SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

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

COMMISSION FILE NO. 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)

Securities registered pursuant to Section 12(b) of the Act:
NONE

Securities registered Pursuant to Section 12(g) of the Act:

Common Stock, par value $.01 per share
(TITLE OF CLASS)

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

AGGREGATE MARKET VALUE OF THE 18,261,819 SHARES OF COMMON STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT AT THE CLOSING SALES PRICE ON MARCH 26, 2001.....	$827,488,673
NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AS OF THE CLOSE OF BUSINESS ON MARCH 26, 2001:.....	25,157,904

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the definitive proxy statement relating to the 2001 Annual Meeting of Stockholders of Rent-A-Center, Inc., are incorporated by reference into Part III of this report.

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PART I

ITEM 1. BUSINESS

OVERVIEW

We are the largest operator in the United States rent-to-own industry with an approximate 27% market share based on store count. At December 31, 2000, we operated 2,158 company-owned stores in 50 states, the District of Columbia and Puerto Rico. Our subsidiary, ColorTyme, Inc., is a national franchisor of rent-to-own stores. At December 31, 2000, ColorTyme operated 364 stores in 42 states, 352 of which operate under the ColorTyme name and 12 stores which operate under the Rent-A-Center name. This represents a further 5% market share based on store count.

Our stores offer high quality durable products such as home electronics, appliances, computers, and furniture and accessories under flexible rental purchase agreements that 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 offer well known brands such as Sony, Magnavox and JVC home electronics, Whirlpool appliances, Dell and Compaq computers and La-Z-Boy and Ashley furniture.

Our customers often lack access to conventional forms of credit. We offer products such as big screen televisions, computers and sofas, and well known brands, that might otherwise be unavailable without credit. We also offer high levels of customer service, including free repair, pick-up and delivery. Our customers benefit from the ability to return merchandise at any time without further obligation and make payments that build toward ownership. We estimate that approximately 65% of our business is from repeat customers.

INDUSTRY OVERVIEW

According to industry sources and our estimates, the rent-to-own industry consists of approximately 8,000 stores, and provides 7.5 million products to 3.3 million households. We estimate the six largest rent-to-own industry participants account for 4,200 of the total number of stores, and the majority of the industry consists of operations with fewer than 20 stores. The rent-to-own industry is highly fragmented and, due primarily to the decreased availability of traditional financing sources, has experienced, and is expected to continue to experience increasing consolidation. We believe this consolidation trend in the industry presents opportunities for us to continue to acquire additional stores on favorable terms.

The rent-to-own industry serves a highly diverse middle-class and lower-middle-class customer base. According to the Association of Progressive Rental Organizations, 92% of rent-to-own customers have incomes between $15,000 and $50,000 per year. Many of the customers served by the industry do not have access to conventional forms of credit and are typically cash constrained. For these customers, the rent-to-own industry provides access to brand name products that they would not normally be able to obtain. The Association of Progressive Rental Organizations also estimates that 93% of customers have high school diplomas. According to a Federal Trade Commission study, seventy-five percent of rent-to-own customers were satisfied with their experience with rent-to-own transactions. The study noted that customers gave a wide variety of reasons for their satisfaction, "including the ability to obtain merchandise they otherwise could not, the low payments, the lack of a credit check, the convenience and flexibility of the transaction, the quality of the merchandise, the quality of the maintenance, delivery, and other services, the friendliness and flexibility of the store employees, and the lack of any problems or hassles."

STRATEGY

We are currently focusing our strategic efforts on:

- opening new stores and acquiring stores from our competitors;

- enhancing the operations and depth of management in all store locations; and

- building our national brand.

Opening New Stores and Acquiring Stores from Our Competitors

We have gained significant experience in the acquisition and integration of other rent-to-own operators and believe the fragmented nature of the rent-to-own industry will result in ongoing growth opportunities. We intend to focus new market penetration in adjacent areas or regions that we believe are under-served by the rent-to-own industry. In evaluating a new market, we review demographic statistics, cost of advertising and the number and nature of competitors. When acquiring stores, we typically target under-performing and under-capitalized chains of rent-to-own stores. The acquired stores benefit from our administrative network, improved product mix, sophisticated management information system and purchasing power. In addition, we have access to an expanding number of our franchise locations, which we have the right of first refusal to purchase.

Since May 1993, our company-owned store base has grown from 27 to 2,158, primarily through acquisitions. During this period, we acquired over 2,000 company-owned stores and over 350 franchised stores in more than 60 separate transactions, including six transactions where we acquired in excess of 70 stores. In May 1998, we acquired substantially all of the assets of Central Rents, Inc., which operated 176 stores, for approximately $100 million in cash. In August 1998, we acquired Thorn Americas, Inc. for approximately $900 million in cash, including the repayment of certain debt of Thorn Americas. Prior to this acquisition, Thorn Americas was our largest competitor, operating 1,409 company-owned stores and 65 franchised stores in 49 states and the District of Columbia.

In the second half of 2000, having successfully integrated the Thorn Americas and Central Rents acquisitions, we resumed our strategy of increasing our store base. For the year ended December 31, 2000, we opened 36 new stores, acquired 74 stores and closed 27 stores. Of the 27 stores closed, 22 were merged with existing stores, four were sold and one was closed with no surviving store. The 74 acquired stores were the result of 19 separate acquisition transactions for an aggregate purchase price of approximately $42.5 million in cash. During the first quarter of 2001, we acquired four stores for approximately $1.7 million in cash and opened an additional 23 new stores. We also closed five stores, merging three with existing stores and selling two stores, resulting in a total store count of 2,180 at the end of the quarter.

We continue to believe there are attractive opportunities to expand our presence in the rent-to-own industry. We intend to increase the number of stores in which we operate by an average of approximately 10-15% per year over the next several years. We plan to accomplish our future growth through both selective and opportunistic acquisitions and new store development.

Enhancing Store Operations and Depth of Management

We continually seek to improve store performance through strategies intended to produce gains in operating efficiency and profitability. For example, we eliminated low cost, non-core products such as jewelry, cell phones and pagers from the stores we acquired in the Thorn Americas acquisition, reducing the number of different items on rent in these stores from over 1,000 to approximately 150 items. We also added appropriate high quality name brand product offerings in our core consumer electronics, furniture and appliance categories. Collectively in these stores, these changes have increased:

- the average cost per unit on rent to $425 from $225;

- the monthly revenues per store to $61,000 from $52,000; and

- the store level profitability to 23% in 2000, from 18% in 1998.

We believe we will achieve further gains in revenues and operating margins in newly acquired stores by:

- using focused advertising to increase store traffic;
- expanding the offering of upscale, higher margin products, such as Sony, Magnavox, Mitsubishi and JVC electronics, Benchcraft, La-Z-Boy and Ashley furniture, Dell, Compaq and Hewlett Packard computers and Whirlpool appliances, to increase the number of product rentals;
- employing strict store-level cost control;
- closely monitoring each store's performance through the use of our management information system to ensure each store's adherence to established operating guidelines; and
- using a profit based incentive pay plan.

Building Our National Brand

In February 2000, we announced that John Madden would serve as our national advertising spokesman for our advertising campaign that was launched in April 2000. Mr. Madden appears in our advertising media used in the campaign, including television and radio commercials, print, direct response and in-store signage. We believe Mr. Madden possesses a unique balance of multi-cultural appeal, a strong image identification among both men and women, and a personality that people of all ages enjoy. We believe his involvement in the campaign assists us in capturing new customers and establishes a more powerful identity for Rent-A-Center. Mr. Madden's agreement with us expires March 31, 2002.

OUR STORES

At December 31, 2000, we operated 2,158 stores in 50 states, Puerto Rico and the District of Columbia. In addition, our subsidiary ColorTyme franchised 364 stores in 42 states. This information is illustrated by the following table:

LOCATION	NUMBER OF STORES: COMPANY OWNED	NUMBER OF STORES: FRANCHISED
Alabama	45	2
Alaska	3	--
Arizona	52	9
Arkansas	20	3
California	123	11
Colorado	26	4
Connecticut	17	6
Delaware	15	1
District of Columbia	4	--
Florida	133	10
Georgia	95	13
Hawaii	11	2
Idaho	2	3
Illinois	113	6
Indiana	73	18
Iowa	19	--
Kansas	29	18
Kentucky	39	7
Louisiana	35	7
Maine	16	3
Maryland	46	7
Massachusetts	43	12
Michigan	93	21
Minnesota	5	--
Mississippi	16	4
Missouri	52	7
Montana	1	4
Nebraska	4	--
Nevada	15	5
New Hampshire	15	2
New Jersey	40	8
New Mexico	11	10
New York	110	23
North Carolina	86	14
North Dakota	1	--
Ohio	122	12
Oklahoma	36	13
Oregon	16	5
Pennsylvania	79	5
Puerto Rico	19	--
Rhode Island	7	4
South Carolina	27	2
South Dakota	2	--
Tennessee	80	5
Texas	228	58
Utah	15	2
Vermont	6	--
Virginia	39	5
Washington	34	9
West Virginia	12	2
Wisconsin	27	2
Wyoming	1	--
TOTAL	2,158	364

RENT-A-CENTER STORE OPERATIONS

Product Selection

Our stores offer merchandise from four basic product categories: home electronics, appliances, computers, and furniture and accessories. We seek to ensure our stores maintain sufficient inventory to offer customers a wide variety of models, styles and brands. We seek to provide a wide variety of high quality merchandise to our customers, and we emphasize high-end products from brand-name manufacturers. During 2000, home electronic products accounted for approximately 40% of our store rentals and fees revenue, appliances for 17%, computers for 10%, and furniture and accessories for 33%. Customers may request either new merchandise or previously rented merchandise. Previously rented merchandise is offered at the same weekly or monthly rental rate as is offered for new merchandise, but with an opportunity to obtain ownership of the merchandise after fewer rental payments.

Home electronic products offered by our stores include televisions, DVD players, home entertainment centers, video cassette recorders and stereos from top brand manufacturers such as Magnavox, Sony, JVC, Mitsubishi and Toshiba. We rent major appliances manufactured by Whirlpool, including refrigerators, washing machines, dryers, microwave ovens, freezers and ranges. We offer computer hardware and software

from Dell, Hewlett Packard and Compaq. We rent a variety of furniture products, including dining room, living room and bedroom furniture featuring a number of styles, materials and colors. We offer furniture made by Ashley, England-Corsair, La-Z-Boy, Benchcraft and other top brand manufacturers. Accessories include pictures, plants, lamps and tables and are typically rented as part of a package of items, such as a complete room of furniture. Showroom displays enable customers to visualize how the product will look in their homes and provide a showcase for accessories.

Rental Purchase Agreements

Our customers generally enter into weekly or monthly rental purchase agreements, which renew automatically upon receipt of each payment. We retain title to the merchandise during the term of the rental purchase agreement. Ownership of the merchandise generally transfers to the customer if the customer has continuously renewed the rental purchase agreement for a period of 18 to 36 months (depending upon the product type), or exercises a specified early purchase option. Although we do not conduct a formal credit investigation of each customer, a potential customer must provide store management with sufficient personal information to allow us to verify their residence and sources of income. References listed by the customer are contacted to verify the information contained in the customer's rental purchase order form. Rental payments are generally made in cash, by money order or debit card. Depending on state regulatory requirements, we charge for the reinstatement of terminated accounts or collect a delinquent account fee, and collect loss/damage waiver fees from customers desiring such product protection in case of theft or certain natural disasters. Such fees are standard in the industry and may be subject to government-specified limits. Please read the section entitled Government Regulation below.

Product Turnover

In the majority of our stores, a minimum rental term of 18 months is generally required to obtain ownership of new merchandise. We believe that only approximately 25% of our initial rental purchase agreements are taken to the full term of the agreement, although the average total life for each product is approximately 22 months which includes the initial rental period, all re-rental periods and idle time in our system. Turnover varies significantly based on the type of merchandise rented, with certain consumer electronics products, such as camcorders and video cassette recorders, generally rented for shorter periods, while appliances and furniture are generally rented for longer periods. To cover the relatively high operating expenses generated by greater product turnover, rental purchase agreements require higher aggregate payments than are generally charged under other types of purchase plans, such as installment purchase or credit plans.

Customer Service

We offer same day or 24-hour delivery and installation of our merchandise at no additional cost to the customer. We provide any required service or repair without charge, except for damage in excess of normal wear and tear. Repair services are provided either through our national network of 21 service centers or by the vendor if the product is still under factory warranty. If the product cannot be repaired at the customer's residence, we provide a temporary replacement while the product is being repaired. The customer is fully liable for damage, loss or destruction of the merchandise, unless the customer purchases an optional loss/ damage waiver. Most of the products we offer are covered by a manufacturer's warranty for varying periods, which, subject to the terms of the warranty, is transferred to the customer in the event that the customer obtains ownership.

Collections

Store managers use our computerized management information system to track collections on a daily basis. If a customer fails to make a rental payment when due, store management will attempt to contact the customer to obtain payment and reinstate the agreement, or will terminate the account and arrange to regain possession of the merchandise. We attempt to recover the rental items as soon as possible following termination or default of a rental purchase agreement, generally by the seventh to tenth day. Collection efforts

are enhanced by the numerous personal and job-related references required of first-time customers, the personal nature of the relationships between the stores' employees and customers and the fact that, following a period in which a customer is temporarily unable to make payments on a piece of rental merchandise, that customer generally may re-rent a piece of merchandise of similar type and age on the terms the customer enjoyed prior to that period. Charge-offs due to lost or stolen merchandise, expressed as a percentage of store revenues, were approximately 2.5% in 2000, as compared to approximately 2.3% in 1999 and 2.5% in 1998. In an effort to improve collections at the stores acquired during 2000, we implemented our collection procedures in these stores, including our management incentive plans, which provide incentives to reduce the percentage of delinquent accounts.

MANAGEMENT

We organize our network of stores geographically with multiple layers of management. At the individual store level, each store manager is responsible for customer and credit relations, delivery and collection of merchandise, inventory management, staffing, training store personnel and certain marketing efforts. Each store manager reports to a market manager within close proximity who typically oversees six to eight stores. Typically, a market manager focuses on developing the personnel in his or her market and on ensuring that all stores meet our quality, cleanliness and service standards. In addition, a market manager routinely audits numerous areas of the stores operations, including inventory levels, gross profit per rental agreement, petty cash, and customer order forms. A significant portion of a market manager's and store manager's compensation is dependent upon store revenues and profits, which are monitored by our comprehensive management reporting system and our tight control over inventory afforded by our direct shipment practice.

We have 302 market managers who, in turn, report to 50 regional directors. Regional directors monitor the results of their entire region, with an emphasis on developing and supervising the market managers in their region. Similar to the market managers, regional directors are responsible for ensuring that store managers are following the operational guidelines, particularly those involving store presentation, credit, inventory levels, and order verification. The 50 regional directors report to 9 senior executives at our headquarters. The regional directors receive a significant amount of their compensation based on the profits the stores under their management generate.

Our executive management team at the home office directs and coordinates purchasing, financial planning and controls, employee training, personnel matters and new store site selection. Our executive management team also evaluates the performance of each region, market and store, including the use of on-site reviews. All members of our executive management team receive a significant amount of their total compensation based on the profits generated by the entire company. As a result, our business strategy emphasizes strict cost containment.

MANAGEMENT INFORMATION SYSTEMS

Through a licensing agreement with High Touch, Inc., we utilize an integrated computerized management information and control system. Each store is equipped with a computer system utilizing point of sale software developed by High Touch. This system tracks individual components of revenue, each item in idle and rented inventory, total items on rent, delinquent accounts and other account information. We electronically gather each day's activity report, which provides our executive management with access to all operating and financial information about any of our stores, markets or regions and generates management reports on a daily, weekly, month-to-date and year-to-date basis for each store and for every rental purchase transaction. The system literally enables us to track each of our approximately 2,000,000 units of merchandise and each of our approximately 1,200,000 rental purchase agreements. Our system also includes extensive management software and report-generating capabilities. The reports for all stores are reviewed on a daily basis by executive management and unusual items are typically addressed the following business day. Utilizing the management information system, our executive management, regional directors, market managers and store managers closely monitor the productivity of stores under their supervision according to our prescribed guidelines.

The integration of the management information system developed by High Touch with our accounting system, developed by Lawson Software, Inc., facilitates the production of the financial statements. These financial statements are distributed monthly to all stores, markets, regions and the executive management team for their review.

PURCHASING AND DISTRIBUTION

Our executive management determines the general product mix in our stores based on analyses of customer rental patterns and the introduction of new products on a test basis. Individual store managers are responsible for determining the particular product selection for their store from the list of products approved by executive management. Store and market managers make specific purchasing decisions for the stores, subject to review by executive management. All merchandise is shipped by vendors directly to each store, where it is held for rental. We do not maintain any warehouse space. These practices allow us to retain tight control over our inventory and, along with our selection of products for which consistent historical demand has been shown, reduces the number of unsaleable and obsolete items in our stores.

We purchase the majority of our merchandise directly from manufacturers. Our largest suppliers include Whirlpool, Ashley, and Magnavox, who accounted for approximately 13.3%, 12.1%, and 11.3% respectively, of merchandise purchased in 2000. No other supplier accounted for more than 10% of merchandise purchased during this period. We do not generally enter into written contracts with our suppliers. Although we expect to continue relationships with our existing suppliers, we believe that there are numerous sources of products available, and we do not believe that the success of our operations is dependent on any one or more of our present suppliers.

MARKETING

We promote the products and services in our stores through direct mail advertising, radio, television and secondary print media advertisements. Our advertisements emphasize such features as product and brand-name selection, prompt delivery and the absence of initial deposits, credit investigations or long-term obligations. Advertising expense as a percentage of store revenue for the years ended December 31, 2000 and 1999, was approximately 4.2% and 4.0%, respectively. As we obtain new stores in our existing market areas, the advertising expenses of each store in the market can be reduced by listing all stores in the same market-wide advertisement.

Mr. John Madden serves as our national advertising spokesman for the advertising campaign we launched in April 2000. Mr. Madden appears in our advertising media used in the campaign, including television and radio commercials, print, direct response and in-store signage. We believe Mr. Madden possesses a unique balance of multi-cultural appeal, a strong image identification among both men and women, and a personality that people of all ages enjoy. We believe his involvement in this campaign assists us in capturing new customers and establishes a more powerful identity for Rent-A-Center.

COMPETITION

The rent-to-own industry is highly competitive. According to industry sources and our estimates, the six largest industry participants account for approximately 4,200 of the 8,000 rent-to-own stores in the United States. We are the largest operator in the rent-to-own industry with 2,158 stores and 364 franchised locations as of December 31, 2000. Our stores compete with other national and regional rent-to-own businesses, as well as with rental stores that do not offer their customers a purchase option. With respect to customers desiring to purchase merchandise for cash or on credit, we also compete with department stores, credit card companies and discount stores. Competition is based primarily on store location, product selection and availability, customer service and rental rates and terms.

COLORTYME OPERATIONS

ColorTyme is our nationwide franchisor of rent-to-own stores. At December 31, 2000, ColorTyme operated 364 franchised rent-to-own stores in 42 states. These rent-to-own stores offer high quality durable

products such as home electronics, appliances, computers, and furniture and accessories. During 2000, 46 new franchise locations were added, five were closed and 42 were sold, including 39 that we purchased. During that same period, the number of new franchisees operating stores under the ColorTyme name increased by 14.

All but 12 of the ColorTyme franchised stores use ColorTyme's tradenames, service marks, trademarks, logos, emblems and indicia of origin. These 12 stores are franchises acquired in the Thorn Americas acquisition and continue to use the Rent-A-Center name. All stores operate under distinctive operating procedures and standards. ColorTyme's primary source of revenue is the sale of rental merchandise to its franchisees who, in turn, offer the merchandise to the general public for rent or purchase under a rent-to-own program. As franchisor, ColorTyme receives royalties of 2.2% to 4.0% of the franchisees' monthly gross revenue and, generally, an initial fee of between $7,500 per location for existing franchisees and up to $25,000 per location for new franchisees.

ColorTyme has an arrangement with STI Credit Corporation (STI), who provides inventory financing in amounts up to five times monthly revenues to qualifying franchisees. Under this arrangement, both ColorTyme and we provide guarantees to STI on these loans.

The ColorTyme franchise agreement generally requires the franchised stores to utilize certain computer hardware and software for the purpose of recording rentals, sales and other record keeping and central functions. ColorTyme retains the right to upload and download data, troubleshoot, and retrieve data and information from the franchised stores' computer systems.

The franchise agreement also requires the franchised stores to exclusively offer for rent or sale only those brands, types, and models of products that ColorTyme has approved. The franchised stores are required to maintain an adequate mix of inventory that consists of approved products for rent as dictated by ColorTyme policy manuals, and must maintain on display such products as specified by ColorTyme. ColorTyme negotiates purchase arrangements with various suppliers it has approved. ColorTyme's largest suppliers are Whirlpool and Thomson (RCA), who accounted for approximately 14.0% and 6.3%, respectively, of merchandise purchased by ColorTyme in 2000.

ColorTyme has established a national advertising fund for the franchised stores, whereby ColorTyme has the right to collect up to 3% of the monthly gross revenue from each franchisee as contributions to the fund. Currently, ColorTyme has set the monthly franchisee contribution at $250 per store per month. ColorTyme directs the advertising programs of the fund, generally consisting of advertising in print, television and radio. Furthermore, the franchisees are required to expend 3% of their monthly gross revenue on local advertising.

ColorTyme licenses the use of its trademarks to the franchisees under the franchise agreement. ColorTyme owns the registered trademarks ColorTyme(R), ColorTyme-What's Right for You(R), and FlexTyme(R), along with certain design and service marks.

Some of ColorTyme's franchisees may be in locations where they directly compete with our company-owned stores, which could negatively impact the business, financial condition and operating results of our company-owned store.

The ColorTyme franchise agreement provides us a right of first refusal to purchase the franchise location of a ColorTyme franchisee wishing to exit the business.

TRADEMARKS

We own various registered trademarks, including Get the Good Stuff(R) (the slogan used in our advertising campaign featuring Mr. Madden), Rent-A-Center(R) and Renters Choice(R). The products held for rent also bear trademarks and service marks held by their respective manufacturers.

EMPLOYEES

As of March 26, 2001, we had approximately 12,554 employees, of whom 238 are assigned to our headquarters and the remainder of whom are directly involved in the management and operation of our stores. As of the same date, ColorTyme had approximately 20 employees, all of whom were employed full-time. The

employees of the ColorTyme franchisees are not employed by us. None of our employees, including ColorTyme employees, are covered by a collective bargaining agreement. We believe relationships with our employees and ColorTyme's relationships with its employees are generally good.

GOVERNMENT REGULATION

State Regulation

Currently 46 states and Puerto Rico have legislation regulating rental purchase transactions. With some variations in individual states, most state legislation requires the lessor to make prescribed disclosures to customers about the rental purchase agreement and transaction, and provides time periods during which customers may reinstate agreements despite having failed to make a timely payment. Some state rental purchase laws prescribe grace periods for non-payment, prohibit or limit certain types of collection or other practices, and limit certain fees that may be charged. Nine states limit the total rental payments that can be charged. Such limitations, however, do not become applicable in general unless the total rental payments required under agreements exceed 2 times to 2.4 times of the disclosed cash price or the retail value.

Minnesota (which does have a rental purchase statute), and Wisconsin and New Jersey (which do not have rental purchase statutes), have had court decisions which treat rental purchase transactions as credit sales subject to consumer lending restrictions. In response, we have developed and utilize rental agreements in which customers do not have an option to purchase rented merchandise or rent-to-rent agreements, with certain variations, in both Minnesota and Wisconsin. In New Jersey, we have provided increased disclosures and longer grace periods.

Montana, North Carolina, and the District of Columbia have no rental purchase legislation. However, the retail installment sales statute in North Carolina recognizes that rental purchase transactions which provide for more than a nominal purchase price at the end of the agreed rental period are not credit sales under such statute. We operate 5 stores in Montana and the District of Columbia and 86 stores in North Carolina.

There can be no assurance that new or revised rental purchase laws will not be enacted or, if enacted, that such laws would not have a material and adverse effect on us.

Federal Legislation

No comprehensive federal legislation has been enacted regulating or otherwise impacting the rental-purchase transaction. From time to time, legislation has been introduced in Congress that would regulate the rental-purchase transaction, including legislation that would subject the rental purchase transaction to interest rate, finance charge and fee limitations, as well as the Federal Truth in Lending Act. Any adverse federal legislation, if enacted, could have a material and adverse effect on us.

RISK FACTORS

You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

WE MAY NOT BE ABLE TO SUCCESSFULLY IMPLEMENT OUR GROWTH STRATEGY.

We intend to increase the number of stores that we operate by an average of approximately 10-15% per year over the next few years. This growth strategy could place a significant demand on our management and our financial and operational resources. Our growth strategy is subject to various risks, including uncertainties regarding the ability to open new stores and our ability to acquire additional stores on favorable terms. We can give no assurance that we will continue to locate profitable new store locations or underperforming competitors at current rates. If we cannot successfully grow our business, we may not be able to sustain our recent earnings growth over an extended period of time.

IF WE FAIL TO EFFECTIVELY MANAGE OUR GROWTH AND INTEGRATE NEW STORES, OUR FINANCIAL RESULTS MAY BE ADVERSELY AFFECTED.

You should be aware that the benefits we anticipate from our growth strategy may not be realized. The addition of new stores, both through store openings and through acquisitions, require the integration of our management philosophies and personnel, standardization of training programs, realization of operating efficiencies and effective coordination of sales and marketing and financial reporting efforts. In addition, acquisitions in general are subject to a number of special risks, including adverse short-term effects on our reported operating results, diversion of management's attention and unanticipated problems or legal liabilities. Further, the opening of a new store is generally dilutive to our earnings for a period of six to seven months following its opening. We cannot assure you that our growth strategy and the integration of the new stores will be successful and accomplished efficiently.

OUR DEBT AGREEMENTS IMPOSE RESTRICTIONS ON US WHICH MAY LIMIT OR PROHIBIT US FROM ENGAGING IN CERTAIN TRANSACTIONS.

Our senior credit facilities and the indenture governing our subordinated notes impose operational and restrictive covenants on us. These covenants restrict our ability to engage in certain operational matters as well as require us to maintain specified financial ratios and satisfy certain financial tests. Our ability to meet these financial ratios and tests may be affected by events beyond our control and, as a result, we cannot guarantee to you that we will be able to meet such tests. In addition, the restrictions contained in our senior credit facilities could limit our ability to obtain future financing, make needed capital expenditures or other investments, repurchase our outstanding debt or equity, withstand a future downturn in our business or in the economy, dispose of operations, engage in mergers, acquire additional stores or otherwise conduct necessary corporate activities. Certain transactions that we may view as important opportunities, such as certain acquisitions, are also subject to the consent of lenders under the senior credit facilities, which may be withheld or granted subject to conditions specified at the time that may affect the attractiveness or viability of the transaction.

Our failure to comply with the restrictions in our senior credit facilities or the indenture could lead to a default under the terms of those documents. In the event of such a default, the applicable lenders could declare immediately due and payable all amounts borrowed under other instruments that contain certain provisions for cross-acceleration or cross-default. In addition, the lenders under such agreements could terminate their commitments to lend to us. If the lenders under these agreements accelerated the repayment of borrowings, we cannot assure you that we would have sufficient liquid assets at such time to repay the amounts then outstanding under our indebtedness or that we would be able to find additional alternative financing. Even if we could obtain additional alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

You should also be aware that the existing indebtedness under the senior credit facilities is secured by substantially all of our assets. Should a default or acceleration of such indebtedness occur, the holders of such indebtedness could sell the assets to satisfy all or a part of what is owed. The senior credit facilities also contain provisions prohibiting the modification of our subordinated notes and limiting our ability to refinance the subordinated notes.

A CHANGE OF CONTROL COULD ACCELERATE OUR OBLIGATION TO PAY OUR OUTSTANDING INDEBTEDNESS.

Under our senior credit facilities, an event of default would result if the Apollo Management IV, L.P. and its affiliates cease to own at least 50% of the amount of our voting stock that they owned on August 5, 1998. An event of default would also result under the senior credit facilities if a third party became the beneficial owner of 33.33% or more of our voting stock at a time when certain permitted investors owned less than the third party or Apollo owned less than 35% of the voting stock owned by the permitted investors. If the lenders under our debt instruments accelerated our obligations, we cannot assure you that we would have sufficient assets to repay amounts outstanding under these agreements.

Under the indenture governing our senior subordinated notes, in the event that a change in control occurs, we may be required to offer to purchase all of our outstanding subordinated notes at 101% of their principal amount, plus accrued interest to the date of repurchase. Furthermore, 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.

THERE ARE LEGAL PROCEEDINGS PENDING AGAINST US SEEKING MATERIAL DAMAGES. THE COSTS WE INCUR IN DEFENDING OURSELVES OR ASSOCIATED WITH SETTLING ANY OF THESE PROCEEDINGS, A RULING AGAINST US IN ANY OF THESE PROCEEDINGS, OR ONE OR MORE JUDGMENTS AGAINST US COULD HAVE A MATERIAL AND ADVERSE EFFECT ON OUR FINANCIAL CONDITION AND OUR BUSINESS OPERATIONS.

Some lawsuits against us involve claims that our rental agreements are in fact disguised installment sales contracts, violate state usury laws or violate other state laws enacted to protect consumers. We are also defending several class action suits alleging gender and race discrimination in our employment practices and consumer protection claims. Because of the uncertainties associated with litigation, we cannot estimate for you our ultimate liability for these matters, if any. You should be aware that an adverse ruling in any of our outstanding material litigation could have a material and adverse effect on our business operations and our financial condition.

A material final judgment or decree against us could materially adversely affect our financial condition by requiring the payment of the judgment or the posting of a bond. The failure to pay any such judgment would be a default under our senior credit facilities and the indenture governing our subordinated notes.

RENT-TO-OWN TRANSACTIONS ARE REGULATED BY LAW IN MOST STATES. ANY ADVERSE CHANGE IN THESE LAWS OR THE PASSAGE OF ADVERSE NEW LAWS COULD MATERIALLY AND ADVERSELY AFFECT OUR BUSINESS OPERATIONS OR INCREASE OUR EXPOSURE TO LITIGATION.

In the event that legislation having a negative impact on our business is adopted, you should be aware that it could have a material and adverse impact on our business operations. As is the case with most businesses, we are subject to certain governmental regulations, specifically in our case, regulations regarding rent-to-own transactions. There are currently 46 states that have passed laws regulating rental purchase transactions and another state that has a retail installment sales statute that excludes rent-to-own transactions from its coverage if certain criteria are met. These laws generally require certain contractual and advertising disclosures. They also provide varying levels of substantive consumer protection, such as requiring a grace period for late fees and contract reinstatement rights in the event the rental purchase agreement is terminated. The rental purchase laws of nine states limit the total amount of rentals that may be charged over the life of a rental purchase agreement. Certain states also effectively regulate rental purchase transactions under other consumer protection statutes. You should also be aware that we are currently subject to outstanding judgments and other litigation alleging that we have violated some of these statutory provisions.

Although there is no comprehensive federal legislation regulating rental-purchase transactions, we cannot assure you that such legislation will not be enacted in the future. From time to time, legislation has been introduced in Congress seeking to regulate our business. In addition, we cannot assure you that the various legislatures in the states where we currently do business will not adopt new legislation or amend existing legislation that negatively affects us.

OUR BUSINESS DEPENDS ON A LIMITED NUMBER OF KEY PERSONNEL, WITH WHOM WE DO NOT HAVE EMPLOYMENT AGREEMENTS. THE LOSS OF ANY ONE OF THESE COULD MATERIALLY AND ADVERSELY AFFECT OUR BUSINESS.

Our continued success is highly dependent upon the personal efforts and abilities of our senior management, including J. Ernest Talley, our Chairman of the Board and Chief Executive Officer, Mitchell E. Fadel, our President, and Dana F. Goble, our Executive Vice-President and Chief Operating Officer. We do not have employment contracts with or maintain key-man insurance on the lives of any of these officers and the loss of any one of them could impact us in a negative way.

A SMALL GROUP OF OUR DIRECTORS AND THEIR AFFILIATES HAVE SIGNIFICANT INFLUENCE ON ALL STOCKHOLDER VOTES.

Mr. Talley, Mark E. Speese, a member of our board of directors, and Apollo are parties to a Stockholders Agreement relating to the voting of our securities held by them at meetings of our stockholders. Approximately 43.4% of our voting stock on a fully diluted basis, assuming the conversion of our Series A preferred stock and all outstanding options, is controlled by Messrs. Talley, Speese and Apollo. As a result, they to have the ability to exercise practical control over the outcome of actions requiring the approval of our stockholders, including potential acquisitions, elections of our board of directors and sales or changes in control.

OUR ORGANIZATIONAL DOCUMENTS, PREFERRED STOCK AND DEBT INSTRUMENTS CONTAIN PROVISIONS THAT MAY PREVENT OR DETER ANOTHER GROUP FROM PAYING A PREMIUM OVER THE MARKET PRICE TO OUR STOCKHOLDERS TO ACQUIRE OUR STOCK.

Our organizational documents contain provisions that classify our board of directors, authorize our board of directors to issue blank check preferred stock and establish advance notice requirements on our stockholders for director nominations and actions to be taken at annual meetings of the stockholders. In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law relating to business combinations. Furthermore, our senior credit facilities, the indenture governing our subordinated notes as well as our Series A preferred stock each contain various change in control provisions which, in the event of a change in control, would cause a default under those provisions. These provisions and arrangements could delay, deter or prevent a merger, consolidation, tender offer or other business combination or change of control involving us that could include a premium over the market price of our common stock that some or a majority of our stockholders might consider to be in their best interests.

OUR MARKET PRICE IS VOLATILE.

The market price of our common stock has been and can be expected to be significantly affected by factors such as:

- quarterly variations in our results of operations, which may be impacted by, among other things, when and how many stores we acquire or open;
- quarterly variations in our competitors' results of operations;
- announcements of new product offerings by us or our competitors;
- changes in earnings estimates or buy/sell recommendations by financial analysts;
- the stock price performance of comparable companies; and
- general market conditions or market conditions specific to particular industries.

This volatility may adversely affect the market price of our common stock.

ITEM 2. PROPERTIES

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. Most of these leases contain renewal options for additional periods ranging from three to five years at rental rates adjusted according to agreed-upon formulas. Both our headquarters and ColorTyme's headquarters are located at 5700 Tennyson Parkway, Plano, Texas, and consist of approximately 77,158 and 5,116 square feet devoted to our operations and ColorTyme's operations, respectively.

Store sizes range from approximately 1,400 to 20,000 square feet, and average approximately 4,125 square feet. Approximately 80% of each store's space is generally used for showroom space and 20% for offices and storage space. We believe that suitable store space generally is available for lease and we would be able to relocate any of our stores without significant difficulty should we be unable to renew a particular lease. We also expect additional space is readily available at competitive rates to open new stores.

ITEM 3. 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.

Murray v. Rent-A-Center, Inc. In May 1999, the plaintiffs filed a putative nationwide class action in federal court in Missouri, alleging that we have discriminated against African Americans in our hiring, compensation, promotion and termination policies. Plaintiffs alleged no specific amount of damages in their complaint. Members of the regional class defined in our completed settlement of the Allen v. Thorn Americas, Inc. litigation would not be included in the Murray case. Discovery directed to the issue of the appropriateness of class certification has been completed and the plaintiff's motion to certify the class has been fully briefed. The court has called for oral argument on the motion for class certification, which has been scheduled for April 27, 2001. We anticipate a decision on this motion by late June 2001. We believe plaintiffs' claims in this suit are without merit. However, there can be no assurance that we will be found to have no liability.

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

- class certification;
- injunctive relief requiring Thorn Americas to (A) cease certain marketing practices, (B) price their rental purchase contracts in certain ways, and (C) disclose effective interest;
- 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.

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. The plaintiffs did not specify a specific amount on their damages request.

The proposed class includes all New York residents who were party to Thorn Americas' rent-to-own contracts from November 26, 1991 through November 26, 1997. We are vigorously defending this action. In November 2000, following interim appeal by both parties, 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. Discovery is now underway. We intend to vigorously oppose class certification. Although there can be no assurance that our position will prevail, or that we will be found not to have any liability, we believe the decision by the Appellate Division to be a significant and favorable development in this matter. This matter was assumed by us pursuant to the Thorn Americas acquisition, and appropriate purchase accounting adjustments were made for such contingent liabilities.

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 violates the Wisconsin Consumer Act and the Wisconsin Deceptive Advertising Statute. The Attorney General claims that our rent-to-rent transaction, coupled with the opportunity afforded our customers to purchase rental merchandise under what we believe is a separate transaction, is a disguised credit sale subject to the Wisconsin Consumer Act. Accordingly, the Attorney General alleges that we have failed to disclose credit terms, misrepresented the terms of the transaction and engaged in unconscionable practices. We currently operate 27 stores in Wisconsin.

The Attorney General seeks 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. The Attorney General's claim for monetary penalties applies to at least 4,500 transactions through September 30, 2000.

Since the filing of this suit, we have 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. To date, we have not been successful, but our efforts are ongoing. If we are unable to negotiate a settlement with the Attorney General, we intend to litigate the suits. Discovery is underway, and a pre-trial conference has been set for August 2001. Although we cannot assure you that we will be found to have no liability in this matter, we believe its ultimate resolution will not have a material adverse effect upon us.

Wilfong, et. al. v. Rent-A-Center, Inc./Margaret Bunch, et. al. v. Rent-A-Center, Inc. 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. In December 2000, a similar suit filed by Margaret Bunch in federal court in the Western District of Missouri was amended to allege similar class action claims. The allegations underlying these matters involve charges of wrongful termination, constructive discharge, disparate treatment and disparate impact. With respect to the Wilfong matter, the plaintiffs, in their prayer for relief, have requested class certification, injunctive relief, compensatory and other monetary damages of $410,000,000, unspecified punitive damages, attorney's fees, filing fees and costs of suit, pre-judgement interest, and any further relief granted by the court. In the Bunch matter, the plaintiffs make similar requests for relief, although no specific amounts are claimed as actual damages. In addition, we have recently been advised that the U.S. Equal Employment Opportunity Commission has filed a motion to intervene in the Wilfong matter.

Although these cases are in the early stages, we believe the claims are without merit. We cannot assure you, however, that we will be found to have no liability for these matters.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock has been listed on the Nasdaq Stock Market(R) under the symbol "RCII" since January 25, 1995, the date we commenced our initial public offering. The following table sets forth, for the periods indicated, the high and low sales price per share of the common stock as reported.

	HIGH	LOW
2000		
First Quarter	$24.000	$13.625
Second Quarter	25.875	14.938
Third Quarter	36.188	21.438
Fourth Quarter	35.000	22.000
1999		
First Quarter	$33.375	$24.000
Second Quarter	34.250	20.000
Third Quarter	25.500	16.750
Fourth Quarter	21.750	15.250

As of March 26, 2001, there were approximately 165 record holders of our common stock.

We have not paid any cash dividends since the time of our initial public offering. Our senior credit facility currently prohibits the payment of cash dividends on our common stock and preferred stock and the indenture governing our subordinated notes places restrictions on our ability to do so. We do not anticipate paying cash dividends on our common stock in the foreseeable future.

Under the terms of the certificate of designations governing our Series A preferred stock, dividends on our Series A preferred stock are payable, at our option, in cash or additional shares of Series A preferred stock until late 2003, after which time such dividends are payable in cash. Since the time of the issuance of our Series A preferred stock, we have paid the required dividends in additional shares of Series A preferred stock. These additional shares are issued under the same terms and with the same conversion ratio as were the shares of our Series A preferred stock issued in August 1998. Accordingly, the shares of Series A preferred stock issued as a dividend are convertible into our common stock at a conversion price of $27.935. In order to permit us to pay the dividends on our Series A preferred stock in cash, we will be required to renegotiate the operating covenants contained in our senior credit facility. Even if such operating covenants are removed, any cash dividend payments would still be subject to the restrictions in the indenture governing our subordinated notes. These restrictions would not prohibit the payment of cash dividends currently.

Any change in our dividend policy, including our dividend policy on our Series A preferred stock, will be made at the discretion of our Board of Directors and will depend on a number of factors, including future earnings, capital requirements, contractual restrictions, financial condition, future prospects and any other factors our Board of Directors may deem relevant. You should read the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" discussed later in this report.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data presented below for the five years ended December 31, 2000 have been derived from our consolidated financial statements as audited by Grant Thornton LLP, independent certified public accountants. The historical financial data are qualified in their entirety by, and should be read in conjunction with, the financial statements and the notes thereto, the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other financial information included elsewhere or incorporated in this prospectus.

In May and August 1998, we completed the acquisitions of Central Rents and Thorn Americas, respectively, both of which affect the comparability between the historical financial and operating data for the periods presented. In May 1996, we completed the acquisition of ColorTyme, which affects the comparability between the historical financial and operating data for the periods presented.

	YEAR ENDED DECEMBER 31,				
	1996	1997	1998	1999	2000(1)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
CONSOLIDATED STATEMENTS OF EARNINGS					
Revenues					
Store					
Rentals and fees	$198,486	$275,344	$711,443	$1,270,885	$1,459,664
Merchandise sales	10,604	14,125	41,456	88,516	81,166
Other	687	679	7,282	2,177	3,018
Franchise					
Merchandise sales	25,229	37,385	44,365	49,696	51,769
Royalty income and fees	2,959	4,008	5,170	5,893	5,997
	237,965	331,541	809,716	1,417,167	1,601,614
Operating expenses					
Direct store expenses					
Depreciation of rental merchandise	42,978	57,223	164,651	265,486	299,298
Cost of merchandise sold	8,357	11,365	32,056	74,027	65,332
Salaries and other expenses	116,577	162,458	423,750	770,572	866,234
Franchise cost of merchandise sold	24,010	35,841	42,886	47,914	49,724
	191,922	266,887	663,343	1,157,999	1,280,588
General and administrative expenses	10,111	13,304	28,715	42,029	48,093
Amortization of intangibles	4,891	5,412	15,345	27,116	28,303
Class action litigation settlements	--	--	11,500	--	(22,383)
Total operating expenses	206,924	285,603	718,903	1,227,144	1,334,601
Operating profit	31,041	45,938	90,813	190,023	267,013
Non-recurring financing costs	--	--	5,018	--	--
Interest expense	606	2,194	39,144	75,673	74,324
Interest income	(667)	(304)	(2,004)	(904)	(1,706)
Earnings before income taxes	31,102	44,048	48,655	115,254	194,395
Income tax expense	13,076	18,170	23,897	55,899	91,368
NET EARNINGS	18,026	25,878	24,758	59,355	103,027
Preferred dividends	--	--	3,954	10,039	10,420
Net earnings allocable to common stockholders	$ 18,026	$ 25,878	$ 20,804	$ 49,316	$ 92,607
Basic earnings per common share	$ 0.73	$ 1.04	$ 0.84	$ 2.04	$ 3.79
Diluted earnings per common share	$ 0.72	$ 1.03	$ 0.83	$ 1.74	$ 2.96

	AS OF DECEMBER 31,				
	1996	1997	1998	1999	2000
CONSOLIDATED BALANCE SHEET DATA					
Rental merchandise, net	$ 95,110	$112,759	$ 408,806	$ 531,223	$ 587,232
Intangible assets, net	47,192	61,183	727,976	707,324	708,328
Total assets	174,467	208,868	1,502,989	1,485,000	1,486,910
Total debt	18,993	26,280	805,700	847,160	741,051
Total liabilities	48,964	56,115	1,088,600	1,007,408	896,307
Redeemable convertible voting preferred stock	--	--	259,476	270,902	281,232
Stockholders' equity	125,503	152,753	154,913	206,690	309,371
OPERATING DATA					
Stores open at end of period	423	504	2,126	2,075	2,158
Comparable store revenue growth(2)	3.8%	8.1%	8.1%	7.7%	12.6%
Weighted average number of stores	349	479	1,222	2,089	2,103
Franchise stores open at end of period	251	262	324	365	364

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(1) Includes the effects of a pre-tax, non-recurring legal reversion of $22.4 million associated with the settlement of three class action lawsuits in the state of New Jersey.

(2) Comparable store revenue for each period presented includes revenues only of stores open throughout the full period and the comparable prior period.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We are the largest rent-to-own operator in the United States with an approximate 27% market share based on store count. At December 31, 2000, we operated 2,158 company-owned stores in 50 states, the District of Columbia and Puerto Rico. Our subsidiary, ColorTyme, is a national franchisor of rent-to-own stores. At December 31, 2000, ColorTyme operated 364 stores in 42 states, 352 of which operate under the ColorTyme name and 12 stores which operate under the Rent-A-Center name. Our stores offer high quality durable products such as home electronics, appliances, computers, and furniture and accessories under flexible rental purchase agreements that 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 we were acquired in 1989 by J. Ernest Talley, our Chairman of the Board and Chief Executive Officer. 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 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 sixth to seventh month after its initial opening. Historically, a typical store has achieved break-even profitability in 12 to 15 months after its initial opening. Total financing requirements of a typical new store approximate $400,000, with roughly 70% to 75% 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.

We believe that the cashflow generated from operations, together with amounts available under our senior credit facilities, will be sufficient to fund our debt service requirements, working capital needs, capital expenditures, and our store expansion intentions during 2001. The revolving credit facility provides us with revolving loans in an aggregate principal amount not exceeding $120.0 million. At December 31, 2000, we had $81.3 million available under our various debt agreements.

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.

You should be aware that, in the event that a change in control occurs, we may be required to offer to purchase all of our outstanding subordinated notes at 101% of their principal amount, plus accrued interest to the date of repurchase. In addition, our senior credit facility restricts our ability to repurchase our subordinated notes, including pursuant to a change in control. Furthermore, a change in control would result in an event of default under our senior credit facilities, which could then be accelerate 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 senior 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.

COMPONENTS OF INCOME AND EXPENSE

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. Amounts received upon sales of merchandise pursuant to such options, and upon the sale of used merchandise, are recognized as revenue when the merchandise is sold.

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 does not consider salvage value and does not allow the depreciation of rental merchandise during periods when it is not generating rental revenue. For income tax purposes we depreciate our merchandise using the modified accelerated cost recovery system, or MACRS, with a three year class life.

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, 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.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, historical Consolidated Statements of Earnings data as a percentage of total store and franchise revenues.

	YEAR ENDED DECEMBER 31, (COMPANY-OWNED STORES ONLY)			YEAR ENDED DECEMBER 31, (FRANCHISE OPERATIONS)		
	2000	1999	1998	2000	1999	1998
STORE REVENUES						
Rentals and fees	94.5%	93.3%	93.6%	--%	--%	--%
Merchandise sales	5.3	6.5	5.5	--	--	--
Other	0.2	0.2	0.9	--	--	--
	100.0%	100.0%	100.0%	--	--	--
FRANCHISE REVENUES						
Merchandise sales	--	--	--	89.6	89.4	89.6
Royalty income and fees	--	--	--	10.4	10.6	10.4
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
OPERATING EXPENSES						
Direct store expenses						
Depreciation of rental merchandise	19.4%	19.5%	21.7%	--%	--%	--%
Cost of merchandise sold	4.2	5.4	4.2	86.1	86.2	86.6
Salaries and other expenses	56.1	56.6	55.7	--	--	--
	79.7	81.5	81.6	86.1	86.2	86.6
General and administrative expenses	2.9	2.9	3.5	4.4	5.1	4.9
Amortization of intangibles	1.8	2.0	2.0	0.6	0.6	0.7
Class action litigation settlements	(1.4)	--	1.5	--	--	--
Total operating expenses	83.0	86.4	88.6	91.1	91.9	92.2
Operating profit	17.0	13.6	11.4	8.9	8.1	7.8
Interest expense/(income)	4.8	5.5	5.0	(1.0)	(0.8)	(0.7)
Non-recurring financing costs	--	--	0.7	--	--	--
Earnings before income taxes	12.2%	8.1%	5.7%	9.9%	8.9%	8.5%

Year ended December 31, 2000 compared to year ended December 31, 1999

Store Revenue. Total store revenue increased by $182.3 million, or 13.4%, to $1,543.9 million for 2000 from $1,361.6 million for 1999. The increase in total store revenue is directly attributable to the success of our efforts on improving store operations through:

- increasing the customer base;

- increasing in the number of units on rent;

- increasing the average price per unit on rent by upgrading our rental merchandise; and

- incremental revenues through acquisitions.

Same store revenues increased by $161.2 million, or 12.6%, to $1,444.1 million for 2000 from $1,282.9 million in 1999. Same store revenues represent those revenues earned in stores that were operated by us for the entire years ending December 31, 2000 and 1999. This improvement was primarily attributable to an increase in the number of customers served, the number of items on rent, as well as revenue earned per item on rent.

Franchise Revenue. Total franchise revenue increased by $2.2 million, or 3.9%, to $57.8 million for 2000 from $55.6 million in 1999. This increase was primarily attributable to an increase in the sale of rental merchandise to franchisees resulting from growth in the franchise store operations.

Depreciation of Rental Merchandise. Depreciation of rental merchandise increased by $33.8 million, or 12.7%, to $299.3 million for 2000 from $265.5 million for 1999. Depreciation of rental merchandise expressed as a percentage of store rentals and fees revenue decreased from 20.9% in 1999 to 20.5% in 2000. This decrease is primarily attributable to the successful implementation of our pricing strategies and inventory management practices in newly acquired stores.

Cost of Merchandise Sold. Cost of merchandise sold decreased by $8.7 million, or 11.7%, to $65.3 million for 2000 from $74.0 million in 1999. This decrease was a direct result of fewer cash sales of product in 2000 as compared to 1999. During 1999, we focused our efforts on increasing the amount of merchandise sales to reduce certain items acquired in the Thorn Americas and Central Rents acquisitions that were not components of our normal merchandise strategy.

Salaries and Other Expenses. Salaries and other expenses expressed as a percentage of total store revenue decreased to 56.1% for 2000 from 56.6% for 1999. This decrease is a result of the leveraging of our fixed and semi-fixed costs such as labor, advertising and occupancy over a larger revenue base. Expenses included in the salaries and other category are items such as labor, delivery, service, utility, advertising, and occupancy costs.

Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold increased by $1.8 million, or 3.8%, to $49.7 million for 2000 from $47.9 in 1999. This increase is a direct result of an increase in merchandise sold to franchisees in 2000 as compared to 1999.

General and Administrative Expenses. General and administrative expenses expressed as a percent of total revenue remained level at 3.0% in 2000 from 3.0% in 1999. We expect general and administrative expenses to remain relatively stable at 3.0% of total revenue in the future.

Amortization of Intangibles. Amortization of intangibles increased by $1.2 million, or 4.4%, to $28.3 million for 2000 from $27.1 million in 1999. This increase was primarily attributable to the additional goodwill amortization associated with the acquisition of 74 stores acquired in 2000.

Operating Profit. Operating profit increased by $77.0 million, or 40.5%, to $267.0 million for 2000 from $190.0 million for 1999. In the second quarter of 2000, we received a pre-tax non-recurring class action litigation settlement refund of $22.4 million associated with the settlement of three class action lawsuits in the state of New Jersey. Operating profit stated before the effects of this non-recurring settlement refund increased by $54.6 million, or 28.7%. Operating profit as a percentage of total revenue increased to 15.3% in 2000 from 13.4% in 1999, calculated before the effects of the non-recurring settlement refund. This increase is attributable to our efforts in improving the efficiency and profitability of our stores.

Net Earnings. Net earnings increased by $43.7 million, or 73.6%, to $103.0 million in 2000 from $59.3 million in 1999. Excluding the effects of the non-recurring settlement refund discussed above, net earnings increased by $31.8 million, or 53.6%.

Preferred Dividends. Dividends on our Series A preferred stock are payable quarterly at an annual rate of 3.75%. Dividends can be paid at our option in cash or in additional shares of Series A preferred stock. Preferred dividends increased by $400,000, or 3.8%, to $10.4 million for 2000 as compared to $10.0 million in 1999. This increase is a result of more shares of Series A preferred stock outstanding in 2000 as compared to 1999.

Year ended December 31, 1999 compared to year ended December 31, 1998

Store Revenue. Total store revenue increased by $601.4 million, or 79.1%, to $1,361.6 million for 1999 from $760.2 million for 1998. The increase in total store revenue was primarily attributable to the inclusion of revenue from the Thorn Americas and Central Rents stores acquired during fiscal year 1998 for the entire year ended December 31, 1999. Same store revenues increased by $25.3 million, or 7.7%, to $354.3 million for 1999

from $329.0 million in 1998. Same store revenues represent those revenues earned in stores that were operated by us for the entire years ending December 31, 1999 and 1998, and therefore exclude the stores acquired from Thorn Americas and Central Rents. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent.

Franchise Revenue. Total franchise revenue increased by $6.1 million, or 12.2%, to $55.6 million for 1999 from $49.5 million in 1998. This increase was primarily attributable to an increase in the sale of rental merchandise to franchisees resulting from 41 additional franchise locations in 1999 as compared to 1998.

Depreciation of Rental Merchandise. Depreciation of rental merchandise increased by $100.8 million, or 61.2%, to $265.5 million for 1999 from $164.7 million for 1998. Depreciation of rental merchandise expressed as a percent of store rentals and fees revenue decreased to 20.9% in 1999 from 23.1% in 1998. This decrease is primarily attributable to Thorn Americas and Central Rents experiencing depreciation rates of 22.9% and 29.8%, respectively, upon their acquisition in 1998. These rates have decreased following the implementation of our pricing strategies and inventory management practices.

Cost of Merchandise Sold. Cost of merchandise sold increased by $42.0 million, or 130.9%, to $74.0 million for 1999 from $32.0 million in 1998. This increase was a direct result of the inclusion of merchandise sales and the costs associated with those sales from the Thorn Americas and Central Rents stores acquired during the year ended December 31, 1998 for the entire year ended December 31, 1999.

Salaries and Other Expenses. Salaries and other expenses expressed as a percentage of total store revenue increased to 56.6% for 1999 from 55.7% for 1998. This increase is principally attributable to incentive programs given to store-based employees in 1999, which provided additional compensation if they could achieve targeted gains in the number of items on rent and targeted reductions in the percentage of delinquent accounts. Expenses included in the salaries and other category are items such as labor, delivery, service, utility, advertising, and occupancy costs.

Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold increased by $5.0 million, or 11.7%, to $47.9 million for 1999 from $42.9 in 1998. This increase is a direct result of an increase in merchandise sold to franchisees in 1999 as compared to 1998 resulting from an additional 41 franchise store locations.

General and Administrative Expenses. General and administrative expenses expressed as a percent of total revenue decreased to 3.0% in 1999 from 3.5% in 1998 (3.2% before the $2.5 million non-recurring expense detailed below). This decrease was the result of increased revenues from the stores acquired from Thorn Americas and Central Rents, allowing us to leverage our fixed and semi-fixed costs over the larger revenue base.

Amortization of Intangibles. Amortization of intangibles increased by $11.8 million, or 76.7%, to $27.1 million for 1999 from $15.3 million in 1998. This increase was primarily attributable to the additional goodwill amortization associated with the 1998 acquisitions of Thorn Americas and Central Rents included for the full year ended December 31, 1999.

Operating Profit. Operating profit increased by $99.2 million, or 109.2%, to $190.0 million for 1999 from $90.8 million for 1998. In the third quarter of 1998, we incurred a pre-tax non-recurring expense of $2.5 million to effect a name change of the Renters Choice stores to Rent-A-Center. In the fourth quarter of 1998, we incurred a pre-tax non-recurring class action litigation settlement of $11.5 million. Stated before the effects of these expenses, operating profit increased by $85.2 million, or 81.3%. Operating profit as a percentage of total revenue increased to 13.4% in 1999 from 12.9% in 1998, calculated before the effects of the non-recurring expenses. This increase is attributable to our efforts in improving the efficiency and profitability of the stores acquired from Thorn Americas and Central Rents.

Net Earnings. Net earnings increased by $34.6 million, or 139.7%, to $59.4 million in 1999 from $24.8 million in 1998. In addition to the $2.5 million and $11.5 million pre-tax non-recurring expenses discussed above, we also incurred pre-tax non-recurring financing costs of $5.0 million associated with interim financing utilized in the acquisition of Thorn Americas until permanent financing was obtained. The after-tax

effect of these items was $10.3 million. Calculated before the effects of these non-recurring expenses, net earnings increased by $24.3 million, or 69.3%.

Preferred Dividends. Dividends on our Series A preferred stock are payable quarterly at an annual rate of 3.75%. Dividends can be paid at our option in cash or in additional shares of Series A preferred stock. Preferred dividends increased by $6.1 million, or 153.9%, to $10.0 million for 1999 as compared to $3.9 million in 1998. This increase is a result of more shares of Series A preferred stock outstanding in 1999 as compared to 1998.

QUARTERLY RESULTS

The following table contains certain unaudited historical financial information for the quarters indicated.

	1ST QUARTER	2ND QUARTER	3RD QUARTER(4)	4TH QUARTER(5)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
YEAR ENDED DECEMBER 31, 2000(1)				
Revenues	$392,526	$392,245	$404,968	$411,875
Operating profit	58,552	84,184	63,720	60,557
Net earnings	20,889	34,621	23,901	23,616
Basic earnings per common share	0.75	1.32	0.87	0.85
Diluted earnings per common share	$ 0.61	$ 1.00	$ 0.68	$ 0.67
YEAR ENDED DECEMBER 31, 1999(2)				
Revenues	$344,697	$351,421	$350,420	$370,629
Operating profit	41,702	45,788	48,960	53,573
Net earnings	12,027	13,891	15,597	17,840
Basic earnings per common share	0.40	0.47	0.54	0.63
Diluted earnings per common share	$ 0.35	$ 0.41	$ 0.46	$ 0.52
YEAR ENDED DECEMBER 31, 1998(3)				
Revenues	$ 90,233	$103,313	$265,886	$350,284
Operating profit	13,721	15,547	30,467	31,078
Net earnings	7,856	8,529	4,643	3,730
Basic earnings per common share	0.32	0.34	0.13	0.05
Diluted earnings per common share	$ 0.31	$ 0.34	$ 0.13	$ 0.05

	1ST QUARTER	2ND QUARTER	3RD QUARTER(4)	4TH QUARTER(5)
	(AS A PERCENTAGE OF REVENUES)			
YEAR ENDED DECEMBER 31, 2000(1)				
Revenues	100.0%	100.0%	100.0%	100.0%
Operating profit	14.9	21.4	15.7	14.7
Net earnings	5.3	8.8	5.9	5.7
YEAR ENDED DECEMBER 31, 1999(2)				
Revenues	100.0%	100.0%	100.0%	100.0%
Operating profit	12.1	13.0	14.0	14.5
Net earnings	3.5	4.0	4.5	4.8
YEAR ENDED DECEMBER 31, 1998(3)				
Revenues	100.0%	100.0%	100.0%	100.0%
Operating profit	15.2	15.0	11.5	8.9
Net earnings	8.7	8.3	1.7	1.1

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(1) Includes the effects of a pre-tax, non-recurring legal reversion of $22.4 million associated with the settlement of three class action lawsuits in the state of New Jersey.

(2) During 1999, we did not acquire nor sell any stores. However, we did consolidate 51 stores into existing locations.

(3) During 1998, six stores were purchased during the first quarter; 177 stores were purchased during the second quarter; 1,450 stores were purchased during the third quarter; and four stores were purchased during the fourth quarter. Of the 1,637 stores acquired, 15 were subsequently consolidated with existing store locations. In addition, one store was opened during the first quarter, and one store was sold during the third quarter.

(4) During the third quarter of 1998, we incurred pre-tax non-recurring financing costs of $5.0 million associated with the interim financing utilized in the acquisition of Thorn Americas, and $2.5 million associated with effecting a name change of the Renters Choice stores to Rent-A-Center.

(5) During the fourth quarter of 1998, we charged $11.5 million (pre-tax) to earnings classified as class action legal settlements, in conjunction with the settlement of class action litigation in New Jersey.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity requirements are for debt service, working capital, capital expenditures, acquisitions and new store openings. Our primary sources of liquidity have been cash provided by operations, borrowings and sales of equity securities. During fiscal 2000, we did not look to borrowings and sales of our equity securities as a source of additional liquidity. 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.

Cash provided by operating activities increased by $220.8 million to $191.6 million in 2000 from $(29.2) million in 1999. This increase is primarily the result of the increase in net earnings, reduced investment in inventory and reduced cash needs for settling liabilities assumed in the Thorn Americas acquisition.

Cash used in investing activities increased by $51.4 million to $79.0 million in 2000 from $27.6 million in 1999. This increase is primarily attributable to the acquisition of new store locations in 2000, as we resumed our acquisition program in 2000 following the acquisition of Thorn Americas and Central Rents in 1998.

Cash used in financing activities increased by $142.5 million to a net use of $97.7 million in 2000 compared to net cash provided of $44.8 million in 1999. This increase is primarily related to the net repayment of debt of $106.1 million in 2000 compared to net borrowings of $40.8 million in 1999.

Working Capital. We purchased $462.1 million, $513.9 million and $207.7 million of rental merchandise during 2000, 1999 and 1998, respectively. During 1999, we made a one time net investment in rental inventory in order to remerchandise the stores acquired in the Thorn Americas and Central Rents acquisitions.

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 $37.9 million, $36.2 million and $21.9 million on capital expenditures in 2000, 1999 and 1998, respectively, and expect to spend approximately $45 million in 2001.

Acquisitions and New Store Openings. During 2000, we resumed our strategy of increasing our store base through opening new stores, as well as through opportunistic acquisitions. It is our intention to increase the number of stores we operate by an average of approximately 10-15% per year over the next several years.

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 December 31, 2000.

YEAR ENDING DECEMBER 31,	(IN THOUSANDS)
2001	$ 2,651
2002	2,651
2003	2,651
2004	38,977
2005	147,955
Thereafter	371,166
	$566,051

We intend to continue to make prepayments of debt under our senior credit facilities to the extent we have available cash that is not necessary for store openings or acquisitions. We cannot, however, assure you that we will have excess cash available for debt prepayments.

Senior Credit Facilities. The senior credit facilities are provided by a syndicate of banks and other financial institutions led by The Chase Manhattan Bank, as administrative agent. At December 31, 2000, we had a total of $566.1 million outstanding under these facilities, all of which was under our term loans. At December 31, 2000, we had $76.3 million of availability under the revolving credit facility.

Borrowings under the senior credit facilities bear interest at varying rates equal to 1.25% to 2.75% over LIBOR, which was 6.55% at December 31, 2000. We also have a prime rate option under the facilities, but have not exercised it to date. At December 31, 2000, the average rate on outstanding borrowings was 8.95%.

During 1998, we entered into interest rate protection agreements with two banks. Under the terms of the interest rate agreements, the LIBOR rate used to calculate the interest rate charged on $500.0 million of the outstanding senior term debt has been fixed at an average rate of 5.59%. The protection on $250 million expires in 2001, and the protection on the balance 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 contains covenants that limit our ability to:

- incur additional debt (including subordinated debt) in excess of $25 million;
- pay our senior subordinated notes, other than interest and mandatory prepayments;
- 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 cash dividends or repurchase capital stock in excess of $25 million;
- 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 December 31, 2000, we were in compliance with all covenants under the senior credit facilities.

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 50% of the amount of our voting stock that they owned on August 5, 1998, 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.

Subordinated Notes. In 1998, we issued $175.0 million of subordinated notes, maturing on August 15, 2008, under an indenture dated as of August 18, 1998 among us, our subsidiary guarantors and IBJ Shroder Bank & Trust Company, as trustee.

The 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 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. In addition, subject to the restrictions set forth in the senior credit facility, at any time prior to August 15, 2001 we may redeem up to 33.33% of the original aggregate principal amount of the subordinated notes with the cash proceeds of one or more equity offerings, at a redemption price of 111% of the principal amount being redeemed.

The subordinated notes also require that upon the occurrence of a change of control (as defined in the 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.

Sales of Equity Securities. 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, per share, and are currently paid in additional shares of Series A preferred stock because of restrictive provisions of our senior credit facilities. Beginning in 2003, we will be required to pay the dividends in cash. Under the terms of our senior credit facilities, we do not currently have the ability to comply with this requirement. If we are not able to amend the terms of the senior credit facilities or the Series A preferred stock, both the payment and the non-payment of dividends on the Series A preferred stock would trigger an event of default under the senior credit facilities. This in turn would trigger an event of default under the subordinated notes if indebtedness under the senior credit facilities were accelerated. This would likely result in a material adverse effect on our financial condition.

The Series A preferred stock is not redeemable until 2002, after which time we may, at our option, redeem the shares at 105% of the $1,000 per share liquidation preference plus accrued and unpaid dividends.

EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities. In June 1999, the FASB issued Statement No. 137, Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133. In June 2000, the FASB issued Statement 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133. Statement 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative instrument's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that a company must formally document, designate and assess the effectiveness of transaction that receive hedge accounting. Statement 133, as amended, is effective for fiscal years beginning after June 15, 2000 and was adopted by us on January 1, 2001.

As of December 31, 2000, we identified and designated the interest rate swap agreements as derivatives that qualify as hedges under Statement 133, as amended. We only have interest rate swap agreements that qualify as derivatives under Statement 133, as amended, and the effects of implementation of this statement as of January 1, 2001 are not expected to have a material impact on our financial position, results of operations or cash flows. If Statement 133 were applied to our derivative contracts in place at December 31, 2000, the fair value of the contracts would increase assets by approximately $2.6 million with an offsetting amount of $2.6 million recorded in accumulated other comprehensive income.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

INTEREST RATE SENSITIVITY

As of December 31, 2000, we had $175.0 million in subordinated notes outstanding at a fixed interest rate of 11.0% and $566.1 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 December 31, 2000 was $169.8 million, which is $5.2 million below their carrying value. Unlike the subordinated notes, the $566.1 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. These contracts have an average remaining life of two and one half years, with $250.0 million expiring in 2001 and $250.0 million in 2003. Given our current capital structure, including our interest rate swap agreements, we have $66.1 million, or 9.0% of our total debt, in variable rate debt. A hypothetical 1.0% change in the LIBOR rate would affect pre-tax earnings by approximately $0.7 million. The swap agreements had an aggregate fair value of $2.6 million and $14.5 million at December 31, 2000 and 1999, respectively. A hypothetical 1.0% change in the LIBOR rate would have affected the fair value of the swaps by approximately $9.8 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 $500.0 million of debt to pay a fixed rate of 5.59%.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements required to be included in Item 8 are set forth in Item 14 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT(*)

ITEM 11. EXECUTIVE COMPENSATION(*)

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT(*)

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS(*)
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* The information required by Items 10, 11, 12 and 13 is or will be set forth in the definitive proxy statement relating to the 2001 Annual Meeting of Stockholders of Rent-A-Center, Inc. which is to be filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. This definitive proxy statement relates to a meeting of stockholders involving the election of directors and the portions therefrom required to be set forth in this Form 10-K by Items 10, 11, 12 and 13 are incorporated herein by reference pursuant to General Instruction G(3) to Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

Financial Statements

Schedules Supporting Financial Statements

Schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are either not required under the related instructions or inapplicable.

CURRENT REPORTS ON FORM 8-K

None.

EXHIBITS

See attached Exhibit Index incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized.

RENT-A-CENTER, INC.

By: /s/ ROBERT D. DAVIS
Robert D. Davis
Senior Vice President -- Finance
Chief Financial Officer

Date: March 30, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the date indicated.

SIGNATURE	TITLE	DATE
/s/ J. ERNEST TALLEY J. Ernest Talley	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 30, 2001
/s/ MITCHELL E. FADEL Mitchell E. Fadel	President and Director	March 30, 2001
/s/ L. DOWELL ARNETTE L. Dowell Arnette	Executive Vice President -- Growth and Director	March 30, 2001
/s/ ROBERT D. DAVIS Robert D. Davis	Senior Vice President -- Finance, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	March 30, 2001
/s/ MARK E. SPEESE Mark E. Speese	Director	March 30, 2001
/s/ J. V. LENTELL J.V. Lentell	Director	March 30, 2001
/s/ JOSEPH V. MARINER, JR. Joseph V. Mariner, Jr.	Director	March 30, 2001
/s/ PETER P. COPSES Peter P. Copses	Director	March 30, 2001
/s/ LAURENCE M. BERG Laurence M. Berg	Director	March 30, 2001

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
Rent-A-Center, Inc.

We have audited the accompanying consolidated balance sheets of Rent-A-Center, Inc. and Subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rent-A-Center, Inc. and Subsidiaries as of December 31, 2000 and 1999, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

GRANT THORNTON LLP

Dallas, Texas
February 9, 2001

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31,	
	2000	1999
ASSETS		
Cash and cash equivalents	$ 36,495	$ 21,679
Accounts receivable -- trade	3,254	3,883
Prepaid expenses and other assets	31,805	27,867
Rental merchandise, net		
On rent	477,095	425,469
Held for rent	110,137	105,754
Property assets, net	87,168	82,657
Deferred income taxes	32,628	110,367
Intangible assets, net	708,328	707,324
	$1,486,910	$1,485,000
LIABILITIES		
Accounts payable -- trade	$ 65,696	$ 53,452
Accrued liabilities	89,560	106,796
Senior debt	566,051	672,160
Subordinated notes payable	175,000	175,000
	896,307	1,007,408
COMMITMENTS AND CONTINGENCIES	--	--
PREFERRED STOCK		
Redeemable convertible voting preferred stock, net of placement costs, $.01 par value; 5,000,000 shares authorized; 281,756 and 271,426 shares issued and outstanding in 2000 and 1999, respectively	281,232	270,902
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value; 50,000,000 shares authorized; 25,700,058 and 25,297,458 shares issued in 2000 and 1999, respectively	257	253
Additional paid-in capital	115,607	105,627
Retained earnings	218,507	125,810
Treasury stock, 990,099 shares at cost	(25,000)	(25,000)
	309,371	206,690
	$1,486,910	$1,485,000

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Revenues			
Store			
Rentals and fees	$1,459,664	$1,270,885	$711,443
Merchandise sales	81,166	88,516	41,456
Other	3,018	2,177	7,282
Franchise			
Merchandise sales	51,769	49,696	44,365
Royalty income and fees	5,997	5,893	5,170
	1,601,614	1,417,167	809,716
Operating expenses			
Direct store expenses			
Depreciation of rental merchandise	299,298	265,486	164,651
Cost of merchandise sold	65,332	74,027	32,056
Salaries and other expenses	866,234	770,572	423,750
Franchise cost of merchandise sold	49,724	47,914	42,886
	1,280,588	1,157,999	663,343
General and administrative expenses	48,093	42,029	28,715
Amortization of intangibles	28,303	27,116	15,345
Class action litigation settlements	(22,383)	--	11,500
Total operating expenses	1,334,601	1,227,144	718,903
Operating profit	267,013	190,023	90,813
Interest expense	74,324	75,673	39,144
Non-recurring financing costs	--	--	5,018
Interest income	(1,706)	(904)	(2,004)
Earnings before income taxes	194,395	115,254	48,655
Income tax expense	91,368	55,899	23,897
NET EARNINGS	103,027	59,355	24,758
Preferred dividends	10,420	10,039	3,954
Net earnings allocable to common stockholders	$ 92,607	$ 49,316	$ 20,804
Basic earnings per common share	$ 3.79	$ 2.04	$ 0.84
Diluted earnings per common share	$ 2.96	$ 1.74	$ 0.83

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE YEARS ENDED DECEMBER 31, 2000
(IN THOUSANDS)

	COMMON STOCK		ADDITIONAL PAID-IN	RETAINED	TREASURY	
	SHARES	AMOUNT	CAPITAL	EARNINGS	STOCK	TOTAL
Balance at January 1, 1998	24,905	$249	$ 99,381	$ 53,123	$ --	$152,753
Net earnings	--	--	--	24,758	--	24,758
Purchase of treasury stock -- 990 shares	--	--	--	--	(25,000)	(25,000)
Exercise of stock options	169	2	1,872	--	--	1,874
Tax benefits related to exercise of stock options	--	--	528	--	--	528
Balance at December 31, 1998	25,074	251	101,781	77,881	(25,000)	154,913
Net earnings	--	--	--	59,355	--	59,355
Preferred dividends	--	--	--	(11,426)	--	(11,426)
Exercise of stock options	223	2	3,318	--	--	3,320
Tax benefits related to exercise of stock options	--	--	528	--	--	528
Balance at December 31, 1999	25,297	253	105,627	125,810	(25,000)	206,690
Net earnings	--	--	--	103,027	--	103,027
Preferred dividends	--	--	--	(10,330)	--	(10,330)
Issuance of stock options for services	--	--	65	--	--	65
Exercise of stock options	403	4	8,430	--	--	8,434
Tax benefits related to exercise of stock options	--	--	1,485	--	--	1,485
Balance at December 31, 2000	25,700	$257	$115,607	$218,507	$(25,000)	$309,371

The accompanying notes are an integral part of this statement.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Cash flows from operating activities			
Net earnings	$ 103,027	$ 59,355	$ 24,758
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities			
Depreciation of rental merchandise	299,298	265,486	164,651
Depreciation of property assets	33,144	31,313	17,482
Amortization of intangibles	28,303	27,116	15,345
Non-recurring charges -- loss on assets related to name change	--	--	2,451
Amortization of financing fees	2,705	2,608	1,326
Changes in operating assets and liabilities, net of effects of acquisitions			
Rental merchandise	(342,233)	(387,903)	(171,263)
Accounts receivable -- trade	629	(587)	(155)
Prepaid expenses and other assets	(6,624)	6,522	5,240
Deferred income taxes	77,738	64,231	20,565
Accounts payable -- trade	12,197	9,584	(27,508)
Accrued liabilities	(16,621)	(106,975)	(46,492)
Net cash provided by (used in) operating activities	191,563	(29,250)	6,400
Cash flows from investing activities			
Purchase of property assets	(37,937)	(36,211)	(21,860)
Proceeds from sale of property assets	1,403	8,563	740
Acquisitions of businesses, net of cash acquired	(42,538)	--	(947,655)
Net cash used in investing activities	(79,072)	(27,648)	(968,775)
Cash flows from financing activities			
Purchase of treasury stock	--	--	(25,000)
Financing fees paid	--	--	(24,017)
Proceeds from issuance of preferred stock, net of issuance costs	--	--	259,476
Exercise of stock options	8,434	3,320	1,874
Proceeds from debt	242,975	320,815	1,258,464
Repayments of debt	(349,084)	(279,355)	(479,369)
Net cash provided by (used in) financing activities	(97,675)	44,780	991,428
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,816	(12,118)	29,053
Cash and cash equivalents at beginning of year	21,679	33,797	4,744
Cash and cash equivalents at end of year	$ 36,495	$ 21,679	$ 33,797

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS -- (CONTINUED)
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Supplemental cash flow information			
Cash paid during the year for:			
Interest	$75,956	$ 76,653	$ 26,091
Income taxes	$ 9,520	$ 4,631	$ 10,212
Supplemental schedule of non-cash investing and financing activities			
Fair value of assets acquired, including cash of $56,027 in 1998	$42,538	$ --	$ 1,340,480
Cash paid	42,538	--	(1,003,682)
Liabilities assumed	$ --	$ --	$ 336,798

During 2000 and 1999, the Company paid preferred dividends of approximately $10.3 million and $11.4 million by issuing 10,330 and 11,426 shares of preferred stock, respectively.

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A -- SUMMARY OF ACCOUNTING POLICIES AND NATURE OF OPERATIONS

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Principles of Consolidation and Nature of Operations

The accompanying financial statements include the accounts of Rent-A-Center, Inc. (Rent-A-Center), and its wholly-owned subsidiaries (collectively, the Company). All significant intercompany accounts and transactions have been eliminated. Rent-A-Center's sole operating segment consists of leasing household durable goods to customers on a rent-to-own basis. At December 31, 2000, the Company operated 2,158 stores which were located throughout the 50 United States, the District of Columbia and the Commonwealth of Puerto Rico.

ColorTyme, Inc. (ColorTyme), the only subsidiary with substantive operations, is a nationwide franchisor of 364 franchised rent-to-own stores operating in 42 states. These rent-to-own stores offer high quality durable products such as home electronics, appliances, computers, and furniture and accessories. ColorTyme's primary source of revenues is the sale of rental merchandise to its franchisees, who, in turn, offer the merchandise to the general public for rent or purchase under a rent-to-own program. The balance of ColorTyme's revenues are generated primarily from royalties based on franchisees' monthly gross revenues.

Rental Merchandise

Rental merchandise is carried at cost, net of accumulated depreciation. Depreciation is provided using the income forecasting method, which is intended to match as closely as practicable the recognition of depreciation expense with the consumption of the rental merchandise, and assumes no salvage value. The consumption of rental merchandise occurs during periods of rental and directly coincides with the receipt of rental revenue over the rental-purchase agreement period, generally 18 to 36 months. Under the income forecasting method, merchandise held for rent is not depreciated, and merchandise on rent is depreciated in the proportion of rents received to total rents provided in the rental contract, which is an activity based method similar to the units of production method.

Rental merchandise which is damaged and inoperable, or not returned by the customer after becoming delinquent on payments, is written-off when such impairment occurs.

Cash Equivalents

For purposes of reporting cash flows, cash equivalents include all highly liquid investments with an original maturity of three months or less.

Rental Revenue and Fees

Merchandise is rented to customers pursuant to rental-purchase agreements which provide for weekly or monthly rental terms with non-refundable rental payments. Generally, the customer has the right to acquire title either through a purchase option or through payment of all required rentals. Rental revenue and fees are recognized over the rental term. No revenue is accrued because the customer can cancel the rental contract at any time and the Company cannot enforce collection for non-payment of rents.

ColorTyme's revenue from the sale of rental merchandise is recognized upon shipment of the merchandise to the franchisee.

Property Assets and Related Depreciation

Furniture, equipment and vehicles are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets (generally five years) by the straight-line method. Leasehold improvements are amortized over the term of the applicable leases by the straight-line method.

Intangible Assets and Amortization

Intangible assets are stated at cost less accumulated amortization calculated by the straight-line method.

Accounting for Impairment of Long-Lived Assets

The Company evaluates all long-lived assets, including all intangible assets and rental merchandise, for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Impairment is recognized when the carrying amounts of such assets cannot be recovered by the undiscounted net cash flows they will generate.

Income Taxes

The Company provides deferred taxes for temporary differences between the tax and financial reporting bases of assets and liabilities at the rate expected to be in effect when taxes become payable.

Earnings Per Common Share

Basic earnings per common share are based upon the weighted average number of common shares outstanding during each period presented. Diluted earnings per common share are based upon the weighted average number of common shares outstanding during the period, plus, if dilutive, the assumed exercise of stock options and the assumed conversion of convertible securities at the beginning of the year, or for the period outstanding during the year for current year issuances.

Advertising Costs

Costs incurred for producing and communicating advertising are expensed when incurred. Advertising expense was $61.2 million, $55.8 million, and $37.2 million in 2000, 1999 and 1998, respectively.

Stock-Based Compensation

The Company has chosen to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees," and related Interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire that stock. Option grants to non-employees are expensed at the time of grant.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues during the reporting period. Actual results could differ from those estimates.

Derivative Financial Instruments

The Company uses interest rate swap agreements to manage interest rate risk on its variable rate debt. Amounts due to or from counterparties are recorded in interest income or expense as incurred.

Prospective Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities. In June 1999, the FASB issued Statement No. 137, Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133. In June 2000, the FASB issued Statement 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133. Statement 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative instrument's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that a company must formally document, designate and assess the effectiveness of transaction that receive hedge accounting. Statement 133, as amended, is effective for fiscal years beginning after June 15, 2000 and will be adopted by the Company on January 1, 2001.

As of December 31, 2000, the Company has identified and designated the interest rate swap agreements as derivatives that qualify as hedges under Statement 133, as amended. The Company has only interest rate swap agreements that qualify as derivatives under Statement 133, as amended, and the effects of implementation of this statement as of January 1, 2001 are not expected to have a material impact on the Company's financial position, results of operations or cash flows. If Statement 133 were applied to the Company's derivative contracts in place at December 31, 2000, the fair value of the contracts would increase assets by approximately $2.6 million with an offsetting amount of $2.6 million recorded in accumulated other comprehensive income.

Reclassifications

Certain reclassifications have been made to prior year financial information in order to conform to the 2000 presentation.

NOTE B -- ACQUISITIONS

On August 5, 1998, the Company acquired all of the outstanding common stock of Thorn Americas, Inc. (Thorn), which operated 1,409 stores, for approximately $900 million in cash. The acquisition, together with the increased working capital requirements of the combined entity, was financed via $720 million in variable-rate senior debt maturing in 6 to 8.5 years, $175 million of 11% senior subordinated debt maturing in 10 years, and $260 million of redeemable convertible voting preferred stock. The purchase price exceeded the fair value of net assets acquired, as adjusted below, by approximately $596 million, which has been recorded as goodwill and is being amortized over 30 years.

During 1999, goodwill relating to the Thorn acquisition was increased by approximately $5.4 million as a result of downward adjustments to the fair value of the net assets acquired, the largest of which was a $3.8 million decrease in deferred tax assets (Note J).

In conjunction with the Thorn acquisition, the Company terminated substantially all of the existing Thorn home office employees (approximately 550), and discontinued using Thorn's distribution facilities. As a result, at acquisition the Company recorded liabilities for employee termination costs, primarily related to severance agreements, of approximately $21.4 million and costs associated with the discontinued use of leased

distribution and store facilities of approximately $18.4 million. As of December 31, 2000, all of the termination costs and $15.5 million of the costs associated with the discontinued use of the leased distribution and store facilities had been paid.

At acquisition, the Company recorded an accrual of approximately $125 million for estimated probable losses on Thorn litigation, including $34.5 million related to Fogie v. Thorn Americas, Inc. and Willis v. Thorn Americas, Inc. The Company was indemnified by the seller for losses relating to the Fogie and Willis cases, and had recorded a corresponding receivable. As of December 31, 2000 approximately $110 million has been paid in settlement of certain of the acquired litigation. Details regarding acquired litigation and related settlements are described in Note K.

In May 1998, the Company acquired substantially all of the assets of Central Rents, Inc. (Central Rents), which consisted of 176 stores, for approximately $100 million in cash. The purchase price exceeded the fair value of assets acquired by approximately $72 million, which has been recorded as goodwill and is being amortized over 30 years.

The Company also acquired the assets of 52 stores in 14 separate transactions during 1998 for approximately $26.4 million. All acquisitions have been accounted for as purchases, and the operating results of the acquired businesses have been included in the financial statements of the Company since their date of acquisition.

For the year ending December 31, 2000 the Company acquired 74 stores in 19 separate transactions for an aggregate of approximately $42.5 million in cash.

NOTE C -- RENTAL MERCHANDISE

	DECEMBER 31,	
	2000	1999
	(IN THOUSANDS)	
On rent		
Cost	$768,590	$633,360
Less accumulated depreciation	291,495	207,891
	$477,095	$425,469
Held for rent		
Cost	$136,850	$122,984
Less accumulated depreciation	26,713	17,230
	$110,137	$105,754

NOTE D -- PROPERTY ASSETS

	DECEMBER 31,	
	2000	1999
	(IN THOUSANDS)	
Furniture and equipment	$ 71,024	$ 57,879
Transportation equipment	29,500	29,498
Building and leasehold improvements	61,439	43,009
Construction in progress	3,300	786
	165,263	131,172
Less accumulated depreciation	78,095	48,515
	$ 87,168	$ 82,657

NOTE E -- INTANGIBLE ASSETS

	AMORTIZATION PERIOD	DECEMBER 31, 2000	DECEMBER 31, 1999
		(IN THOUSANDS)	
Noncompete agreements	2-5 years	$ 5,152	$ 5,152
Franchise network	10 years	3,000	3,000
Goodwill	20-30 years	775,797	748,251
Other	Various	1,899	142
		785,848	756,545
Less accumulated amortization		77,520	49,221
		$708,328	$707,324

NOTE F -- SENIOR DEBT

In conjunction with the acquisition of Thorn, the Company entered into a Senior Credit Facility (the Facility) with a syndicate of banks. The Company also has other debt facilities. Senior debt consists of the following:

	FACILITY MATURITY	DECEMBER 31, 2000 MAXIMUM FACILITY	DECEMBER 31, 2000 AMOUNT OUTSTANDING	DECEMBER 31, 2000 AMOUNT AVAILABLE	DECEMBER 31, 1999 MAXIMUM FACILITY	DECEMBER 31, 1999 AMOUNT OUTSTANDING	DECEMBER 31, 1999 AMOUNT AVAILABLE
		(IN THOUSANDS)					
Senior Credit Facility:							
Term Loan "A"	2004	$ --	$ --	$ --	$ 99,443	$ 99,443	$ --
Term Loan "B"	2006	203,300	203,300	--	222,918	222,918	--
Term Loan "C"	2007	248,815	248,815	--	272,639	272,639	--
Term Loan "D"(2)	2007	113,936	113,936	--	--	--	--
Revolver(1)	2004	120,000	--	76,272	120,000	16,500	64,800
Letter of Credit/Multi-Draw		--	--	--	85,000	59,950	25,050
		686,051	566,051	76,272	800,000	671,450	89,850
Other Indebtedness:							
Line of credit		5,000	--	5,000	5,000	710	4,290
Total Debt Facilities		$691,051	$566,051	$81,272	$805,000	$672,160	$94,140

- ---

(1) As at December 31, 2000 and 1999 the amounts available under the Company's revolver facility were reduced by approximately $43.7 million and $38.7 million, respectively, for outstanding letters of credit. These letters of credit are used to support the Company's insurance obligations.

(2) On June 29, 2000, we refinanced a portion of our senior credit facility by adding a new $125 million Term D tranche to our existing facility. No significant mandatory principal repayments are required on the Term D facility until the tranche becomes due in 2007.

Borrowings under the Facility bear interest at varying rates equal to 0.25% to 1.75% over the designated prime rate (9.50% per annum at December 31, 2000) or 1.25% to 2.75% over LIBOR (6.55% at December 31, 2000) at the Company's option, and are subject to quarterly adjustments based on certain leverage ratios. At December 31, 2000 and 1999, the average rate on outstanding borrowings was 8.95% and 8.78%, respectively. A commitment fee equal to 0.25% to 0.50% of the unused portion of the Facility is payable quarterly.

The Facility is collateralized by substantially all of the Company's tangible and intangible assets, and is unconditionally guaranteed by each of the Company's subsidiaries. In addition, the Facility contains several financial covenants as defined therein, including a maximum leverage ratio, a minimum interest coverage

ratio, and a minimum fixed charge coverage ratio, as well as restrictions on capital expenditures, additional indebtedness, and the disposition of assets not in the ordinary course of business.

During 1998, the Company entered into three interest rate swap agreements to limit the effect of increases in interest rates. These agreements expire in 2001 and 2003, and have an aggregate notional principal amount of $500 million. The effect of these agreements is to limit the Company's interest rate exposure by fixing the LIBOR rate at 5.59%. The agreements had no cost to the Company, and at December 31, 2000 and 1999 they had aggregate fair values of $2.6 million and $14.5 million, respectively.

The following are scheduled maturities of senior debt at December 31, 2000:

YEAR ENDING DECEMBER 31,	(IN THOUSANDS)
2001	$ 2,651
2002	2,651
2003	2,651
2004	38,977
2005	147,955
Thereafter	371,166
	$566,051

NOTE G -- SUBORDINATED NOTES PAYABLE

During 1998, the Company issued $175.0 million of subordinated notes, maturing on August 15, 2008. The notes require semi-annual interest-only payments at 11%, and are guaranteed by the Company's two principal subsidiaries. The notes are redeemable at the Company'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. In addition, prior to August 15, 2001, the Company may redeem up to 33.33% of the original aggregate principal with the cash proceeds of one or more equity offerings, at a redemption price of 111%. Upon a change of control, the holders of the subordinated notes have the right to require the Company to redeem the notes.

The notes contain restrictive covenants, as defined therein, including a consolidated interest coverage ratio and limitations on additional indebtedness and restricted payments.

The $5.0 million non-recurring financing costs expensed during 1998, relate to fees paid for bridge financing necessary to complete the Thorn acquisition, which was subsequently replaced with the subordinated notes.

The Company's direct and wholly-owned subsidiaries, consisting of ColorTyme, Inc. and Advantage Companies, Inc. (collectively, the Guarantors), have fully, jointly and severally, and unconditionally guaranteed the obligations of the Company with respect to these notes. The only direct or indirect subsidiaries of the Company that are not Guarantors are inconsequential subsidiaries. There are no restrictions on the ability of any of the Guarantors to transfer funds to the Company in the form of loans, advances or dividends, except as provided by applicable law.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Set forth below is certain condensed consolidating financial information (within the meaning of Rule 1-3-10 of Regulation S-X) as of December 31, 2000 and 1999, and for each of the three years in the period ended December 31, 2000. The financial information includes the Guarantors from the dates they were acquired or formed by the Company and is presented using the push-down basis of accounting.

	PARENT COMPANY	SUBSIDIARY GUARANTORS	CONSOLIDATING ADJUSTMENTS	TOTALS
		(IN THOUSANDS)		
Condensed consolidating balance sheets				
2000				
Rental merchandise, net	$ 587,232	$ --	$ --	$ 587,232
Intangible assets, net	351,498	356,830	--	708,328
Other assets	531,992	13,754	(354,396)	191,350
Total assets	1,470,722	$370,584	$(354,396)	$1,486,910
Senior Debt	$ 566,051	$ --	$ --	$ 566,051
Other liabilities	325,995	4,261	--	330,256
Preferred stock	281,232	--	--	281,232
Stockholder's equity	297,444	366,323	(354,396)	309,371
Total liabilities and equity	$1,470,722	$370,584	$(354,396)	$1,486,910
1999				
Rental merchandise, net	$ 531,223	$ --	$ --	$ 531,223
Intangible assets, net	337,486	369,838	--	707,324
Other assets	601,229	10,261	(365,037)	246,453
Total assets	1,469,938	$380,099	$(365,037)	1,485,000
Senior Debt	$ 672,160	$ --	$ --	$ 672,160
Other liabilities	328,714	6,534	--	335,248
Preferred stock	270,902		--	270,902
Stockholder's equity	198,162	373,565	(365,037)	206,690
Total liabilities and equity	$1,469,938	$380,099	$(365,037)	$1,485,000

	PARENT COMPANY	SUBSIDIARY GUARANTORS	TOTAL
		(IN THOUSANDS)	
Condensed consolidating statements of earnings			
2000			
Total revenues	$1,543,848	$57,766	$1,601,614
Direct store expenses	1,230,864	--	1,230,864
Other	205,342	62,381	267,723
Net earnings (loss)	$ 107,642	$(4,615)	$ 103,027
1999			
Total revenues	$1,361,578	$55,589	$1,417,167
Direct store expenses	1,110,085	--	1,110,085
Other	187,156	60,571	247,727
Net earnings (loss)	$ 64,337	$(4,982)	$ 59,355

	PARENT COMPANY	SUBSIDIARY GUARANTORS	TOTAL
		(IN THOUSANDS)	
1998			
Total revenues	$ 760,181	$49,535	$ 809,716
Direct store expenses	620,457	--	620,457
Other	121,615	42,886	164,501
Net earnings (loss)	$ 18,109	$ 6,649	$ 24,758

NOTE H -- ACCRUED LIABILITIES

	DECEMBER 31,	
	2000	1999
	(IN THOUSANDS)	
Taxes other than income	$20,306	$ 19,228
Accrued litigation costs	14,753	19,163
Accrued insurance costs	28,929	22,473
Accrued compensation and other	25,572	45,932
	$89,560	$106,796

NOTE I -- REDEEMABLE CONVERTIBLE VOTING PREFERRED STOCK

During 1998, the Company issued 260,000 shares of redeemable convertible voting preferred stock at $1,000 per share, resulting in aggregate proceeds of $260.0 million. Placement costs of approximately $0.5 million were charged against these proceeds to arrive at the original carrying value.

The preferred stock is convertible, at any time, into shares of the Company's common stock at a conversion price equal to $27.935 per share, and has a liquidation preference of $1,000 per share, plus all accrued and unpaid dividends. No distributions may be made to holders of common stock until the holders of the preferred stock have received the liquidation preference. Dividends accrue on a quarterly basis, at the rate of $37.50 per annum, per share. Under the terms of the preferred stock, preferred dividends are payable at the Company's option in cash or additional preferred stock until 2003, after which dividends must be paid in cash. During 2000 and 1999, the Company paid approximately $10.3 million and $11.4 million in preferred dividends by issuing 10,330 and 11,426 shares of preferred stock, respectively.

The preferred stock is not redeemable until 2002, after which time the Company may, at its option, redeem the shares at 105% of the liquidation preference plus accrued and unpaid dividends. Holders of the preferred stock have the right to require the Company to redeem the preferred stock upon a change of control, if the Company ceases to be listed on a United States national securities exchange or the NASDAQ National Market System, or upon the eleventh anniversary of the issuance of the preferred stock, at a price equal to the liquidation preference value.

Holders of the preferred stock are entitled to two seats on the Company's Board of Directors, and are entitled to vote on all matters presented to the holders of the Company's common stock. The number of votes per preferred share is equal to the number of votes associated with the underlying voting common stock into which the preferred stock is convertible.

NOTE J -- INCOME TAXES

The income tax provision reconciled to the tax computed at the statutory Federal rate is:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Tax at statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	5.5%	5.5%	5.1%
Effect of foreign operations, net of foreign tax credits	0.2%	0.3%	0.3%
Goodwill amortization	5.0%	6.4%	7.3%
Other, net	1.3%	1.3%	1.4%
Total	47.0%	48.5%	49.1%

The components of the income tax provision are as follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS)		
Current expense (benefit)			
Federal	$ 6,099	$(10,770)	$ --
State	5,637	815	1,756
Foreign	1,894	1,623	1,576
Total current	13,630	(8,332)	3,332
Deferred expense			
Federal	68,406	57,342	18,377
State	9,332	6,889	2,188
Total deferred	77,738	64,231	20,565
Total	$91,368	$ 55,899	$23,897

Deferred tax assets and liabilities consist of the following:

	DECEMBER 31,	
	2000	1999
Deferred tax assets		
Net operating loss carryforwards	$ 41,515	$ 91,232
Accrued expenses	25,667	27,005
Intangible assets	22,119	25,285
Property assets	18,644	17,530
Other tax credit carryforwards	5,436	2,835
Other	--	311
	113,381	164,198
Deferred tax liability		
Rental merchandise	(80,753)	(53,831)
Net deferred tax asset	$ 32,628	$110,367

The Company has Federal net operating loss carryforwards of approximately $104 million at December 31, 2000, including $10.8 of Federal net operating loss carryforwards which were acquired in connection with purchased companies. The utilization of the acquired losses is limited to approximately $3.5 million per

year. The Company also has various state net operating loss carryforwards. If not utilized, all net operating loss carryforwards will expire between 2005 and 2019.

The Company has alternative minimum tax credit carryforwards and foreign tax credit carryforwards aggregating approximately $5.4 million.

During 1999, the Company completed its analysis of the tax bases of assets and liabilities acquired in the Thorn acquisition, resulting in a decrease in its deferred tax asset of $3.8 million and a corresponding increase in goodwill.

NOTE K -- COMMITMENTS AND CONTINGENCIES

The Company leases its office and store facilities and certain delivery vehicles. Rental expense was $105.6 million, $96.8 million and $51.4 million for 2000, 1999, and 1998, respectively. Future minimum rental payments under operating leases with remaining non-cancelable lease terms in excess of one year at December 31, 2000 are as follows:

YEAR ENDING DECEMBER 31,	(IN THOUSANDS)
2001	$102,713
2002	101,358
2003	97,323
2004	96,121
2005	92,219
Thereafter	7,800
	$497,534

From time to time, the Company, along with its subsidiaries, is party to various legal proceedings arising in the ordinary course of business. The Company is currently a party to the following material litigation:

Murray v. Rent-A-Center, Inc. In May 1999, the plaintiffs filed this class action lawsuit in Missouri, alleging that the Company discriminated against African Americans in its hiring, compensation, promotion and termination policies. Plaintiffs alleged no specific amount of damages in their complaint. The Company believes that the plaintiffs' claims are without merit and intends to vigorously defend this action. However, given the early stage of this proceeding, there can be no assurance that the Company will prevail without liability.

Colon v. Thorn Americas, Inc. In November 1997, the plaintiffs filed this statutory compliance class action lawsuit in New York alleging various statutory violations of New York consumer protection laws. The plaintiffs are seeking compensatory damages, punitive damages, interest, attorney's fees and certain injunctive relief. Although the Company intends to vigorously defend itself in this action, the ultimate outcome cannot presently be determined, and there can be no assurance that the Company will prevail without liability.

Wisconsin Attorney General Proceeding. In August 1999, the Wisconsin Attorney General filed suit against the Company and its subsidiary ColorTyme in Wisconsin, alleging that its rent-to-rent transaction violates the Wisconsin Consumer Act and the Wisconsin Deceptive Advertising Statute. The Attorney General seeks injunctive relief, restoration of any losses suffered by any Wisconsin Consumer harmed and civil forfeitures and penalties. The Company intends to vigorously defend itself in this matter. However, there can be no assurance that the Company will prevail without liability.

Wilfong, et. al. v. Rent-A-Center, Inc./Margaret Bunch, et. al. v. Rent-A-Center, Inc. In August 2000, a putative nationwide class action was filed against the Company in federal court in East St. Louis, Illinois by Claudine Wilfong and sixteen plaintiffs, alleging that it engaged in class-wide gender discrimination following

its acquisition of Thorn Americas. In December 2000, a similar suit filed by Margaret Bunch in federal court in the Western District of Missouri was amended to allege similar class action claims. The allegations underlying these matters involve charges of wrongful termination, constructive discharge, disparate treatment and disparate impact. The Company intends to vigorously defend itself in this matter. However, given the early stage of these proceedings, there can be no assurance that the Company will prevail without liability.

An adverse ruling in one or more of the aforementioned cases could have a material and adverse effect on the Company's consolidated financial statements.

During 1999, the Company funded the $11.5 million settlement of its two existing class action lawsuits in New Jersey, together with the $48.5 million settlement of Robinson v. Thorn Americas, Inc. The settlement of the Company's existing litigation resulted in a charge to earnings in 1998, classified as class action legal settlements. In addition, the Company settled and funded Anslono v. Thorn Americas, Inc. during 2000. Both the Robinson and Anslono cases were acquired in the Thorn acquisition, and the Company made appropriate purchase accounting adjustments for liabilities associated with this litigation. Under the terms of these settlements the Company was entitled to receive refunds for unlocated class members. During 2000, the Company received refunds totaling approximately $22.4 million which are presented as class action litigation settlements.

In addition, Fogie v. Thorn Americas, Inc., was acquired in the Thorn acquisition; however, the Company received full indemnification from the seller for any incurred losses. In December 1991, the plaintiffs filed this class action in Minnesota alleging that Thorn's rent-to-own contracts violated Minnesota's Consumer Credit Sales Act and the Minnesota General Usury Statute. In April 1998, the court entered a final judgment against Thorn for approximately $30.0 million. Following an unsuccessful appeal in August 1999, Thorn plc deposited the judgment amount in an escrow account supervised by plaintiff's counsel and the court in October 1999.

The Company is also involved in various other legal proceedings, claims and litigation arising in the ordinary course of business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have a material adverse effect on the financial position or results of operations of the Company.

As part of the ongoing financing arrangement with a credit corporation, ColorTyme's franchisees can obtain debt financing. ColorTyme provides a limited guarantee for amounts outstanding under this arrangement.

NOTE L -- STOCK BASED COMPENSATION

The Company's 1994 long-term incentive plan (the Plan) for the benefit of certain key employees and directors provides the Board of Directors broad discretion in creating employee equity incentives. Under the plan, up to 6,200,000 shares of the Company's common shares may be reserved for issuance under stock options, stock appreciation rights or restricted stock grants. Options granted to employees under the plan become exercisable over a period of one to five years from the date of grant and may be exercised up to a maximum of 10 years from date of grant. Options granted to directors are exercisable immediately. There have been no grants of stock appreciation rights and all options have been granted with fixed prices. At December 31, 2000, there were 873,163 shares reserved for issuance under the Plan.

Information with respect to stock option activity is as follows:

	2000		1999		1998	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	3,590,038	$23.57	3,493,763	$23.96	1,324,250	$16.39
Granted	1,782,500	24.40	2,042,250	24.42	2,680,000	26.65
Exercised	(427,700)	21.34	(173,875)	12.05	(168,862)	8.95
Forfeited	(1,154,563)	23.60	(1,772,100)	24.81	(341,625)	18.28
Outstanding at end of year	3,790,275	$24.32	3,590,038	$23.57	3,493,763	$23.96
Options exercisable at end of year	1,097,961	$23.04	819,739	$20.78	377,263	$16.43

The weighted average fair value per share of options granted during 2000, 1999 and 1998 was $14.97 $14.38, and $15.22, respectively, all of which were granted at market value. Information about stock options outstanding at December 31, 2000 is summarized as follows:

	OPTIONS OUTSTANDING		
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE
$3.34 to $6.67	95,450	4.32 years	$ 6.53
$6.68 to $18.50	660,250	8.28 years	$16.27
$18.51 to $28.50	2,319,450	8.21 years	$24.75
$28.51 to $33.88	715,125	9.21 years	$32.73
	3,790,275		

	OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$3.34 to $6.67	96,650	$ 6.53
$6.68 to $18.50	169,300	$16.35
$18.51 to $28.50	747,636	$25.85
$28.51 to $30.50	84,375	$30.50
	1,097,961	

During 2000 the Company charged $65,000 to expense as a result of 25,000 options granted to non-employees for services.

The Company has adopted only the disclosure provisions of SFAS 123 for employee stock options and continues to apply APB 25 for stock options granted under the Plan. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock. Compensation costs for all other stock-based compensation is accounted for under SFAS 123. If the Company had elected to recognize compensation expense based upon the fair value at the grant date for options under the Plan consistent with the

methodology prescribed by SFAS 123, the Company's 2000, 1999 and 1998 net earnings and earnings per common share would be reduced to the pro forma amounts indicated as follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Net earnings allocable to common stockholders			
As reported	$92,607	$49,316	$20,804
Pro forma	$82,335	$41,011	$17,580
Basic earnings per common share			
As reported	$ 3.79	$ 2.04	$ 0.84
Pro forma	$ 3.37	$ 1.69	$ 0.71
Diluted earnings per common share			
As reported	$ 2.96	$ 1.74	$ 0.83
Pro forma	$ 2.67	$ 1.50	$ 0.70

The fair value of these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: expected volatility of 50% to 70%; risk-free interest rates of 6.0% to 6.77%, 6.50% and 5.55% in 2000, 1999, and 1998, respectively; no dividend yield; and expected lives of seven years.

NOTE M -- 401(k) PLAN

The Company sponsors a defined contribution pension plan under Section 401(k) of the Internal Revenue Code for all employees who have completed three months of service. Employees may elect to contribute up to 20% of their eligible compensation on a pre-tax basis, subject to limitations. The Company may make discretionary matching contributions to the plan. During 2000, 1999 and 1998, the Company made matching contributions of $2,453,639, $2,283,575, and $1,393,386, respectively, which represents 50% of the employees' contributions to the plan up to an amount not to exceed 4% of each employee's respective compensation.

NOTE N -- FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, senior debt and subordinated notes payable. The carrying amount of cash and cash equivalents approximates fair value at December 31, 2000 and 1999, because of the short maturities of these instruments. The Company's senior debt is variable rate debt that reprices frequently and entails no significant change in credit risk, and as a result, fair value approximates carrying value. The fair value of the subordinated notes payable is estimated based on discounted cash flow analysis using interest rates currently offered for loans with similar terms to borrowers of similar credit quality. At December 31, 2000 the fair value of the subordinated notes was $169.8 million, which is $5.2 million below their carrying value of $175.0 million. Information relating to the fair value of the Company's interest rate swap agreements is set forth in Note F.

NOTE O -- EARNINGS PER COMMON SHARE

Summarized basic and diluted earnings per common share were calculated as follows:

	NET EARNINGS	SHARES	PER SHARE
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
2000			
Basic earnings per common share	$ 92,607	24,432	$ 3.79
Effect of dilutive stock options	--	433	
Effect of preferred dividend	10,420	9,947	
Diluted earnings per common share	$103,027	34,812	$ 2.96
1999			
Basic earnings per common share	$ 49,316	24,229	$ 2.04
Effect of dilutive stock options	--	319	
Effect of preferred dividend	10,039	9,583	
Diluted earnings per common share	$ 59,355	34,131	$ 1.74
1998			
Basic earnings per common share	$ 20,804	24,698	$ 0.84
Effect of dilutive stock options	--	405	
Diluted earnings per common share	$ 20,804	25,103	$ 0.83

The assumed conversion of the redeemable convertible preferred stock issued in 1998 would have an anti-dilutive effect on diluted earnings per common share for 1998 and accordingly has been excluded from the computation thereof.

For 2000, 1999 and 1998, 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 the common stock and, therefore anti-dilutive, was 1,485,118, 1,707,947, and 498,201, respectively.

NOTE P -- UNAUDITED QUARTERLY DATA

Summarized quarterly financial data for 2000 and 1999 is as follows:

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
YEAR ENDED DECEMBER 31, 2000(1)				
Revenues	$392,526	$392,245	$404,968	$411,875
Operating profit	58,552	84,184	63,720	60,557
Net earnings	20,889	34,621	23,901	23,616
Basic earnings per common share	0.75	1.32	0.87	0.85
Diluted earnings per common share	0.61	1.00	0.68	0.67

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
YEAR ENDED DECEMBER 31, 1999				
Revenues	$344,697	$351,421	$350,420	$370,629
Operating profit	41,702	45,788	48,960	53,573
Net earnings	12,027	13,891	15,597	17,840
Basic earnings per common share	0.40	0.47	0.54	0.63
Diluted earnings per common share	0.35	0.41	0.46	0.52

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(1) Includes the effects of a pre-tax, non-recurring legal reversion of $22.4 million associated with the 1999 settlement of three class action lawsuits in the state of New Jersey.

NOTE Q -- RELATED PARTY TRANSACTIONS

On August 18, 1998, the Company repurchased 990,099 shares of its common stock for $25 million from J. Ernest Talley, its Chairman of the Board and Chief Executive Officer. The repurchase of Mr. Talley's stock was approved by the Company's Board of Directors on August 5, 1998. The price was determined by a pricing committee, and was approved by the Board of Directors of the Company, with Mr. Talley abstaining. The pricing committee met on August 17, 1998, after the close of the markets, and Mr. Talley's shares were repurchased at the price of $25.25 per share, the closing price of the Company's common stock on August 17, 1998.

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
2.1(1)	-- Stock Purchase Agreement, dated as of June 16, 1998, among Renters Choice, Inc., Thorn International BV and Thorn plc (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, the Company will supplementally supply such schedules and exhibits to the Commission.)
3.1(2)	-- Amended and Restated Certificate of Incorporation of Renters Choice, Inc.
3.2(3)	-- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Renters Choice, Inc.
3.3*	-- Amended and Restated Bylaws of Rent-A-Center, Inc.
4.1(4)	-- Form of Certificate evidencing Common Stock
4.2(5)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.
4.3(6)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc.
4.4(7)	-- Indenture, dated as of August 18, 1998, by and among Renters Choice, Inc., as Issuer, ColorTyme, Inc. and Rent-A-Center, Inc., as Subsidiary Guarantors, and IBJ Schroder Bank & Trust Company, as Trustee
4.5(8)	-- Form of Certificate evidencing Series A Preferred Stock
4.6(9)	-- Form of Exchange Note
4.7(10)	-- First Supplemental Indenture, dated as of December 31, 1998, by and among Renters Choice Inc., Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc. and IBJ Schroder Bank & Trust Company, as Trustee.
10.1(11)+	-- Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan
10.2(12)	-- Credit Agreement, dated August 5, 1998, among Renters Choice, Inc., Comerica Bank, as Documentation Agent, NationsBank N.A., as Syndication Agent, and The Chase Manhattan Bank, as Administrative Agent, and certain other lenders
10.3(13)	-- First Amendment, dated as of February 25, 2000, to the Credit Agreement, dated August 5, 1998, among Rent-A-Center, Inc. (formerly known as Renters Choice, Inc.), Comerica Bank, as Documentation Agent, NationsBank N.A., as Syndication Agent, and the Chase Manhattan Bank, as Administrative Agent, and certain other lenders
10.4(14)	-- Amended and Restated Credit Agreement, dated as of August 5, 1998 as amended and restated as of June 29, 2000, among Rent-A-Center, Inc., Comerica Bank, as Documentation Agent, Bank of America, NA, as Syndication Agent, and The Chase Manhattan Bank, as Administration Agent
10.5(15)	-- 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
10.6(16)	-- Stockholders Agreement, dated as of August 5, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Renters Choice, Inc., and certain other persons

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10.7(17)	-- Agreements to be Bound to Stockholders Agreement, each dated September 9, 1999, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Rent-A-Center, Inc. and certain other persons.
10.8*	-- Agreements to be Bound to Stockholders Agreement, each dated November 8, 2000, 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.
10.9(18)	-- 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
10.10(19)	-- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series B Convertible Preferred Stock
10.11(20)	-- Stock Purchase Agreement, dated August 5, 1998, among Renters Choice, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
10.12(21)+	-- Employment Agreement, dated October 1, 1998, by and between Rent-A-Center, Inc. and Bradley W. Denison
21.1(22)	-- Subsidiaries of Rent-A-Center, Inc.

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* Filed herewith.

\+ Management contract or company plan or arrangement

(1) Incorporated herein by reference to Exhibit 2.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

(2) 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

(3) 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

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

(5) 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

(6) 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

(7) Incorporated herein by reference to Exhibit 4.4 to the registrant's Registration Statement Form S-4 filed on January 19, 1999

(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 Form S-4 filed on January 19, 1999

(10) Incorporated herein by reference to Exhibit 4.7 to the registrant's Registration Statement Form S-4 filed on January 19, 1999

(11) Incorporated herein by reference to Exhibit 99.1 to the registrant's Registration Statement of Form S-8 (File No. 333-53471)

(12) Incorporated herein by reference to Exhibit 10.18 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

(13) Incorporated herein by reference to Exhibit 10.3 to the registrant's Annual Report on form 10-K for the year ended December 31, 1999

(14) Incorporated herein by reference to Exhibit 10.4 to the registrant's Quarterly Report on form 10-Q for the Quarter ended June 30, 2000

(15) 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

(16) Incorporated herein by reference to Exhibit 10.21 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

(17) Incorporated herein by reference to Exhibit 10.7 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998

(18) 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

(19) Incorporated herein by reference to Exhibit 10.23 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

(20) Incorporated herein by reference to Exhibit 2.10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

(21) Incorporated herein by reference to Exhibit 10.15 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998

(22) Incorporated herein by reference to Exhibit 21.1 to the registrant's Registration Statement on Form S-4 filed on January 19, 1999.

EXHIBIT 3.3

RENT-A-CENTER, INC.

AMENDED AND RESTATED BYLAWS

DATED DECEMBER 20, 2000

ARTICLE I.
MEETINGS OF STOCKHOLDERS

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

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

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

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

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

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

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

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

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

SECTION 7. Quorum and Voting. A majority of the outstanding shares of stock of the Corporation entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting of the stockholders, and the stockholders present at any duly convened meeting may

continue to do business until adjournment notwithstanding any withdrawal from the meeting of holders of shares counted in determining the existence of a quorum. Directors shall be elected by a plurality of the votes cast in the election. For all matters as to which no other voting requirement is specified by the General Corporation Law of the State of Delaware, as amended (the "General Corporation Law"), the Restated Certificate of Incorporation of the Corporation, as amended (the "Certificate of Incorporation") or these Bylaws, the affirmative vote required for stockholder action shall be that of a majority of the shares present in person or represented by proxy at the meeting (as counted for purposes of determining the existence of a quorum at the meeting). In the case of a matter submitted for a vote of the stockholders as to which a stockholder approval requirement is applicable under the stockholder approval policy of the Nasdaq National Market or any other exchange or quotation system on which the capital stock of the Company is quoted or traded, the requirements of Rule 16b-3 under the Securities Exchange Act of 1934 or any provision of the Internal Revenue Code, in each case for which no higher voting requirement is specified by the General Corporation Law, the Certificate of Incorporation or these Bylaws, the vote required for approval shall be the requisite vote specified in such stockholder approval policy, Rule 16b-3 or Internal Revenue Code provision, as the case may be (or the highest such requirement if more than one is applicable). For the approval of the appointment of independent public accountants (if submitted for a vote of the stockholders), the vote required for approval shall be a majority of the votes cast on the matter.

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

SECTION 9. Nominations for Election as a Director. Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible for election as, and to serve as, directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (a) by or at the direction of the Board of Directors or (b) by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 9 of Article I, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section 9 of Article I Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered or mailed and received at the principal executive offices of the Corporation (i) with respect to an election to be held at the annual meeting of the stockholders of the Corporation, not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders of the Corporation, and (ii) with respect to an election to be held at a special meeting of stockholders of the Corporation for the election of directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was

mailed to stockholders of the Corporation as provided in Section 4 of Article I or public disclosure of the date of the special meeting was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (x) as to each person whom the stockholder proposes to nominate for election or re-election as a director, 0 information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected), and (y) as to the stockholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such stockholder and (ii) the class and number of shares of voting stock of the Corporation which are beneficially owned by such stockholder. At the request of the Board of Directors, any person nominated by the Board of Directors for election as a director shall furnish to the Secretary of the Corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. Other than directors chosen pursuant to the provisions of Section 2 of Article II, no person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 9 of Article I. The presiding officer of the meeting of stockholders shall, if the facts warrant determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 9 of Article I, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 9 of Article I.

ARTICLE II.
BOARD OF DIRECTORS

SECTION 1. Number of Directors. The business, affairs and property of the Corporation shall be managed by a board of directors divided into three classes as provided in the Certificate of Incorporation of the Corporation. The Board of Directors of the Corporation shall consist of eight directors. Each director shall hold office for the full term to which he shall have been elected and until his successor is duly elected and shall qualify, or until his earlier death, resignation or removal. A director need not be a resident of the State of Delaware or a stockholder of the Corporation.

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

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

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

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

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

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

SECTION 7A. Voting. Except as otherwise provided herein or in the Amended and Restated Certificate of Incorporation of the Corporation, all decisions of the Corporation's Board of Directors shall require the affirmative vote of a majority of the directors of the Corporation then in office, or a majority of the members of the Executive Committee of the Board of Directors, to the extent such decisions may be lawfully delegated to the Executive Committee.

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

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

ARTICLE III.
COMMITTEES

SECTION 1. The Board of Directors may, by resolution adopted by a majority of the full Board of Directors of the Corporation, designate from among its members one or more committees, each of which shall be comprised of one or more of its members, and may designate one or more of its members as alternate members of any committee, who may, subject to any limitations by the Board of Directors of the Corporation, replace absent or disqualified members at any meeting of the committee. Any such committee, to the extent provided in such resolution or in the Certificate of Incorporation or these Bylaws, shall have and may exercise all of the authority of the Board of Directors of the Corporation to the extent permitted by the Delaware General Corporation Law.

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

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

ARTICLE IV.
OFFICERS

SECTION 1. Designation and Removal. The officers of the Corporation shall consist of a Chairman of the Board, President, Vice President-Finance, Regional Vice Presidents, Secretary, Treasurer, Chief Operating Officer, Chief Financial Officer, and such other officers as may be named by the Board of Directors. Any number of offices may be held by the same person. All officers shall hold office until their successors are elected or appointed, except that the Board of Directors may remove any officer at any time at its discretion.

SECTION 2. Powers and Duties. The officers of the Corporation shall have such powers and duties as generally pertain to their offices, except as modified herein or by the Board of Directors, as well as such powers and duties as from time to time may be conferred by the Board of Directors.

The Chairman of the Board shall have such duties as may be assigned to him by the Board of Directors and shall preside at meetings of the Board and at meetings of the stockholders. The Chairman of the Board shall also be the Chief Executive Officer of the Corporation and shall have general supervision over the business, affairs, and property of the Corporation.

ARTICLE V.
SEAL

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

ARTICLE VI.
CERTIFICATES OF STOCK

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

ARTICLE VII.
INDEMNIFICATION

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

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

each Matter. The termination of any Matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such Matter.

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

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

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

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

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

SECTION 7. Procedures of Independent Counsel. If a Change of Control shall have occurred before the request for indemnification is sent by Indemnitee, Indemnitee shall be presumed (except as otherwise expressly provided in this Article) to be entitled to indemnification upon submission of a request for indemnification in accordance with Section 4 of this Article, and thereafter the Corporation shall have the burden of proof to overcome the presumption in reaching a determination contrary to the presumption. The presumption shall be used by Independent Counsel as a basis for a determination of entitlement to indemnification unless the Corporation provides information sufficient to overcome such presumption by clear and convincing evidence or the investigation, review and analysis of Independent Counsel convinces him by clear and convincing evidence that the presumption should not apply.

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

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

SECTION 9. Adjudication. In the event that (i) a determination is made pursuant to Section 5 or 6 that Indemnitee is not entitled to indemnification under this Article, (ii) advancement of Expenses is not timely made pursuant to Section 3 of this Article, (iii) Independent Counsel has not made and delivered a written opinion determining the request for indemnification (a) within 90 days after being appointed by the Court, or (b) within 90 days after objections to his selection have been overruled by the Court, or (c) within 90 days after the time for the Corporation or Indemnitee to object to his selection, or (iv) payment of indemnification is not made within 5 days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 5, 6 or 7 of this Article, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of his entitlement to such indemnification or advancement of Expenses. In the event that a determination shall have been

made that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section shall be conducted in all respects as a de novo trial on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section, the Corporation shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be. If a determination shall have been made or deemed to have been made that Indemnitee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 9, or otherwise, unless Indemnitee knowingly misrepresented a material fact in connection with the request for indemnification, or such indemnification is prohibited by law.

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

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

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

In the event of any payment hereunder, the Company shall be subrogated to the extent of such payment to all the rights of recovery of Indemnitee, who shall execute all papers required and take

all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

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

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

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

SECTION 14. Definitions. For purposes of this Article:

"Change of Control" means a change in control of the Corporation after the date of adoption of these Bylaws in any one of the following circumstances: (i) there shall have occurred an event required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934 (the "Act"), whether or not the Corporation is then subject to such reporting requirement; (ii) any "person" (as such term is used in Section 13(d) and 14(d) of the Act) shall have become the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing 40% or more of the combined voting power of the Corporation's then outstanding voting securities without prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person attaining such percentage interest; (iii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; (iv) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

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

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

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

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

"Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the five years previous to his selection or appointment has been, retained to represent: (i) the Corporation or Indemnitee in any matter material to either such party, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder.

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

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

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

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

EXHIBIT 10.8

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 8th day of November, 2000, by and between (i) Carolyn Speese, an individual ("Mrs. Speese"), (ii) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (iii) J. Ernest Talley, an individual ("Talley"), (iv) Mark E. Speese, an individual ("Speese"), (v) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"), (vi) Mary Ann Talley, an individual ("Mrs. Talley"), (vii) the Talley 1999 Trust, a trust organized under the laws of the State of Texas (the "Talley Trust"), (viii) Talley Partners, Ltd, a Texas limited partnership (the "Partnership"), (ix) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the Partnership, (x) Mark Talley, and individual ("Mark Talley"), (xi) Matthew Talley, an individual ("Matthew Talley"), (xii) the Mark Andrew Talley Family Trust #1, a trust organized under the laws of the State of Texas ("Mark Trust #1"), (xiii) the Mark Andrew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Mark Trust #2"), (xiv) the Matthew Talley Family Trust #1, a trust organized under the laws of the State of Texas (the "Matt Trust #1"), and (xv) the Matthew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Matt Trust #2" and, together with Talley, Mrs. Talley, the Trust, Talley Management, the Partnership, Matt Talley, Mark Talley, Mark Trust #1, Mark Trust #2 and Matt Trust #1, the "Talley Persons"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

WITNESSETH:

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

WHEREAS, in connection with Talley's estate planning, the parties to the Stockholder's Agreement and the Talley Persons have entered into Agreements to be Bound, dated as of September 9, 1999, supplementing the Stockholder's Agreement; and

WHEREAS, in connection with Speese's estate planning, it is currently contemplated that Mrs. Speese will acquire a portion of the Speese Included Shares from Speese; and

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

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Speese Included Shares in the Company, Mrs. Speese hereby (i) acknowledges that she has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a

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

[Remainder of Page Intentionally Left Blank]

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

/s/ Carolyn Speese

Carolyn Speese

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ Robert D. Davis

Name: Robert D. Davis

Title: Chief Financial Officer

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

/s/ J. Ernest Talley

J. Ernest Talley

/s/ Mark E. Speese

Mark E. Speese

/s/ Mary Ann Talley

Mary Ann Talley

/s/ Matthew Talley

Matthew Talley

/s/ Mark Talley

Mark Talley

MARK ANDREW TALLEY FAMILY TRUST #1

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MARK ANDREW TALLEY FAMILY TRUST #2

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #1

/s/ Matthew Talley

Matthew Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #2

/s/ Matthew Talley

Matthew Talley, as Trustee

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY PARTNERS, LTD.
a Texas limited partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY 1999 TRUST

By: /s/ J. Ernest Talley

J. Ernest Talley, as Trustee

Exhibit "A"

Legend

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

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

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 8th day of November, 2000 by and between (i) the Mark Speese 2000 Grantor Retained Annuity Trust, a trust organized under the laws of the State of Texas (the "Mark Speese GRAT"), (ii) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (iii) J. Ernest Talley, an individual ("Talley"), (iv) Mark E. Speese, an individual ("Speese"), (v) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"), (vi) Mary Ann Talley, an individual ("Mrs. Talley"), (vii) the Talley 1999 Trust, a trust organized under the laws of the State of Texas (the "Talley Trust"), (viii) Talley Partners, Ltd, a Texas limited partnership (the "Partnership"), (ix) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the Partnership, (x) Mark Talley, and individual ("Mark Talley"), (xi) Matthew Talley, an individual ("Matthew Talley"), (xii) the Mark Andrew Talley Family Trust #1, a trust organized under the laws of the State of Texas ("Mark Trust #1"), (xiii) the Mark Andrew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Mark Trust #2"), (xiv) the Matthew Talley Family Trust #1, a trust organized under the laws of the State of Texas (the "Matt Trust #1"), and (xv) the Matthew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Matt Trust #2" and, together with Talley, Mrs. Talley, the Trust, Talley Management, the Partnership, Matt Talley, Mark Talley, Mark Trust #1, Mark Trust #2 and Matt Trust #1, the "Talley Persons"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

WITNESSETH:

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

WHEREAS, in connection with Talley's estate planning, the parties to the Stockholder's Agreement and the Talley Persons have entered into Agreements to be Bound, dated as of September 9, 1999, supplementing the Stockholder's Agreement; and

WHEREAS, Speese has previously agreed to be bound by the terms to the Stockholders Agreement; and

WHEREAS, it is currently contemplated that the Mark Speese GRAT will acquire a portion of the Speese Included Shares from Speese; and

WHEREAS, Speese will serve as the sole trustee (the "Trustee") of the Mark Speese GRAT; and

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

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Speese Included Shares in the Company, the Mark Speese GRAT and the Trustee each hereby (i) acknowledges that each of them has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Speese Included Shares in which it holds any direct or indirect pecuniary, beneficial or voting interest. Furthermore, the Mark Speese GRAT and Trustee each hereby acknowledges that the Speese Included Shares acquired by the Mark Speese GRAT will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Speese Included Shares that the Mark Speese GRAT acquires. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns, including, without limitation, any successor Trustee under the Mark Speese GRAT; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by the Mark Speese GRAT or Trustee except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. Except as permitted by Section 2.2 of the Stockholders Agreement, the Mark Speese GRAT, Trustee, and Speese covenant and agree that no Person other than Speese, Carolyn Speese, Stephen Elken, Jessica Speese, Andrew Speese or Allison Speese can or will (A) be a Trustee or a beneficiary of the Mark Speese GRAT, or (B) have any direct or indirect pecuniary, beneficial or voting interest in the Mark Speese GRAT or the Speese Included Shares held by the Mark Speese GRAT. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

MARK SPEESE 2000 GRANTOR RETAINED ANNUITY TRUST

By: /s/ Mark E. Speese

Mark E. Speese, as Trustee

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ Robert D. Davis

Name: Robert D. Davis

Title: Chief Financial Officer

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

/s/ J. Ernest Talley

J. Ernest Talley

/s/ Mark E. Speese

Mark E. Speese

/s/ Mary Ann Talley

Mary Ann Talley

/s/ Matthew Talley

Matthew Talley

/s/ Mark Talley

Mark Talley

MARK ANDREW TALLEY FAMILY TRUST #1

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MARK ANDREW TALLEY FAMILY TRUST #2

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #1

/s/ Matthew Talley

Matthew Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #2

/s/ Matthew Talley

Matthew Talley, as Trustee

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY PARTNERS, LTD.
a Texas limited partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY 1999 TRUST

By: /s/ J. Ernest Talley

J. Ernest Talley, as Trustee

Exhibit "A"

Legend

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

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

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 8th day of November, 2000, by and between (i) the Carolyn Speese 2000 Grantor Retained Annuity Trust, a trust organized under the laws of the State of Texas (the "Carolyn Speese GRAT"), (ii) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (iii) J. Ernest Talley, an individual ("Talley"), (iv) Mark E. Speese, an individual ("Speese"), (v) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"), (vi) Mary Ann Talley, an individual ("Mrs. Talley"), (vii) the Talley 1999 Trust, a trust organized under the laws of the State of Texas (the "Talley Trust"), (viii) Talley Partners, Ltd, a Texas limited partnership (the "Talley Partnership"), (ix) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the Partnership, (x) Mark Talley, and individual ("Mark Talley"), (xi) Matthew Talley, an individual ("Matthew Talley"), (xii) the Mark Andrew Talley Family Trust #1, a trust organized under the laws of the State of Texas ("Mark Trust #1"), (xiii) the Mark Andrew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Mark Trust #2"), (xiv) the Matthew Talley Family Trust #1, a trust organized under the laws of the State of Texas (the "Matt Trust #1"), (xv) the Matthew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Matt Trust #2" and, together with Talley, Mrs. Talley, the Trust, Talley Management, the Partnership, Matt Talley, Mark Talley, Mark Trust #1, Mark Trust #2 and Matt Trust #1, the "Talley Persons"), and (xvi) Carolyn Speese, an individual ("Mrs. Speese"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

WITNESSETH:

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

WHEREAS, in connection with Talley's estate planning, the parties to the Stockholder's Agreement and the Talley Persons have entered into Agreements to be Bound, dated as of September 9, 1999, supplementing the Stockholder's Agreement; and

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

WHEREAS, it is currently contemplated that the Carolyn Speese GRAT will acquire a portion of the Speese Included Shares from Mrs. Speese; and

WHEREAS, Speese will serve as the sole trustee (the "Trustee") of the Carolyn Speese GRAT; and

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

NOW, THEREFORE, in consideration of the mutual promises of the parties and as a condition of the acquisition of the Speese Included Shares in the Company, the Carolyn Speese GRAT and the Trustee each hereby (i) acknowledges that each of them has read the Stockholders Agreement and (ii) agrees to be bound by all the terms and conditions set forth in the Stockholders Agreement as a Permitted Transferee and a Management Stockholder with respect to all Speese Included Shares in which it holds any direct or indirect pecuniary, beneficial or voting interest. Furthermore, the Carolyn Speese GRAT and Trustee each hereby acknowledges that the Speese Included Shares acquired by the Carolyn Speese GRAT will contain the legend set forth on Exhibit "A" hereto, and the Company covenants to place such a legend on any Speese Included Shares that the Carolyn Speese GRAT acquires. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns, including, without limitation, any successor Trustee under the Carolyn Speese GRAT; provided that neither this Agreement nor any rights or obligations hereunder may be transferred by the Carolyn Speese GRAT or Trustee except to a Permitted Transferee in accordance with Section 2.2 of the Stockholders Agreement. Except as permitted by Section 2.2 of the Stockholders Agreement, the Carolyn Speese GRAT, Trustee, Speese and Mrs. Speese covenant and agree that no Person other than Speese, Mrs. Speese, Stephen Elken, Jessica Speese, Andrew Speese or Allison Speese can or will (A) be a Trustee or a beneficiary of the Carolyn Speese GRAT, or (B) have any direct or indirect pecuniary, beneficial or voting interest in the Carolyn Speese GRAT or the Speese Included Shares held by the Carolyn Speese GRAT. This Agreement shall be attached to and become a part of the Stockholders Agreement.

[Remainder of Page Intentionally Left Blank]

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

CAROLYN SPEESE 2000 GRANTOR RETAINED ANNUITY TRUST

By: /s/ Mark E. Speese

Mark E. Speese, as Trustee

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ Robert D. Davis

Name: Robert D. Davis

Title: Chief Financial Officer

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

/s/ J. Ernest Talley

J. Ernest Talley

/s/ Mark E. Speese

Mark E. Speese

/s/ Carolyn Speese

Carolyn Speese

/s/ Mary Ann Talley

Mary Ann Talley

/s/ Matthew Talley

Matthew Talley

/s/ Mark Talley

Mark Talley

MARK ANDREW TALLEY FAMILY TRUST #1

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MARK ANDREW TALLEY FAMILY TRUST #2

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #1

/s/ Matthew Talley

Matthew Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #2

/s/ Matthew Talley

Matthew Talley, as Trustee

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY PARTNERS, LTD.
a Texas limited partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY 1999 TRUST

By: /s/ J. Ernest Talley

J. Ernest Talley, as Trustee

Exhibit "A"

Legend

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

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AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 8th day of November, 2000, by and between (i) the Allison Rebecca Speese 2000 Remainder Trust, a trust organized under the laws of the State of Texas, (the "Allison Speese Trust"), (ii) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (iii) J. Ernest Talley, an individual ("Talley"), (iv) Mark E. Speese, an individual ("Speese"), (v) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"), (vi) Mary Ann Talley, an individual ("Mrs. Talley"), (vii) the Talley 1999 Trust, a trust organized under the laws of the State of Texas (the "Talley Trust"), (viii) Talley Partners, Ltd, a Texas limited partnership (the "Talley Partnership"), (ix) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the Partnership, (x) Mark Talley, and individual ("Mark Talley"), (xi) Matthew Talley, an individual ("Matthew Talley"), (xii) the Mark Andrew Talley Family Trust #1, a trust organized under the laws of the State of Texas ("Mark Trust #1"), (xiii) the Mark Andrew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Mark Trust #2"), (xiv) the Matthew Talley Family Trust #1, a trust organized under the laws of the State of Texas (the "Matt Trust #1"), (xv) the Matthew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Matt Trust #2" and, together with Talley, Mrs. Talley, the Trust, Talley Management, the Partnership, Matt Talley, Mark Talley, Mark Trust #1, Mark Trust #2 and Matt Trust #1, the "Talley Persons"), (xvi) the Mark Speese 2000 Grantor Retained Annuity Trust, a trust organized under the laws of the State of Texas (the "Mark Speese GRAT"), (xvii) the Carolyn Speese 2000 Grantor Retained Annuity Trust, a trust organized under the laws of the State of Texas (the "Carolyn Speese GRAT"), and (xviii) Carolyn Speese, an individual ("Mrs. Speese"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

WITNESSETH:

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

WHEREAS, in connection with Talley's estate planning, the parties to the Stockholder's Agreement and the Talley Persons have entered into Agreements to be Bound, dated as of September 9, 1999, supplementing the Stockholder's Agreement; and

WHEREAS, Speese, Mrs. Speese, the Mark Speese GRAT and the Carolyn Speese GRAT have previously agreed to be bound by the terms of the Stockholders Agreement; and

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

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

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

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

ALLISON REBECCA SPEESE 2000
REMAINDER TRUST

/s/ Stephen Elken

Stephen Elken, as Trustee

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ Robert D. Davis

Name: Robert D. Davis

Title: Chief Financial Officer

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

/s/ J. Ernest Talley

J. Ernest Talley

/s/ Mark E. Speese

Mark E. Speese

/s/ Carolyn Speese

Carolyn Speese

/s/ Mary Ann Talley

Mary Ann Talley

/s/ Matthew Talley

Matthew Talley

/s/ Mark Talley

Mark Talley

MARK ANDREW TALLEY FAMILY TRUST #1

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MARK ANDREW TALLEY FAMILY TRUST #2

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #1

/s/ Matthew Talley

Matthew Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #2

/s/ Matthew Talley

Matthew Talley, as Trustee

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY PARTNERS, LTD.
a Texas limited partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY 1999 TRUST

By: /s/ J. Ernest Talley

J. Ernest Talley, as Trustee

CAROLYN SPEESE 2000 GRANTOR RETAINED
ANNUITY TRUST

By: /s/ Mark E. Speese

Mark E. Speese, as Trustee

MARK SPEESE 2000 GRANTOR RETAINED
ANNUITY TRUST

By: /s/ Mark E. Speese

Mark E. Speese, as Trustee

Exhibit "A"

Legend

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

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

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 8th day of November, 2000, by and between (i) the Jessica Elizabeth Speese 2000 Remainder Trust, a trust organized under the laws of the State of Texas, (the "Jessica Speese Trust"), (ii) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (iii) J. Ernest Talley, an individual ("Talley"), (iv) Mark E. Speese, an individual ("Speese"), (v) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"), (vi) Mary Ann Talley, an individual ("Mrs. Talley"), (vii) the Talley 1999 Trust, a trust organized under the laws of the State of Texas (the "Talley Trust"), (viii) Talley Partners, Ltd, a Texas limited partnership (the "Talley Partnership"), (ix) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the Partnership, (x) Mark Talley, and individual ("Mark Talley"), (xi) Matthew Talley, an individual ("Matthew Talley"), (xii) the Mark Andrew Talley Family Trust #1, a trust organized under the laws of the State of Texas ("Mark Trust #1"), (xiii) the Mark Andrew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Mark Trust #2"), (xiv) the Matthew Talley Family Trust #1, a trust organized under the laws of the State of Texas (the "Matt Trust #1"), (xv) the Matthew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Matt Trust #2" and, together with Talley, Mrs. Talley, the Trust, Talley Management, the Partnership, Matt Talley, Mark Talley, Mark Trust #1, Mark Trust #2 and Matt Trust #1, the "Talley Persons"), (xvi) the Mark Speese 2000 Grantor Retained Annuity Trust, a trust organized under the laws of the State of Texas (the "Mark Speese GRAT"), (xvii) the Carolyn Speese 2000 Grantor Retained Annuity Trust, a trust organized under the laws of the State of Texas (the "Carolyn Speese GRAT"), and (xviii) Carolyn Speese, an individual ("Mrs. Speese"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

WITNESSETH:

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

WHEREAS, in connection with Talley's estate planning, the parties to the Stockholder's Agreement and the Talley Persons have entered into Agreements to be Bound, dated as of September 9, 1999, supplementing the Stockholder's Agreement; and

WHEREAS, Speese, Mrs. Speese, the Mark Speese GRAT and the Carolyn Speese GRAT have previously agreed to be bound by the terms of the Stockholders Agreement; and

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

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Permitted Transferees acquiring any or all of the Speese Included Shares must enter into an instrument

confirming that the Permitted Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Permitted Transferee's transferor.

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

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

JESSICA ELIZABETH SPEESE 2000
REMAINDER TRUST

/s/ Stephen Elken

Stephen Elken, as Trustee

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ Robert D. Davis

Name: Robert D. Davis

Title: Chief Financial Officer

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

/s/ J. Ernest Talley

J. Ernest Talley

/s/ Mark E. Speese

Mark E. Speese

/s/ Carolyn Speese

Carolyn Speese

/s/ Mary Ann Talley

Mary Ann Talley

/s/ Matthew Talley

Matthew Talley

/s/ Mark Talley

Mark Talley

MARK ANDREW TALLEY FAMILY TRUST #1

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MARK ANDREW TALLEY FAMILY TRUST #2

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #1

/s/ Matthew Talley

Matthew Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #2

/s/ Matthew Talley

Matthew Talley, as Trustee

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY PARTNERS, LTD.
a Texas limited partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY 1999 TRUST

By: /s/ J. Ernest Talley

J. Ernest Talley, as Trustee

CAROLYN SPEESE 2000 GRANTOR RETAINED
ANNUITY TRUST

By: /s/ Mark E. Speese

Mark E. Speese, as Trustee

MARK SPEESE 2000 GRANTOR RETAINED
ANNUITY TRUST

By: /s/ Mark E. Speese

Mark E. Speese, as Trustee

Exhibit "A"

Legend

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

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

AGREEMENT TO BE BOUND

This Agreement to be Bound (the "Agreement") is made this 8th day of November, 2000, by and between (i) the Andrew Michael Speese 2000 Remainder Trust, a trust organized under the laws of the state of Texas, (the "Andrew Speese Trust"), (ii) each of Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands acting through its general partner (individually and collectively with their Permitted Transferees (as defined), the "Purchaser"), (iii) J. Ernest Talley, an individual ("Talley"), (iv) Mark E. Speese, an individual ("Speese"), (v) Rent-A-Center, Inc., a Delaware corporation (formerly known as Renters Choice, Inc.) (the "Company"), (vi) Mary Ann Talley, an individual ("Mrs. Talley"), (vii) the Talley 1999 Trust, a trust organized under the laws of the state of Texas (the "Talley Trust"), (viii) Talley Partners, Ltd, a Texas limited partnership (the "Talley Partnership"), (ix) Talley Management, Inc., a Texas corporation ("Talley Management") and the general partner of the Partnership, (x) Mark Talley, and individual ("Mark Talley"), (xi) Matthew Talley, an individual ("Matthew Talley"), (xii) the Mark Andrew Talley Family Trust #1, a trust organized under the laws of the State of Texas ("Mark Trust #1"), (xiii) the Mark Andrew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Mark Trust #2"), (xiv) the Matthew Talley Family Trust #1, a trust organized under the laws of the State of Texas (the "Matt Trust #1"), (xv) the Matthew Talley Family Trust #2, a trust organized under the laws of the State of Texas (the "Matt Trust #2" and, together with Talley, Mrs. Talley, the Trust, Talley Management, the Partnership, Matt Talley, Mark Talley, Mark Trust #1, Mark Trust #2 and Matt Trust #1, the "Talley Persons"), (xvi) the Mark Speese 2000 Grantor Retained Annuity Trust, a trust organized under the laws of the state of Texas (the "Mark Speese GRAT"), (xvii) the Carolyn Speese 2000 Grantor Retained Annuity Trust, a trust organized under the laws of the state of Texas (the "Carolyn Speese GRAT"), and (xviii) Carolyn Speese, an individual ("Mrs. Speese"). All terms used herein but not defined herein shall have the meaning provided in the Stockholders Agreement (as defined below).

WITNESSETH:

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

WHEREAS, in connection with Talley's estate planning, the parties to the Stockholder's Agreement and the Talley Persons have entered into Agreements to be Bound, dated as of September 9, 1999, supplementing the Stockholder's Agreement; and

WHEREAS, Speese, Mrs. Speese, the Mark Speese GRAT and the Carolyn Speese GRAT have previously agreed to be bound by the terms of the Stockholders Agreement; and

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

WHEREAS, pursuant to Section 2.2(d) of the Stockholders Agreement, all Permitted Transferees acquiring any or all of the Speese Included Shares must enter into an instrument

confirming that the Permitted Transferee agrees to be bound by the terms of the Stockholders Agreement in the same manner as the Permitted Transferee's transferor.

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

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

ANDREW MICHAEL SPEESE 2000
REMAINDER TRUST

/s/ Stephen Elken

Stephen Elken, as Trustee

RENT-A-CENTER, INC.
a Delaware corporation

By: /s/ Robert D. Davis

Name: Robert D. Davis

Title: Chief Financial Officer

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

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

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

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

By: /s/ Peter Copses

Name: Peter Copses

Title: Vice President

/s/ J. Ernest Talley

J. Ernest Talley

/s/ Mark E. Speese

Mark E. Speese

/s/ Carolyn Speese

Carolyn Speese

/s/ Mary Ann Talley

Mary Ann Talley

/s/ Matthew Talley

Matthew Talley

/s/ Mark Talley

Mark Talley

MARK ANDREW TALLEY FAMILY TRUST #1

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MARK ANDREW TALLEY FAMILY TRUST #2

/s/ Mark A. Talley

Mark A. Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #1

/s/ Matthew Talley

Matthew Talley, as Trustee

MATTHEW TALLEY FAMILY TRUST #2

/s/ Matthew Talley

Matthew Talley, as Trustee

TALLEY MANAGEMENT, INC.
a Texas corporation

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY PARTNERS, LTD.
a Texas limited partnership

By: Talley Management, Inc.
its General Partner

By: /s/ J. Ernest Talley

Name: J. Ernest Talley

Title: President

TALLEY 1999 TRUST

By: /s/ J. Ernest Talley

J. Ernest Talley, as Trustee

CAROLYN SPEESE 2000 GRANTOR RETAINED
ANNUITY TRUST

By: /s/ Mark E. Speese

Mark E. Speese, as Trustee

MARK SPEESE 2000 GRANTOR RETAINED
ANNUITY TRUST

By: /s/ Mark E. Speese

Mark E. Speese, as Trustee

Exhibit "A"

Legend

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

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