SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D
(RULE 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED
PURSUANT TO RULE 13d-1(a) AND AMENDMENTS THERETO
FILED PURSUANT TO RULE 13d-2(a)

(Amendment No. ___)/1/

RENTERS CHOICE, INC.

(Name of Issuer)

COMMON STOCK

(Title of Class of Securities)

760114108

(CUSIP Number)

John F. Hartigan, Esq.
Morgan, Lewis & Bockius LLP
300 South Grand Avenue
Los Angeles, California 90071-3132
(213) 612-2500

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

August 5, 1998

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box / /

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

/1/ The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Apollo Investment Fund IV, L.P.
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [_] (b) [X]
3	SEC USE ONLY
4	SOURCE OF FUNDS* OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) [_]
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware
	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 7 SOLE VOTING POWER 8,493,610 shares of Common Stock 8 SHARED VOTING POWER 0 shares of Common Stock 9 SOLE DISPOSITIVE POWER 8,493,610 shares of Common Stock 10 SHARED DISPOSITIVE POWER 0 shares of Common Stock
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 8,493,610 shares of Common Stock
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* [X]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 25.3%
14	TYPE OF REPORTING PERSON* PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Apollo Overseas Partners IV, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [_] (b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) [_]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 455,736 shares of Common Stock
	8	SHARED VOTING POWER 0 shares of Common Stock
	9	SOLE DISPOSITIVE POWER 455,736 shares of Common Stock
	10	SHARED DISPOSITIVE POWER 0 shares of Common Stock

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

455,736 shares of Common Stock

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* [X]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.8%

14 TYPE OF REPORTING PERSON*

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

1	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Apollo Advisors IV, L.P.
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) [_] (b) [X]
3	SEC USE ONLY
4	SOURCE OF FUNDS* OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) [_]
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 8,949,346 shares of Common Stock 8 SHARED VOTING POWER 0 shares of Common Stock 9 SOLE DISPOSITIVE POWER 8,949,346 shares of Common Stock 10 SHARED DISPOSITIVE POWER 0 shares of Common Stock
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14	TYPE OF REPORTING PERSON* PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

STATEMENT PURSUANT TO RULE 13d-1

OF THE

GENERAL RULES AND REGULATIONS

UNDER THE

SECURITIES EXCHANGE ACT OR 1934, AS AMENDED

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Responses to each item below are incorporated by reference into each other item, as applicable.

Item 1. Security and Issuer.
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This Statement on Schedule 13D relates to the Common Stock, par value $0.01 per share ("Common Stock"), of Renters Choice, Inc., a Delaware corporation ("Renters Choice" or the "Issuer"). The principal executive offices of Renters Choice are located at 13800 Montfort Drive, Suite 300, Dallas, Texas 75240.

Item 2. Identity and Background.
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This Statement is filed by Apollo Investment Fund IV, L.P., a Delaware limited partnership ("AIFIV"), and Apollo Overseas Partners IV, L.P., an exempted limited partnership registered in the Cayman Islands ("Overseas IV"), and Apollo Advisors IV, L.P. a Delaware limited partnership ("Advisors IV"). AIFIV, Overseas IV and Advisors are referred to collectively as the "Reporting Persons."

AIFIV and Overseas IV are principally engaged in the business of investment in securities. Advisors IV is principally engaged in the business of serving as general partner of AIFIV and managing general partner of Overseas IV and other investment funds. The principal office of each of the Reporting Persons is c/o Apollo Advisors IV, L.P., Two Manhattanville Road, Purchase, New York 10577.

Apollo Capital Management IV, Inc., a Delaware corporation ("Capital Management IV"), is the general partner of Advisors IV. Capital Management IV is principally engaged in the business of serving as general partner to Advisors IV.

Apollo Management IV, L.P., a Delaware limited partnership ("Apollo Management IV"), serves as manager of the Reporting Persons and manages their day-to-day operations.

AIF IV Management, Inc., a Delaware corporation ("AIMIV"), is the general partner of Apollo Management IV. AIMIV is principally engaged in the business of serving as general partner to Apollo Management IV.

The respective addresses of the principal office of Advisors IV, Capital Management IV, Apollo Management IV and AIMIV are c/o Apollo Advisors IV, L.P., Two Manhattanville Road, Purchase, New York 10577.

Apollo Fund Administration IV LLC, a Delaware limited liability company ("Administration"), is the administrative general partner of Overseas IV. Administration is principally engaged in the business of serving as administrative general partner of Overseas IV. The principal place of business of Administration is c/o Apollo Advisors IV, L.P., Two Manhattanville Road, Purchase, New York 10577.

Attached as Appendix A to Item 2 is information concerning the principals, executive officers, directors and principal shareholders of the Reporting Persons and other entities as to which such information is required to be disclosed in response to Item 2 and General Instruction C to Schedule 13D.

Neither the Reporting Persons nor any of the persons or entities referred to in Appendix A to Item 2 has, during the last five years, have been convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors) or been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree, or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.
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The Reporting Persons have purchased an aggregate of 134,414 shares of Series A Preferred Stock and an aggregate of 115,586 shares of Series B Preferred Stock (collectively, the "Preferred Stock"). The purchases were financed with cash on hand and borrowed funds pursuant to a margin loan made in the ordinary course of business by a registered broker-dealer.

Item 4. Purpose of Transaction.
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On August 5, 1998, AIFIV and Overseas IV (collectively, the "Purchasers") entered into a Stock Purchase Agreement with Renters Choice (the "Stock Purchase Agreement") pursuant to which AIFIV acquired from Renters Choice 127,569 shares of Series A Preferred Stock and 109,700 shares of Series B Preferred Stock, and Overseas IV acquired from Renters Choice 6,845 shares of Series A Preferred Stock and 5,886 shares of Series B Preferred Stock.

Renters Choice issued the Preferred Stock to Purchasers in order to finance a portion of the cost of Renters Choice's acquisition of Thorn Americas, Inc.

The following is a description of certain terms of the Preferred Stock:

Conversion of Series B Preferred Stock to Series A Preferred Stock. The Series B Preferred Stock is convertible into Series A Preferred Stock if the stockholders of the Issuer approve such conversion (the "Series A-to-B Conversion") in accordance with the following schedule and terms: If the shareholders approve the Series A-to-B Conversion on or before December 3, 1998, then each outstanding share of Series B Preferred Stock shall be automatically converted into one fully-paid and non-assessable share of Series A Preferred Stock; if the shareholders approve the Series A-to-B Conversion during the period commencing on December 4, 1998 and continuing up to and including January 2, 1999, then each outstanding share shall be automatically converted into 1.15 fully-paid and non-assessable shares of Series

A Preferred Stock; and, if the shareholders shall approve the Series A-to-B Conversion on or after January 3, 1999, then each outstanding share of Series B Preferred Stock shall be convertible into 1.2 fully-paid and non-assessable shares of Series A Preferred Stock at the sole option and discretion of each holder of Series B Preferred Stock.

Liquidation Preference. The Series A Preferred Stock have a liquidation preference of $1,000 per share, plus all accrued and unpaid dividends. The Series B Preferred Stock have a liquidation preference equal to the product of (i) $1,050 per share of Series B Preferred Stock plus all accrued and unpaid dividends and (ii) a fraction, the numerator of which shall be the number equal to the average stock price for the 15 trading days immediately preceding the relevant liquidation date, and the denominator of which shall be the number equal to the current market price as of August 5, 1998 (adjusted for stock splits, reorganizations, recapitalization of similar events); provided, however, in no case shall the liquidation preference for Series B Preferred Stock be an amount less than the number in subparagraph (i) immediately above. No distributions may be made to holders of Common Stock of the Issuer until the holders of the Preferred Stock have received the liquidation preference.

Dividends. Holders of Series A Preferred Stock are entitled to receive quarterly dividends at the rate of $37.50 per annum per share of Series A Preferred Stock. Holders of Series B Preferred Stock initially are entitled to receive quarterly dividends at the rate of $37.50 per annum per share of Series B Preferred Stock; provided, however, on and after the earlier of the date of the shareholders' meeting to approve the Series A-to-B Conversion or December 4, 1998, holders of Series B Preferred Stock are entitled to receive quarterly dividends at the rate of $70.00 per annum per share of Series B Preferred Stock. For the first five years, dividends on the Preferred Stock may be paid at the option of the Issuer, in cash or in additional Preferred Stock. With respect to the Series A Preferred Stock only, for the four quarters beginning the ninth quarter following August 5, 1998, no dividend shall be paid or accrued on any share of Series A Preferred Stock for any quarter in which the average stock price for the 15 trading days immediately preceding the payment date is equal to or greater than two times the Conversion Price (as defined below). Also with respect to Series A Preferred Stock only, for each quarter beginning the thirteenth quarter following August 5, 1998, no dividend shall be paid or accrued on any share of Series A Preferred Stock in any quarter in which the average stock price for the 15 trading days immediately preceding the payment date is equal to or greater than the Conversion Price accumulated forward to the payment date at a compound annual growth rate of 25% per annum, compounded quarterly.

Conversion Price. Holders of Series A Preferred Stock may convert their shares of Series A Preferred Stock at any time with each share of Series A Preferred Stock being convertible into approximately 35.794 shares of the Issuer's voting Common Stock (determined by dividing (x) $1,000, by (y) $27.935 per share (the "Conversion Price")). The Series B Preferred Stock shall initially not be convertible into any other class or series of stock of the Issuer. After the earlier of December 4, 1998 or the date of the first shareholders' meeting after August 5, 1998, holders of Series B Preferred Stock may convert their shares of Series B Preferred Stock into shares of the Issuer's Non-Voting Common Stock. The number of shares of Non-Voting Common Stock issuable upon conversion for each share of Series B Preferred Stock shall be determined by dividing (i) the number of shares of Common Stock issuable as if the Series B Preferred Stock had been first converted into Series A Preferred Stock by (ii) (A) 1.00, in the event the shares of Series B Preferred Stock are converted during the period commencing on December 4, 1998 and continuing up to and including January 2,

1999 or (B) .75, in the event the shares of Series B Preferred Stock are converted on or after January 3, 1999. If it is determined that the Issuer cannot issue Non-Voting Common Stock upon a conversion election by a holder Series B Preferred Stock, such holder shall be entitled to receive Common Stock in lieu of Non-Voting Common Stock.

Optional Redemption. The Series A Preferred Stock is not redeemable for four years; thereafter, the Issuer may redeem all but one share of the Series A Preferred Stock at any time at 105% of the liquidation preference plus accrued and unpaid dividends. The Reporting Persons may reserve from redemption one share of Series A Preferred Stock until such time as the Reporting Persons and their permitted transferees shall own less than 33-1/3% of the Shares (as defined immediately below) initially issued to the Reporting Persons. "Shares" means shares of the Common Stock (voting and non-voting), the Series A Preferred Stock and the Series B Preferred Stock, and the preceding percentage shall be calculated as if each of the Shares had been exchanged or converted into shares of Common Stock immediately prior to the calculation regardless of the existence of any restrictions on such exchange or conversion. The Series B Preferred Stock is not redeemable by the Issuer.

Mandatory Redemption. Holders of Preferred Stock have the right to require the Issuer to redeem the Preferred Stock on the earliest of a change of control, the date upon which the Issuer's Common Stock is not listed for trading on a United States national securities exchange or the Nasdaq National Market System or the eleventh anniversary of the issuance of the Preferred Stock at a price equal to the liquidation preference of the Preferred Stock.

Board Representation. Holders of Series A Preferred Stock are entitled to two seats on the Issuer's Board of Directors.

Voting Rights. Holders of Series A Preferred Stock are entitled to vote on all matters presented to the holders of the Issuer's Common Stock. The number of votes per share of Series A Preferred Stock is equal to the number of votes associated with the underlying voting Common Stock into which such Series A Preferred Stock is convertible.

The foregoing descriptions do not purport to be complete and are qualified in their entirety by reference to the Stock Purchase Agreement, the Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice (the "Series A Certificate of Designations") and the Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice (the "Series B Certificate of Designations"), a copy of each of which has been filed as an Exhibit to this Schedule 13D and is incorporated herein by reference.

The Reporting Persons retain the right to change their investment intent, to propose one or more possible transactions to the Renters Choice's board, to acquire additional shares of preferred stock or common stock from time to time or to sell or otherwise dispose of all or part of the Preferred Stock beneficially owned by them (or any shares of Common Stock into which such Preferred Stock are converted) in any manner permitted by law. In the event of a material change in the present plans or intentions of the Reporting Persons, the Reporting Persons will amend this Schedule 13D to reflect such change.

Item 5. Interest in Securities of the Issuer.

(a) The Reporting Persons beneficially own 134,415 shares of Series A Preferred Stock and 115,586 shares of Series B Preferred Stock. Each share of Series A Preferred Stock is convertible into approximately 37.394 shares of Common Stock as described in Item 4, or an aggregate of 4,811,670 shares of Common Stock. Assuming approval of the Series A-to-B Conversion on or prior to December 3, 1998, each share of Series B Preferred Stock would be automatically converted into approximately 37.394 shares of Common Stock, or an aggregate of 4,137,676 shares of Common Stock. Assuming the conversion of all of the shares of Preferred Stock as of the date hereof, the Reporting Persons would own in the aggregate 8,949,346 shares of Common Stock of the Issuer, representing approximately 26.3% of the outstanding Common Stock of the Issuer. The number of shares of Common Stock into which shares of Series B Preferred Stock are convertible may be increased upon the occurrence of certain events as described in Item 4. Beneficial ownership of such shares of Series A Preferred Stock and Series B Preferred Stock was acquired as described in Item 3 and Item 4. See also the information contained on the cover pages to this Schedule 13D which is incorporated herein by reference.

(b) See the information contained on the cover pages to this Schedule 13D which is incorporated herein by reference.

(c) There have been no reportable transactions with respect to the Common Stock of the Issuer within the last 60 days by the Reporting Persons.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to the Securities of the Issuer.

The response to Item 3 and Item 4 are incorporated herein by reference.

Pursuant to a Letter Agreement dated July 8, 1998 among Apollo Management IV, J. Ernest Talley and Mark E. Speese, an Amendment to Letter Agreement dated August 5, 1998 between Apollo Management IV and Mr. Talley, and an Amendment to Letter Agreement dated August 5, 1998 between Apollo Management IV and Mr. Speese, Mr. Talley and Mr. Speese have agreed to vote the shares of Common Stock owned by them in favor of the Series A-to-B Conversion. Mr. Talley and Mr. Speese own 5,893,265 and 2,288,432 shares of Common Stock, respectively.

The foregoing response to this Item 6 is qualified in its entirety by reference to the Letter Agreement, the full text of which is filed as Exhibit 4 hereto and incorporated hereby by this reference.

The Reporting Persons disclaim beneficial ownership of all shares owned by Mr. Talley and Mr. Speese.

Item 7. Material to be Filed as Exhibits.

Exhibit 1 Stock Purchase Agreement dated August 5, 1998 among Renters Choice, AIFIV and Overseas IV.

Exhibit 2 Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice.

Exhibit 3 Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice.

Exhibit 4 Letter Agreement dated July 8, 1998 among Apollo Management IV, J. Ernest Talley and Mark E. Speese, Amendment to Letter Agreement dated August 5, 1998 between Apollo Management IV and Mr. Talley, and Amendment to Letter Agreement dated August 5, 1998 between Apollo Management IV and Mr. Speese.

SIGNATURE

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: August 1998

APOLLO INVESTMENT FUND IV, L.P.

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

By: /s/ Michael D. Weiner

Name: Michael D. Weiner
Title: Vice President, Apollo Capital Management IV, Inc.

APOLLO OVERSEAS PARTNERS IV, L.P.

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

By: /s/ Michael D. Weiner

Name: Michael D. Weiner
Title: Vice President, Apollo Capital Management IV, Inc.

APOLLO ADVISORS IV, L.P.

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

By: /s/ Michael D. Weiner

Name: Michael D. Weiner
Title: Vice President, Apollo Capital Management IV, Inc.

APPENDIX A TO ITEM 2

The following sets forth information with respect to the general partners, executive officers, directors and principal shareholders of Advisors IV, Capital Management IV, and Administration. Capitalized terms used herein without definition have the meanings assigned thereto in the Schedule 13D to which this Appendix A relates. Except as otherwise indicated in this Appendix A or in the Schedule 13D to which this Appendix A relates, the principal business address of each person or entity set forth below is c/o Apollo Advisors IV, L.P., Two Manhattanville Road, Purchase, New York 10577, and each such person or entity is a citizen of the United States of America.

The principal business of Advisors IV is to provide advice regarding investments by, and serving as general partner to, the Reporting Persons, and the principal business of Capital Management IV is that of serving as general partner of Advisors IV.

The directors and principal executive officers of Capital Management IV are Messrs. Leon D. Black and John J. Hannan. The principal occupation of each of Messrs. Black and Hannan is to act as an executive officer and director of Capital Management IV. Messrs. Black and Hannan are also limited partners of Advisors IV. Mr. Black is the President and director of AIMIV, the general partner of Apollo Management IV. Mr. Hannan is a Vice President and director of AIMIV. AIMIV is principally engaged in the business of serving as general partner of Apollo Management IV.

Messrs. Black and Hannan are also founding principals of Apollo Advisors, L.P. ("Advisors"), Apollo Advisors II, L.P. ("Advisors II"), Lion Advisors, L.P. ("Lion"), Apollo Real Estate Advisors, L.P. ("AREA") and Apollo Real Estate Advisors II, L.P. ("AREAII"). The principal business of Advisors, Advisors II and Lion is to provide advice regarding investments in securities and the principal business of AREA and AREA II is to provide advice regarding investments in real estate and real estate-related investments. The business address of each of Messrs. Black and Hannan is c/o Apollo Management, L.P., 1301 Avenue of the Americas, New York, New York 10019.

EXHIBIT 1

STOCK PURCHASE AGREEMENT

among

RENTERS CHOICE, INC.,
a Delaware corporation

and

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

_____

Dated

August 5, 1998

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TABLE OF CONTENTS

(Not Part of Agreement)

SCHEDULES

EXHIBITS

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made as of August 5, 1998, by and between Renters Choice, Inc., a Delaware corporation (the "Company"), and 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 (each a "Purchaser," and together the "Purchasers").

NOW, THEREFORE, the parties hereto hereby agree as follows.

ARTICLE I

DEFINITIONS

(a) As used in this Agreement, the following terms shall have the following meanings:

"Acquisition" means the acquisition of the stock of Thorn Americas pursuant to the Acquisition Agreement.

"Acquisition Agreement" means the Stock Purchase Agreement, dated as of June 16, 1998, by and among Thorn International, Thorn and the Company.

"Acquisition Documents" shall mean (i) the Commitment Letter, (ii) this Agreement, (iii) the Acquisition Agreement, (iv) the Financing Documents and (v) all other documents and agreements referred to in Section 7.2(j) that have been executed on or prior to the date hereof.

"Affiliate" with respect to any person means any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such person. For the purposes of this definition, "control" when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreement" shall have the meaning set forth in the Preamble.

"Applicable Law" means, with respect to any person, any law, statute, rule, regulation, order, writ, injunction, judgment or decree of any Governmental Authority to which such person or any of its subsidiaries is bound or to which any of their respective properties is subject.

"Certificate" means the Amended and Restated Certificate of Incorporation, as amended, of the Company in the form attached as Exhibit A to the Stockholders Agreement.

"Charter" with respect to any corporation means the certificate of incorporation or articles of incorporation of such corporation.

"Commission" means the United States Securities and Exchange Commission.

"Commitment Letter" means the letter agreement, dated June 15, 1998, by and between Apollo Management IV, L.P. and the Company.

"Common Stock" means the Common Stock, par value $.01 per share, of the Company.

"Company" shall have the meaning set forth in the Preamble.

"Credit Facilities" means the Senior Secured Credit Facility, the Revolving Credit Facility, the Letter of Credit and the Subordinated Facility.

"Designated Term" means, with respect to each Franchise Agreement, (i) the territory in which the Renters Choice Entity is restricted from operating Stores, (ii) obligations, including, without limitation, with respect to Intellectual Property, of the applicable Renters Choice Entity upon termination thereof, (iii) any guarantee by any Renters Choice Entity of any obligation of the franchisee and (iv) any express right of the franchisee thereunder to a remedy of specific performance.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means with respect to any person (within the meaning of section 3(9) of ERISA) any other person that would be regarded together with such person as a single employer under section 414(b), (c), (m) or (o) of the Code.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Financing" means (i) the extension of credit under the Senior Secured Credit Facility , (ii) the extension of credit under the Revolving Credit Facility, (iii) the extension of credit under the Letter of Credit and (iv) the issuance of notes or extension of credit, as applicable, under the Subordinated Facility.

"Financing Documents" means the agreements relating to the Financing including, without limitation, (i) the Senior Secured Credit Facility, (ii) the Revolving Credit Facility, (iii) the Letter of Credit and (iv) the Subordinated Facility.

"GAAP" means generally accepted accounting principles consistently applied.

"Governmental Authority" means any Federal, state or local court or governmental or regulatory authority.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and applicable rules and regulations and any similar state acts.

"Letter of Credit" means that certain letter of credit facility in the amount of One Hundred Sixty-Three Million Dollars ($163,000,000) to support obligations relating to the New Jersey judgment with respect to Robinson vs. Thorn Americas, Inc.

"Lien" means any pledge, lien, claim, restriction, charge or encumbrance of any kind.

"Material Adverse Effect" means, a material adverse effect (i) on the business, operations, prospects, properties, earnings, assets, liabilities or condition (financial or other) of the Company and its Subsidiaries and the Thorn Entities, taken as a whole, or (ii) on the ability of the Company or any of its Subsidiaries to perform its obligations hereunder or under any of the Acquisition Documents, or (iii) on the value of the Purchasers' investment in the Shares.

"Permitted Liens" means any Liens arising as a result of the Credit Facilities.

"person" means any individual, partnership, corporation, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or agency or political subdivision thereof, or other entity.

"Preferred Stock" shall mean the preferred stock, par value $.01 per share, of the Company.

"Preliminary Offering Memorandum" means that certain Renters Choice, Inc. Preliminary Offering Memorandum with respect to $200,000,000 Senior Subordinated Notes due 2008.

"Purchasers" shall have the meaning set forth in the Preamble.

"Renters Choice Entities" means the Company and its Subsidiaries.

"Revolving Credit Facility" means that certain revolving credit facility in the amount of One Hundred Twenty Million Dollars ($120,000,000) available for general corporate purposes.

"Senior Secured Credit Facility" means that/those certain term loan(s) in the amount of Seven Hundred Twenty Million Dollars ($720,000,000).

"Series A Preferred Stock" means the Series A Preferred Stock, $.01 par value per share, of the Company.

"Series B Preferred Stock" means the Series B Preferred Stock, $.01 par value per share, of the Company.

"Series A Registration Rights Agreement" means the Registration Rights Agreement relating to the Series A Preferred Stock to be entered into by and among the Company, the Purchasers and certain other stockholders of the Company concurrently with the Closing, substantially in the form attached as Exhibit A hereto.

"Series B Registration Rights Agreement" means the Registration Rights Agreement relating to the Series B Preferred Stock to be entered into by and among the Company, the Purchasers and certain other stockholders of the Company concurrently with the Closing, substantially in the form attached as Exhibit B hereto.

"Shares" means the shares of Series A Preferred Stock and Series B Preferred Stock to be issued and sold by the Company to the Purchasers under Section 2.1(b) hereof.

"Stockholders Agreement" means the Stockholders Agreement to be entered into among the Company and its stockholders concurrently with the Closing, together with the exhibits thereto, substantially in the form attached as Exhibit C hereto.

"Stores" means all of the individual retail outlets where the Company and its Subsidiaries operate their retail rent-to-own or rent-to-rent operations.

"Subordinated Facility" means either of (i) senior subordinated unsecured notes of the Company issued in a public offering or Rule 144A private placement in the amount of One Hundred Seventy-Five Million Dollars ($175,000,000) or (ii) a subordinated credit facility in the amount of One Hundred Seventy-Five Million Dollars ($175,000,000).

"subsidiary" means, with respect to any person (a) a corporation a majority of whose capital stock with voting power, under ordinary circumstances, to elect directors is at the time, directly or indirectly, owned by such person, by a subsidiary of such person, or by such person and one or more subsidiaries of such person, (b) a partnership in which such person or a subsidiary of such person is, at the date of determination, a general partner of such partnership, or (c) any other person (other than a corporation) in which such person, a subsidiary of such person or such person and one or more subsidiaries of such person, directly or indirectly, at the date of determination thereof, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of the directors or other governing body of such person.

"Subsidiary" means a subsidiary of the Company as of the time immediately before the closing of the Acquisition.

"Taxes" means all taxes, however denominated, including any interest, penalties or additions to tax that may become payable in respect thereof, imposed by any governmental body, which taxes shall include, without limiting the generality of the foregoing, all income taxes, payroll and employee withholding taxes, unemployment insurance, social security, sales and use taxes, excise taxes, franchise taxes, gross receipts taxes, occupation taxes, real and personal property taxes, stamp taxes, transfer taxes, workmen's compensation taxes and other obligations of the same or a similar nature, whether arising before, on or after the Closing Date.

"Tax Returns" means any return, report, information return or other document (including any related or supporting information) filed or required to be filed with any governmental body in connection with the determination, assessment, collection or administration of any Taxes.

"Thorn" means Thorn plc, a company incorporated under the laws of England and Wales.

"Thorn Americas" means Thorn Americas, Inc., a Delaware corporation.

"Thorn Entities" means Thorn Americas and its subsidiaries.

"Thorn International" means Thorn International BV, a Netherlands corporation

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any applicable state or local law with regard to "plant closings" or mass layoffs" as such terms are defined in the WARN Act or applicable state or local law.

(b) As used in this Agreement, the following terms shall have the meanings given thereto in the Sections set forth opposite such terms:

Term	Section
Bankruptcy Code	3.26
Benefit Plan	3.10
Closing	2.2
Closing Date	2.2
Code	3.10
Commitment	3.20
Development Agreement	3.21
Dow	7.2
Employee	3.10

Environmental Laws	3.16
Financial Statements	3.8
Franchise Agreement	3.21
Indemnified Party	8.1
Indemnifying Party	8.1
Intellectual Property	3.17
Leases	3.12
Multiemployer Plan	3.10
Notices	8.2
Opening Dow	7.2
PBGC	3.10
SEC Documents	3.8
Securities Act	3.18
Series A Certificate of Designations	2.1
Series B Certificate of Designations	2.1

ARTICLE II

SALE AND PURCHASE

SECTION 2.1. Sale and Issuance of Shares.

(a) On or before the Closing, the Company shall adopt and file with the Secretary of State of Delaware (i) the Certificate of Designations, Preferences, and Relative Rights and Limitations relating to the Series A Preferred Stock ("Series A Certificate of Designations"), substantially in the form attached as Exhibit D hereto, and (ii) the Certificate of Designations, Preferences, and Relative Rights and Limitations relating to the Series B Preferred Stock ("Series B Certificate of Designations"), substantially in the form attached as Exhibit E hereto.

(b) On the Closing Date, and upon the terms and subject to the conditions set forth in this Agreement, the Company shall issue and sell to Purchasers, and Purchasers shall purchase and accept from the Company in the relative amounts set forth on Schedule 2.1 hereto, (i) One Hundred Thirty Four Thousand Four Hundred Fourteen (134,414) shares of the Company's Series A Preferred Stock, par value $.01 per share and (ii) One Hundred Fifteen Thousand Five Hundred Eighty Six (115,586) shares of the Company's Series B Preferred Stock, par value $.01 per share, for the aggregate purchase price of Two Hundred Fifty Million Dollars ($250,000,000).

SECTION 2.2. Closing. The closing of the purchase and sale of the Series A Preferred Stock and the Series B Preferred Stock (the "Closing") shall take place at 8:00 a.m., local time, on August 5, 1998, or such other date as promptly thereafter as of which all of the conditions set forth in Article VII hereof shall have been satisfied or duly waived or at such other

time and date as the parties hereto shall agree in writing (the "Closing Date"), at the offices of Paul Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, NY or at such other place as the parties hereto shall agree in writing.

On the Closing Date (i) each of the Purchasers shall deposit into a bank account designated by the Company, by wire transfer of immediately available funds, an amount equal to its share of the aggregate purchase price of the Shares, and (ii) the Company shall deliver to the Purchasers, against payment of the purchase price therefor, certificates representing, in the aggregate, One Hundred Thirty Four Thousand Four Hundred Fourteen (134,414) shares of the Company's Series A Preferred Stock and One Hundred Fifteen Thousand Five Hundred Eighty Six (115,586) shares of the Company's Series B Preferred Stock.

The Shares shall be in definitive form and registered in the name of the respective Purchaser or its nominee or designee and in such denominations (including fractional shares) as each Purchaser shall request not later than one business day prior to the Closing Date.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Purchasers as follows:

SECTION 3.1. Organization and Standing. The Company is duly incorporated, validly existing and in good standing as a domestic corporation under the laws of the State of Delaware and has all requisite corporate power and authority to own its properties and assets and to carry on its business as it is now being conducted and as proposed to be conducted. The Company is duly qualified to transact business as a foreign corporation and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or the nature of its business makes such qualification necessary, except where the failure to so qualify or be in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 3.2. Capital Stock. Immediately following the Closing, (a) the authorized capital stock of the Company will consist solely of (i) Fifty Million (50,000,000) shares of Common Stock, of which (A) Twenty Five Million Thirty Three Thousand Three Hundred Eight (25,033,308) shares will be issued and outstanding and (B) Sixteen Million (16,000,000) will be reserved for issuance upon the conversion of the Series A Preferred Stock and the Series B Preferred Stock and (ii) Five Million (5,000,000) shares of Preferred Stock, of which (A) One Hundred Thirty Four Thousand Four Hundred Fourteen (134,414) shares of Series A Preferred Stock will be issued and outstanding, (B) One Hundred Fifteen Thousand Five Hundred Eighty Six (115,586) shares of Series B Preferred Stock will be issued and outstanding, (C) Four Hundred Thousand (400,000) will

be reserved for issuance of the Series A Preferred Stock and (D) Four Hundred Thousand (400,000) will be reserved for issuance of the Series B Preferred Stock, and (b) each share of capital stock of the Company that is issued and outstanding will be duly authorized, validly issued, fully paid and nonassessable. Upon conversion of the Series A Preferred Stock and the Series B Preferred Stock in accordance with their terms, all of the Common Stock and the Non-Voting Common Stock (as defined in the Series B Certificate of Designations), as the case may be, will be duly authorized, validly issued, fully paid and nonassessable. Except as set forth on Schedule 3.2, at the date hereof there are and immediately following the Closing there will be (i) no outstanding options, warrants, agreements, conversion rights, preemptive rights or other rights to subscribe for, purchase or acquire any issued or unissued shares of capital stock of the Company and (ii) no restrictions upon the voting or transfer of any shares of capital stock of the Company pursuant to its Charter, By-Laws or other governing documents or any agreement or other instruments to which it is a party or by which it is bound.

The holders of the Series A Preferred Stock will, upon issuance thereof, have the rights set forth in the Series A Certificate of Designations. The holders of the Series B Preferred Stock will, upon issuance thereof, have the rights set forth in the Series B Certificate of Designations.

SECTION 3.3. Subsidiaries.

(a) Schedule 3.3 sets forth a complete and correct list of each Subsidiary, including the respective percentage of the fully diluted capital stock of each such Subsidiary owned, directly or indirectly, by the Company. Immediately following the Acquisition, Thorn Americas shall be a direct wholly-owned subsidiary of the Company.

(b) Each of the Subsidiaries is duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to own its properties and assets and to conduct its business as now conducted and as proposed to be conducted. Each Subsidiary is duly qualified to do business as a foreign corporation in every jurisdiction in which the character of the properties owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to so qualify could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) The outstanding shares of capital stock of each of the Subsidiaries and of each of the Thorn Entities have been duly authorized and validly issued and are fully paid and nonassessable. Except as set forth on Schedule 3.3, immediately following the Acquisition, (i) all of the shares of each of the Subsidiaries and, to the best knowledge of the Company after due inquiry, of each of the Thorn Entities will be owned of record and beneficially, directly or indirectly, by the Company, free and clear of all Liens (other than Permitted Liens) and (ii) there will be no outstanding options, warrants, agreements, conversion rights, preemptive rights or other rights to subscribe for, purchase or otherwise acquire any issued or unissued shares of

capital stock of the Subsidiaries (or, to the best knowledge of the Company, after due inquiry, any of the Thorn Entities).

SECTION 3.4. Authorization; Enforceability. Each of the Company and its Subsidiaries has the corporate power to execute, deliver and perform the terms and provisions of each of the Acquisition Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of the Acquisition Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. No other corporate proceedings on the part of the Company or any Subsidiary is necessary therefor. The Company has duly executed and delivered this Agreement and each of the Renters Choice Entities has duly executed and delivered each of the Acquisition Documents to which it is a party. This Agreement constitutes, and each of the Acquisition Documents to which the Company or any Subsidiary is a party, when executed and delivered by each of the Renters Choice Entities which is a party thereto and, assuming due execution by the other parties hereto and thereto, constitute legal, valid and binding obligations of the each of the Renters Choice Entities enforceable against each of them in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

SECTION 3.5. No Violation; Consents.

(a) The execution, delivery and performance by the each of the Renters Choice Entities of each of the Acquisition Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby does not and will not contravene any Applicable Law, except for any such contraventions that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.5, the execution, delivery and performance by each of the Renters Choice Entities of each of the Acquisition Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby (i) will not (after giving effect to all amendments or waivers obtained on or prior to the Closing Date) (x) violate, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contract, lease, loan agreement, mortgage, security agreement, trust indenture or other agreement or instrument to which any of them is a party or by which any of them is bound or to which any of their respective properties or assets is subject (except with respect to any indebtedness that will be repaid in full at the Closing), except for such violations, breaches or defaults that could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect, or (y) result in the creation or imposition of any Lien (other than Permitted Liens) upon any of the properties or assets of any of them, except for any such defaults or Liens that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and (ii) will not violate any provision of the Charter or By-Laws of any of them.

(b) Except as set forth on Schedule 3.5, no consent, authorization or order of, or filing or registration with, any Governmental Authority or other person is required to

be obtained or made by any of the Renters Choice Entities for the execution, delivery and performance of any of the Acquisition Documents to which any of them is a party, or the consummation of any of the transactions contemplated hereby or thereby, except (i) for those consents or authorizations that will have been obtained or made on or prior to the Closing Date or (ii) where the failure to obtain such consents, authorizations or orders, or make such filings or registrations, could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 3.6. Permits. Each of the Company and its Subsidiaries has such licenses, permits, exemptions, consents, waivers, authorizations, orders and approvals from appropriate Governmental Authorities ("Permits") as are necessary to own, lease or operate their properties and to conduct their businesses as currently owned and conducted and all such Permits are valid and in full force and effect, except such Permits that the failure to have or to be in full force and effect would not, individually or in the aggregate, have a Material Adverse Effect on the Company. No action by the Company or any of its Subsidiaries outside the normal course of business is required in order that all material Permits shall remain in full force and effect following the consummation of the Acquisition Agreement and this Agreement.

SECTION 3.7. Litigation. Except as set forth on Schedule 3.7, there are no pending or, to the best knowledge of the Renters Choice Entities, threatened claims, actions, suits, labor disputes, grievances, administrative or arbitration or other proceedings or, to the best knowledge of the Renters Choice Entities, investigations against the Renters Choice Entities or their respective assets or properties before or by any Governmental Authority or before any arbitrator that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. None of the transactions contemplated by any of the Acquisition Documents is restrained or enjoined (either temporarily, preliminarily or permanently), and no material adverse conditions have been imposed thereon by any Governmental Authority or arbitrator. None of the Renters Choice Entities or any of their respective assets or properties, is subject to any order, writ, judgment, award, injunction or decree of any Governmental Authority or arbitrator, that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 3.8. SEC Documents; Financial Statements.

(a) The Company has provided to the Purchasers copies of the audited consolidated balance sheets of the Company and its consolidated Subsidiaries as of December 31, 1997, together with the related audited consolidated statements of operations, stockholders' equity and cash flows for the fiscal year then ended, and the notes thereto, accompanied by the reports thereon of Grant Thornton LLP (the "Financial Statements"). Each of the Financial Statements, including the respective notes thereto, were prepared in accordance with GAAP and present fairly the consolidated financial position of the Company as of such dates and for the periods then ended.

(b) Except as set forth on Schedule 3.8, as of the date hereof the Company has no assets or liabilities that would have been required to be reflected in consolidated financial statements of the Company prepared in accordance with GAAP, including notes thereto and that are not reflected in the Financial Statements.

(c) The Company has filed all required forms, reports and documents with the Commission since August 1, 1996, including all exhibits thereto (collectively, the "SEC Documents"), each of which complied in all material respects with all applicable requirements of the Securities Act and, the Exchange Act as in effect on the dates so filed. None of (i) the SEC Documents (as of their respective filing dates) contained or will contain any untrue statement of a material fact or omitted or will omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Company has heretofore furnished to the Purchasers copies of each of the SEC Documents.

(d) The pro forma financial statements contained in the SEC Documents have been prepared on a basis consistent with the Financial Statements and in accordance with the applicable requirements of Regulation S-X promulgated under the Exchange Act and have been properly computed on the bases described therein, the assumptions used in the preparation thereof are reasonable, and the adjustments used therein are appropriate to give effect to the transactions contemplated by the Acquisition Documents and all other transactions and circumstances referred to therein. The other pro forma financial information included in the SEC Documents has been derived from such pro forma financial statements. Such pro forma financial statements fairly present, on a pro forma basis, the financial position and results of operations of the Company on the dates and for the periods specified therein, assuming that the events and assumptions specified therein had actually occurred or been true, as the case may be.

(e) No representation or warranty of the Renters Choice Entities contained in any document, certificate or written statement furnished to the Purchasers by or at the direction of any Renters Choice Entity for use in connection with the transactions contemplated by this Agreement, including, without limitation, the Preliminary Offering Memorandum, contains any untrue statement of a material fact or omits to state any material fact (known to any of the Renters Choice Entities, in the case of information not furnished by them) necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. There are no facts known (or which should upon the reasonable exercise of diligence be known) to any of the Company or its Subsidiaries (other than matters of a general economic nature) that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and that have not been disclosed in the SEC Documents, this Agreement or in such other documents, certificates and statements furnished to the Purchasers for use in connection with the transactions contemplated by the Acquisition Documents.

SECTION 3.9. Change in Condition.

(a) Since March 31, 1998, there has been no material adverse change in the business, operations, properties, prospects or condition (financial or other) of the Company or any Subsidiary, whether or not arising in the ordinary course of business except as contemplated by the Acquisition Documents (including the schedules hereto or thereto).

(b) Except as set forth on Schedule 3.9, to the best knowledge of the Renters Choice Entities, there is no event, condition, circumstance or prospective development which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 3.10. Employee Benefit Plans and Labor Matters.

(a) For purposes of this Agreement:

(i) "Benefit Plan" means any employee benefit plan, arrangement, policy or commitment, including, without limitation, any employment, consulting, severance or deferred compensation agreement, executive compensation, bonus, incentive, pension, profit-sharing, savings, retirement, stock option, stock purchase or severance pay plan, any life, health, disability or accidental death and dismemberment insurance plan, any holiday and vacation practice or any other employee benefit plan within the meaning of section 3(3) of ERISA, that is maintained, administered or contributed to by the Company or any of its ERISA Affiliates;

(ii) "Code" means the Internal Revenue Code of 1986, as amended;

(iii) "Employee" means any individual employed by the Company or any of its ERISA Affiliates;

(iv) "IRS" means the United States Internal Revenue Service; and

(v) "PBGC" means the Pension Benefit Guaranty Corporation.

(b) Schedule 3.10 lists all Benefit Plans. With respect to each such plan, the Company has delivered or made available to the Buyer correct and complete copies of (i) all plan texts and agreements and related trust agreements; (ii) all summary plan descriptions and material Employee communications; (iii) the most recent annual report (including all schedules thereto); (iv) the most recent annual audited financial statement; (v) if the plan is intended to qualify under Code section 401(a) or 403(a), the most recent determination letter, if any, received from the

IRS; and (vi) all material communications with any Governmental Authority (including, without limitation, the PBGC and the IRS).

(c) Except as set forth on Schedule 3.10, and as specifically indicated with respect to each of the following, there are no Benefit Plans that (i) are subject to any of Code section 412, ERISA section 302 or Title IV of ERISA; (ii) are intended to qualify under Code section 401(a) or 403(a); or (iii) are welfare plans within the meaning of and subject to ERISA section 3(1) that provide benefits to current or former Employees beyond their retirement or other termination of service (other than coverage mandated by Code section 4980B and Part 6 of Title I of ERISA), or are self-insured "multiple employer welfare arrangements," as such term is defined in section 3(40) of ERISA.

(d) Each Benefit Plan conforms in all material respects to, and its administration is in all material respects in compliance with, all Applicable Law, except for such failures to conform or comply that, individually or in the aggregate, would not result in a Material Adverse Effect on the Company.

(e) Except as set forth on Schedule 3.10, the consummation of the transactions contemplated by this Agreement will not (i) entitle any current or former Employee to severance pay, unemployment compensation or any similar payment; or (ii) accelerate the time of payment or vesting, or increase the amount of any compensation due to, any current or former Employee.

(f) Except as set forth on Schedule 3.10, no Benefit Plan is a "multiple employer plan" or a "multiemployer plan" within the meaning of the Code or ERISA.

(g) In the six years preceding the date hereof, (i) no Benefit Plan that is or was subject to Title IV of ERISA has been terminated; (ii) no reportable event within the meaning of section 4043 of ERISA has occurred; (iii) no filing of a notice of intent to terminate such a Benefit Plan has been made; and (iv) the PBGC has not initiated any proceeding to terminate any such Benefit Plan.

(h) Except as set forth on Schedule 3.10, neither the Company nor any of its Subsidiaries is a party to any agreement that has resulted, or would result, in the payment of any compensation to any Employee which would constitute a "parachute payment" as defined in section 280G of the Code.

(i) Neither the Company nor any of its Subsidiaries has any existing arrangement with any of its Employees providing for an excise tax gross up in respect of any excise taxes imposed by section 4999 of the Code.

(j) No Employee of the Company or any of its Subsidiaries is a "covered employee" within the meaning of section 162(m) of the Code.

(k) (i) No material labor dispute exists with any of the Renters Choice Entities and, to the best knowledge of the Renters Choice Entities, none is threatened. No Renters Choice Entity has experienced any concerted work stoppages during the preceding five years that, individually or in the aggregate, had or could reasonably be expected to have a Material Adverse Effect.

(ii) To the best knowledge of the Renters Choice Entities, there are no union organizing activities or questions of representation taking place that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(iii) There is no unfair labor practice charge or complaint against any of the Renters Choice Entities which is served and pending, or to the best knowledge of the Renters Choice Entities, otherwise pending or threatened before the National Labor Relations Board that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(iv) To the best knowledge of the Renters Choice Entities, there are no charges or investigations with respect to or relating to any Renters Choice Entity pending before the Equal Employment Opportunity Commission or any state or local agency responsible for the prevention of unlawful employment practices that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(v) To the best knowledge of the Renters Choice Entities, there exists no fact or circumstances that could reasonably be likely to give rise to any claim by the Company for willful misconduct or fraud against any officer or director or former officer or director (in their capacity as such) of the Company or any Subsidiary, or any person employed by the Company or any Subsidiary on the date hereof.

(vi) The Renters Choice Entities have complied with the WARN Act and any similar state or local law. No employee of any Renters Choice Entity has suffered an "employment loss" as that term is defined in the WARN Act since six (6) months prior to the Closing Date.

SECTION 3.11. Interests in Real Property.

(a) Schedule 3.11 sets forth a true and complete list of all real properties owned and all material real property leased by each of the Renters Choice Entities. Each Renters Choice Entity has good and marketable title in fee simple to all real properties owned by it and valid and enforceable leasehold interests in all real estate leased by it, except where the lack of

such title or the invalidity or unenforceability of such leasehold interests could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Immediately following the Acquisition, none of the real properties owned by or the leasehold estates of any Renters Choice Entity will be subject to (i) any Liens other than Permitted Liens or (ii) any easements, rights of way, licenses, grants, building or use restrictions, exceptions, reservations, limitations or other impediments that, in either case (i) or (ii), will materially adversely affect the value thereof for their present use, taken as a whole, or that interfere with or impair the present and continued use thereof, taken as a whole, in the usual and normal conduct of the business of any such person.

(c) To the best knowledge of the Renters Choice Entities, all improvements on such real properties and the operations therein conducted conform in all material respects to all applicable health, fire, environmental, safety, zoning and building laws, ordinances and administrative regulations (whether through grandfathering provisions, permitted use exceptions, variances or otherwise), except for possible nonconforming uses or violations that do not and will not interfere with the present use, operation or maintenance thereof as now used, operated or maintained or access thereto, and that do not and will not materially affect the value thereof for their present use. No Renters Choice Entity has received notice of any violation of or noncompliance with any such laws, ordinances or administrative regulations from any applicable governmental or regulatory authority, except for notices of violations or failures so to comply, if any, that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) Immediately following the Closing and the Acquisition, the Shares will not be a "United States real property interest" within the meaning of section 897 of the Code.

SECTION 3.12. Leases.

(a)(i) No Renters Choice Entity is in breach of or default (and no event has occurred which, with due notice or lapse of time or both, may constitute a material breach or default) under any lease of the leased real property required to be set forth on Schedule 3.11 (the "Leases") and (ii) no party to any Lease has given any Renters Choice Entity written notice of or made a claim with respect to any breach or default, the consequences of which, in either case (i) or (ii) could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on Schedule 3.12, after taking into account the exercise of any options (which are exercisable solely at the discretion of one of the Renters Choice Entities), none of the Leases terminates by its terms before January 1, 2000.

(c) None of the Leases require a consent to be obtained for the execution, delivery and performance of any of the Acquisition Documents or the consummation of any of the transactions contemplated hereby or thereby.

(d) None of the Renters Choice Entities have ownership, financial or other interests in the landlords under any of the Leases.

SECTION 3.13. Compliance with Law. The operations of the Renters Choice Entities have been conducted in accordance with all Applicable Laws, including, without limitation, all such Applicable Laws relating to consumer protection, currency exchange, employment (including, without limitation, equal opportunity and wage and hour), safety and health, environmental protection, conservation, wetlands, architectural barriers to the handicapped, fire, zoning and building, occupation safety, pension and securities, except for violations or failures so to comply, if any, that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Renters Choice Entity has received notice of any violation of or noncompliance with any Applicable Laws except as set forth on Schedule 3.13 and except for notices of violations or failures so to comply, if any, that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 3.14. Representations and Warranties in the Acquisition Documents. The representations and warranties of the Company in the Acquisition Agreement and the other Acquisition Documents (including, without limitation, those made on the Closing Date both immediately before and immediately after giving effect to the Acquisition and regardless of whether any such representations or warranties survive beyond the Closing Date) were (or will be) true in all material respects as of the date thereof and are true in all material respects on the Closing Date (after giving effect to the Acquisition). To the best knowledge of the Company after due inquiry, the representations and warranties of the Thorn Entities in the Acquisition Agreement and the other Acquisition Documents (including, without limitation, those made on the Closing Date both immediately before and immediately after giving effect to the Acquisition and regardless of whether any such representations or warranties survive beyond the Closing Date) were (or will be) true in all material respects as of the date thereof and are true in all material respects on the Closing Date (after giving effect to the Acquisition).

SECTION 3.15. Tax Matters.

(a) Except as set forth on Schedule 3.15, the Renters Choice Entities have duly and properly filed, or will duly and properly file, on a timely basis, all Tax Returns which were or will be required to be filed by them for all periods ending on or before the Closing Date or including the Closing Date. All such Tax Returns of the Renters Choice Entities were (or will be) true, correct and complete in all material respects when filed. The Renters Choice Entities have paid all Taxes required to be paid by them in respect of the periods covered by such filed Tax Returns, whether or not shown as due, other than (i) those being contested in good faith or those currently payable without penalty or interest, in each case for which an adequate reserve or accrual has been established in the Financial Statements in accordance with GAAP, or (ii) where failure so to pay could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) All Taxes payable with respect to Tax Returns for periods ending on or before the Closing Date, or, with respect to the period that ends after the Closing Date, the portion of such period up to and including the Closing Date, have been properly reserved or accrued on the books of the appropriate persons. All Taxes that the Renters Choice Entities are or were required by law to withhold or collect through the Closing Date have been duly withheld or collected and, to the extent required, have been paid to the proper governmental body. There are no Liens with respect to Taxes upon any of the properties or assets, real or personal, tangible or intangible, of any Renters Choice Entity except for statutory liens for Taxes not yet due or delinquent.

(c) Except as set forth on Schedule 3.15, no Renters Choice Entity is currently the beneficiary of any waivers or extensions with respect to any Tax Returns and no such Tax Returns for any taxable year are currently under audit.

(d) The Company and each of its Subsidiaries has duly and timely withheld from employee salaries, wages and other compensation and paid over to the appropriate taxing authorities all material amounts required to be so withheld and paid over for all periods under applicable laws.

(e) None of the Renters Choice Entities are party to, are bound by or have an obligation under any Tax allocation or Tax sharing agreement or similar contract arrangement. None of the Renters Choice Entities (i) have been a member of an affiliated group filing a consolidated Tax Return (other than a group the common parent of which was the Company) nor (ii) have any liability for the Taxes of any person (other than the Company and its Subsidiaries) under Treasury Regulation 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, agreement to indemnify or otherwise. None of the Renters Choice Entities have any obligation by contract, agreement, arrangement or otherwise to permit any person, other than the Renters Choice Entities, to use the benefit of a refund, credit or offset of Tax of any of the Renters Choice Entities.

(f) No consent to the application of section 341(f)(2) of the Code (or any predecessor provision) has been made or filed by or with respect to any of the Renters Choice Entities or any of their assets or properties.

(g) None of the Renters Choice Entities is obligated to make any payments nor are any of the Renters Choice Entities a party to any written or oral agreement or understanding that obligates or could obligate any of the Renters Choice Entities to make payments under section 280G of the Code.

(h) None of the Renters Choice Entities has been a United States real property holding company within the meaning of section 897(c)(2) of the Code during the period specified in section 897(c)(1)(A)(ii) of the Code.

(i) The unpaid Taxes of the Renters Choice Entities (i) did not, as of the most recent fiscal month end, exceed by a material amount the reserve for Tax liability (rather than any reserve for deferred taxes established to reflect timing differences between book and tax income) set forth on the fact of the most recent balance sheet (rather than in any notes thereto) and (ii) will not exceed by any material amount that reserve as adjusted for operations and transactions through the date of this Agreement, as set forth in the preamble, in accordance with the past custom and practice of the Renters Choice Entities in filing their Tax Returns.

SECTION 3.16. Environmental Matters.

(a) Each Renters Choice Entity and its operations has obtained and maintained in effect all licenses, permits and other authorizations required under all Applicable Laws relating to pollution or to the protection of the environment ("Environmental Laws") and is in compliance with all Environmental Laws and with all such licenses, permits and authorizations, except where the failure to obtain and maintain such licenses, permits and other authorizations or any such noncompliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth on Schedule 3.16:

(i) no Renters Choice Entity has (A) performed or suffered any act which could give rise to, or has otherwise incurred or expressly assumed by contract or operation of law, liability to any person (governmental or not) under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. (S) 9601 et seq. -- --- or any other Environmental Laws, or (B) received notice of any such liability or any claim therefor or submitted notice pursuant to section 103 of such Act to any governmental agency with respect to any of their respective assets, except for such liability as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(ii) no hazardous substance, hazardous waste, contaminant, pollutant or toxic substance (as such terms are defined in any applicable Environmental Law) and no asbestos containing material has been released, placed, dumped or otherwise come to be located on, at, beneath or near any of the assets or properties owned, leased or otherwise operated by any Renters Choice Entity or any surface waters or groundwaters thereon or thereunder, except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(iii) no Renters Choice Entity owns or operates an underground storage tank containing a regulated substance, as such term is defined in Subchapter IX of the Resource Conservation and Recovery Act, 42 U.S.C. (S) 6991 et seq. except as in accordance with -- --- Applicable Law; and

(iv) no Renters Choice Entity has Treated, Stored or Disposed of any Hazardous Waste (as such capitalized terms are respectively defined in (A) the Resource Conservation and Recovery Act, 42 U.S.C. (S) 6901 et seq. or (B) Chapter 6.5 (Hazardous Waste Control) of the California Health and Safety Code).

SECTION 3.17. Intellectual Property.

(a) Immediately following the Closing, the Renters Choice Entities will own or be licensed or have the right to use, free and clear of all Liens (other than Permitted Liens), (i) all letters patent, patent applications, inventions on which patent applications have not been filed, trademarks, service marks, trade names (whether registered or unregistered) and the registrations or applications for registration therefor, logos, symbols, brands, copyrights (whether registered or unregistered) and registrations therefor, both United States and foreign, and all renewals, renewal rights, reissues, modifications or extensions thereof, and know-how, trade secrets, formulae, research and development data, new product research data and manufacturing processes that are material to their business as currently conducted (collectively, the "Intellectual Property"), and (ii) all computer software presently utilized in the operation of their businesses, except where the absence of such software could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) To the best knowledge of the Renters Choice Entities all state registrations, renewals and other filings relating to any of the Intellectual Property (other than the Intellectual Property registered in the United States Patent and Trademark Office) that is material to the business of any Renters Choice Entity each as currently conducted, have been filed in all appropriate state offices.

(c) Except as set forth on Schedule 3.17, to the best knowledge of the Renters Choice Entities (i) no claim has been asserted by any person challenging or questioning the validity or the right of any Renters Choice Entity to use the Intellectual Property, nor is there any valid basis for any such claim, (ii) the use of any item of Intellectual Property by any Renters Choice Entity does not infringe and will not infringe on any right, title or interest held by any other entity or person in any intellectual property and (iii) the use of any intellectual property by any other person or entity does not infringe on the Intellectual Property or on the rights of any Renters Choice Entity in any of the Intellectual Property.

(d) No Renters Choice Entity is a party to any license agreement or any other agreement to use, sell, assign or encumber any of the Intellectual Property that is material to its business as currently conducted except those agreements set forth on Schedule 3.17. Such agreements set forth on Schedule 3.17 are in full force and effect, and, to the best knowledge of the Renters Choice Entities, each party to such agreements has complied with the requirements of such agreements. No notice of termination has been given pursuant to any of such agreements. As of the Closing, (i) all notices required by such agreements in order to renew, or to extend the term of, such agreements have been properly given in accordance with any requirements relating thereto

set forth in such agreements and (ii) to the best knowledge of the Renters Choice Entities (A) there are no existing or threatened bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other similar proceedings relating to any of the parties to any of such agreements, (B) there are no defaults by any party to such agreements and (C) there exist no events, or failures to act, which, with the passage of time or the giving of notice, or both, will constitute an event of default under any of such agreements.

(e) All Intellectual Property in the form of computer software that is utilized by any Renters Choice Entity or any Thorn Entity in the operation of its respective business is capable of processing date data between and within the twentieth and twenty-first centuries.

SECTION 3.18. Registration Rights. Except as set forth on Schedule 3.18, no Renters Choice Entity is under any obligation to register any of its outstanding securities pursuant to the Securities Act of 1933, as amended (the "Securities Act").

SECTION 3.19. Insurance. The Renters Choice Entities maintain, with reputable insurers, insurance in such amounts, including deductible arrangements, and of such a character as is usually maintained by reasonably prudent managers of companies engaged in the same or similar business. All policies of title, fire, liability, casualty, business interruption, workers' compensation and other forms of insurance including, but not limited to, directors and officers insurance, held by the Renters Choice Entities as of the date hereof, are in full force and effect in accordance with their terms. No Renters Choice Entity is in default under any provisions of any such policy of insurance and no Renters Choice Entity has received notice of cancellation of any such insurance.

SECTION 3.20. Contracts. All contracts and other instruments to which any Renters Choice Entity is a party that are material to the business, operations, properties, prospects or financial condition of any of them (collectively, the "Commitments") are in full force and effect on the date hereof. No Renters Choice Entity is in default in respect of any Commitment, and no event has occurred which, with due notice or lapse of time or both, would constitute such a default, except for any such defaults that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Renters Choice Entities, after due inquiry, no other party to any Commitment is in default in respect thereof, and no event has occurred which, with due notice or lapse of time or both, would constitute such a default.

SECTION 3.21. Franchising Matters.

(a) The Designated Terms of all franchise agreements to which any Renters Choice Entity is a party ("Franchise Agreements") materially conform to the Designated Terms of the form of franchise agreement attached to the applicable Renters Choice Entity's Uniform Franchise Offering Circular. Set forth on Schedule 3.21 is a true and complete list in all material respects, as of the date hereof, (i) with respect to each Franchise Agreement, the Approved

Location (as defined in each Franchise Agreement) and (ii) with respect to each development agreement to which any Renters Choice Entity is a party ("Development Agreement"), the Assigned Area (as defined in each Development Agreement).

(b) Disclosure Documents. Each Renters Choice Entities' past and present franchise disclosure documents and/or franchise offering circulars (collectively "FOCs") for any area franchises, individual franchises, any other type of franchise the Renters Choice Entities offer, and/or, if applicable, any licenses: (i) materially comply with all applicable Federal Trade Commission ("FTC") franchise disclosure regulations, any other applicable foreign or federal laws and regulations, state franchise and business opportunity sales laws and regulations, and local laws and regulations; (ii) include and accurately state all material information (including but not limited to the discussion of litigation matters) set forth in them; (iii) do not omit any required material information; (iv) accurately state the applicable Renters Choice Entity's position that it does not provide to prospective area or individual franchisees "earnings claims" information (as that term is defined in the FTC's franchise disclosure regulations and the North American Securities Administrators Association's current Uniform Franchise Offering Circular Guidelines); (v) have been timely revised to reflect any material changes or developments in the applicable Renters Choice Entity's franchise system, agreements, operations, financial condition, litigation matters, or other matters requiring disclosure under any applicable foreign, federal, state, and/or local law; and (vi) include all material documents (including but not limited to audited financial statements for the applicable Renters Choice Entity) required by any applicable foreign, federal, state, and/or local law to be provided to prospective area franchisees, individual franchisees and/or, if applicable, any licensees.

(c) Franchise and License Agreements. The Renters Choice Entities' past and present agreements with their area franchisees, individual franchisees, and licenses: (i) materially comply with applicable foreign, federal, state, and/or local laws and regulations; (ii) do not include provisions that would prevent or otherwise impair the applicable Renters Choice Entity's ability to undergo a change in ownership or control or require the applicable Renters Choice Entity to notify any area franchisees, individual franchisees, and/or licensees of such a change in ownership or control; (iii) do not obligate the Renters Choice Entities to buy back or otherwise acquire the stock, assets, or contractual rights of area franchisees, individual franchisees, and/or licensees; (iv) do not impose on the Renters Choice Entities an obligation to guarantee the lease obligations, third party financing obligations, or other material obligations to third parties of the area franchisees, individual franchisees, and/or licensees; (v) impose on area franchisees, individual franchisees, and licensees an obligation to comply with all applicable federal, state, and local laws and regulations; and (vi) impose on area franchisees, individual franchisees, and licensees an obligation to maintain commercially reasonable insurance that names the applicable Renters Choice Entity as an additional insured, requires the insurer to notify the applicable Renters Choice Entity before it terminates any such insurance policy for nonpayment, and permits the applicable Renters Choice Entity to make such payments to maintain such insurance coverage on behalf of any non-paying area franchisee, individual franchisee, or licensee.

(d) Registration and Disclosure Compliance. All of the area franchises, individual franchises, and licenses of the Renters Choice Entities have been sold in material compliance with applicable foreign, federal, state, and/or local franchise disclosure and registration requirements. As a result,

(i) each prospective area franchisee, individual franchisee, and, if applicable, licensee was provided with any required FOC at the earlier of (A) the first personal face-to-face meeting between the applicable Renters Choice Entity and the then prospect for the purposes of discussing the acquisition of an area franchise, individual franchise, or, if applicable, license, (B) at least ten business days before the execution of any agreement with the applicable Renters Choice Entity or the payment of any funds to the applicable Renters Choice Entity by the prospective area franchisee, individual franchisee, or, if applicable, licensee, or (C) within any other minimum time period imposed by law;

(ii) at least five business days before execution of any agreements with the Renters Choice Entities, each prospective area franchisee, individual franchisee, and, if applicable, licensee was provided with a completed execution copy of the applicable Renters Choice Entity's area franchise agreement, individual franchise agreement, or, if applicable, license agreement, respectively, together with any related documents (e.g., spousal consent form, phone transfer agreement, software license, security agreement, equipment lease, national account agreement) with all pertinent specific information for such prospective area franchisee, individual franchisee, or, if applicable, licensee set forth in those agreements and documents;

(iii) each FOC provided to a prospective area franchisee individual franchisee, or, if applicable, licensee complied in all material respects at the time of the delivery of such FOC with applicable foreign, federal, state, and/or local laws regarding such franchise offering circulars;

(iv) each of the Renters Choice Entities' required FOCs were either properly registered with appropriate franchise regulatory authorities, covered by a proper notice filing with appropriate franchise regulatory authorities, or qualified for an exemption from such registration or notice filing requirements;

(v) each of the Renters Choice Entities' offerings were, where applicable, either properly registered with appropriate business opportunity sales authorities or qualified for an exemption from such registration requirements;

(vi) the Renters Choice Entities obtained signed acknowledgments of receipt for the delivery of each FOC to prospective area franchisees, individual franchisees, and, if applicable, licensees;

(vii) to the extent that any of the Renters Choice Entities may have experienced lapses in one or more jurisdictions for its registrations for area franchise offerings, individual franchise offerings, and/or, if applicable, license offerings, the applicable Renters Choice Entity did not offer or sell during the period of any such lapses any such area franchises, individual franchises, or, if applicable, licenses for franchises (A) in those jurisdictions, (B) to be operated outside those jurisdictions by residents of those jurisdictions, or (C) the sale of which might otherwise have triggered the application of the franchise registration laws of those jurisdictions during the periods of any such lapse;

(viii) to the extent required by foreign, federal, state, and/or local law, the Renters Choice Entities have complied with all applicable franchise advertising filing requirements;

(ix) to the best of its knowledge, the Renters Choice Entities are not aware of any instances in which any of their employees, sales agents, or sales brokers for area franchises, individual franchises, or, if applicable, licenses provided information to prospective area franchisees, individual franchisees, or, if applicable, individual licensees, that materially differed from the information contained in the FOCs provided to such prospects (including but not limited to "earnings claim" information);

(x) where required, the Renters Choice Entities properly filed with appropriate franchise regulatory authorities amendments to their FOCs to reflect any material changes or developments in the applicable Renters Choice Entity's franchise system, agreements, operations, financial condition, litigation or other matters requiring disclosure;

(xi) where required, the Renters Choice Entities complied with foreign, federal, state, and/or local laws (including in particular those of California and North Dakota) requiring registration, disclosure, and/or other compliance activities associated with any "material modifications" made to the applicable Renters Choice Entity's then current area franchises, individual franchises, or, if applicable, licenses; and

(xii) the Renters Choice Entities properly and timely converted the format of their FOCs from the prior format prescribed by the Uniform Franchise Offering Circular guidelines to the so-called "plain English" guidelines currently in effect for FOCs prepared in accordance with Uniform Franchise Offering Circular guidelines.

(e) Franchise and Related Litigation. The Renters Choice Entities' April 1997 FOCs for their universal area franchise agreement and universal individual franchise agreement set forth accurate summary information about

(i) any governmental regulatory, criminal, and/or material civil actions pending against the applicable Renters Choice Entity alleging a violation of a foreign and/or United States franchise, antitrust or securities law, fraud, unfair or deceptive practices, or comparable allegations as well as actions other than ordinary routine litigation incidental to the applicable Renters Choice Entity's business which are significant in the context of the number of the applicable Renters Choice Entity's franchisees and the size, nature or financial condition of the franchise system or its business operations;

(ii) any convictions of a felony, nolo contendre pleas to a felony charge, and adverse final judgments in a civil action in foreign countries and/or the United States since April 1987 as well as all material actions since April 1987 involving violation of a franchise, antitrust or securities law, fraud, unfair or deceptive practices, or comparable allegations; and

(iii) all currently effective injunctive or restrictive orders or decrees relating to the franchise area under a foreign, federal, state, or local franchise, securities, antitrust, trade regulation, or trade practices law resulting from a concluded or pending action or proceeding brought by a public agency.

In addition, the Renters Choice Entities have not received notice of any threatened administrative, criminal and/or material civil action against them and/or any persons disclosed in Item II of the Renters Choice Entities' April 1997 FOCs for their Universal Area Franchise Agreement and Universal Individual Franchise Agreement where such threatened administrative, criminal and/or material civil action alleges a violation of a foreign and/or United States franchise, antitrust law, or securities law, fraud, unfair or deceptive practices, or comparable allegations as well as actions other than ordinary routine litigation incidental to the applicable Renters Choice Entity's business which are significant in the context of the number of the applicable Renters Choice Entity's franchisees and the size, nature, or financial condition of the franchise system or its business operations.

(f) Franchisee Relations and Operations. In each of the Renters Choice Entities' communications with its area franchisees, individual franchisees, licensees, and representative groups of those area franchisees, individual franchisees, and/or licensees, the applicable Renters Choice Entity is not aware of any material misstatements regarding its operations, franchise system, agreements, financial condition, litigation matters, or plans that could be used as a basis for a successful fraud, misrepresentation, or franchise law violation claim against the applicable Renters Choice Entity. Each of the Renters Choice Entities have taken and continue to take commercially reasonable efforts to protect the confidentiality of their current Operations Manual.

(g) Franchise Terminations. The Renters Choice Entities' termination of or effort to terminate or refusal to renew any area franchisee, individual franchisee, or, if applicable, licensee, has complied with applicable federal, state, and/or local franchise termination laws and regulations including, in particular, but not limited to, having provided any such area franchisee, individual franchisee, or, if applicable, licensee involved in such a nonrenewal or termination any statutorily required notice and opportunity to cure. The Renters Choice Entities have complied with all other applicable foreign, federal, state, and/or local laws and/or regulations relating to ongoing franchise relationships, the termination of such relationships, and/or the non-renewal of such relationships.

SECTION 3.22. Ordinances, Regulations and Condition of Stores. The Stores and the operation and maintenance thereof, as now operated or maintained, do not contravene any material zoning ordinances or other administrative regulations (either because the Store is in compliance with such material zoning ordinances or other administrative regulations or because compliance with such material zoning ordinances or other administrative regulations is not required due to a prior nonconforming use) or violate in any material respect any existing restrictive covenant or any provision of existing and applicable law, the effect of which in any respect would have a Material Adverse Effect on (i) the continued use of the properties for the purposes for which they are now being used or (ii) the value of the properties. The Stores and other facilities, taken as a whole, are in good condition and repair, ordinary wear and tear excepted.

SECTION 3.23. Inventory. All inventory of the Renters Choice Entities was purchased, acquired or ordered in the ordinary course of business and consistent with past practice. The Renters Choice Entities' rental merchandise in the aggregate is of a quality useable and merchantable, except for items of obsolete merchandise or merchandise below standard quality, which have been in the aggregate written down to the lower of cost or realizable market value, or for which adequate reserves have been provided.

SECTION 3.24. Product Liability. Schedule 3.24 sets forth the Company's general warranty policy with respect to products rented or sold by the Company or its Subsidiaries at any Stores. Other than as described on Schedule 3.24, none of the Company or the Subsidiaries have provided any written or, to the knowledge of the Company, oral express warranties with respect to products rented or sold by the Company or its Subsidiaries at any Stores. No Renters Choice Entity has knowledge of any fact or event forming the basis of a claim against any Renters Choice Entity for product liability on account of any express warranty which is not fully covered by insurance.

SECTION 3.25. Questionable Payments. No Renters Choice Entity nor to the Company's knowledge any employee, agent, representative or shareholder of any Renters Choice Entity has, directly or indirectly, made any bribes, kickbacks, illegal payments or illegal political contributions using corporate funds of any Renters Choice Entity or made any illegal payments to obtain or retain business using corporate funds of any Renters Choice Entity.

SECTION 3.26. Solvency. No Renters Choice Entity is, or after giving effect to the transactions contemplated by the Acquisition Documents and other obligations in connection therewith, will be, (a) "insolvent" (as defined in section 101(31) of the Bankruptcy Code of 1978, as amended (the "Bankruptcy Code")), (b) engaged in business with unreasonably small capital or assets (as contemplated by the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, as amended, the Uniform Fraudulent Transfer Act, as amended, or other similar laws) or (c) unable to pay or provide for the payment of such liabilities and obligations as and when due.

SECTION 3.27. Use of Financing. The proceeds received under or as a result of the Acquisition Documents will solely be used directly or indirectly for the consummation of the transactions contemplated by the Acquisition Documents, including the payment of related fees and expenses, and for working capital of the Renters Choice Entities.

SECTION 3.28. Accuracy of Information. None of the representations, warranties or statements of the Company contained in this Agreement or in the exhibits hereto contains any untrue statement of a material fact or, taken as a whole together with the SEC Documents, omits to state any material fact necessary in order to make any of such representations, warranties or statements not misleading. All information relating to the Renters Choice Entities that may be material to a purchaser for value of the Shares has been disclosed to the Purchasers and any such information arising on or before the Closing Date will forthwith be disclosed to the Purchasers.

SECTION 3.29. HSR Act Filings. With respect to the Acquisition, each of the Company and its Subsidiaries has filed all reports and documents as may be necessary to comply with the HSR Act and the Company is in full compliance with Section 6.3 of the Acquisition Agreement. The HSR waiting period with respect to the Acquisition has expired.

SECTION 3.30. Private Offering. Based, in part, on the Purchasers' representations in Section 4.3, the sale of the Shares by the Company to the Purchasers is exempt from the registration and prospectus delivery requirements of the Securities Act. None of the Renters Choice Entities, nor anyone acting on their respective behalf, has offered or sold or will offer or sell any securities, or has taken or will take any other action, which would subject the offer, issuance or sale of the Shares or Common Stock as contemplated hereby to the registration provisions of the Securities Act.

SECTION 3.31. Related Party Transactions. Except as set forth on Schedule 3.31, no Renters Choice Entity or Thorn Entity is, or immediately following the Closing and the Acquisition will be, a party to any agreement or arrangement (which will continue to be in effect after giving effect to the transactions contemplated by the Acquisition Documents) with or for the benefit of any person who is a holder of 5% or more of the outstanding equity securities of the Company (other than employees who are not Affiliates of the Company) or any officer, director, partner or Affiliate of any such person.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser severally as to itself only, and not jointly, hereby represents and warrants to the Company as follows:

SECTION 4.1. Authorization; Enforceability; No Violations.

(a) Each Purchaser is duly organized and validly existing, in each case, in good standing as a partnership under the laws of its jurisdiction of organization or registration and has all requisite corporate or partnership power and authority to own its properties and assets and to carry on its business as it is now being conducted. Each Purchaser has the partnership power to execute, deliver and perform the terms and provisions of the Acquisition Documents to which it is a party and has taken all necessary partnership action to authorize the execution, delivery and performance by it of such Acquisition Documents and to consummate the transactions contemplated hereby and thereby. No other partnership proceedings on the part of any such Purchaser is necessary therefor.

(b) The execution, delivery and performance by such Purchaser of the terms and provisions of the Acquisition Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby do not and will not violate, in any material respect, any provision of the partnership agreement or other governing documents of such Purchaser, or of any other agreement or instrument to which such Purchaser is a party or by which it is bound, or to which any of its properties or assets is subject, or of any Applicable Law. Each such Purchaser has duly executed and delivered this Agreement and, at the Closing, will have duly executed and delivered the Acquisition Documents to which it is a party. This Agreement constitutes, and the Acquisition Documents to which each such Purchaser is a party when executed and delivered by such Purchaser, and, assuming the due execution by the other parties hereto and thereto, will constitute the legal, valid and binding obligations of such Purchaser, enforceable against such Purchaser in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

SECTION 4.2. Consents. No consent, authorization or order of, or filing or registration with, any Governmental Authority or other person is required to be obtained or made by such Purchaser for the execution, delivery and performance by such Purchaser of this Agreement or any Acquisition Documents to it is a party or the consummation of any of the transactions contemplated hereby or thereby other than those that will have been made or obtained on or prior to the Closing Date.

SECTION 4.3. Private Placement.

(a) Such Purchaser understands that (i) the offering and sale of the Shares by the Company to the Purchasers are intended to be exempt from registration under the Securities Act pursuant to section 4(2) thereof, and (ii) there is no existing public or other market for the Shares.

(b) The Shares to be acquired by such Purchaser pursuant to this Agreement are being acquired for its own account and without a view to making a distribution thereof in violation of the Securities Act.

(c) Such Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Shares and such Purchaser is capable of bearing the economic risks of such investment, including a complete loss of its investment in the Shares.

(d) Such Purchaser is an "accredited investor" as such term is defined in Regulation D under the Securities Act.

(e) Such Purchaser acknowledges that the Company and, for purposes of the opinions to be delivered to the Purchasers pursuant to Section 7.2(t) hereof, Winstead Sechrest & Minick P.C. will rely on the accuracy and truth of its representations in this Section 4.3, and such Purchaser hereby consents to such reliance.

ARTICLE V

COVENANTS OF THE COMPANY

SECTION 5.1. Amendment or Modification of or Waivers under Acquisition Agreement. The Company agrees that, without the prior written consent of the Purchasers, it will not consent to any amendment or modification to, or waive any of its rights under, the Acquisition Agreement, which amendment, modification or waiver would have a Material Adverse Effect on the rights of the Company or the Purchasers with respect to the business, assets, operations and properties of the Company, the Subsidiaries and the Thorn Entities.

SECTION 5.2. Notices Under the Acquisition Agreement. The Company shall promptly provide the Purchasers with such notices and reports as any Renters Choice Entity may send to or receive from Thorn Americas or Thorn International pursuant to the terms of or relating to the Acquisition Agreement.

SECTION 5.3. Agreement to Take Necessary and Desirable Actions. The Company shall, and shall cause each Subsidiary, to execute and deliver the Acquisition Documents to which each shall be a party and such other documents, certificates, agreements and other writings

and to take such other actions as may be necessary, desirable or reasonably requested by the Purchasers in order to consummate or implement expeditiously the transactions contemplated hereby.

SECTION 5.4. Compliance with Conditions; Best Efforts. The Company shall use its best efforts to cause all of the obligations imposed upon it in this Agreement to be duly complied with and to cause all conditions precedent to the obligations of the Company and the Purchasers to be satisfied. Upon the terms and subject to the conditions of this Agreement, the Company shall use its best efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable consistent with applicable law to consummate and make effective in the most expeditious manner practicable the transactions contemplated hereby.

SECTION 5.5. Consents and Approvals. The Company (a) shall use its best efforts to obtain all necessary consents, waivers, authorizations and approvals of all Governmental Authorities and of all other persons, firms or corporations required in connection with the execution, delivery and performance by them of this Agreement, any other Acquisition Document or any of the transactions contemplated hereby or thereby, and (b) shall diligently assist and cooperate with the Purchasers in preparing and filing all documents required to be submitted by the Purchasers to any Governmental Authority in connection with such transactions and in obtaining any governmental consents, waivers, authorizations or approvals which may be required to be obtained by the Purchasers in connection with such transactions (which assistance and cooperation shall include, without limitation, timely furnishing to the Purchasers all information concerning the Renters Choice Entities that counsel to the Purchasers determines is required to be included in such documents or would be helpful in obtaining any such required consent, waiver, authorization or approval).

SECTION 5.6. Stockholder Approval. The Company shall (i) on or before the twentieth (20) day following the Closing, file a proxy statement with the Commission with respect to the holding of a special stockholders' meeting for the purpose of obtaining stockholder approval of a proposal to allow the Series B Preferred Stock to be converted into shares of the Series A Preferred Stock, (ii) promptly notice such a meeting following the Commission's clearance of such proxy statement and (iii) on or before the fortieth (40) day following the Commission's clearance of such proxy statement, hold such meeting. The Company shall use its best efforts to obtain such stockholder approval, including, but not limited to, recommending the transactions contemplated by this Agreement to the stockholders of the Company and responding promptly to the Commission's comments in order to obtain clearance.

SECTION 5.7. Rights of Holders of Preferred Stock. The Company covenants and agrees that, unless otherwise agreed to by a majority of the holders of the Series A Preferred Stock, the designations, powers, preferences, rights, qualifications, limitations and restrictions of the Series A Preferred Stock shall be as set forth in the Series A Certificate of Designations, and the Company covenants and agrees not to amend, without the consent of a majority of the holders of Series A Preferred Stock, (i) the Company's Certificate or By-laws in a manner that would impact the holders of the Series A Preferred Stock, or (ii) the Series A Certificate

of Designations. The Company covenants and agrees that, unless otherwise consented to by a majority of the holders of the Series B Preferred Stock, the designations, powers, preferences, rights, qualifications, limitations and restrictions of the Series B Preferred Stock shall be as set forth in the Series B Certificate of Designations, and the Company covenants and agrees not to amend, without the consent of a majority of the holders of Series B Preferred Stock, (i) the Company's Certificate or By-laws in a manner that would impact the holders of the Series B Preferred Stock, or (ii) the Series B Certificate of Designations.

SECTION 5.8. Other Activities of Purchasers. Nothing contained in this Agreement or any other agreement of the Company shall be deemed to prohibit the Purchasers or any of their respective Affiliates from forming or investing in other entities engaged in activities similar to those of the Company.

SECTION 5.9. HSR Act Filings. The Company has filed, or caused to be filed, all reports and documents as may be necessary to comply with the HSR Act.

ARTICLE VI

COVENANTS OF THE PURCHASERS

SECTION 6.1. Agreement to Take Necessary and Desirable Actions. Each of the Purchasers agrees to execute and deliver each of the Acquisition Documents to which it shall be a party and such other documents, certificates, agreements and other writings and to take such other actions as may be necessary, desirable or reasonably requested by the Company in order to consummate or implement expeditiously the transactions contemplated hereby.

SECTION 6.2. Compliance with Conditions; Best Efforts. Each of the Purchasers will use its best efforts to cause all of the obligations imposed upon it in this Agreement to be duly complied with, and to cause all conditions precedent to the obligations of the Company and the Purchasers to be satisfied. Upon the terms and subject to the conditions of this Agreement, each of the Purchasers shall use its best efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable consistent with applicable law to consummate and make effective in the most expeditious manner practicable the transactions contemplated hereby.

SECTION 6.3. HSR Act Filings. Each of the Purchasers has filed, or caused to be filed, all reports and documents as may be necessary to comply with the HSR Act.

ARTICLE VII

CONDITIONS PRECEDENT TO CLOSING

SECTION 7.1 Conditions to the Company's Obligations. The obligations of the Company hereunder required to be performed on the Closing Date shall be subject, at its election, to the satisfaction or waiver (which waiver, if so requested by the Purchasers, shall be made in writing), at or prior to the Closing, of the following conditions:

(a) The representations and warranties of the Purchasers contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date.

(b) The Purchasers shall have performed in all material respects all obligations and agreements, and complied in all material respects with all covenants, contained in this Agreement, to be performed and complied with by the Purchasers at or prior to the Closing Date.

(c) All conditions precedent to the consummation of the transactions contemplated by the Acquisition Documents shall have been satisfied or waived.

(d) The Purchasers shall have delivered to the Company a certificate, executed by each Purchaser or on its behalf by a duly authorized representative, dated as of the Closing Date, certifying that each of the conditions specified in this Section 7.1 has been satisfied with respect to the Purchasers.

(e) Morgan, Lewis & Bockius LLP, counsel to the Purchasers, shall have delivered to the Company an opinion, dated the Closing Date, addressed to the Company, substantially in the form attached as Exhibit F hereto.

(f) Akin, Gump, Strauss, Hauer & Feld, L.L.P., counsel to the Purchasers, shall have delivered to the Company an opinion, dated the Closing Date, addressed to the Company, substantially in the form attached as Exhibit G hereto.

(g) W.S. Walker & Company, counsel to the Purchasers, shall have delivered to the Company an opinion, dated the Closing Date, addressed to the Company, substantially in the form attached as Exhibit H hereto.

SECTION 7.2 Conditions to Purchasers' Obligations. The obligations of the Purchasers hereunder required to be performed at the Closing shall be subject, at their joint election, to the satisfaction or waiver (which waiver, if so requested by the Company, shall be made in writing), at or prior to the Closing, of the following conditions:

(a) The representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date (after giving effect to the transactions contemplated hereby). Any waiver by the Purchasers of this condition to the Purchasers' obligations shall be solely for the purposes of effecting the Closing and

shall not constitute a waiver of the Purchasers' or any other Indemnified Party's right to indemnification for the Company's failure to satisfy this condition.

(b) The Company shall have performed in all material respects all obligations and agreements, and complied in all material respects with all covenants, contained in this Agreement, to be performed and complied with by it at or prior to the Closing Date.

(c) All conditions precedent to the transactions contemplated by the Acquisition Documents shall have been satisfied; provided that no waiver of any of the conditions of, or amendment to, any of the Acquisition Documents shall have occurred except such as shall have been consented to in writing by the Purchasers, and, with respect to any conditions thereunder the fulfillment of which is or may be determined in the judgment or discretion of any party to an Acquisition Document other than the Purchasers, such conditions shall not be deemed fulfilled unless each of the Purchasers, in its sole judgment, shall also be satisfied that such conditions are fulfilled.

(d) The Company, Thorn and Thorn International shall have executed the Acquisition Agreement, and the consummation of the Acquisition contemplated thereby shall occur concurrently with the Closing.

(e) The Company and Chase Securities, Inc., The Chase Manhattan Bank, NationsBank, N.A., NationsBanc Montgomery Securities LLC, Comerica Bank and/or NationsBridge, L.L.C. shall have entered into definitive agreements with respect to the Credit Facilities in form and substance reasonably satisfactory to the Purchasers, and all amounts shall have been funded to the Company pursuant to the terms of the Credit Facilities as described herein.

(f) Simultaneously with the receipt of the proceeds of the sale of the Shares hereunder, the Renters Choice Entities shall receive proceeds under or as a result of the Credit Facilities which shall be sufficient to consummate the Acquisition, including payment of fees and expenses in respect thereof.

(g) In connection with the issuance of the Series A Preferred Stock and the Series B Preferred Stock, (i) the charter and By-laws and other governing documents of the Company shall have been amended as the Purchasers deem appropriate to effect the understandings described in the Commitment Letter, (ii) each of such agreements and documents shall be in full force and effect and (iii) all existing shareholders' agreements or similar agreement relating to the Company or Thorn Americas shall have been terminated.

(h) The Purchasers and the Company shall have entered into or caused to become effective the Stockholders Agreement.

(i) [intentionally omitted]

(j) All documents, instruments, agreements and arrangements relating to the transactions contemplated by the Acquisition Documents shall be satisfactory to the Purchasers, shall have been executed and delivered by the parties thereto and no party to any of the foregoing shall have breached any of its material obligations thereunder.

(k) (i) Since March 31, 1998, no change, occurrence or development shall have occurred, been threatened or become known to the Purchasers that could reasonably be expected to have a Material Adverse Effect on the business, operations, prospects, properties or condition (financial or other) of the Company, Thorn Americas and their subsidiaries, taken as a whole which, in the reasonable judgment of the Purchasers, is or may be materially adverse to the Company, Thorn Americas and their respective subsidiaries, taken as a whole, and (ii) the Purchasers shall not have become aware of any information or other matter that in its sole judgement was inconsistent in a material and adverse manner with any information or other matter disclosed to the Purchasers prior to June 15, 1998; provided, however, that the following
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events shall not be deemed to constitute a materially adverse change, occurrence or development (all defined terms in the remainder of this paragraph are as set forth in the Acquisitions Agreement): (i) transactions contemplated by the Acquisition Documents; (ii) following the closing of the Acquisition Agreement, the filing with any Governmental Entity, or the threat thereof, of any Claim by any Person containing allegations against the Company or any of its Subsidiaries similar or analogous to the allegations raised in any of the Claims listed on Schedules 6.17 and 8.2 (other than item no. 3 thereon) to the Acquisition Agreement, (ii) the entry of any interlocutory or final Order in any Claims listed on Schedules 6.17 and 8.2 (other than item no. 3 thereon) to the Acquisition Agreement, which is subject to any appeal, or (iii) any other condition, event or occurrence regarding any Claim listed on Schedules 6.17 and 8.2 (other than item no. 3 thereon) to the Acquisition Agreement.

(l) Since March 31, 1998, the business of the Company shall have been operated in compliance with all federal, state and local laws and other regulations, except where the failure to do so would have a Material Adverse Effect on the Company and their subsidiaries taken as a whole.

(m) The Purchasers shall have received a copy of the letter delivered in connection with the Acquisition and the Financing with respect to the solvency and financial condition of Thorn Americas after giving effect to the Acquisition and the transactions contemplated by the Acquisition Documents and other obligations in connection therewith, which letter need not be addressed to the Purchasers.

(n) There shall be no action continuing, and no statute, rule, regulation, judgment, administrative interpretation, order or injunction shall have been enacted, promulgated, entered or enforced, and there shall be no action deemed applicable to the sale of the Shares to the Purchasers, which would (i) make illegal or otherwise restrict or prohibit the consummation of the sale of the Shares to the Purchasers or the Acquisition, (ii) result in a

significant delay in the consummation of the Acquisition or (iii) materially restrict the ability of the Purchasers, or render the Purchasers unable, to effect the purchase of the Shares from the Company.

(o) There shall be no litigation, proceeding or other action (including, without limitation, relating to environmental and pension matters) pending or threatened against the Company, Thorn Americas or their respective subsidiaries which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(p) (i) During the seven-calendar-day period ending on the Closing Date, (A) trading in securities generally on the New York Stock Exchange or the American Stock Exchange or the over-the-counter market shall not have been suspended and minimum prices shall not have been established on either of such exchanges or such market by such exchange or by the Commission, (B) a general banking moratorium shall not have been declared by Federal or New York or California authorities, and (C) no change (or any condition, event or development involving a prospective change) shall have occurred or be threatened that, in the reasonable judgment of the Purchasers, has had or could, individually or in the aggregate, reasonably be expected to have a material adverse effect upon the prices or trading of securities generally traded on financial markets in the United States, and (ii) the Dow Jones Industrial Average (the "Dow") on the business day immediately preceding the Closing Date shall not be more than 20% lower than the Dow on the date of this Agreement (the "Opening Dow") and the Dow on any business day between the date of this Agreement and the Closing Date shall not have been more than 20% lower than the Opening Dow.

(q) All corporate and other proceedings taken or to be taken by the parties to the Acquisition Documents in connection with the transactions contemplated thereby shall be in form and substance reasonably satisfactory to the Purchasers as being consistent with satisfaction of the foregoing conditions.

(r) All governmental and regulatory approvals and clearances and all third-party consents necessary for the consummation of the transactions contemplated by the Acquisition Documents shall have been obtained and shall be in full force and effect, including (without limitation) expiration of the applicable waiting periods under the HSR Act, and the Purchasers and the Company shall be reasonably satisfied that the consummation of such transactions does not and will not contravene any Applicable Law, except to the extent any contravention or contraventions, individually or in the aggregate, could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(s) The Company shall have delivered to the Purchasers a certificate, executed by it or on its behalf by a duly authorized representative, dated as of the Closing Date, certifying that each of the conditions (other than any condition the fulfillment of which is subject to the reasonable satisfaction of the Purchasers) specified in this Section 7.2 has been satisfied.

(t) Winstead Sechrest & Minick P.C., counsel to the Company, shall have delivered to the Purchasers an opinion, dated the Closing Date, addressed to the Purchasers, substantially in the form attached as Exhibit I hereto.
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(u) Arnold & Porter, counsel to the Company, shall have delivered to the Purchasers an opinion, dated the Closing Date, addressed to the Purchasers, substantially in the form attached as Exhibit J hereto.

(v) The Purchasers shall have received copies of in form and substance reasonably satisfactory to each of the Purchasers, dated the Closing Date, addressed to the Purchasers with respect to:

(i) opinion of Winstead Sechrest & Minick P.C. delivered pursuant to Section 11.7 of the Acquisition Agreement;

(ii) opinion of Paul, Weiss, Rifkind, Wharton & Garrison and any additional legal opinions of special and/or in house counsel to Thorn and Thorn International delivered pursuant to Section 10.10 of the Acquisition Agreement; and

(iii) any opinions of legal counsel delivered pursuant to any of the Credit Facilities.

(w) All proceeds received by the Company on the Closing Date under or as a result of the transactions contemplated by the Acquisition Documents shall be used (or shall be usable) solely to consummate the transactions contemplated by the Acquisition Documents, including payment of fees and expenses thereof, and to provide working capital to the Renters Choice Entities.

(x) The Purchasers shall have received delivery of the Shares as set forth hereunder.

(y) The Purchasers shall have received such other certificates, instruments and documents in furtherance of the transactions contemplated by this Agreement as it may reasonably request.

ARTICLE VII

MISCELLANEOUS

SECTION 8.1 Survival; Indemnification.

(a) All representations, warranties, covenants and agreements (except covenants and agreements which are expressly required to be performed and are performed in full on or before the Closing Date) contained in this Agreement shall be deemed made at the Closing as if made at such time and shall survive the Closing for two years, except that (i) with respect to claims asserted pursuant to this Section 8.1 before the expiration of the applicable representation or warranty, such claims shall survive until the date they are finally liquidated or otherwise resolved, (ii) Sections 3.15 and 3.16 shall survive until the end of the applicable statute of limitations, and (iii) Section 3.2 and this Section 8.1 shall survive indefinitely. All statements as to factual matters contained in any certificate executed and delivered by the parties pursuant hereto shall be deemed to be representations, warranties and covenants by such party hereunder. No claim may be commenced under this Section 8.1 (or otherwise) following expiration of the applicable period of survival, and upon such expiration the Indemnifying Party shall be released from all liability with respect to claims under each such section not theretofore made by the Indemnified Party. No right of indemnity against any claim of a third party shall arise from any representation, warranty or covenant of an Indemnifying Party herein contained, unless such third-party claim is filed or lodged against the Indemnified Party on or prior to the expiration of the applicable period of survival provided above, and all other conditions hereunder are satisfied. A claim shall be made or commenced hereunder by the Indemnified Party delivering to the Indemnifying Party a written notice specifying in reasonable detail the nature of the claim, the amount claimed (if known or reasonably estimable), and the factual basis for the claim.

(b) (i) The Company agrees to indemnify and hold harmless each of the Purchasers and its respective partners, affiliates, officers, directors, employees and duly authorized agents and each of their affiliates and each other person controlling such Purchaser or any of their affiliates within the meaning of either section 15 of the Securities Act or section 20 of the Exchange Act and any partner of any of them from and against all losses, claims, damages or liabilities resulting from any claim, lawsuit or other proceeding by any person to which any party indemnified under this clause may become subject which is related to or arises out of (A) any breach or failure of any of the representations, warranties, covenants or agreements made in any of the Acquisition Documents by the Company or (B) any action or omission of the Company or in connection with the transactions contemplated hereby or by the other Acquisition Documents, and will reimburse each of the Purchasers and any other party indemnified under this clause for all reasonable out-of-pocket expenses (including reasonable counsel fees and disbursements) incurred by the Purchasers or any such other party indemnified under this clause and further agrees that the indemnification and reimbursements commitments herein shall apply whether or not the Purchasers or any such other party indemnified under this clause is a formal party to any such lawsuits, claims or other proceedings. The foregoing provisions are expressly intended to cover reimbursement of legal and other expenses incurred in a deposition or other discovery proceeding.

(ii) Notwithstanding the foregoing clause (i), the Company shall not be liable to any party otherwise entitled to indemnification pursuant thereto: (A) in respect of any loss, claim, damage, liability or expense to the extent the same is determined, in final judgment by a court having jurisdiction, to have resulted primarily from the gross negligence or

willful misconduct of such party or (B) for any settlement effected by such party without the written consent of the Company, which consent shall not be unreasonably withheld.

(c) (i) The Purchasers agree to indemnify and hold harmless each of the Company and its partners, affiliates, officers, directors, employees and duly authorized agents and each of their affiliates and each other person controlling the Company or any of their affiliates within the meaning of either section 15 of the Securities Act or section 20 of the Exchange Act and any partner of any of them from and against all losses, claims, damages or liabilities resulting from any claim, lawsuit or other proceeding by any person to which any party indemnified under this clause may become subject which is related to or arises out of (A) any breach or failure of any of the representations, warranties, covenants or agreements made in any of the Acquisition Documents by such Purchaser, or (B) any action or omission of such Purchaser in connection with the transactions contemplated hereby or by the other Acquisition Documents, and will reimburse the Company and any other party indemnified under this clause for all reasonable out-of-pocket expenses (including reasonable counsel fees and disbursements) incurred by the Company or any such other party indemnified under this clause and further agrees that the indemnification and reimbursements commitments herein shall apply whether or not the Company or any such other party indemnified under this clause is a formal party to any such lawsuits, claims or other proceedings. The foregoing provisions are expressly intended to cover reimbursement of legal and other expenses incurred in a deposition or other discovery proceeding.

(ii) Notwithstanding the foregoing clause (i), the Purchasers shall not be liable to any party otherwise entitled to indemnification pursuant thereto: (A) in respect of any loss, claim, liability, cost, expense or damage to the extent the same is determined, in final judgment by a court having jurisdiction, to have resulted primarily from the gross negligence or willful misconduct of such party or (B) for any settlement effected by such party without the written consent of the Purchasers, which consent shall not be unreasonably withheld.

(d) If a person entitled to indemnity hereunder (an "Indemnified Party") asserts that any party hereto (the "Indemnifying Party") has become obligated to the Indemnified Party pursuant to Section 8.1(b) or (c), or if any suit, action, investigation, claim or proceeding is begun, made or instituted as a result of which the Indemnifying Party may become obligated to the Indemnified Party hereunder, the Indemnified Party agrees to notify the Indemnifying Party promptly and to cooperate with the Indemnifying Party, at the Indemnifying Party's expense, to the extent reasonably necessary for the resolution of such claim or in the defense of such suit, action or proceeding, including making available any information, documents and things in the possession of the Indemnified Party which are reasonably necessary therefor.

Notwithstanding the foregoing notice requirement, the right to indemnification hereunder shall not be affected by any failure to give, or delay in giving, notice unless, and only to the extent that, the rights and remedies of the Indemnifying Party shall have been prejudiced as a result of such failure or delay.

(e) In fulfilling its obligations under this Section 8.1, after providing each Indemnified Party with a written acknowledgment of any liability under this Section 8.1 as between such Indemnified Party and the Indemnifying Party, the Indemnifying Party shall have the right to investigate, defend, settle or otherwise handle, with the aforesaid cooperation, any claim, suit, action or proceeding brought by a third party in such manner as the Indemnifying Party may in its sole discretion deem appropriate; provided, however, that (i) counsel retained by the Indemnifying Party is reasonably satisfactory to the Indemnified Party and (ii) the Indemnifying Party will not consent to any settlement imposing any material obligations on any other party hereto other than financial obligations for which such party will be indemnified hereunder, unless such party has consented in writing to such settlement. Notwithstanding anything to the contrary contained herein, the Indemnifying Party may retain one firm of counsel to represent all Indemnified Parties in such claim, action or proceeding; provided, however, that in the event that the defendants in, or targets of, any such claim, action or proceeding include more than one Indemnified Party, and any Indemnified Party shall have reasonably concluded, based on the opinion of its own counsel, that there may be one or more legal defenses available to it which are in conflict with those available to any other Indemnified Party, then such Indemnified Party may employ separate counsel to represent or defend it or any other person entitled to indemnification and reimbursement hereunder with respect to any such claim, action or proceeding in which it or such other person may become involved or is named as defendant and the Indemnifying Party shall pay the reasonable fees and disbursement of such counsel. Notwithstanding the Indemnifying Party's election to assume the defense or investigation of such claim, action or proceeding, the Indemnified Party shall have the right to employ separate counsel and to participate in the defense or investigation of such claim, action or proceeding at the expense of the Indemnifying Party, if (i) in the written opinion of counsel to the Indemnified Party use of counsel of the Indemnifying Party's choice could reasonably be expected to give rise to a conflict of interest, (ii) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the assertion of any such claim or institution of any such action or proceeding or (iii) if the Indemnifying Party shall authorize the Indemnified Party to employ separate counsel at the Indemnifying Party's expense.

(f) If for any reason (other than the gross negligence or willful misconduct referred to in subclause (b)(ii) above) the foregoing indemnification by the Company is unavailable to any Indemnified Party or is insufficient to hold it harmless as and to the extent contemplated by subclauses (b), (d) and (e) above, then the Company shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by the Company and its affiliates, on the one hand, and the Purchasers and any other applicable Indemnified Party, as the case may be, on the other hand, as well as any other relevant equitable considerations.

SECTION 8.2 Notices. All notices, demands, requests, consents, approvals or other communications (collectively, "Notices") required or permitted to be given hereunder or which are given with respect to this Agreement shall be in writing and shall be personally served, delivered by reputable air courier service with charges prepaid, or transmitted by hand delivery,

telegram, telex or facsimile, addressed as set forth below, or to such other address as such party shall have specified most recently by written notice. Notice shall be deemed given on the date of service or transmission if personally served or transmitted by telegram, telex or facsimile. Notice otherwise sent as provided herein shall be deemed given on the next business day following delivery of such notice to a reputable air courier service.

To the Company:

Renters Choice, Inc.
13800 Montfort Drive, Suite 300
Dallas, Texas 75240
Attention: J. Ernest Talley, Chief Executive Officer
Facsimile: (214)385-1625

with a copy (which shall not constitute notice) to:

Winstead Sechrest & Minick P.C.
5400 Renaissance Tower
1201 Elm Street
Dallas, Texas 75270-2199
Attn: Thomas W. Hughes, Esq.
Facsimile: (214)745-5390

To the Purchasers:

Apollo Investment Fund IV, L.P. and/or
Apollo Overseas Partners IV, L.P.
c/o Apollo Management IV, L.P.
1999 Avenue of the Stars, Suite 1900
Los Angeles, California 90067
Attn: Michael D. Weiner
Facsimile: (310)201-4166

with a copy (which shall not constitute notice) to:

Morgan, Lewis & Bockius LLP
300 South Grand Avenue
Suite 2200
Los Angeles, California 90071
Attn: John F. Hartigan, Esq.
Facsimile: (213) 612-2554

SECTION 8.3 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, INTERPRETED UNDER, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED WITHIN THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO THE CHOICE-OF-LAW PROVISIONS THEREOF, AND EACH PARTY HERETO SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS WITHIN THE STATE OF NEW YORK.

SECTION 8.4 Entire Agreement. This Agreement (including all agreements entered into pursuant hereto and all certificates and instruments delivered pursuant hereto and thereto) constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, understandings, negotiations and discussions between the parties, whether oral or written, with respect to the subject matter hereof other than the provisions set forth in Sections 6, 8 and 9 of the Commitment Letter which remain in full force and effect.

SECTION 8.5 Modifications and Amendments. No amendment, modification or termination of this Agreement shall be binding upon any other party unless executed in writing by the parties hereto intending to be bound thereby.

SECTION 8.6 Waivers and Extensions. Any party to this Agreement may waive any right, breach or default which such party has the right to waive, provided that such waiver will not be effective against the waiving party unless it is in writing, is signed by such party, and specifically refers to this Agreement. Waivers may be made in advance or after the right waived has arisen or the breach or default waived has occurred. Any waiver may be conditional. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof nor of any other agreement or provision herein contained. No waiver or extension of time for performance of any obligations or acts shall be deemed a waiver or extension of the time for performance of any other obligations or acts.

SECTION 8.7 Titles and Headings. Titles and headings of sections of this Agreement are for convenience only and shall not affect the construction of any provision of this Agreement.

SECTION 8.8 Exhibits and Schedules. Each of the annexes, exhibits and schedules referred to herein and attached hereto is an integral part of this Agreement and is incorporated herein by reference.

SECTION 8.9 Expenses; Brokers. The Company shall pay or cause to be paid all reasonable out-of-pocket fees and expenses incurred by the Purchasers and their respective Affiliates on or after April 1, 1998, in connection with the transactions contemplated by this Agreement, the Commitment Letter, the Acquisition Documents and all matters related thereto (including, without limitation, HSR Act filing fees, and reasonable fees and disbursements of counsel and consultants). In addition, if the event that the Company is paid any Break-Up Fee (as defined in the Acquisition Agreement), the Company shall promptly pay to the Purchasers an

amount equal to Three Million Five Hundred Thousand Dollars ($3,500,000). Each of the parties represents to the others that neither it nor any of its affiliates has used a broker or other intermediary, in connection with the transactions contemplated by this Agreement for whose fees or expenses any other party will be liable and respectively agrees to indemnify and hold the others harmless from and against any and all claims, liabilities or obligations with respect to any such fees or expenses asserted by any person on the basis of any act or statement alleged to have been made by such party or any of its affiliates.

SECTION 8.10 Press Releases and Public Announcements. All public announcements or disclosures relating to the transactions contemplated by the Acquisition Documents shall be made only if mutually agreed upon by the Company and the Purchasers, except to the extent that such disclosure is, in the opinion of counsel, required by law or by stock exchange regulation, provided that any such required disclosure shall only be made, to the extent consistent with law, after consultation with the Purchasers.

SECTION 8.11 Assignment; No Third Party Beneficiaries. This Agreement and the rights, duties and obligations hereunder may not be assigned or delegated by either the Company or the Purchasers without the prior written consent of the other; provided that either of the Purchasers may assign or delegate its rights, duties and obligations hereunder to a Permitted Transferee (as defined in the Stockholder Agreement). Except as provided in the preceding sentence, any assignment or delegation of rights, duties or obligations hereunder made without the prior written consent of the other party hereto shall be void and of no effect. This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of each of the parties and their respective successors and permitted assigns. This Agreement is not intended to confer any rights or benefits on any persons that are not party hereto other than as expressly set forth in Sections 8.1 and 8.12.

SECTION 8.12 Severability. This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

SECTION 8.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

SECTION 8.14 Further Assurances. Each party hereto, upon the request of any other party hereto, shall do all such further acts and execute, acknowledge and deliver all such further instruments and documents as may be necessary or desirable to carry out the transactions contemplated by this Agreement, including, in the case of the Company, such acts, instruments and

documents as may be necessary or desirable to convey and transfer to each Purchaser the Shares to be purchased by it hereunder.

SECTION 8.15 Remedies Cumulative. The remedies provided herein shall be cumulative and shall not preclude the assertion by any party hereto of any other rights or the seeking of any remedies against the other party hereto.

* * *

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

COMPANY

RENTERS CHOICE, INC.
a Delaware corporation

By: _____
Name: _____
Title:_____

PURCHASERS

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: _____
Name: _____
Title:_____

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: _____
Name: _____
Title:_____

SCHEDULE 2.1

ALLOCATION OF SHARES/PURCHASE PRICE

	Series A Preferred Stock	Series B Preferred Stock
Apollo Investment Fund IV, L.P.	127,569 shares	109,700 shares
Apollo Overseas Partners IV, L.P.	6,845 shares	5,886 shares
Total	134, 414 shares	115,586 shares

EXHIBIT 2

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RELATIVE RIGHTS AND LIMITATIONS OF SERIES A PREFERRED STOCK OF RENTERS CHOICE, INC.

Pursuant to Section 151
of the General Corporation Law of the State of Delaware

Renters Choice, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware, does by its Assistant Secretary hereby certify that pursuant to the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors, at a meeting held on August 4, 1998, duly adopted the following resolution establishing, the rights, preferences, privileges and restrictions of a series of preferred stock of the corporation which resolution remains in full force and effect as of the date hereof:

"WHEREAS, the Board of Directors of Renters Choice, Inc. (the "Corporation") is authorized, within the limitations and restrictions stated in its Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), to fix by resolution or resolutions adopted prior to the issuance of any shares of each particular series of preferred stock and incorporated in a certificate of designation filed with the Secretary of State of the State of Delaware, the designation, powers (including voting powers and voting rights), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as may be fixed from time to time by the Board of the Directors in the resolution or resolutions adopted pursuant to the authority granted under the Certificate of Incorporation; and

WHEREAS, it is the desire of the Board of Directors of the Corporation, pursuant to its authority as aforesaid, to authorize and fix the terms of a series of preferred stock and the number of shares constituting such series;

NOW, THEREFORE, BE IT RESOLVED, that pursuant to Paragraph Fourth, Section 1 of the Certificate of Incorporation, there is hereby authorized such series of preferred stock on the terms and with the provisions herein set forth:

1. Certain Definitions.

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings specified (with terms defined in the singular having comparable meanings when used in the plural).

Affiliate. The term "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and, in the case of a Person who is an individual, shall include (i) members of such specified Person's immediate family (as defined in Instruction 2 of Item 404(a) of Regulation S-K under the Securities Act) and (ii) trusts, the trustee and all beneficiaries of which are such specified Person or members of such Person's immediate family as determined in accordance with the foregoing clause (i). For the purposes of this definition, control when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding the foregoing, the Initial Holders and their Affiliates shall not be deemed Affiliates of the Corporation.

Change of Control. The term "Change of Control" shall mean the occurrence of any one of the following events: (I) the acquisition after the Initial Issue Date, in one or more transactions, of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) by (i) any person or entity (other than any Permitted Holder) or (ii) any group of persons or entities (excluding any Permitted Holders) who constitute a group (within the meaning of Section 13(d)(3) of the Exchange Act), in either case, of any securities of the Corporation such that, as a result of such acquisition, such person, entity or group beneficially owns (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, 40% or more of the then outstanding voting securities entitled to vote on a regular basis for a majority of the Board of Directors of the Corporation (but only to the extent that such beneficial ownership is not shared with any Permitted Holder who has the power to direct the vote thereof), provided, however, that no such Change of Control shall be deemed to have occurred if (A) the Permitted Holders beneficially own, in the aggregate, at such time, a greater percentage of such voting securities than such other person, entity or group or (B) at the time of such acquisition, the Permitted Holders (or any of them) possess the ability (by contract or otherwise) to elect, or cause the election of, a majority of the members of the Corporation's Board of Directors; (II) the acquisition by any person of all or substantially all of the assets of the Corporation; (III) the determination by the Corporation's Board of Directors to recommend the acceptance of any proposal set forth in a tender offer statement or proxy statement filed by any person with the Securities and Exchange Commission which indicates the intention on the part of that person to acquire, or acceptance of which would otherwise have the effect of that person acquiring, control of the Corporation; or (IV) upon, other than as a result of the death or disability of one or more of the directors within a three-month period, a majority of the members of the Board of Directors of the Corporation for any period of three consecutive months not being persons who (a) had been directors of the Corporation for at least the preceding 24 consecutive months or were

elected by the holders of the Series A Preferred Stock, voting separately as a class, or (b) when they initially were elected to the Board of Directors of the Corporation, (x) were nominated (if they were elected by the stockholders) or elected (if they were elected by the directors) with the affirmative concurrence of 66-2/3% of the directors who were Continuing Directors at the time of the nomination or election by the Board of Directors of the Corporation and (y) were not elected as a result of an actual or threatened solicitation of proxies or consents by a person other than the Board or an agreement intended to avoid or settle such a proxy solicitation (the directors described in clauses (a) and (b) of this subsection (IV) being "Continuing Directors"); provided, however, that no Change of Control shall be deemed to have occurred by virtue of any merger of the Corporation with any wholly owned subsidiary of the Corporation or any merger of two wholly owned subsidiaries of the Corporation if, in any such merger, the proportionate ownership interests of the stockholders of the Corporation remain unchanged.

Common Stock. The term "Common Stock" shall mean the common stock, par value $.01 per share, of the Corporation.

Conversion Date. The term "Conversion Date" shall have the meaning set forth in Sections 8(c) below, as applicable.

Conversion Price. The term "Conversion Price" shall have the meaning set forth in Section 8(d) below.

Convertible Preferred Nominees. The term "Convertible Preferred Nominees" shall have the meaning set forth in Section 4(b)(i) below.

Convertible Securities. The term "Convertible Securities" shall have the meaning set forth in Section 8(f)(iii).

Corporation Notice. The term "Corporation Notice" shall have the meaning set forth in Section 5(b)(ii)(A) below.

Current Market Price. The term "Current Market Price" shall mean the current market price of the Common Stock as computed in accordance with Section 8(f)(xi) below.

Dividend Payment Date. The term "Dividend Payment Date" shall have the meaning set forth in Section 3(a) below.

Dividend Rate. The term "Dividend Rate" shall have the meaning set forth in Section 3(a) below.

Exchange Act. The term "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Initial Holders. The term "Initial Holders" shall mean those holders of Series A Preferred Stock as of the Initial Issue Date.

Initial Issue Date. The term "Initial Issue Date" shall mean the date that shares of Series A Preferred Stock are first issued by the Corporation..

Initial Series A Preferred Shares. The term "Initial Series A Preferred Shares" shall have the meaning set forth in Section 4(b)(i)(B) below.

IRR. The term "IRR" shall have the meaning set forth in Section 4(c)(ix) below.

Junior Stock. The term "Junior Stock" shall mean any stock of the Corporation, other than the Common Stock, ranking junior to the Series A Preferred Stock as to dividends and upon liquidation. Junior Stock shall not include the Series B Preferred Stock.

Liquidation. The term "Liquidation" shall mean any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary; provided, that neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation, nor the consolidation or merger of the Corporation with one or more other entities, shall, by itself, be deemed a Liquidation.

Liquidation Preference Amount. The term "Liquidation Preference Amount" shall mean an amount equal to the sum of (i) $1,000 per share of Series A Preferred Stock, plus (ii) all accrued and unpaid dividends thereon calculated in accordance with Sections 3(a) and 3(b) hereof.

Permitted Holder. The term "Permitted Holder" shall mean (i) Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., or any entity controlled by either of the foregoing or any of the partners of the foregoing, (ii) an employee benefit plan of the Corporation or any subsidiary of the Corporation, or any participant therein, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its subsidiaries or (iv) any Permitted Transferee of any of the foregoing persons.

Permitted Transferee. The term "Permitted Transferee" shall mean, with respect to any Person, (i) any officer, director or partner of, or Person controlling, such Person, (ii) any other Person that is (x) an Affiliate of the general partner(s), investment manager(s) or investment advisor(s) of such Person, (y) an Affiliate of such Person or a Permitted Transferee of an Affiliate or (z) an investment fund, investment account or investment entity whose investment manager, investment advisor or general partner thereof is such Person or a Permitted Transferee of such Person or (iii) if a Permitted Transferee of a Person set forth in the foregoing clauses (i) and (ii) is an individual, (x) any spouse or issue of such individual, or any trust solely for the benefit of such individual, spouse or issue, and (y) upon such individual's death, any Person to whom Shares are

transferred in accordance with the laws of descent and/or testamentary distribution, in each case in a bona fide distribution or other transaction not intended to avoid the provisions of this Agreement.

Person. The term "Person" shall mean an individual or a corporation, limited liability company, partnership, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Quarterly Dividend Period. The term "Quarterly Dividend Period" shall have the meaning set forth in Section 3(a) below.

Redemption Date. The term "Redemption Date" shall have the meaning set forth in Section 5(a)(ii) below.

Redemption Event. A Redemption Event will be deemed to occur at the earliest of (i) the date upon which there is a Change of Control of the Corporation, (ii) the date upon which the Corporation's Common Stock is not listed for trading on a United States national securities exchange or the NASDAQ National Market System, or (iii) the eleventh anniversary of the Initial Issue Date.

Redemption Percentage. The term "Redemption Percentage" shall have the meaning set forth in Section 5(a)(i) below.

Redemption Price. The term "Redemption Price" shall have the meaning set forth in Section 5(a)(i) below.

Repurchase Date. The term "Repurchase Date" shall have the meaning set forth in Section 5(b)(i) below.

Repurchase Price. The term "Repurchase Price" shall have the meaning set forth in Section 5(b)(i) below.

Securities Act. The term "Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Series A Preferred Stock. The term "Series A Preferred Stock" shall mean the Series A Preferred Stock authorized hereby.

Series B Preferred Stock. The term "Series B Preferred Stock" shall mean the Series B Preferred Stock, par value $.01 per share, of the Corporation.

Stockholders Agreement. The term "Stockholders Agreement" shall mean that certain stockholders agreement of the Corporation dated as of August 5, 1998, as in effect on the

Initial Issue Date, a copy of which shall be maintained by the Secretary of the Corporation and which shall be available to any stockholder of the Corporation upon request.

Trading Days. The term "Trading Days" shall have the meaning set forth in Section 8(f)(xi) below.

2. Designation.

The series of preferred stock authorized hereby shall be designated as the "Series A Convertible Preferred Stock." The number of shares constituting such series shall initially be Four Hundred Thousand (400,000). The par value of the Series A Preferred Stock shall be $.01 per share.

3. Dividends.

(a) The holders of the shares of Series A Preferred Stock shall be entitled to receive cumulative quarterly dividends at a dividend rate equal to 3 3/4% per annum (the "Dividend Rate") computed on the basis of $1,000 per share, when and as declared by the Board of Directors of the Corporation, out of funds legally available for the payment of dividends; provided, however, for the five-year period commencing with the Initial Issue Date, payments of dividends may be made, at the election of the Corporation, either (i) in cash or (ii) by issuing a number of additional fully paid and nonassessable shares (and/or fractional shares) of Series A Preferred Stock for each such share (or fractional share) of Series A Preferred Stock then outstanding determined by dividing (x) the dividend then payable on each such share (or fractional share) of Series A Preferred Stock (expressed as a dollar amount) by (y) 1,000. Quarterly dividend periods (each a "Quarterly Dividend Period") shall commence on January 1, April 1, July 1 and October 1, in each year, except that the first Quarterly Dividend Period shall commence on the date of issuance of the Series A Preferred Stock, and shall end on and include the day immediately preceding the first day of the next Quarterly Dividend Period. Dividends on the shares of Series A Preferred Stock shall be payable on March 31, June 30, September 30, December 31 of each year (a "Dividend Payment Date"), commencing September 30, 1998. Each such dividend shall be paid to the holders of record of the Series A Preferred Stock as they shall appear on the stock register of the Corporation on such record date, not exceeding 45 days nor less than 10 days preceding such Dividend Payment Date, as shall be fixed by the Board of Directors of the Corporation or a duly authorized committee thereof.

Notwithstanding the foregoing paragraph, (A) for the four Quarterly Dividend Periods commencing with the ninth Quarterly Divided Period following the Initial Issue Date, no dividend shall be paid or accrued for any Quarterly Dividend Period in which the Current Market Price as of the related Dividend Payment Date is equal to or greater than two (2) times the Conversion Price and (B) for each Quarterly Dividend Period commencing with the thirteenth Quarterly Dividend Period following the Initial Issue Date, no dividend shall be paid or accrued for any Quarterly Dividend Period in which the Current Market Price as of the related Dividend Payment Date is equal to or greater than the Conversion Price accumulated forward to the payment date at a compound annual growth rate of Twenty-Five Percent (25%) per annum compounded quarterly.

If, on any Dividend Payment Date, the full dividends provided for in this Section 3(a) are not declared or paid to the holders of the Series A Preferred Stock, whether in cash or in additional shares of Series A Preferred Stock, then such dividends shall cumulate, with additional dividends thereon, compounded quarterly, at the dividend rate applicable to the Series A Preferred Stock as provided in this Section 3(a), for each succeeding full Quarterly Dividend Period during which such dividends shall remain unpaid. In the event the Corporation elects to pay dividends in additional shares of Series A Preferred Stock, the Corporation shall on the Dividend Payment Date deliver to the holders certificates representing such shares.

Notwithstanding anything to the contrary herein, in the event any conversion, redemption or liquidation occurs as of a date other than on a Dividend Payment Date, the holders of Series A Preferred Stock shall be paid a pro rata dividend equal to the dividend payable for that Quarterly Dividend Period multiplied by a fraction, the numerator of which is the number of days that have elapsed since the last Dividend Payment Date and the denominator of which is the number of days in the Quarterly Dividend Period in which the conversion, redemption or liquidation occurs.

(b) The amount of any dividends accrued on any share of the Series A Preferred Stock on any Dividend Payment Date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such Dividend Payment Date, whether or not earned or declared. The amount of dividends accrued on any share of the Series A Preferred Stock on any date other than a Dividend Payment Date shall be deemed to be the sum of (i) the amount of any unpaid dividends accumulated thereon to and including the last preceding Dividend Payment Date, whether or not earned or declared, and (ii) an amount determined by multiplying (x) the Dividend Rate by (y) a fraction, the numerator of which shall be the number of days from the last preceding Dividend Payment Date to and including the date on which such calculation is made and the denominator of which shall be the full number of days in such Quarterly Dividend Period.

(c) Immediately prior to authorizing or making any distribution in redemption or liquidation with respect to the Series A Preferred Stock (other than a purchase or acquisition of Series A Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series A Preferred Stock), the Board of Directors shall, to the extent of any funds legally available therefor, declare a dividend in cash on the Series A Preferred Stock payable on the distribution date in an amount equal to any accrued and unpaid dividends on the Series A Preferred Stock as of such date.

4. Voting Rights.

(a) Except as otherwise required by law, the shares of Series A Preferred Stock shall be entitled to vote together with the shares of voting Common Stock as one class at all annual and special meetings of stockholders of the Corporation, and to act by written consent in the same manner as the Common Stock, upon the following basis: each holder of Series A Preferred Stock shall be entitled to such number of votes for the Series A Preferred Stock held by the holder on the record date fixed for such meeting, or on the effective date of such written consent, as shall be equal

to the number of whole shares of Common Stock into which all of such holder's shares of Series A Preferred Stock are convertible immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent.

(b) (i) The holders of Series A Preferred Stock, voting as a separate class shall have the right to elect such number of directors (the "Convertible Preferred Nominees") of the Corporation as set forth below, in addition to such holders' rights to vote for the election of directors, generally, in accordance with Section 4(a):

(A) Subject to Section 4(b)(i) (B) below, the number of Convertible Preferred Nominees shall be two (2). One Convertible Preferred Nominee shall be classified as a Class I Director of the Corporation, and the other Convertible Preferred Nominee shall be classified as a Class II Director of the Corporation. Each of the Finance Committee , the Audit Committee and the Compensation Committee of the Board of Directors shall have one Convertible Preferred Nominee as a member; and, in the event the Corporation establishes an Executive Committee of the Board of Directors, at least one Convertible Preferred Nominee shall be a member of such Executive Committee.

(B) At such time as the Initial Holders together with any and all of their Permitted Transferees cease to hold in aggregate 50% or more of the number of the Initial Series A Preferred Shares, the holders of Series A Preferred Stock shall be entitled to elect one Convertible Preferred Nominee under this Certificate; and, at such time as the Initial Holders cease to hold in aggregate 10 % or more of the number of the Initial Series A Preferred Shares, the holders of Series A Preferred Stock shall no longer be entitled to elect any Convertible Preferred Nominees under this Certificate.

(ii) The holders of the Series A Preferred Stock may exercise any right under Section 4(b)(i) to elect directors at a special meeting of the holders of the Series A Preferred Stock, at an annual meeting of the stockholders of the Corporation held for the purpose of electing directors, and in each written consent executed in lieu of any such meetings.

(iii) A director elected in accordance with Section 4(b)(i) will serve until the next annual meeting of stockholders of the Corporation at which other directors of the Corporation of the same class shall be elected and until his or her successor is elected and qualified by the holders of the Series A Preferred Stock, except as otherwise provided in the Corporation's Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws.

(iv) Notwithstanding anything to the contrary contained herein, the provisions of this Section 4(b) shall inure only to the benefit of the Initial Holders and their Permitted Transferees, and any shares of Series A Preferred Stock subsequently transferred by the Initial Holders to any Person other than one of their Permitted Transferees shall not be entitled to the benefits of this Section 4(b).

(c) While any shares of Series A Preferred Stock are outstanding, the Corporation will not, directly or indirectly, including through a merger or consolidation with any other corporation or otherwise, without approval of holders of at least a majority of the outstanding shares of Series A Preferred Stock, voting separately as a class, (i) increase the number of authorized shares of Series A Preferred Stock or authorize the issuance or issue of any shares of Series A Preferred Stock other than to existing holders of Series A Preferred Stock or holders of Series B Preferred Stock, (ii) issue any new class or series of equity security, (iii) amend, alter or repeal, in any manner whatsoever, the designations, preferences and relative rights and limitations and restrictions of the Series A Preferred Stock or the Series B Preferred Stock; (iv) amend, alter or repeal any of the provisions of the Amended and Restated Certificate of Incorporation or Amended and Restated By-Laws of the Corporation in a manner that would negatively impact the holders of the Series A Preferred Stock, including (but not limited to) any amendment that is in conflict with the approval rights set forth in this Section 4; (v) directly or indirectly, redeem, purchase or otherwise acquire for value (including through an exchange), or set apart money or other property for any mandatory purchase or other analogous fund for the redemption, purchase or acquisition of any shares of Common Stock or Junior Stock, except for the repurchase by the Corporation of up to $25,000,000 in Common Stock from J. Ernest Talley, declare or pay any dividend or make any distribution (whether in cash, shares of capital stock of the Corporation, or other property) on shares of Common Stock or Junior Stock; (vi) cause the number of directors of the Corporation to be greater than seven (7); (vii) enter into any agreement or arrangement with or for the benefit of any Person who is an Affiliate of the Corporation with a value in excess of $5 million in a single transaction or a series of related transactions; (viii) effect a voluntary liquidation, dissolution or winding up of the Corporation; (ix) sell or agree to sell all or substantially all of the assets of the Corporation, unless such transaction (1) occurs after the fourth anniversary of the Initial Issue Date, (2) is a sale for cash and (3) results in an internal rate of return ("IRR") of 30% compounded quarterly or greater to the holder of the Series A Preferred Stock with respect to each share of Series A Preferred Stock issued on the Initial Issue Date; or (x) enter into any merger or consolidation or other business combination involving the Corporation (except a merger of a wholly-owned subsidiary of the Corporation into the Corporation in which the Corporation's capitalization is unchanged as a result of such merger) unless such transaction (1) occurs after the fourth anniversary of the Initial Issue Date, (2) is for cash and (3) results in an IRR of 30% compounded quarterly or greater to the holder of the Series A Preferred Stock with respect to each share of Series A Preferred Stock issued on the Initial Issue Date.

(d) While any shares of Series A Preferred Stock are outstanding, the Corporation will not, directly or indirectly, without the majority affirmative vote of the Finance Committee, issue debt securities of the Corporation with a value in excess of $10 million (including any refinancing of existing indebtedness).

(e) While any shares of Series A Preferred Stock are outstanding, the Corporation will not, directly or indirectly, without the unanimous affirmative vote of the Finance Committee, issue equity securities of the Corporation with a value in excess of $10 million (including any refinancing of existing indebtedness); provided, however, that the following equity issuances shall

require only a majority affirmative vote of the Finance Committee: (A) a Common Stock offering within 24 months of the Initial Issue Date that is equal to or less than $75 million of gross proceeds to the Corporation and the selling price is equal to or greater than the Conversion Price, (B) a Common Stock offering in which the selling price (1) at any time prior to the third anniversary of the Initial Issue Date is equal to or greater than two times the Conversion Price and (2) thereafter, equal to or greater than the price that would imply a 25% or greater IRR compounded quarterly on the Conversion Price and (C) an issuance of equity in connection with an acquisition if the issuance is equal to or less than 10% of the outstanding Common Stock (calculated post-issuance of such shares of Common Stock).

5. Redemption

(a) Optional Redemption.

(i) Optional Redemption by the Corporation. (A) The Series A Preferred Stock may not be redeemed, in whole or in part, at the election of the Corporation prior to the fourth anniversary of the Initial Issue Date. The Corporation by resolution of its Board of Directors may redeem the Series A Preferred Stock, in whole or in part, at any time after the fourth anniversary of the Initial Issue Date. The redemption price per share (the "Redemption Price") for such shares of Series A Preferred Stock so redeemed shall equal 105% of the Liquidation Preference Amount on the Redemption Date (as defined below).

(B) Notwithstanding the forgoing Section 5(a)(i)(A), an Initial Holder shall be entitled to reserve from redemption by the Corporation pursuant to Section 5(a)(i)(A) one share of the Series A Preferred Stock until such time as the Initial Holders and their Permitted Transferees collectively shall own less than 33 1/3% of the Shares issued to the Initial Holders on the Initial Issuance Date as defined below. For the purposes of this Section 5(a)(i)(B), "Shares" shall mean shares of the Common Stock, the Series A Preferred Stock and the Series B Preferred Stock, and the preceding percentage shall be calculated as if each of the Shares had been exchanged or converted into shares of Common Stock immediately prior to each such calculation regardless of the existence of any restrictions on such exchange or conversion.

(C) In the event that at any time less than all of the Series A Preferred Stock outstanding is to be redeemed, the shares to be redeemed will be selected pro rata. Notwithstanding anything to the contrary, the Corporation may not redeem less than all of the Series A Preferred Stock outstanding unless all accrued and unpaid dividends have been paid on all then outstanding shares of Series A Preferred Stock.

(ii) Notice of Redemption. Notice of any redemption pursuant to this Section 5(a) shall be mailed, postage prepaid, at least 30 days but not more than 60 days prior to the date of redemption specified in such notice (the "Redemption Date") to each holder of record of the Series A Preferred Stock to be redeemed at its address as the same shall appear on the stock register of the Corporation. Each such notice shall state: (A) the Redemption Date, (B) the place or places

where certificates for such shares of Series A Preferred Stock are to be surrendered for payment, (C) the Redemption Price and (D) that unless the Corporation defaults in making the redemption payment, dividends on the shares of Series A Preferred Stock called for redemption shall cease to accrue on and after the Redemption Date. If less than all the shares of the Series A Preferred Stock owned by such holder are then to be redeemed, such notice shall also specify the number of shares thereof which are to be redeemed and the numbers of the certificates representing such shares.

(iii) No Preclusion of Conversion. Nothing in this Section 5(a) shall be construed to preclude a holder of Series A Preferred Stock from converting any or all of its shares of Series A Preferred Stock in accordance with Section 8 at any time prior to the Redemption Date.

(b) Mandatory Redemption.

(i) Right to Require Redemption. If at any time there shall occur any Redemption Event of the Corporation, then each holder of Series A Preferred Stock shall have the right, at such holder's option, to require the Corporation to redeem, and upon the exercise of such right the Corporation shall redeem, all or any part of such holder's Series A Preferred Stock on the date (the "Repurchase Date") that is 45 days after the date of the Corporation Notice (as defined below). The redemption price per share (the "Repurchase Price") for such shares of Series A Preferred Stock so redeemed shall equal the Liquidation Preference Amount on the Repurchase Date.

(ii) Notices; Method of Exercising Redemption Right, etc.

(A) Unless the Corporation shall have theretofore called for redemption all the Series A Preferred Stock then outstanding pursuant to Section 5(a) hereof, within 15 days after the occurrence of a Redemption Event, the Corporation shall mail to all holders of record of the Series A Preferred Stock a notice (the "Corporation Notice") of the occurrence of the Redemption Event and of the redemption right set forth herein arising as a result thereof. Each Corporation Notice of a redemption right shall state: (I) the Repurchase Date; (II) the date by which the redemption right must be exercised; (III) the Repurchase Price; (IV) a description of the procedure which a holder must follow to exercise a redemption right including a form of the irrevocable written notice referred to in Section 5(b)(ii)(B) hereof; and (V) the place or places where such Series A Preferred Stock may be surrendered for redemption.

No failure of the Corporation to give the foregoing notices or any defect therein shall limit any holder's right to exercise a redemption right or affect the validity of the proceedings for the redemption of Series A Preferred Stock.

(B) To exercise a redemption right, a holder must deliver to the Corporation on or before the 15th day after the date of the Corporation Notice (i) irrevocable written notice of the holder's exercise of such rights, which notice shall set forth the name of the holder, the amount of the Series A Preferred Stock to be redeemed, a statement that an election to exercise the redemption right is being made thereby, and (ii) the Series A Preferred Stock with respect to which

the redemption right is being exercised, duly endorsed for transfer to the Corporation. Such written notice shall be irrevocable. Subject to the provisions of paragraph (D) below, Series A Preferred Stock surrendered for redemption together with such irrevocable written notice shall cease to be convertible from the date of delivery of such notice. If the Repurchase Date falls after the record date and before the following Dividend Payment Date, any Series A Preferred Stock to be redeemed must be accompanied by payment of an amount equal to the dividends thereon which the registered holder thereof is to receive on such Dividend Payment Date, and, notwithstanding such redemption, such dividend payment will be made by the Corporation to the registered holder thereof on the applicable record date; provided that any quarterly payment of dividends becoming due on the Repurchase Date shall be payable to the holders of such Series A Preferred Stock registered as such on the relevant record date subject to the terms of Section 3(b) hereof.

(C) In the event a redemption right shall be exercised in accordance with the terms hereof, the Corporation shall pay or cause to be paid the Repurchase Price in cash, to the holder on the Repurchase Date.

(D) If any Series A Preferred Stock surrendered for redemption shall not be so redeemed on the Repurchase Date, such Series A Preferred Stock shall be convertible at any time from the Repurchase Date until redeemed and, until redeemed, continue to accrue dividends to the extent permitted by applicable law from the Repurchase Date at the same rate borne by such Series A Preferred Stock. The Corporation shall pay to the holder of such Series A Preferred Stock the additional amounts arising from this Section 5(b)(ii)(D) hereof at the time that it pays the Repurchase Price, and if applicable such Series A Preferred Stock shall remain convertible into Common Stock until the Repurchase Price plus any additional amounts owing on such Series A Preferred Stock shall have been paid or duly provided for.

(E) Any Series A Preferred Stock which is to be redeemed only in part shall be surrendered at any office or agency of the Corporation designated for that purpose pursuant to Section 5(b)(ii)(A)(V) hereof and the Corporation shall execute and deliver to the holder of such Series A Preferred Stock without service charge, a new certificate or certificates representing the Series A Preferred Stock, of any authorized denomination as requested by such holder, in aggregate amount equal to and in exchange for the unredeemed portion of the Series A Preferred Stock so surrendered.

6. Priority.

(a) Priority as to Dividends. Holders of shares of the Series A

Preferred Stock shall be entitled to receive the dividends provided for in Section 3 hereof in preference to and in priority over any dividends upon any Junior Stock or Common Stock.

(b) Series B Preferred Stock. The Corporation's Series A Preferred
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Stock shall rank on parity with the Series B Preferred Stock with respect to dividends and redemption.

7. Liquidation Preference.

(a) In the event of any Liquidation, holders of the Series A Preferred Stock will be entitled to receive out of the assets of the Corporation whether such assets are capital or surplus and whether or not any dividends as such are declared, the Liquidation Preference Amount to the date fixed for distribution, and no more, before any distribution shall be made to the holders of Junior Stock or Common Stock with respect to the distribution of assets. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference Amount to the holders of outstanding shares of the Series A Preferred Stock, then the holders of all such shares shall share ratably in such distribution of assets in accordance with the amount which would be otherwise payable on such distribution to the holders of Series A Preferred Stock were such Liquidation Preference Amount paid in full. Except as provided, in this Section 7(a), in the event of any Liquidation of the Corporation, the holders of shares of Series A Preferred Stock shall not be entitled to any additional payments.

(b) The consolidation or merger of the Corporation with or into such corporation or corporations shall not itself be deemed to be a Liquidation of the Corporation within the meaning of this Section 7.

(c) Written notice of any Liquidation of the Corporation, stating a payment date and the place where the distributive amounts shall be payable, shall be given by mail, postage prepaid, not less than 30 days prior to the payment date stated therein, to the holders of record of the Series A Preferred Stock at their respective addresses as the same shall appear on the books of the Corporation.

(d) The Series A Preferred Stock shall rank on parity with the Series B Preferred Stock with respect to liquidation.

8. Conversion.

(a) Each share of Series A Preferred Stock shall be convertible at any time and from time to time, at the option of the holder thereof into validly issued, fully paid and nonassessable shares of Common Stock, in an amount determined in accordance with Section 8(d) below.

(b) Immediately following the conversion of Series A Preferred Stock into Common Stock on the Conversion Date (i) such converted shares of Series A Preferred Stock shall be deemed no longer outstanding and (ii) the Persons entitled to receive the Common Stock upon the conversion of such converted Series A Preferred Stock shall be treated for all purposes as having become the owners of record of such Common Stock. Upon the issuance of shares of Common Stock upon conversion of Series A Preferred Stock pursuant to this Section 8, such shares of Common Stock shall be deemed to be duly authorized, validly issued, fully paid and nonassessable. Notwithstanding anything to the contrary in this Section 8, any holder of Series A Preferred Stock may convert shares of such Series A Preferred Stock into Common Stock in accordance with Section

8 on a conditional basis, such that such conversion will not take effect unless conditions set forth in Section 8(c) are satisfied, and the Corporation shall make such arrangements as may be necessary or appropriate to allow such conditional conversion and to enable the holder to satisfy such other conditions.

(c) To convert Series A Preferred Stock into Common Stock at the option of the holder pursuant to Section 8(a), a holder must give written notice to the Corporation at its principal office that such holder elects to convert Series A Preferred Stock into Common Stock, and the number of shares to be converted. Such conversion, to the extent permitted by law, regulation, rule or other requirement of any governmental authority (collectively, "Laws") and the provisions hereof, including but not limited to Section 5(a)(iii), shall be deemed to have been effected as of the close of business on the date on which the holder delivers such notice to the Corporation (such date is referred to herein as the "Conversion Date" for purposes of any conversion of Series A Preferred Stock pursuant to Section 8(a)). Promptly thereafter the holder shall (i) surrender the certificate or certificates evidencing the shares of Series A Preferred Stock to be converted, duly endorsed in a form reasonably satisfactory to the Corporation, at the office of the Corporation or of the transfer agent for the Series A Preferred Stock, (ii) state in writing the name or names in which the certificate or certificates for shares of Common Stock are to be issued, (iii) provide evidence reasonably satisfactory to the Corporation that such holder has satisfied any conditions, contained in any agreement or any legend on the certificates representing the Series A Preferred Stock, relating to the transfer thereof, if shares of Common Stock are to be issued in a name or names other than the holder's, and (iv) pay any transfer or similar tax if required as provided in Section 8(k) below. As soon as practical following receipt of the foregoing, the Corporation shall deliver to such former holder of Series A Preferred Stock, a certificate representing the shares of Common Stock issued upon the conversion, together with a new certificate representing the unconverted portion, if any, of the shares of Series A Preferred Stock formerly represented by the certificate or certificates surrendered for conversion.

(d) For the purposes of the conversion of Series A Preferred Stock into Common Stock pursuant to Section 8(a), each share of Series A Preferred Stock shall be convertible into the number of shares of Common Stock equal to the Liquidation Preference Amount divided by the Conversion Price in effect on the Conversion Date. The number of full shares of Common Stock issuable to a single holder upon conversion of the Series A Preferred Stock shall be based on the aggregate Liquidation Preference Amount of all shares of Series A Preferred Stock owned by such holder. The Conversion Price initially shall equal $27.935. In order to prevent dilution of the conversion rights granted hereunder, the Conversion Price shall be subject to adjustment from time to time in accordance with Sections 8(f) and 8(i) below.

(e) If the Corporation shall at any time subdivide, by stock split, reclassification or otherwise, the outstanding shares of Common Stock or shall issue a dividend on its outstanding Common Stock payable in capital stock, the Conversion Price in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately decreased, and in case the Corporation shall at any time combine, by stock split, reclassification or otherwise, the outstanding

shares of Common Stock, the Conversion Price in effect immediately prior to such combination shall be proportionately increased, effective at the close of business on the date of such subdivision, dividend, combination or other event, as the case may be.

(f) The number of shares issuable upon conversion and the Conversion Price (and each component thereof) are subject to adjustment by the Corporation from time to time upon the occurrence of the events enumerated in this Section 8.

(i) Changes in Capital Stock.

(A) If the Corporation (i) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock, (ii) subdivides its outstanding shares of Common Stock into a greater number of shares, (iii) combines its outstanding shares of Common Stock into a smaller number of shares, (iv) makes a distribution on its Common Stock in shares of its capital stock other than Common Stock or (v) issues by reclassification of its Common Stock any shares of its capital stock, then the Conversion Price (and each component thereof) in effect immediately prior to such action shall be proportionately adjusted so that each holder of shares of Series A Preferred Stock may receive the aggregate number and kind of shares of capital stock of the Corporation which such holder would have owned immediately following such action if such holder had converted all of his shares of Series A Preferred Stock into Common Stock immediately prior to such action.

(B) The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

(C) If after an adjustment a holder of shares of Series A Preferred Stock upon conversion may receive shares of two or more classes of capital stock of the Corporation, the Corporation shall determine the allocation of the adjusted Conversion Price between the classes of capital stock. After such allocation, the conversion privilege and the Conversion Price of each class of capital stock shall thereafter be subject to adjustment on terms comparable to those applicable to Common Stock in this Section 8(f)(i).

(D) Any adjustments made pursuant to this Section 8(f)(i) shall be made successively.

(ii) Common Stock Issue.

(A) If the Corporation issues any additional shares of Common Stock for a consideration per share less than the Current Market Price (as hereinafter defined) on the date the Corporation fixes the offering price of such additional shares, the Conversion Price shall be adjusted as set forth below, such that a holder of shares of Series A Preferred Stock, upon conversion of his shares of Series A Preferred Stock into shares of Common Stock, shall have the right to

receive that number of shares of Common Stock which, after giving effect to the following adjustment, such holder would receive if such holder elected to convert his shares of Series A Preferred Stock into Common Stock. The Conversion Price shall be adjusted to the number determined by multiplying the Conversion Price in effect immediately prior to such issuance or sale by a fraction, the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to the issuance or sale of such additional shares of Common Stock plus (ii) the number of such additional shares which the aggregate consideration received (or by express provision hereof deemed to have been received) by the Corporation for such additional shares so issued or sold would purchase at a consideration per share equal to the Current Market Price, and the denominator of which shall be the number of shares of Common Stock outstanding immediately after the issuance or sale of such additional shares of Common Stock. For the purposes of this Section 8(f)(ii), the date as of which the Current Market Price shall be determined shall be the date of the actual issuance or sale of such shares.

(B) The adjustment shall be made successively whenever any such issuance is made, and shall become effective immediately after such issuance.

(C) This Section 8(f)(ii) does not apply to: (i) any of the transactions described in Section 8(f)(iii) and 8(f)(iv); (ii) the conversion of the shares of Series A Preferred Stock; and (iii) any shares issued under the Corporation's Amended and Restated 1994 Long-Term Incentive Plan, and any other such plans adopted by the Board of Directors.

(iii) Rights Issue.

(A) If the Corporation issues or sells any warrants or options or other rights entitling the holders of Common Stock to subscribe for or purchase either any additional shares of Common Stock or evidences of indebtedness, shares of stock or other securities which are convertible into or exchangeable, with or without payment of additional consideration in cash or property, for additional shares of Common Stock (such convertible or exchangeable evidence of indebtedness, shares of stock or other securities hereinafter being called "Convertible Securities"), and the consideration per share for which additional shares of Common Stock may at any time thereafter be issuable pursuant to such warrants, options or other rights or pursuant to the terms of such Convertible Securities (when added to the consideration per share of Common Stock, if any, received for such warrants, options or other rights), shall be less than the Current Market Price at the time of the issuance of the warrants, options or other rights, then the Conversion Price shall be adjusted as provided below, such that a holder of shares of the Series A Preferred Stock, upon conversion of his shares of Series A Preferred Stock into shares of Common Stock, shall have the right to receive that number of shares of Common Stock which, after giving effect to the following adjustment, such holder would receive if such holder elected to convert his shares of Series A Preferred Stock into Common Stock. The Conversion Price shall be adjusted to the number determined by multiplying the current Conversion Price by a fraction, (A) the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding on the record date plus (ii) the quotient of (x) the number of additional shares of Common Stock covered by such warrants,

options or rights, multiplied by the sales price per share of additional shares covered by such warrants, options or other rights, divided by (y) the Current Market Price per share of Common Stock on the record date, and (B) the denominator of which shall be the sum of (i) the number of shares of Common Stock outstanding on the record date and (ii) the number of additional shares of Common Stock covered by such warrants, options or other rights. For purposes of this Section 8(f)(iii), the foregoing adjustment shall be made on the basis that (i) the maximum number of additional shares of Common Stock issuable pursuant to all such warrants, options or other rights or necessary to effect the conversion or exchange of all such Convertible Securities shall be deemed to have been issued and (ii) the aggregate consideration for such maximum number of additional shares shall be deemed to be the minimum consideration received and receivable by the Corporation for the issuance of such additional shares (plus the consideration, if any, received for such warrants, options or other rights) pursuant to such warrants, options or other rights or pursuant to the terms of such Convertible Securities.

(B) The adjustment shall be made successively whenever any such warrants, options or other rights are issued and shall become effective immediately after the record date for the determination of shareholders entitled to receive the warrants, options or other rights.

(C) This Section 8(f)(iii) does not apply to: (i) the conversion of the shares of Series A Preferred Stock; and (ii) any shares issued under the Corporation's Amended and Restated 1994 Long-Term Incentive Plan, and any other such plans adopted by the Board of Directors.

(iv) Convertible Securities Issue.

(A) If the Corporation issues Convertible Securities (other than securities issued in transactions described in Section 8(f)(iii)) and the consideration per share for which additional shares of Common Stock may at any time thereafter be issuable pursuant to the terms of such Convertible Securities is less than the Current Market Price on the date of issuance of such securities, the Conversion Price shall be adjusted as provided below, such that a holder of shares of Series A Preferred Stock, upon conversion of his shares of Series A Preferred Stock into shares of Common Stock, shall have the right to receive that number of shares of Common Stock which, after giving effect to the following formula, such holder would receive if such holder elected to convert his shares of Series A Preferred Stock into Common Stock. The Conversion Price shall be adjusted to the number determined by multiplying the current Conversion Price by a fraction, (A) the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to the issuance of such securities and (ii) the quotient of (x) the aggregate consideration received for the issuance of such securities, divided by (y) the Current Market Price per share on the date of issuance of such securities and (B) the denominator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to the issuance of such securities and (ii) the maximum number of shares deliverable upon conversion or in exchange for such securities at the initial conversion or exchange rate. The adjustment shall be made on the basis that (i) the maximum number of additional shares of Common Stock necessary to effect the

conversion or exchange of all such Convertible Securities shall be deemed to have been issued and (ii) the aggregate consideration for such maximum number of additional shares of Common Stock shall be deemed to be the minimum consideration received and receivable by the Corporation for the issuance of such additional shares pursuant to the terms of such Convertible Securities. No adjustment of the Conversion Price shall be made under this Section 8(f)(iv) upon the issuance of any Convertible Securities which are issued pursuant to the exercise of any warrants or other subscription or purchase rights therefor, if such adjustment shall previously have been made upon the issuance of such warrants or other rights pursuant to Section 8(f)(iii).

(B) The adjustment shall be made successively whenever any such issuance is made, and shall become effective immediately after such issuance.

(C). This Section 8(f)(iv) does not apply to: (i) the conversion of the shares of Series A Preferred Stock and (ii) any shares issued under the Corporation's Amended and Restated 1994 Long-Term Incentive Plan, and any other such plans adopted by the Board of Directors.

(v) Conversion Price Date. For purposes of Sections 8(f)(iii) and 8(f)(iv), the date as of which the Conversion Price shall be computed shall be the earliest of (i) the date on which the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive any warrants or other rights referred to in Section 8(f)(iii) or to receive any Convertible Securities, (ii) the date on which the Corporation shall enter into a firm contract for the issuance of such warrants or other rights or Convertible Securities or (iii) the date of the actual issuance of such warrants or other rights or Convertible Securities.

(vi) No Compound Adjustment. No adjustment of the Conversion Price shall be made under Section 8(f)(ii) upon the issuance of any additional shares of Common Stock which are issued pursuant to the exercise of any warrants or other subscription or purchase rights or pursuant to the exercise of any conversion or exchange rights in any Convertible Securities, if such adjustment shall previously have been made upon the issuance of such warrants or other rights or upon the issuance of such Convertible Securities (or upon the issuance of any warrants or other rights therefor), pursuant to Sections 8(f)(iii).

(vii) Readjustment. If any warrants or other rights (or any portions thereof) which shall have given rise to an adjustment pursuant to Section 8(f)(iii) or conversion rights pursuant to Convertible Securities which shall have given rise to an adjustment pursuant to Section 8(f)(iv) shall have expired or terminated without the exercise thereof and/or if by reason of the terms of such warrants or other rights or Convertible Securities there shall have been an increase or increases, with the passage of time otherwise, in the price payable upon the exercise or conversion thereof, then the Conversion Price hereunder shall be readjusted (but to no greater extent than originally adjusted), taking into account all transactions described in Sections 8(f)(i) through 8(f)(iv) hereof that have occurred in the interim, on the basis of (i) eliminating from the computation any additional shares of Common Stock corresponding to such warrants or other rights or conversion rights as shall have

expired or terminated, (ii) treating the additional shares of Common Stock, if any, actually issued or issuable pursuant to the previous exercise of such warrants or other rights or of conversion rights pursuant to any Convertible Securities as having been issued for the consideration actually received and receivable therefor and (iii) treating any of such warrants or other rights or conversion rights pursuant to any Convertible Securities which remain outstanding as being subject to exercise or conversion on the basis of such exercise or Conversion Price as shall be in effect at the time; provided, however, that any consideration which was actually received by the Corporation in connection with the issuance or sale of such warrants or other rights shall form part of the readjustment computation even though such warrants or other rights shall have expired or terminated without the exercise thereof.

(viii) Consideration Received. To the extent that any additional shares of Common Stock, any warrants, options or other rights to subscribe for or purchase any additional shares of Common Stock, or any Convertible Securities shall be issued for cash consideration, the consideration received by the Corporation therefor shall be deemed to be the amount of the cash received by the Corporation therefor, or, if such additional shares, warrants, options or other rights or Convertible Securities are sold to underwriters or dealers for public offering without a subscription offering, the initial public offering price, in any such case excluding any amounts paid or receivable for accrued interest or accrued dividends and without deduction of any compensation, discounts or expenses paid or incurred by the Corporation for and in the underwriting of, or otherwise in connection with, the issuance thereof. If and to the extent that such issuance shall be for a consideration other than cash, then, except as herein otherwise expressly provided, the amount of such consideration shall be deemed to be the fair value of such consideration at the time of such issuance as determined by the Board of Directors of the Corporation. If additional shares of Common Stock shall be issued as part of a unit with warrants or other rights, then the amount of consideration for the warrant or other right shall be deemed to be the amount determined at the time of issuance by the Board of Directors of the Corporation. If the Board of Directors of the Corporation shall not make any such determination, the consideration for the warrant, option or other right shall be deemed to be zero.

(ix) Other Conversions. If a state of facts shall occur which, without being specifically controlled by the provisions of this Section 8, would not fairly protect the conversion rights of the holders of shares of Series A Preferred Stock in accordance with the essential intent and principles of such provisions, then the Board of Directors of the Corporation shall make an adjustment in the application of such provisions, in accordance with such essential intent and principles, so to protect such conversion rights.

(x) De Minimis Adjustment. Anything herein to the contrary notwithstanding, no adjustment in the Conversion Price shall be required unless such adjustment, either by itself or with other adjustments not previously made, would require a change of at least one percent (1%) in the Conversion Price; provided, however, that any adjustment which by reason of this Section 8(f)(x) is not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 8 shall be made to the nearest one-tenth of a cent

($.001) (rounded to the nearest cent ($.01) with respect to any monetary amount to be actually paid) or to the nearest one hundredth (0.01) of a share, as the case may be.

(xi) Current Market Price. For the purpose of any computation hereunder, the "Current Market Price " on any date will be the average of the last reported sale prices per share (the "Quoted Price") of the Common Stock on each of the fifteen consecutive Trading Days (as defined below) preceding the date of the computation. The Quoted Price of the Common Stock on each day will be (A) the last reported sales price of the Common Stock on the principal stock exchange on which the Common Stock is listed, or (B) if the Common Stock is not listed on a stock exchange, the last reported sales price of the Common Stock on the principal automated securities price quotation system on which sale prices of the Common Stock are reported, or (C) if the Common Stock is not listed on a stock exchange and sale prices of the Common Stock are not reported on an automated quotation system, the mean of the high bid and low asked price quotations for the Common Stock as reported by National Quotation Bureau Incorporated if at least two securities dealers have inserted both bid and asked quotations for the Common Stock on a day will be the Quoted Price of the Common Stock on that day as determined by a member firm of the New York Stock Exchange, Inc. selected by the Board of Directors. If no two securities dealers have inserted such bid and ask quotations, or such Quoted Prices otherwise are not available, the Current Market Price means the fair market value of the Common Stock as of the date prior to the date on which the Current Market Price is determined, which such fair market value shall be determined by the Board of Directors of the Corporation. As used with regard to the Series A Preferred Stock, the term "Trading Day" means (x) if the Common Stock is listed on at least one stock exchange, a day on which there is trading on the principal stock exchange on which the Common Stock is listed, (y) if the Common Stock is not listed on a stock exchange, but sale prices of the Common Stock are reported on an automated quotation system, a day on which trading is reported on the principal automated quotation system on which sales of the Common Stock are reported, or (z) if the Common Stock is not listed on a stock exchange and sale prices of the Common Stock are not reported on an automated quotation system, a day on which quotations are reported by National Quotation Bureau Incorporated.

(g) No fractional shares of Common Stock shall be issued upon the conversion of Series A Preferred Stock. If any fractional interest in a share of Common Stock would, except for the provisions of this subparagraph (g), be deliverable upon the conversion of any Series A Preferred Stock, the Corporation shall, in lieu of delivering the fractional share therefor, adjust such fractional interest by payment to the holder of such converted Series A Preferred Stock of an amount in cash equal (computed to the nearest cent) to the Current Market Price of such fractional interest as of the end of the Corporation's last fiscal year as determined in good faith in the sole discretion of the Board of Directors of the Corporation.

(h) Whenever the Conversion Price is adjusted, as herein provided, the Corporation shall promptly mail a notice of the adjustment to holders of Series A Preferred Stock by first class mail. The Corporation shall forthwith maintain at its principal executive office and file with the transfer agent, if any, for Series A Preferred Stock, a statement, signed by the Chairman of

the Board, or the President, or a Vice President of the Corporation and by its chief financial officer or an Assistant Treasurer, showing in reasonable detail the facts requiring such adjustment and the Conversion Price after such adjustment. Such transfer agent shall be under no duty or responsibility with respect to any such statement except to exhibit the same from time to time to any holder of Series A Preferred Stock desiring an inspection thereof.

(i) If there shall occur any capital reorganization or any reclassification of the capital stock of the Corporation, consolidation or merger of the Corporation with or into another entity, or the conveyance of all or substantially all of the assets of the Corporation to another person or entity, each share of Series A Preferred Stock shall thereafter be convertible into the number of shares or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such Series A Preferred Stock would have been entitled upon such reorganization, reclassification, consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined in good faith in the sole discretion of the Board of Directors of the Corporation) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the Series A Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the Conversion Price) shall be applicable, as nearly as reasonably may be, in relation to any shares or other property thereafter deliverable upon the conversion of the Series A Preferred Stock.

(j) The Corporation shall at all times reserve and keep available, out of its authorized but unissued shares of Common Stock or treasury shares thereof, solely for the purpose of issuance upon the conversion of Series A Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all Series A Preferred Stock from time to time outstanding. The Corporation shall from time to time, in accordance with the laws of the State of Delaware, increase the authorized amount of its Common Stock if at any time the authorized number of shares of Common Stock remaining unissued shall not be sufficient to permit the conversion of all of the Series A Preferred Stock at the time outstanding.

(k) The Corporation shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon conversion of the Series A Preferred Stock into Common Stock. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of any security in a name other than that in which the Series A Preferred Stock so converted was registered, and no such issue or delivery shall be made unless and until the person requested such issue has paid to the Corporation the amount of any such tax, or has established to the satisfaction of the Corporation that such tax has been paid.

9. Exclusion of Other Rights.

Except as otherwise required by law, shares of Series A Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those

specifically set forth in this resolution and in the Certificate of Designations filed pursuant hereto (as such Certificate may be amended from time to time) and in the Certificate of Incorporation. No shares of Series A Preferred Stock shall have any rights of preemption or subscription whatsoever as to any securities of the Corporation, except as expressly provided in any written agreement among the Corporation and any holder or holders of Series A Preferred Stock.

10. Reissuance of Preferred Stock.

Shares of Series A Preferred Stock that have been issued and reacquired in any manner, including shares purchased or redeemed or exchanged, shall (upon compliance with any applicable provisions of the General Corporation Law of the State of Delaware) be canceled and shall not be reissued.

11. Headings of Subdivisions.

The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

12. Severability of Provisions.

If any right, preference or limitation of the Series A Preferred Stock set forth in this resolution and in the Certificate of Designations for the Series A Preferred Stock (as such Certificate may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule or law or public policy, all other rights, preferences and limitations set forth in such Certificate of Designations (as so amended) which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

13. Notice.

All notices and other communications required or permitted to be given to the Corporation hereunder shall be made by hand delivery or registered or certified mail, return receipt requested, to the Corporation at its principal executive offices (currently located on the date of the adoption of these resolutions at 13800 Montfort Drive, Suite 300, Dallas, Texas 75240, Attention: Secretary. Minor imperfections in any such notice shall not affect the validity thereof.

IN WITNESS WHEREOF, Renters Choice, Inc. has caused this certificate to be signed by _____, its _____, this _____ day of August, 1998.

RENTERS CHOICE, INC.
a Delaware corporation

By: _____
Name: _____
Title:_____

EXHIBIT 3

CERTIFICATE OF DESIGNATIONS, PREFERENCES
AND RELATIVE RIGHTS AND LIMITATIONS
OF
SERIES B PREFERRED STOCK
OF
RENTERS CHOICE, INC.

Pursuant to Section 151
of the General Corporation Law of the State of Delaware

Renters Choice, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware, does by its Assistant Secretary hereby certify that pursuant to the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors, at a meeting on August 4, 1998, duly adopted the following resolution establishing, the rights, preferences, privileges and restrictions of a series of preferred stock of the corporation which resolution remains in full force and effect as of the date hereof:

WHEREAS, the Board of Directors of Renters Choice, Inc. (the "Corporation") is authorized, within the limitations and restrictions stated in its Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), to fix by resolution or resolutions adopted prior to the issuance of any shares of each particular series of preferred stock and incorporated in a certificate of designation filed with the Secretary of State of the State of Delaware, the designation, powers (including voting powers and voting rights), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as may be fixed from time to time by the Board of the Directors in the resolution or resolutions adopted pursuant to the authority granted under the Certificate of Incorporation; and

WHEREAS, it is the desire of the Board of Directors of the Corporation, pursuant to its authority as aforesaid, to authorize and fix the terms of a series of preferred stock and the number of shares constituting such series;

NOW, THEREFORE, BE IT RESOLVED, that pursuant to Paragraph Fourth, Section 1 of the Certificate of Incorporation, there is hereby authorized such series of preferred stock on the terms and with the provisions herein set forth:

1. Certain Definitions.

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings specified (with terms defined in the singular having comparable meanings when used in the plural).

Affiliate. The term "Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and, in the case of a Person who is an individual, shall include (i) members of such specified Person's immediate family (as defined in Instruction 2 of Item 404(a) of Regulation S-K under the Securities Act) and (ii) trusts, the trustee and all beneficiaries of which are such specified Person or members of such Person's immediate family as determined in accordance with the foregoing clause (i). For the purposes of this definition, control when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding the foregoing, the holders of the Series B Preferred Shares and their Affiliates shall not be deemed Affiliates of the Corporation.

Change of Control. The term "Change of Control" shall mean the occurrence of any one of the following events (i) the acquisition after the Initial Issue Date, in one or more transactions, of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) by (i) any person or entity (other than any Permitted Holder) or (ii) any group of persons or entities (excluding any Permitted Holders) who constitute a group (within the meaning of Section 13(d)(3) of the Exchange Act), in either case, of any securities of the Corporation such that, as a result of such acquisition, such person, entity or group beneficially owns (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, 40% or more of the then outstanding voting securities entitled to vote on a regular basis for a majority of the Board of Directors of the Corporation (but only to the extent that such beneficial ownership is not shared with any Permitted Holder who has the power to direct the vote thereof); provided, however, that no such Change of Control shall be deemed to have occurred if (A) the Permitted Holders beneficially own, in the aggregate, at such time, a greater percentage of such voting securities than such other person, entity or group or (B) at the time of such acquisition, the Permitted Holders (or any of them) possess the ability (by contract or otherwise) to elect, or cause the election of, a majority of the members of the Corporation's Board of Directors; (II) the acquisition by any person of all or substantially all of the assets of the Corporation; (III) the determination by the Corporation's Board of Directors to recommend the acceptance of any proposal set forth in a tender offer statement or proxy statement filed by any person with the Securities and Exchange Commission which indicates the intention on the part of that person to acquire, or acceptance of which would otherwise have the effect of that person acquiring, control of the Corporation; or (IV) upon, other than as a result of the death or disability of one or more of the directors within a three-month period, a majority of the members of the Board of Directors of the Corporation for any period of three consecutive months not being persons who (a) had been directors of the Corporation for at least the preceding 24 consecutive months or were

elected by the holders of the Series B Preferred Stock, voting separately as a class, or (b) when they initially were elected to the Board of Directors of the Corporation, (x) were nominated (if they were elected by the stockholders) or elected (if they were elected by the directors) with the affirmative concurrence of 66-2/3% of the directors who were Continuing Directors at the time of the nomination or election by the Board of Directors of the Corporation and (y) were not elected as a result of an actual or threatened solicitation of proxies or consents by a person other than the Board or an agreement intended to avoid or settle such a proxy solicitation (the directors described in clauses (a) and (b) of this subsection (IV) being "Continuing Directors"); provided, however, that no Change of Control shall be deemed to have occurred by virtue of any merger of the Corporation with any wholly-owned subsidiary of the Corporation or any merger of two wholly-owned subsidiaries of the Corporation if, in any such merger, the proportionate ownership interests of the stockholders of the Corporation remain unchanged.

Common Stock. The term "Common Stock" shall mean the voting common stock, par value $.01 per share, of the Corporation.

Conversion Date. The term "Conversion Date" shall have the meaning set forth in Sections 3(c) and 9(c) below, as applicable.

Conversion Price. The term "Conversion Price" shall mean the "Conversion Price" as set forth in the Series A Certificate of Designations as adjusted in accordance with Sections 9(d) and 9(e) hereof.

Conversion Release Date. The term "Conversion Release Date" shall have the meaning set forth in Section 9(a) below.

Corporation Notice. The term "Corporation Notice" shall have the meaning set forth in Section 6(a)(ii)(A) below.

Current Market Price. The term "Current Market Price" on any date shall be the average of the last reported sale prices per share (the "Quoted Price") of the Common Stock on each of the fifteen consecutive Trading Days (as defined below) preceding the date of the computation. The Quoted Price of the Common Stock on each day will be (A) the last reported sales price of the Common Stock on the principal stock exchange on which the Common Stock is listed, or (B) if the Common Stock is not listed on a stock exchange, the last reported sales price of the Common Stock on the principal automated securities price quotation system on which sale prices of the Common Stock are reported, or (C) if the Common Stock is not listed on a stock exchange and sale prices of the Common Stock are not reported on an automated quotation system, the mean of the high bid and low asked price quotations for the Common Stock as reported by National Quotation Bureau Incorporated if at least two securities dealers have inserted both bid and asked quotations for the Common Stock on a day will be the Quoted Price of the Common Stock on that day as determined by a member firm of the New York Stock Exchange, Inc. selected by the Board of Directors. If no two securities dealers have inserted such bid and ask quotations, or such Quoted Prices otherwise

are not available, the Current Market Price means the fair market value of the Common Stock as of the date prior to the date on which the Current Market Price is determined, which such fair market value shall be determined by the Board of Directors of the Corporation. As used herein the term "Trading Day" means (x) if the Common Stock is listed on at least one stock exchange, a day on which there is trading on the principal stock exchange on which the Common Stock is listed, (y) if the Common Stock is not listed on a stock exchange, but sale prices of the Common Stock are reported on an automated quotation system, a day on which trading is reported on the principal automated quotation system on which sales of the Common Stock are reported, or (z) if the Common Stock is not listed on a stock exchange and sale prices of the Common Stock are not reported on an automated quotation system, a day on which quotations are reported by National Quotation Bureau Incorporated.

Dividend Payment Date. The term "Dividend Payment Date" shall have the meaning set forth in Section 4(a) below.

Dividend Rate. The term "Dividend Rate" shall have the meaning set forth in Section 4(a) below.

Exchange Act. The term "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Initial Issue Date. The term "Initial Issue Date" shall mean the date that shares of Series B Preferred Stock are first issued by the Corporation.

IRR. The term "IRR" shall have the meaning set forth in Section 5(a)(vi) below.

Junior Stock. The term "Junior Stock" shall mean any stock of the Corporation, other than the Common Stock, ranking junior to the Series B Preferred Stock as to dividends and upon liquidation. Junior Stock shall not include the Series A Preferred Stock.

Liquidation. The term "Liquidation" shall mean any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary; provided, that neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation, nor the consolidation or merger of the Corporation with one or more other entities, shall, by itself, be deemed a Liquidation.

Liquidation Preference Amount. The term "Liquidation Preference Amount" shall mean at any date a number equal to the product of (i) $1,050 per share of Series B Preferred Stock, plus all accrued and unpaid dividends thereon calculated in accordance with Sections 4(a) and 4(b) hereof, multiplied by (ii) a fraction, the numerator of which shall be the number equal to the Current Market Price as of such date, and the denominator of which shall be the number equal to the Current Market Price as of the Initial Issue Date (adjusted for stock splits, reorganizations, recapitalizations

or similar events); provided, however, that in no case shall the Liquidation Preference Amount be an amount less than $1,050 per share of Series B Preferred Stock, plus all accrued and unpaid dividends thereon calculated in accordance with Sections 4(a) and 4(b) hereof.

Non-Voting Common Stock. The term "Non-Voting Common Stock" shall mean the non-voting common stock, par value $.01 per share, of the Corporation.

Permitted Holder. The term "Permitted Holder" shall mean (i) Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., or any entity controlled by either of the foregoing or any of the partners of the foregoing, (ii) an employee benefit plan of the Corporation or any subsidiary of the Corporation, or any participant therein, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its subsidiaries or (iv) any Permitted Transferee of any of the foregoing persons.

Permitted Transferee. The term "Permitted Transferee" shall mean, with respect to any Person, (i) any officer, director or partner of, or Person controlling, such Person, (ii) any other Person that is (x) an Affiliate of the general partner(s), investment manager(s) or investment advisor(s) of such Person, (y) an Affiliate of such Person or a Permitted Transferee of an Affiliate or (z) an investment fund, investment account or investment entity whose investment manager, investment advisor or general partner thereof is such Person or a Permitted Transferee of such Person or (iii) if a Permitted Transferee of a Person set forth in the foregoing clauses (i) and (ii) is an individual, (x) any spouse or issue of such individual, or any trust solely for the benefit of such individual, spouse or issue, and (y) upon such individual's death, any Person to whom Shares are transferred in accordance with the laws of descent and/or testamentary distribution, in each case in a bona fide distribution or other transaction not intended to avoid the provisions of this Agreement.

Person. The term "Person" shall mean an individual or a corporation, limited liability company, partnership, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

Quarterly Dividend Period. The term "Quarterly Dividend Period" shall have the meaning set forth in Section 4(a) below.

Redemption Event. A Redemption Event will be deemed to occur at the earliest of (i) the date upon which there is a Change of Control of the Corporation, (ii) the date upon which the Corporation's Common Stock is not listed for trading on a United States national securities exchange or the NASDAQ National Market System, or (iii) the eleventh anniversary of the Initial Issue Date.

Repurchase Date. The term "Repurchase Date" shall have the meaning set forth in Section 6(a)(i) below.

Repurchase Price. The term "Repurchase Price" shall have the meaning set forth in Section 6(a)(i) below.

Securities Act. The term "Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Series A Certificate of Designations. The term "Series A Certificate of Designations" shall mean the Certificate of Designations, Preferences, and Relative Rights and Limitations relating to the Series A Preferred Stock, in the form filed with the Delaware Secretary of State.

Series A Preferred Stock. The term "Series A Preferred Stock" shall mean the Series A Preferred Stock, par value $.01 per share, of the Corporation.

Series B Preferred Stock. The term "Series B Preferred Stock" shall mean the Series B Preferred Stock authorized hereby.

Stockholders Agreement. The term "Stockholders Agreement" shall mean that certain stockholders agreement of the Corporation dated as of August 5, 1998, as in effect on the Initial Issue Date, a copy of which shall be maintained by the Secretary of the Corporation and which shall be available to any stockholder of the Corporation upon request.

2. Designation.

The series of preferred stock authorized hereby shall be designated as the "Series B Preferred Stock." The number of shares constituting such series shall initially be Four Hundred Thousand (400,000). The par value of the Series B Preferred Stock shall be $.01 per share.

3. Conversion to Series A Preferred Stock.

(a) i. If the stockholders of the Corporation shall on or before the day that is 120 calendar days following the Initial Issue Date approve the proposal to allow the Series B Preferred Stock to be converted into shares of the Series A Preferred Stock (the "Series A-to-B Conversion"), then each outstanding share of Series B Preferred Stock shall, without any action on the part of the holder thereof or the Corporation, be automatically converted into one fully-paid and non-assessable share of Series A Preferred Stock.

ii. If the stockholders of the Corporation shall approve the Series A-to-B Conversion during the period commencing on the date that is 121 calendar days following the Initial Issue Date and continuing up to and including the date that is 150 calendar days following the Initial Issue Date, then each outstanding share of Series B Preferred Stock shall, without any action on the part of the holder thereof or the Corporation, be automatically converted into 1.15 fully-paid and non-assessable shares of Series A Preferred Stock.

iii. If the stockholders of the Corporation shall approve the Series A-to-B Conversion on or after the date that is 151 days following the Initial Issue Date, the conversion of the shares of Series B Preferred Stock into shares of Series A Preferred Stock shall be at the sole

option and discretion of each holder of the Series B Preferred Stock, and each outstanding share of Series B Preferred Stock shall be convertible into 1.2 fully-paid and non-assessable shares of Series A Preferred Stock.

(b) Promptly following the conversion of Series B Preferred Stock to Series A Preferred Stock pursuant to Sections 3(a)(i) and (ii) above, the holder of the Series B Preferred Stock shall (i) surrender the certificates or certificates evidencing the shares of Series B Preferred Stock, duly endorsed in a form reasonably satisfactory to the Corporation, at the office of the Corporation or of the transfer agent for the Series B Preferred Stock and (ii) state in writing the name or names in which the certificate or certificates for shares of Series A Preferred Stock are to be issued. As soon as practical following receipt of the foregoing, the Corporation shall deliver to such former holder of Series B Preferred Stock, a certificate or certificates in denominations acceptable to the holders representing the shares of Series A Preferred Stock. Such conversion shall be deemed to have been effected as of the close of business on the date on which the stockholders of the Corporation approved the Series A-to-B Conversion.

(c) To convert Series B Preferred Stock into Series A Preferred Stock at the option of the holder pursuant to Section 3(a)(iii) above, a holder must give written notice to the Corporation at such office that such holder elects to convert Series B Preferred Stock into Series A Preferred Stock, and the number of shares to be converted. Such conversion shall be deemed to have been effected as of the close of business on the date on which the holder delivers such notice to the Corporation (such date is referred to herein as the "Conversion Date" for purposes of any conversion of Series B Preferred Stock pursuant to Section 3(a)(iii)). Promptly thereafter, the holder of the Series B Preferred Stock shall (i) surrender the certificate or certificates evidencing the shares of Series B Preferred Stock to be converted, duly endorsed in a form reasonably satisfactory to the Corporation, at the office of the Corporation or of the transfer agent for the Series B Preferred Stock and (ii) state in writing the name or names in which the certificate or certificates for shares of Series A Preferred Stock are to be issued. As soon as practical following receipt of the foregoing, the Corporation shall deliver to such former holder of Series B Preferred Stock, a certificate representing the shares of Series A Preferred Stock, together with a new certificate representing the unconverted portion, if any, of the shares of Series B Preferred Stock formerly represented by the certificate or certificates surrendered for conversion.

4. Dividends.

(a) The holders of the shares of Series B Preferred Stock shall be entitled to receive cumulative quarterly dividends at a dividend rate equal to 3 3/4% per annum (the "Dividend Rate") computed on the basis of $1,000 per share, when and as declared by the Board of Directors of the Corporation, out of funds legally available for the payment of dividends; provided, however, on and after the earlier of the day that is 121 calendar days following the Initial Issue Date or the date of a stockholders meeting convened for the purpose of obtaining the approval described in Section 3(a) of this Certificate of Designations, the dividend rate shall be equal to 7% per annum computed on the basis of $1,000 per share. Notwithstanding the foregoing, for the five-year period

commencing with the Initial Issue Date, payments of dividends shall be made, at the election of the Corporation, either (i) in cash or (ii) by issuing a number of additional fully paid and nonassessable shares (and/or fractional shares) of Series B Preferred Stock for each such share (or fractional share) of Series B Preferred Stock then outstanding equal to the dividend then payable on each such share (or fractional share) of Series B Preferred Stock (expressed as a dollar amount) divided by 1,000. Quarterly dividend periods (each a "Quarterly Dividend Period") shall commence on January 1, April 1, July 1 and October 1, in each year, except that the first Quarterly Dividend Period shall commence on the date of issuance of the Series B Preferred Stock, and shall end on and include the day immediately preceding the first day of the next Quarterly Dividend Period. Dividends on the shares of Series B Preferred Stock shall be payable on March 31, June 30, September 30, December 31 of each year (a "Dividend Payment Date"), commencing September 30, 1998. Each such dividend shall be paid to the holders of record of the Series B Preferred Stock as they shall appear on the stock register of the Corporation on such record date, not exceeding 45 days nor less than 10 days preceding such Dividend Payment Date, as shall be fixed by the Board of Directors of the Corporation or a duly authorized committee thereof.

If, on any Dividend Payment Date, the full dividends provided for in this Section 4(a) are not declared and paid to the holders of the Series B Preferred Stock, whether in cash or in additional shares of Series B Preferred Stock, then such dividends shall cumulate with additional dividends thereon, compounded quarterly, at the dividend rate applicable to the Series B Preferred Stock as provided in this Section 4(a), for each succeeding full Quarterly Dividend Period during which such dividends shall remain unpaid. In the event the Corporation elects to pay dividends in additional shares of Series B Preferred Stock, the Corporation shall on the Dividend Payment Date deliver to the holders certificates representing such shares.

Notwithstanding anything to the contrary in this Certificate of Designations, in the event any conversion (including into Series A Preferred Stock or Non-Voting Common Stock), redemption or liquidation occurs as of a date other than on a Dividend Payment Date, the holder of Series B Preferred Stock shall be paid a pro rata dividend equal to the dividend payable for that Quarterly Dividend Period multiplied by a fraction, the numerator of which is the number of days that have elapsed since the last Dividend Payment Date and the denominator of which is the number of days in the Quarterly Dividend Period in which the conversion, redemption or liquidation occurs.

(b) The amount of any dividends accrued on any share of the Series B Preferred Stock on any Dividend Payment Date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such Dividend Payment Date, whether or not earned or declared. The amount of dividends accrued on any share of the Series B Preferred Stock on any date other than a Dividend Payment Date shall be deemed to be the sum of (i) the amount of any unpaid dividends accumulated thereon to and including the last preceding Dividend Payment Date, whether or not earned or declared, and (ii) an amount determined by multiplying (x) the Dividend Rate by (y) a fraction, the numerator of which shall be the number of days from the last preceding Dividend Payment Date to and including the date on which such calculation is made and the denominator of which shall be the full number of days in such Quarterly Dividend Period.

(c) Immediately prior to authorizing or making any distribution in redemption or liquidation with respect to the Series B Preferred Stock (other than a purchase or acquisition of Series B Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Series B Preferred Stock), the Board of Directors shall, to the extent of any funds legally available therefor, declare a dividend in cash on the Series B Preferred Stock payable on the distribution date in an amount equal to any accrued and unpaid dividends on the Series B Preferred Stock as of such date.

5. Consent Rights.

(a) Commencing on the day that is 121 calendar days following the Initial Issue Date and for so long as any shares of Series B Preferred Stock are outstanding, the Corporation will not, directly or indirectly, including through a merger or consolidation with any other corporation or otherwise, without the consent of holders of at least a majority of the outstanding shares of Series B Preferred Stock, (i) increase the number of authorized shares of Series B Preferred Stock or authorize the issuance or issue of any shares of Series B Preferred Stock other than to existing holders of Series B Preferred Stock, (ii) amend, alter or repeal, in any manner whatsoever, the designations, preferences and relative rights and limitations and restrictions of the Series B Preferred Stock or the Series A Preferred Stock; (iii) amend, alter or repeal any of the provisions of the Certificate of Incorporation or By-Laws of the Corporation in a manner that would negatively impact the holders of the Series B Preferred Stock, including (but not limited to) any amendment that is in conflict with the consent rights set forth in this Section 5; (iv) directly or indirectly, redeem, purchase or otherwise acquire for value (including through an exchange), or set apart money or other property for any mandatory purchase or other analogous fund for the redemption, purchase or acquisition of any shares of Common Stock or Junior Stock, except for the repurchase by the Corporation of up to $25,000,000 in Common Stock from J. Ernest Talley, declare or pay any dividend or make any distribution (whether in cash, shares of capital stock of the Corporation, or other property) on shares of Common Stock or Junior Stock; (v) effect a voluntary liquidation, dissolution or winding up of the Corporation; (vi) sell or agree to sell all or substantially all of the assets of the Corporation, unless such transaction (1) occurs after the fourth anniversary of the Initial Issue Date, (2) is a sale for cash and (3) results in an internal rate of return ("IRR") of 30% compounded quarterly or greater to the holder of the Series B Preferred Stock with respect to each share of Series B Preferred Stock issued on the Initial Issue Date, or (vii) enter into any merger or consolidation or other business combination involving the Corporation (except a merger of a wholly-owned subsidiary of the Corporation into the Corporation in which the Corporation's capitalization is unchanged as a result of such merger) unless such transaction (1) occurs after the fourth anniversary of the Initial Issue Date, (2) is for cash and (3) results in an IRR of 30% compounded quarterly or greater to the holder of the Series B Preferred Stock with respect to each share of Series B Preferred Stock issued on the Initial Issue Date.

(b) While any shares of Series B Preferred Stock are outstanding, the Corporation will not, directly or indirectly, without the majority affirmative vote of the Finance Committee, issue

debt securities of the Corporation with a value in excess of $10 million (including any refinancing of existing indebtedness).

(c) While any shares of Series B Preferred Stock are outstanding, the Corporation will not, directly or indirectly, without the unanimous affirmative vote of the Finance Committee, issue equity securities of the Corporation with a value in excess of $10 million (including any refinancing of existing indebtedness); provided, however, that the following equity issuances shall require only a majority affirmative vote of the Finance Committee: (A) a Common Stock offering within 24 months of the Initial Issue Date that is equal to or less than $75 million of gross proceeds to the Corporation and the selling price is equal to or greater than the Conversion Price, (B) a Common Stock offering in which the selling price (1) at any time prior to the third anniversary of the Initial Issue Date is equal to or greater than two times the Conversion Price and (2) thereafter, equal to or greater than the price that would imply a 25% or greater IRR compounded quarterly on the Conversion Price and (C) an issuance of equity in connection with an acquisition if the issuance is equal to or less than 10% of the outstanding Common Stock (calculated post-issuance of such shares of Common Stock).

6. Redemption

(a) Mandatory Redemption.

(i) Right to Require Redemption. If at any time there shall occur any Redemption Event of the Corporation, then each holder of Series B Preferred Stock shall have the right, at such holder's option, to require the Corporation to redeem, and upon the exercise of such right the Corporation shall redeem, all or any part of such holder's Series B Preferred Stock on the date (the "Repurchase Date") that is 45 days after the date of the Corporation Notice (as defined below). The redemption price per share (the "Repurchase Price") for such shares of Series B Preferred Stock so redeemed shall equal the Liquidation Preference Amount on the Repurchase Date.

(ii) Notices; Method of Exercising Redemption Right, etc.

(A) Within 15 days after the occurrence of a Redemption Event, the Corporation shall mail to all holders of record of the Series B Preferred Stock a notice (the "Corporation Notice") of the occurrence of the Redemption Event and of the redemption right set forth herein arising as a result thereof. Each Corporation Notice of a redemption right shall state: (i) the Repurchase Date; (II) the date by which the redemption right must be exercised; (III) the Repurchase Price; (IV) a description of the procedure which a holder must follow to exercise a redemption right including a form of the irrevocable written notice referred to in Section 6(a)(ii)(B) hereof; and (V) the place or places where such Series B Preferred Stock may be surrendered for redemption.

No failure of the Corporation to give the foregoing notices or any defect therein shall limit any holder's right to exercise a redemption right or affect the validity of the proceedings for the redemption of Series B Preferred Stock.

(B) To exercise a redemption right, a holder must deliver to the Corporation on or before the 15th day after the date of the Corporation Notice (i) irrevocable written notice of the holder's exercise of such rights, which notice shall set forth the name of the holder, the amount of the Series B Preferred Stock to be redeemed, a statement that an election to exercise the redemption right is being made thereby, and (ii) the Series B Preferred Stock with respect to which the redemption right is being exercised, duly endorsed for transfer to the Corporation. Such written notice shall be irrevocable. Subject to the provisions of Section 6(a)(ii)(D) below, Series B Preferred Stock surrendered for redemption together with such irrevocable written notice shall cease to be convertible from the date of delivery of such notice. If the Repurchase Date falls after the record date and before the following Dividend Payment Date, any Series B Preferred Stock to be redeemed must be accompanied by payment of an amount equal to the dividends thereon which the registered holder thereof is to receive on such Dividend Payment Date, and, notwithstanding such redemption, such dividend payment will be made by the Corporation to the registered holder thereof on the applicable record date; provided that any quarterly payment of dividends becoming due on the Repurchase Date shall be payable to the holders of such Series B Preferred Stock registered as such on the relevant record date subject to the terms of Section 4(b) hereof.

(C) In the event a redemption right shall be exercised in accordance with the terms hereof, the Corporation shall pay or cause to be paid the Repurchase Price in cash, to the holder on the Repurchase Date.

(D) If any Series B Preferred Stock surrendered for redemption shall not be so redeemed on the Repurchase Date, such Series B Preferred Stock shall be convertible at any time from the Repurchase Date until redeemed and, until redeemed, continue to accrue dividends to the extent permitted by applicable law from the Repurchase Date at the same rate borne by such Series B Preferred Stock. The Corporation shall pay to the holder of such Series B Preferred Stock the additional amounts arising from this Section 6(a)(ii)(D) at the time that it pays the Repurchase Price, and if applicable such Series B Preferred Stock shall remain convertible into Non-Voting Common Stock until the Repurchase Price plus any additional amounts owing on such Series B Preferred Stock shall have been paid or duly provided for.

(E) Any Series B Preferred Stock which is to be redeemed only in part shall be surrendered at any office or agency of the Corporation designated for that purpose pursuant to Section 6(a)(ii)(A)(V) hereof and the Corporation shall execute and deliver to the holder of such Series B Preferred Stock without service charge, a new certificate or certificates representing the Series B Preferred Stock, of any authorized denomination as requested by such holder, in aggregate amount equal to and in exchange for the unredeemed portion of the Series B Preferred Stock so surrendered.

7. Priority.

(a) Priority as to Dividends. Holders of the shares of the Series B Preferred Stock shall be entitled to receive the dividends provided for in Section 4 hereof in preference to and in priority over any Junior Stock or Common Stock.

(b) Series A Preferred Stock. The Series B Preferred Stock shall rank on parity with the Series A Preferred Stock with respect to dividends and redemption.

8. Liquidation Preference.

(a) In the event of any Liquidation, holders of the Series B Preferred Stock will be entitled to receive out of the assets of the Corporation whether such assets are capital or surplus and whether or not any dividends as such are declared, the Liquidation Preference Amount to the date fixed for distribution, and no more, (i) pari passu with any distribution to the holders of Series A Preferred Stock with respect to the distribution of assets and (ii) before any distribution shall be made to the holders of Junior Stock or Common Stock with respect to the distribution of assets. If the assets of the Corporation are not sufficient to pay in full the Liquidation Preference Amount payable to the holders of outstanding shares of the Series B Preferred Stock, then the holders of all such shares shall share ratably in such distribution of assets in accordance with the amount which would be otherwise payable on such distribution to the holders of Series B Preferred Stock were such Liquidation Preference Amount paid in full. Except as provided, in this Section 8(a), in the event of any Liquidation of the Corporation, the holders of shares of Series B Preferred Stock shall not be entitled to any additional payments.

(b) The consolidation or merger of the Corporation with or into such corporation or corporations shall not itself be deemed to be a Liquidation of the Corporation within the meaning of this Section 8.

(c) Written notice of any Liquidation of the Corporation, stating a payment date and the place where the distributive amounts shall be payable, shall be given by mail, postage prepaid, not less than 30 days prior to the payment date stated therein, to the holders of record of the Series B Preferred Stock at their respective addresses as the same shall appear on the books of the Corporation.

(d) The Series B Preferred Stock shall rank on parity with the Series A Preferred Stock with respect to liquidations.

9. Conversion.

(a) The Series B Preferred Stock shall not be convertible into any other class or series of stock of the Corporation until the earlier to occur of the day that is 121 calendar days following the Initial Issue Date or the date of the first stockholders meeting following the Initial

Issue Date, the earlier date of which shall constitute the "Conversion Release Date." After the Conversion Release Date, each share of Series B Preferred Stock shall be convertible at any time and from time to time, at the option of the holder thereof into validly issued, fully paid and nonassessable shares of Non-Voting Common Stock, in an amount determined in accordance with Section 9(d) below; provided, however, if after the Conversion Release Date any holder of Series B Preferred Stock elects to convert but it is determined that the Corporation cannot issue Non-Voting Common Stock, such holder shall be entitled to receive Common Stock in lieu of Non-Voting Common Stock.

(b) Immediately following the conversion of Series B Preferred Stock into Non-Voting Common Stock on the Conversion Date (i) such converted shares of Series B Preferred Stock shall be deemed no longer outstanding and (ii) the Persons entitled to receive the Non-Voting Common Stock upon the conversion of such converted Series B Preferred Stock shall be treated for all purposes as having become the owners of record of such Non-Voting Common Stock. Upon the issuance of shares of Non-Voting Common Stock upon conversion of Series B Preferred Stock pursuant to this Section 9, such shares of Non-Voting Common Stock shall be deemed to be duly authorized, validly issued, fully paid and nonassessable. Notwithstanding anything to the contrary in this Section 9, any holder of Series B Preferred Stock may convert shares of such Series B Preferred Stock into Non-Voting Common Stock in accordance with Section 9 on a conditional basis, such that such conversion will not take effect unless the conditions set forth in Section 9(c) are satisfied, and the Corporation shall make such arrangements as may be necessary or appropriate to allow such conditional conversion and to enable the holder to satisfy such other conditions.

(c) To convert Series B Preferred Stock into Non-Voting Common Stock at the option of the holder pursuant to Section 9(a), a holder must give written notice to the Corporation at such office that such holder elects to convert Series B Preferred Stock into Non-Voting Common Stock, and the number of shares to be converted. Such conversion, to the extent permitted by law, regulation, rule or other requirement of any governmental authority (collectively, "Laws") and the provisions hereof, shall be deemed to have been effected as of the close of business on the date on which the holder delivers such notice to the Corporation (such date is referred to herein as the "Conversion Date" for purposes of any conversion of Series B Preferred Stock pursuant to Section 9(a)). Promptly thereafter the holder shall (i) surrender the certificates or certificates evidencing the shares of Series B Preferred Stock to be converted, duly endorsed in a form reasonably satisfactory to the Corporation, at the office of the Corporation or of the transfer agent for the Series B Preferred Stock, (ii) state in writing the name or names in which the certificate or certificates for shares of Non-Voting Common Stock are to be issued, (iii) provide evidence reasonably satisfactory to the Corporation that such holder has satisfied any conditions, contained in any agreement or any legend on the certificates representing the Series B Preferred Stock, relating to the transfer thereof, if shares of Non-Voting Common Stock are to be issued in a name or names other than the holder's, and (iv) pay any transfer or similar tax if required as provided in Section 9(j) below. As soon as practical following receipt of the foregoing, the Corporation shall deliver to such former holder of Series B Preferred Stock, a certificate representing the shares of Non-Voting Common Stock issued upon the conversion, together with a new certificate representing the unconverted portion, if any, of the shares

of Series B Preferred Stock formerly represented by the certificate or certificates surrendered for conversion.

(d) For the purposes of the conversion of Series B Preferred Stock into Non-Voting Common Stock pursuant to Section 9(a), the number of shares of Non-Voting Common Stock issuable upon conversion for each share of Series B Preferred Stock shall be determined by dividing (i) the number of shares of Common Stock issuable as if the Series B Preferred Stock had been first converted into Series A Preferred Stock pursuant to Section 3(a)(iii) hereof (whether or not the stockholder approval referenced therein has actually occurred) and then converted into Common Stock by (ii) (A) 1.00, in the event the shares of Series B Preferred Stock are converted during the period commencing on the date that is 121 calendar days following the Initial Issue Date and continuing up to and including the date that is 150 calendar days following the Initial Issue Date, or (B) .75, in the event the shares of Series B Preferred Stock are converted on or after the date that is 151 calendar days following the Initial Issue Date.

(e) In order to prevent dilution of the conversion rights granted hereunder, the number of shares of Non-Voting Common Stock issuable upon conversion and the Conversion Price shall each be adjusted from time to time in the same manner as the number of shares of Common Stock issuable upon conversion of the Series A Preferred Stock and the "Conversion Price" as set forth in the Series A Certificate of Designations are adjusted pursuant to the Series A Certificate of Designations.

(f) No fractional shares of Non-Voting Common Stock shall be issued upon the conversion of Series B Preferred Stock. If any fractional interest in a share of Non-Voting Common Stock would, except for the provisions of this Section 9(f), be deliverable upon the conversion of any Series B Preferred Stock, the Corporation shall, in lieu of delivering the fractional share therefor, adjust such fractional interest by payment to the holder of such converted Series B Preferred Stock of an amount in cash equal (computed to the nearest cent) to the Current Market Price of such fractional interest as of the end of the Corporation's last fiscal year as determined in good faith in the sole discretion of the Board of Directors of the Corporation.

(g) Whenever the Conversion Price is adjusted, as herein provided, the Corporation shall promptly mail a notice of the adjustment to holders of Series B Preferred Stock by first class mail. The Corporation shall forthwith maintain at its principal executive office and file with the transfer agent, if any, for Series B Preferred Stock, a statement, signed by the Chairman of the Board, or the President, or a Vice President of the Corporation and by its chief financial officer or an Assistant Treasurer, showing in reasonable detail the facts requiring such adjustment and the Conversion Price after such adjustment. Such transfer agent shall be under no duty or responsibility with respect to any such statement except to exhibit the same from time to time to any holder of Series B Preferred Stock desiring an inspection thereof.

(h) If there shall occur any capital reorganization or any reclassification of the capital stock of the Corporation, consolidation or merger of the Corporation with or into another

entity, or the conveyance of all or substantially all of the assets of the Corporation to another person or entity, each share of Series B Preferred Stock shall thereafter be convertible into the number of shares or other securities or property to which a holder of the number of shares of Non-Voting Common Stock of the Corporation deliverable upon conversion of such Series B Preferred Stock would have been entitled upon such reorganization, reclassification, consolidation, merger or conveyance; and, in any such case, appropriate adjustment (as determined in good faith in the sole discretion of the Board of Directors of the Corporation) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the Series B Preferred Stock, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the Conversion Price) shall be applicable, as nearly as reasonably may be, in relation to any shares or other property thereafter deliverable upon the conversion of the Series B Preferred Stock.

(i) The Corporation shall at all times reserve and keep available, out of its authorized but unissued shares of Series A Preferred Stock and Non-Voting Common Stock or treasury shares thereof, solely for the purpose of issuance upon the conversion of Series B Preferred Stock, the full number of shares of Series A Preferred Stock and Non-Voting Common Stock deliverable upon the conversion of all Series B Preferred Stock from time to time outstanding. In addition, the Corporation shall at all times reserve and keep available, out of its authorized but unissued shares of Common Stock or treasury shares thereof, solely for the purpose of issuance upon the conversion of Series A Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of those shares of Series A Preferred Stock deliverable upon the conversion of all Series B Preferred Stock from time to time outstanding. The Corporation shall from time to time, in accordance with the laws of the State of Delaware, increase the authorized amount of its Series A Preferred Stock or Non-Voting Common Stock if at any time the authorized number of shares of Series A Preferred Stock or Non-Voting Common Stock remaining unissued shall not be sufficient to permit the conversion of all of the Series B Preferred Stock at the time outstanding.

(j) The Corporation shall pay any documentary, stamp or similar issue or transfer tax due on the issue of (i) shares of Series A Preferred Stock upon conversion of the Series B Preferred Stock into Series A Preferred Stock and (ii) shares of Non-Voting Common Stock upon conversion of the Series B Preferred Stock into Non-Voting Common Stock. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of any security in a name other than that in which the security so converted was registered, and no such issue or delivery shall be made unless and until the person requested such issue has paid to the Corporation the amount of any such tax, or has established to the satisfaction of the Corporation that such tax has been paid.

10. Exclusion of Other Rights.

Except as otherwise required by law, shares of Series B Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth in this resolution and in the Certificate of Designations filed pursuant hereto

(as such Certificate may be amended from time to time) and in the Certificate of Incorporation. No shares of Series B Preferred Stock shall have any rights of preemption or subscription whatsoever as to any securities of the Corporation, except as expressly provided in any written agreement among the Corporation and any holder or holders of Series B Preferred Stock.

11. Reissuance of Preferred Stock.

Shares of Series B Preferred Stock that have been issued and reacquired in any manner, including shares purchased or redeemed or exchanged, shall (upon compliance with any applicable provisions of the General Corporation Law of the State of Delaware) be canceled and shall not be reissued.

12. Headings of Subdivisions.

The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

13. Severability of Provisions.

If any right, preference or limitation of the Series B Preferred Stock set forth in this resolution and in the Certificate of Designations for the Series B Preferred Stock (as such Certificate may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule or law or public policy, all other rights, preferences and limitations set forth in such Certificate of Designations (as so amended) which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

14. Notice.

All notices and other communications required or permitted to be given to the Corporation hereunder shall be made by hand delivery or registered or certified mail, return receipt requested, to the Corporation at its principal executive offices (currently located on the date of the adoption of these resolutions at 13800 Montfort Drive, Suite 300, Dallas, Texas 75240, Attention: Secretary. Minor imperfections in any such notice shall not affect the validity thereof.

IN WITNESS WHEREOF, Renters Choice, Inc. has caused this certificate to be signed by _____, its _____, this _____ day of August, 1998.

RENTERS CHOICE, INC.
a Delaware corporation

By:_____
Name:_____
Title:_____

EXHIBIT 4

July 8, 1998

Apollo Management IV, L.P.
1999 Avenue of the Stars
Suite 1900
Los Angeles, CA 90067
Attention: Peter P. Copses

Re: Letter Agreement

Gentlemen:

Reference is hereby made to that certain Equity Commitment Letter (the "Apollo Commitment Letter") dated June 15, 1998, from Apollo Management IV, L.P. ("Apollo") to Renters Choice, Inc., a Delaware corporation (the "Company"), whereby Apollo has agreed to acquire 235,000 shares of Convertible Preferred Stock of the Company (the "Convertible Preferred") for $235,000,000 in connection with the acquisition (the "Acquisition") of Thorn Americas, Inc., a Delaware corporation, pursuant to that certain Stock Purchase Agreement, dated as of June 16, 1998, among the Company, Thorn International BV, a Netherlands corporation, and Thorn plc, a company incorporated under the laws of England and Wales (the "Stock Purchase Agreement").

Pursuant to Rule 4310(c)(25)(H)(i)(c)(2)(A) and (B) of the Nasdaq Stock Market, the Company anticipates submitting to its stockholders at a meeting of such stockholders (the "Special Meeting"), a proposal (the "Proposal") to approve the issuance of the Convertible Preferred in connection with the Acquisition. This Letter Agreement (the "Letter Agreement") sets forth the agreement among Apollo, J. Ernest Talley ("Talley") and Mark E. Speese ("Speese") that Messrs. Talley and Speese will each vote the shares owned by him and entitled to vote at the Special Meeting for the Proposal. Messrs. Talley and Speese represent that they own and are entitled to vote, as of the date hereof, and that they will own and be entitled to vote for the Proposal at the Special Meeting, 5,893,265 and 2,288,432 shares of the Company's $.01 par value common stock, respectively, and they each hereby agree that they will not dispose of any shares beneficially owned by them or of the right to vote any such shares prior to the occurrence of the Special Meeting, provided, however, that this Letter Agreement will terminate in the event the Stock Purchase Agreement is terminated.

The parties hereto acknowledge and agree that the commitments by Messrs. Talley and Speese to enter into this Letter Agreement were a material inducement to Apollo entering into the Apollo Commitment Letter.

The foregoing accurately sets forth our agreement concerning the matters set forth above.

_____
J. Ernest Talley

_____
Mark E. Speese

ACCEPTED AND AGREED:

Apollo Management IV, L.P.

By:_____
Title:_____

Date: July 8, 1998

August 5, 1998

Apollo Management IV, L.P.
1999 Avenue of the Stars, Suite 1900
Los Angeles, CA 90067
Attention: Peter P. Copses

Re: Amendment to Letter Agreement dated July 8, 1998

Gentlemen:

Reference is hereby made to that certain Letter Agreement dated July 8, 1998 (the "Original Letter Agreement") by and among J. Ernest Talley, Mark E. Speese and Apollo Management IV, L.P.

Notwithstanding the representation in the Original Letter Agreement that Apollo Management IV, L.P. has agreed to acquire 235,000 shares of Convertible Preferred Stock of Renter's Choice, Inc. for $235 million, this letter serves to confirm that Apollo Investment Fund IV, L.P. ("Apollo Investment Fund") and Apollo Overseas Partners IV, L.P. ("Apollo Overseas Partners") (Apollo Investment Fund and Apollo Overseas Partners being hereinafter collectively referred to as the "Apollo Entities") have agreed to purchase from Renters Choice, Inc. (the "Company") 134,414 shares of the Company's Series A Preferred Stock for $134,414,000 and 115,586 shares of the Company's Series B Preferred Stock for $115,586,000.

This Letter Agreement also confirms that instead of owning and being entitled to vote 5,893,265 shares of the Company's Common Stock at the forthcoming special meeting of the stockholders of the Company which will be called for the purpose of authorizing and approving the conversion of the Series B Preferred Stock to Series A Preferred Stock, the undersigned will own and be entitled to vote such lesser amount as the undersigned shall retain following the Company's acquisition of $25 million of Common Stock from the undersigned.

Except as modified above, the Original Letter Agreement remains in full force and effect.

The foregoing accurately sets forth our agreement concerning the matters set forth above.

_____
J. Ernest Talley

Agreed and Accepted:

Apollo Management IV, L.P.

By: _____
Title:_____
Date: August 5, 1998

August 5, 1998

Apollo Management IV, L.P.
1999 Avenue of the Stars
Suite 1900
Los Angeles, CA 90067
Attention: Peter P. Copses

Re: Amendment to Letter Agreement dated July 8, 1998

Gentlemen:

Reference is hereby made to that certain Letter Agreement dated July 8, 1998 (the "Original Letter Agreement") by and among J. Ernest Talley, Mark E. Speese and Apollo Management IV, L.P.

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This Letter Agreement also confirms that instead of owning and being entitled to vote 5,893,265 shares of the Company's Common Stock at the forthcoming special meeting of the stockholders of the Company which will be called for the purpose of authorizing and approving the conversion of the Series B Preferred Stock to Series A Preferred Stock, the undersigned will own and be entitled to vote such lesser amount as the undersigned shall retain following the Company's acquisition of $25 million of Common Stock from the undersigned.

Except as modified above, the Original Letter Agreement remains in full force and effect.

The foregoing accurately sets forth our agreement concerning the matters set forth above.

_____
Mark E. Speese

Agreed and Accepted:

Apollo Management IV, L.P.

By: _____
Name:_____
Title:_____
Date: August 5, 1998