November 12, 2002 seeking clarification of the court's opinion concerning the effect of its order on Plaintiff's specific claims.

We believe these claims are without merit and will continue to vigorously defend ourselves in this case, including appealing the court's certification order if circumstances warrant. However, we cannot assure you that we will be found to have no liability in this matter.

Wisconsin Attorney General Proceeding. On August 4, 1999, the Wisconsin Attorney General filed suit against us and our subsidiary ColorTyme in the Circuit Court of Milwaukee County, Wisconsin, alleging that our rent-to-rent transaction, coupled with the opportunity afforded our rental customers to purchase the rented merchandise under what we believe is a separate transaction, is a disguised credit sale subject to the Wisconsin Consumer Act. Accordingly, the Attorney General alleged that we failed to disclose credit terms, misrepresented the terms of the transaction and engaged in unconscionable practices.

The Attorney General sought injunctive relief, restoration of any losses suffered by any Wisconsin consumer harmed and civil forfeitures and penalties in amounts ranging from $50 to $10,000 per violation. On October 31, 2001, the Attorney General filed a motion for summary judgment on several counts in the complaint, including the principal claim that our rent-to-rent transaction is governed by the Wisconsin Consumer Act. Our response was filed on December 17, 2001. A pre-trial conference and hearing on the motion for summary judgment took place on January 22, 2002, at which time the court ruled in favor of the Attorney General's motion for summary judgment on the liability issues and set the case for trial on damages for February 2003.

Since the inception of this suit, we attempted to negotiate a mutually satisfactory resolution of these claims with the Wisconsin Attorney General's office, including the consideration of possible changes in our business practices in Wisconsin. On October 1, 2002, in anticipation of the settlement of this matter, we changed our business practices in Wisconsin to a retail sale model. Accordingly, our 23 Wisconsin stores now offer credit sale transactions and operate under our newly-formed subsidiary Get It Now, which is subject to regulation under the Wisconsin Consumer Act.

In November 2002, we reached a settlement of this suit with the Attorney General, subject to court approval. Under the terms of the settlement, we agreed to create a restitution fund in the amount of approximately $7.0 million for our applicable Wisconsin customers who had completed or active transactions with us as of September 30, 2002. In addition, we agreed to pay $1.4 million to the State of Wisconsin for fines, penalties, costs and fees. A portion of this restitution fund is allocated for restitution on active rental transactions, which will be allowed to terminate according to their terms when customers either acquire or return the merchandise. Restitution will be offered to these customers when all such active transactions have terminated, which we anticipate will occur in approximately two years. Any unclaimed restitution funds at the conclusion of the restitution period will revert back to us. To the extent the amount in the restitution fund is insufficient to pay the required amount of restitution, we are obligated to provide additional funds to do so. However, we believe the amount in the restitution fund allocated for these customers, together with the amount of funds we anticipate will revert to us at the conclusion of the restitution period, will be sufficient to pay the required amount of restitution. Any customer accepting a restitution check will be required to release us and our subsidiary ColorTyme from all claims related to their transaction or transactions with us. We, together with ColorTyme, also agreed to enter into an injunction requiring each of us to comply with the Wisconsin Consumer Act in any transaction in Wisconsin in which the customer can become the owner of merchandise other than through a single lump sum payment.

A court hearing to approve the settlement is scheduled for November 12, 2002. We expect to fund this settlement within ten days following the court's approval.

Gender Discrimination Actions. We are subject to three class action lawsuits claiming gender discrimination. As described below, we have settled all of the claims covered by these three actions.

In September 1999, an action was filed against us in federal court in the Western District of Tennessee by the U.S. Equal Employment Opportunity Commission, alleging that we engaged in gender discrimination with respect to four named females and other unnamed female employees and applicants within our Tennessee and Arkansas region. The allegations underlying this EEOC action involve charges of wrongful termination and denial of promotion, disparate impact and failure to hire. The group of individuals on whose behalf EEOC seeks relief is approximately seventy individuals.

In August 2000, a putative nationwide class action was filed against us in federal court in East St. Louis, Illinois by Claudine Wilfong and eighteen other plaintiffs, alleging that we engaged in class-wide gender discrimination following our acquisition of Thorn Americas. The allegations underlying Wilfong involve charges of wrongful termination, constructive discharge, disparate treatment and disparate impact. In addition, the EEOC filed a motion to intervene on behalf of the plaintiffs, which the court granted on May 14, 2001. On December 27, 2001, the court granted the plaintiff's motion for class certification.

In December 2000, similar suits filed by Margaret Bunch and Tracy Levings in federal court in the Western District of Missouri were amended to allege class action claims similar to those in Wilfong. In November 2001, we announced that we had reached an agreement in principle for the settlement of the Bunch matter. Under the terms of the Bunch settlement, while not admitting any liability, we agreed to pay an aggregate of $12.25 million to the agreed upon class, plus

plaintiffs' attorneys fees as determined by the court and costs to administer the settlement subject to an aggregate cap of $3.15 million. On November 29, 2001, the court in Bunch granted preliminary approval of the settlement and set a fairness hearing on such settlement for March 6, 2002.

In early March 2002, we reached an agreement in principle with the plaintiffs' attorneys in Wilfong and the EEOC to resolve the Wilfong suit and the Tennessee EEOC action. At the parties' request, the court in the Bunch case stayed the proceedings in that case, including postponing the fairness hearing previously scheduled for March 6, 2002. Similarly, the court in the

Tennessee EEOC action stayed the proceeding in that case. The definitive settlement agreement documents were filed with the Wilfong court in June 2002, and the court granted preliminary approval of the settlement on June 19, 2002. The court held a fairness hearing, approved the settlement and entered its order and judgment of final approval on October 4, 2002. Assuming there are no appeals, the order and judgment will become effective on December 4, 2002.

Under the terms of the Wilfong settlement, while not admitting any liability, we agreed to pay an aggregate of $47.0 million to approximately 6,000 female employees and approximately 2,300 female applicants who were employed by or applied for employment with us during the period commencing on April 19, 1998 and ending on June 19, 2002, plus up to $375,000 in settlement administrative costs. The $47.0 million payment includes the $12.25 million payment discussed in connection with the Bunch settlement. Attorney fees of approximately $10.5 million for class counsel in Wilfong will be paid out of the $47.0 million settlement fund. Pursuant to the settlement procedures approved by the court, approximately fifty class members opted out of the settlement.

In June 2002, we separately agreed to contribute an additional $2.0 million to a dispute resolution fund in which approximately 100 class members in Bunch will participate. This dispute resolution fund has been approved by the Bunch court and counsel to the plaintiffs in Bunch support the dispute resolution fund and the Wilfong settlement.

The settlement agreement contemplates the settlement would be subject to a four-year consent decree, which could be extended by the court for an additional one year upon a showing of good cause. Also, under the settlement agreement, we agreed to augment our human resources department and our internal employee complaint procedures; enhance our gender anti-discrimination training for all employees; hire a consultant mutually acceptable to the parties for two years to advise us on employment matters; provide certain reports to the EEOC during the period of the consent decree; seek qualified female representation on our board of directors; publicize our desire to recruit, hire and promote qualified women; offer to fill job vacancies within our regional markets with qualified class members who reside in those markets and express an interest in employment by us to the extent of 10% of our job vacancies in such markets over a fifteen month period; and to take certain other steps to improve opportunities for women. We initiated many of the above programs prior to entering into the settlement agreement.

In connection with the settlement, the parties have agreed that the Bunch case and the Tennessee EEOC action will be dismissed with prejudice once the Wilfong settlement becomes final, which we currently expect to occur in early December 2002.

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 alleges that the defendants violated Sections 10(b) and/or Section 20(a) of the Securities Exchange Act of 1934 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 purports to be brought on behalf of all purchasers of our common stock from April 25, 2001 through October 8, 2001 and seeks damages in unspecified amounts. Similar complaints were consolidated by the court with the Walker matter in October 2002. Plaintiff's consolidated amended complaint is due by November 25, 2002, and we anticipate our response to such complaint will be due in early January 2003. We believe plaintiff's claims to date 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.

Gregory Griffin, et. al. v. Rent-A-Center, Inc. On June 25, 2002, a suit originally filed by Gregory Griffin in state court in Philadelphia, Pennsylvania was amended to seek relief both individually and on behalf of a class of customers in Pennsylvania, alleging that we violated the Pennsylvania Goods and Services Installment Sales Act and the Pennsylvania Unfair Trade Practices and Consumer Protection Law. The amended complaint asserts that our rental purchase transactions are, in fact, retail installment sales transactions, and as such, are not governed by the Pennsylvania Rental-Purchase Agreement Act, which was enacted after the adoption of the Pennsylvania Goods and Services Installment Sales Act and the Pennsylvania Unfair Trade Practices Act. Griffin's suit seeks class-wide remedies, including injunctive relief, unspecified statutory, actual and treble damages, as well as attorney's fees and costs. Discovery in the case is in its early stages. Although we believe that these claims are without merit, a recent trial court decision in a similar case to which we were not a party held that rental purchase transactions in Pennsylvania are in fact retail

installment sales transactions not governed by the Pennsylvania Rental-Purchase Agreement Act. We strongly disagree with this decision. We have filed preliminary objections to the complaint in Griffin. Such objections are currently pending before the trial court for decision. We intend to vigorously defend ourselves in this case. However, we cannot assure you that we will be found to have no liability in this matter.

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

CURRENT REPORTS ON FORM 8-K

Current Report on Form 8-K, dated August 12, 2002, relating to the filing of sworn statements by Rent-A-Center, Inc.'s principal executive officer and principal financial officer pursuant to Section 21(a)(1) of the Securities Exchange Act of 1934 as required by the Securities and Exchange Commission's Order No. 4-460 dated June 27, 2002.

Current Report on Form 8-K, dated August 12, 2002, relating to the certification by Mr. Speese and Mr. Davis pursuant to Section 906 of the Sarbanes - Oxley Act of 2002 which accompanied Rent-A-Center, Inc.'s Quarterly Statement on Form 10-Q for the quarter ended June 30, 2002.

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.

SIGNATURES

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

RENT-A-CENTER, INC.

By: /s/ Robert D. Davis

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

Date: November 12, 2002

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 quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a. designed such disclosure controls and procedures 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 quarterly report is being prepared;

   b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ 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 quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

    d. designed such disclosure controls and procedures 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 quarterly report is being prepared;

    e. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    f. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    c. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    d. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ ROBERT D. DAVIS

Senior Vice President-Finance, Treasurer
and Chief Financial Officer

RENT-A-CENTER, INC. AND SUBSIDIARIES

INDEX TO EXHIBITS

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
3.1(1)	-- Amended and Restated Certificate of Incorporation of Renters Choice, Inc.
3.2(2)	-- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Renters Choice, Inc.
3.3(3)	-- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Rent-A-Center, Inc.
3.4(4)	-- Amended and Restated Bylaws of Rent-A-Center, Inc.
4.1(5)	-- Form of Certificate evidencing Common Stock
4.2(6)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.
4.3(7)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc.
4.4(8)	--

Form of Certificate evidencing Series A Preferred Stock 4.5(9) -- Indenture, dated as of December 19, 2001, by and among Rent-A-Center, Inc., as Issuer, ColorTyme, Inc., and Advantage Companies, Inc., as Subsidiary Guarantors, and The Bank of New York, as Trustee 4.6(10) -- First Supplemental Indenture, dated as of May 1, 2002, by and among Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc. and The Bank of New York, as Trustee. 4.7* -- Second Supplemental Indenture, dated as of September 30, 2002, by and among Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc., Get It Now, LLC and The Bank of New York, as Trustee. 4.8(11) -- Form of 2001 Exchange Note 10.1(12)+ -- Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan 10.2(13) -- Amended and Restated Credit Agreement, dated as of August 5, 1998 as amended and restated as of May 3, 2002, among Rent-A-Center, Inc.,

Comerica Bank, as Documentation Agent, Bank of America NA, as Syndication Agent and JP Morgan Chase Bank, as Administrative Agent. 10.3* -- First Amendment, dated as of October 11, 2002, to the Credit Agreement, dated August 5, 1998, as amended and restated as of May 3, 2002, among Rent-A-Center, Inc., the lenders party to the Credit Agreement, the Documentation Agent and Syndication named there in and JP Morgan Chase Bank, as Administrative Agent. 10.4(14) -- Guarantee and Collateral Agreement, dated August 5, 1998, made by Renters Choice, Inc., and certain of its Subsidiaries in favor of the Chase Manhattan Bank, as Administrative Agent 10.5(15) -- Amended and Restated Stockholders Agreement, dated as of October 8, 2001, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Rent-A-Center, Inc., and certain other persons 10.6(16) --

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

10.7(17) -- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series A Convertible Preferred Stock

10.8(18) -- 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.

10.9(19) -- Common Stock Purchase Agreement, dated as of October 8, 2001, by and among J. Ernest Talley, Mary Ann Talley, the Talley 1999 Trust and Rent-A-Center, Inc.

10.10(20) -- Exchange and Registration Rights Agreement, dated December 19, 2001, by and

among Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc., J.P. Morgan Securities, Inc., Morgan Stanley & Co. Incorporated, Bear, Stearns & Co. Inc. and Lehman Brothers, Inc.

10.11(21) -- Amended and Restated Franchisee Financing Agreement, dated March 27, 2002, by and between Textron Financial Corporation, ColorTyme, Inc. and Rent-A-Center, Inc.

10.12(22) -- Franchise 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.

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10.13(23)	-- First Amendment to Franchisee Financing Agreement, dated July 23, 2002, by and between Textron Financial Corporation, ColorTyme, Inc. and Rent-A-Center, Inc.
10.14*	-- Second Amendment to Franchisee Financing Agreement, dated September 30, 2002, by and between Textron Financial Corporation, ColorTyme, Inc. and Rent-A-Center, Inc.
21.1*	-- Subsidiaries of Rent-A-Center, Inc

- ----------
* Filed herewith.

+ Management contract or company plan or arrangement

(1) Incorporated herein by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994

(2) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996

(3) Incorporated herein by reference to Exhibit 3.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001

(4) Incorporated herein by reference to Exhibit 3.4 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002

(5) Incorporated herein by reference to Exhibit 4.1 to the registrant's Form S-4 filed on January 19, 1999.

(6) Incorporated herein by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

(7) Incorporated herein by reference to Exhibit 4.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

(8) Incorporated herein by reference to Exhibit 4.5 to the registrant's Registration Statement Form S-4 filed on January 19, 1999

(9) Incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002

(10) Incorporated herein by reference to Exhibit 4.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002

(11) Incorporated herein by reference to Exhibit 4.7 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002

(12) Incorporated herein by reference to Exhibit 10.1 to the registrant's Registration Statement of Form S-4 filed on January 22, 2002

(13) Incorporated herein by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002

(14) Incorporated herein by reference to Exhibit 10.19 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

(15) Incorporated herein by reference to Exhibit 10.7 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001

(16) 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

(17) 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

(18) 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

(19) Incorporated herein by reference to Exhibit 10.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001

(20) Incorporated herein by reference to Exhibit 10.9 to the registrant's Registration Statement on Form S-4 filed on January 22, 2002

(21) Incorporated herein by reference to Exhibit 10.13 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002

(22) 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

(23) Incorporated herein by reference to Exhibit 10.15 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002

EXHIBIT 4.7

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

the SUBSIDIARY GUARANTORS named herein,
as Guarantors

and

THE BANK OF NEW YORK
as Trustee

SECOND SUPPLEMENTAL INDENTURE

Dated as of September 30, 2002
to

INDENTURE

Dated as of December 19, 2001

between

RENT-A-CENTER, INC., as Issuer

the SUBSIDIARY GUARANTORS named therein, as Guarantors

and

THE BANK OF NEW YORK, as Trustee

$275,000,000
SERIES D
11% SENIOR SUBORDINATED NOTES DUE 2008

This SECOND SUPPLEMENTAL INDENTURE, dated as of September 30, 2002, is entered into by and among Rent-A-Center, Inc., a Delaware corporation (the "Company"), ColorTyme, Inc., a Texas corporation ("ColorTyme"), Advantage Companies, Inc., a Delaware corporation ("Advantage"), Get It Now, LLC, a Delaware limited liability company ("Get It Now"), 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 December 19, 2001, as supplemented by the First Supplemental Indenture, dated May 1, 2002, between the Company, ColorTyme, Advantage and the Trustee (the "Indenture") providing for the issuance of its 11% Senior Subordinated Notes due 2008, Series D (the "Notes"); and

WHEREAS, ColorTyme and Advantage are currently Subsidiary Guarantors under such Indenture; and

WHEREAS, the Company has formed Get It Now as a wholly-owned subsidiary of the Company; and

WHEREAS, in connection with the formation of Get It Now, certain assets previously held by the Company and Advantage will be transferred to Get It Now (the "Transfer"); and

WHEREAS, in connection with the formation of Get It Now and the resulting Transfer, the Company has designated Get It Now as a Restricted Subsidiary under the Indenture; and

WHEREAS, pursuant to Section 1009, 1012 and 1017 of the Indenture, the Transfer is permitted under the Indenture; and

WHEREAS, in consideration, in part, for the Transfer, Get It Now agrees to become a Subsidiary Guarantor by guaranteeing the obligations of the Company under the Indenture in accordance with the terms thereof; and

WHEREAS, pursuant to Section 1020 of the Indenture, the addition of Get It Now as a Subsidiary Guarantor is permitted under the Indenture; and

WHEREAS, Get It Now has been duly authorized by its Board of Directors to enter into, execute and deliver this Second 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, ColorTyme, Advantage, Get It Now 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 Transfer and to the addition of Get It Now as an additional Subsidiary Guarantor under the Indenture. Simultaneously with the Transfer (the

"Effective Time"), Get It Now shall become, and each of ColorTyme and Advantage shall continue to be, a "Subsidiary Guarantor" under and as defined in the Indenture, and at the Effective Time, Get It Now shall assume all the obligations of a Subsidiary Guarantor under the Notes and the Indenture as described in the Indenture. Get It Now hereby, jointly and severally, 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 Second 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 Second 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 Second 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 Second 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 Second Supplemental Indenture may refer to the Indenture without making specific reference to this Second Supplemental Indenture, but nevertheless all such references shall include this Second Supplemental Indenture unless the context otherwise requires.

SECTION 7. This Second 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 Second Supplemental Indenture and the Indenture, this Second 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 Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company, ColorTyme, Advantage and Get It Now.

REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties have caused this Second Supplemental Indenture to be duly executed, and their respective corporate seals, if any, to be hereunder affixed and attested, all 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/ Mark E. Speese

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

COLORTYME, INC.

By: /s/ Mark E. Speese

Mark E. Speese
President

ADVANTAGE COMPANIES, INC.

By: /s/ Mark E. Speese

Mark E. Speese
Vice President

GET IT NOW, LLC

By: /s/ Mark E. Speese

Mark E. Speese
President

EXHIBIT 10.3

FIRST AMENDMENT, dated as of October 11, 2002 (this "First Amendment"), to the CREDIT AGREEMENT, dated as of August 5, 1998, as amended and restated as of May 3, 2002 (the "Credit Agreement"), among RENT-A-CENTER, INC. (the "Borrower"), the Lenders party to the Credit Agreement, the Documentation Agent and Syndication Agent named therein and JPMORGAN CHASE BANK, as Administrative Agent (in such capacity, the "Administrative Agent"). Terms defined in the Credit Agreement shall be used in this First Amendment with their defined meanings unless otherwise defined herein.

WITNESSETH:

WHEREAS, the Borrower wishes to amend the Credit Agreement in the manner set forth herein; and

WHEREAS, each of the parties hereto is willing to enter into this First Amendment on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION I. AMENDMENT TO CREDIT AGREEMENT.

Section 7.6 of the Credit Agreement is hereby amended by adding the following new paragraph (e) to the end thereof:

> "(e) in addition, so long as no Default or Event of Default shall have occurred and be continuing, the Borrower may repurchase its common stock so long as the aggregate amount so expended pursuant to this paragraph (e) does not exceed $10,500,000 (it being understood that any amounts so expended shall be deemed to constitute utilization of the baskets referred to in Section 7.6(d) and clause (ii) of the proviso contained in Section 7.9(a)), provided, that (i) such repurchase is consummated on or prior to the date on which the Borrower's financial statements are delivered pursuant to Section 6.1(b) for the fiscal quarter ending September 30, 2002 and (ii) within three Business Days after the date of such repurchase, the Borrower shall prepay the Term Loans pursuant to Section 2.10 in an amount equal to 100% of the amount being expended to make such repurchase"

SECTION II. MISCELLANEOUS.

1. No Change. Except as expressly provided herein, no term or provision of the Credit Agreement shall be amended, modified or supplemented, and each term and provision of the Credit Agreement shall remain in full force and effect.

2. Effectiveness. This First Amendment shall become effective as of the date hereof upon receipt by the Administrative Agent of (a) counterparts hereof duly executed by the Borrower and (b) executed consent letters authorizing the Administrative Agent to enter into this First Amendment from the Required Lenders.

3. Counterparts. This First Amendment may be executed by the parties hereto in any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

4. Governing Law. THIS FIRST AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS FIRST AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered as of the day and year first above written.

RENT-A-CENTER, INC.

By: /s/ Mark E. Speese

Name: Mark E. Speese
Title: Chief Executive Officer

JPMORGAN CHASE BANK, as Administrative Agent

By: /s/ Allen K. King

Name: Allen K. King
Title: Vice President

EXHIBIT 10.14

SECOND AMENDMENT TO
FRANCHISEE FINANCING AGREEMENT

This Second Amendment to Franchisee Financing Agreement ("Amendment") is made and entered into by and among Textron Financial Corporation, a Delaware corporation ("TFC"), ColorTyme, Inc., a Texas corporation ("ColorTyme"), and Rent-A-Center, Inc., a Delaware corporation ("RAC").

RECITALS

A. TFC, ColorTyme and RAC are parties to that certain Amended and Restated Franchisee Financing Agreement dated March 27, 2002, which was amended by that certain First Amendment to Franchisee Financing Agreement dated July 23, 2002 (as previously amended, the "Agreement"). Capitalized terms used in this Amendment that are not otherwise defined herein shall have the meanings assigned to such terms in the Agreement.

B. TFC, ColorTyme and RAC desire to amend the Agreement on the terms set forth in this Amendment.

AGREEMENT

In consideration of the premises and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound hereby, TFC, ColorTyme and RAC agree as follows:

1. Financial Statements and Reports. Paragraph (g) of section 2.2 of the Agreement is hereby amended by deleting the existing paragraph (g) of section 2.2 in its entirety and substituting in place thereof the following:

> (g) Financial Statements and Reports. RAC shall provide to TFC a copy of each Form 10-K, Form 10-Q and Form 8-K filed with the U.S. Securities and Exchange Commission, within two (2) business days after the filing thereof. ColorTyme shall provide to TFC (i) a copy of its audited individual and consolidated year-end financial statements, within ninety (90) days following the end of each fiscal year; (ii) a copy of its monthly financial statements, within thirty (30) days following the end of each month; (iii) a copy of its Uniform Franchise Offering Circular and all amendments thereto, within one hundred twenty (120) days following the end of each fiscal year; and (iv) royalty reports and financial statements for each Franchisee, promptly upon request by TFC. RAC and ColorTyme shall provide to TFC a quarterly compliance certificate in the form of Exhibit A attached hereto, within thirty (30) days following the end of each calendar quarter.

2. Consent of the Guarantor. RAC, as the guarantor of all debts, liabilities and obligations of ColorTyme to TFC under the Agreement, hereby consents to the amendment of the Agreement as provided herein.

3. Effect of this Amendment. In the event of a conflict between the terms of this Amendment and the terms of the Agreement, the provisions of this Amendment shall prevail. Except as expressly set forth in this Amendment, however, all provisions of the Agreement shall remain unchanged and shall continue in full force and effect. This Amendment is hereby incorporated into the Agreement for all purposes.

4. Effective Date. This Amendment shall be effective as of the original effective date of the Agreement.

IN WITNESS WHEREOF, TFC, ColorTyme and RAC have executed this Amendment on this 30th day of September, 2002.

COLORTYME, INC.
5700 Tennyson Parkway, Suite 180
Plano, Texas 75024

By: /s/ Steven M. Arendt

Name: Steven M. Arendt

Title: President and Chief Executive Officer

RENT-A-CENTER, INC.
5700 Tennyson Parkway, 3rd Floor
Plano, Texas 75024

By: /s/ Mark E. Speese

Name: Mark E. Speese

Title: Chief Executive Officer

TEXTRON FINANCIAL CORPORATION
6490 South McCarran Blvd., C-21
Reno, Nevada 89509

By: /s/ Douglas K. Bland

Name: Douglas K. Bland

Title: Division President

EXHIBIT 21.1

SUBSIDIARIES OF RENT-A-CENTER, INC.

ColorTyme, Inc., a Texas corporation

Advantage Companies, Inc., a Delaware corporation

Get It Now, LLC, a Delaware limited liability company

Remco America, Inc., a Delaware corporation