SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2001

Commission File Number 0-25370

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

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

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

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

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

YES [X]   NO [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 08, 2001:

Class	Outstanding
Common stock, $.01 par value per share	26,679,594

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RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands of dollars)	June 30, 2001	December 31, 2000
	Unaudited	
ASSETS		
Cash and cash equivalents	$ 27,398	$ 36,495
Accounts receivable - trade	1,459	3,254
Prepaid expenses and other assets	32,829	31,805
Rental merchandise, net		
On rent	513,689	477,095
Held for rent	125,016	110,137
Property assets, net	98,198	87,168
Deferred income taxes	11,911	32,628
Intangible assets, net	717,064	708,328
	$ 1,527,564	$ 1,486,910
LIABILITIES		
Accounts payable - trade	$ 47,478	$ 65,696
Accrued liabilities	107,229	89,560
Senior debt	490,000	566,051
Subordinated notes payable	175,000	175,000
	819,707	896,307

COMMITMENTS
AND
CONTINGENCIES
-- --
PREFERRED
STOCK
Redeemable
convertible
voting
preferred
stock, net
of placement
costs, $.01
par value;
5,000,000
shares
authorized;
287,042 and
281,756
shares
issued and
outstanding
in 2001 and
2000,
respectively
286,518
281,232
STOCKHOLDERS'
EQUITY
Common
stock, $.01
par value;
125,000,000
and
50,000,000
shares
authorized;
27,580,528
and
25,700,058
shares
issued in
2001 and
2000,
respectively
276 257
Additional
paid-in
capital
184,522
115,607
Accumulated
comprehensive
loss (2,529)
-- Retained
earnings
264,070
218,507 ----
--------- --

Treasury
stock,
990,099
shares at
cost
(25,000)
(25,000) ---
---------- -

421,339
309,371 ----
--------- --

$ 1,527,564
$ 1,486,910
=============
=============

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)	Six months ended June 30,	
	2001	2000
	Unaudited	
Revenues		
Store		
Rentals and fees	$ 802,146	$ 710,547
Merchandise sales	50,871	45,019
Other	2,238	994
Franchise		
Merchandise sales	24,259	25,212
Royalty income and fees	2,947	2,999
	882,461	784,771
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	165,088	145,531
Cost of merchandise sold	37,000	37,396
Salaries and other expenses	486,584	419,846
Franchise cost of merchandise sold	23,197	24,234
	711,869	627,007
General and administrative expenses	26,803	23,481
Amortization of intangibles	14,664	13,930
Class action litigation settlements	--	(22,383)

Total operating expenses	753,336	642,035
Operating profit	129,125	142,736
Interest expense	32,378	37,369
Interest income	(588)	(374)
Earnings before income taxes	97,335	105,741
Income tax expense	44,792	50,231
NET EARNINGS	52,543	55,510
Preferred dividends	9,378	5,133
Net earnings allocable to common stockholders	$ 43,165	$ 50,377
Basic earnings per common share	$ 1.71	$ 2.07
Diluted earnings per common share	$ 1.43	$ 1.62

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)	Three months ended June 30, 2001	2000
	Unaudited	
Revenues		
Store		
Rentals and fees	$ 409,023	$ 360,227
Merchandise sales	20,112	17,680
Other	908	502
Franchise		
Merchandise sales	11,232	12,321
Royalty income and fees	1,484	1,515
	442,759	392,245
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	84,276	73,803
Cost of merchandise sold	15,445	14,566
Salaries and other expenses	244,365	211,321
Franchise cost of merchandise sold	10,703	11,793
	354,789	311,483
General and administrative expenses	13,934	12,006
Amortization of intangibles	7,396	6,955
Class action litigation settlements	-	

- (22,383) --
----------- -

Total
operating
expenses
376,119
308,061
Operating
profit 66,640
84,184
Interest
expense
15,868 18,361
Interest
income (227)
(117) -------
------ ------

Earnings
before income
taxes 50,999
65,940 Income
tax expense
23,454 31,319

NET EARNINGS
27,545 34,621
Preferred
dividends
5,053 2,579 -

Net earnings
allocable to
common
stockholders
$ 22,492 $
32,042
=============
=============
Basic
earnings per
common share
$ .88 $ 1.32
=============
=============
Diluted
earnings per
common share
$ .74 $ 1.00
=============
=============

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,	
(In thousands of dollars)	2001	2000
	Unaudited	
Cash flows from operating activities		
Net earnings	$ 52,543	$ 55,510
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of rental merchandise	165,088	145,531
Depreciation of property assets	18,312	16,353
Amortization of intangibles	14,664	13,930
Amortization of financing fees	1,380	1,319
Changes in operating assets and liabilities, net of effects of Acquisitions		
Rental merchandise	(205,454)	(189,022)
Accounts receivable - trade	1,795	2,017
Prepaid expenses and other assets	(2,389)	(3,916)
Deferred income taxes	20,717	34,823
Accounts payable -		

trade (18,218) (19,688) Accrued liabilities 15,140 19,518 ------------- ------------- Net cash provided by operating activities 63,578 76,375 Cash flows from investing activities Purchase of property assets (29,685) (15,353) Proceeds from sale of property assets 356 418 Acquisitions of businesses, net of cash acquired (34,534) (26,994) ------------- ------------- Net cash used in investing activities (63,863) (41,929) Cash flows from financing activities Exercise of stock options 21,562 455 Proceeds from debt -- 207,480 Proceeds from issuance of common stock 45,677 -- Repayments of debt (76,051) (214,818) ------------- ------------- Net cash used in financing activities (8,812) (6,883) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (9,097) 27,563 Cash and cash equivalents at beginning

of period
36,495
21,679 -----
-------- ---

Cash and
cash
equivalents
at end of
period $
27,398 $
49,242
=============
=============

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The interim financial statements of Rent-A-Center, Inc. included herein have been prepared by us pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the Commission's rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading. We suggest that these financial statements be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2000 and our Quarterly Report on Form 10-Q/A for the three months ended March 31, 2001. In our opinion, the accompanying unaudited interim financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly our results of operations and cash flows for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

Effective January 1, 2001, we adopted Statement of Financial Accounting Standard No. 133, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the income statement when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings.

The adoption of SFAS 133 on January 1, 2001 resulted in a cumulative pre-tax increase to other comprehensive income of $2.6 million, or $1.4 million after taxes. As a result of a decline in interest rates during the six months ended June 30, 2001, accumulated other comprehensive loss for the six months ended June 30, 2001 was $2.5 million after taxes.

We utilize our derivative instruments to manage our exposure to interest rate fluctuations. Our objective is to minimize the risk of fluctuations using the most effective methods to eliminate or reduce the impact of this exposure.

On July 20, 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 ("SFAS 141"), Business Combinations and Statement of Financial Accounting Standards No. 142 ("SFAS 142"), Goodwill and Intangible Assets. SFAS 141 is effective for all business combinations completed after June 30, 2001. SFAS 142 is effective for fiscal years beginning after December 15, 2001; however, certain provisions of this Statement apply to goodwill and other intangible assets acquired between July 1, 2001 and the effective date of SFAS 142.

Major provisions of these Statements and their effective dates for us are as follows:

- all business combinations initiated after June 30, 2001 must use the purchase method of accounting;

- intangible assets acquired in a business combination must be recorded separately from goodwill if they arise from contractual or other legal rights or are separable from the acquired entity and can be sold, transferred, licensed, rented or exchanged, either individually or as part of a related contract, asset or liability;

- goodwill, as well as intangible assets with indefinite lives, acquired after June 30, 2001, will not be amortized;

- effective January 1, 2002, all previously recognized goodwill and intangible assets with indefinite lives will no longer be subject to amortization;

- effective January 1, 2002, goodwill and intangible assets with

indefinite lives will be tested for impairment annually and whenever there is an impairment indicator; and

- all acquired goodwill must be assigned to reporting units for purposes of impairment testing and segment reporting.

We will continue to amortize goodwill and intangible assets recognized prior to July 1, 2001, under the current method until January 1, 2002, at which time quarterly and annual goodwill amortization of approximately $7.1 million and $28.4 million will no longer be recognized. We intend to complete a transitional fair value based impairment test of goodwill as of January 1, 2002 by December 31, 2002. In addition, we intend to complete a transitional impairment test of all intangible assets with indefinite lives by March 31, 2002. Impairment losses, if any, resulting from the transitional testing will be recognized in the quarter ended March 31, 2002, as a cumulative effect of a change in accounting principle.

2. EARNINGS PER SHARE

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

(In thousands, except per share data)

Three months ended June 30, 2001	Net earnings	Shares	Per share
Basic earnings per common share	$ 22,492	25,672	$ .88
Effect of dilutive stock options	--	1,248	
Assumed conversion of convertible preferred stock	5,053(1)	10,275	
Diluted earnings per common share	$ 27,545	37,195	$ .74

Three months ended June 30, 2000	Net earnings	Shares	Per

share ----- ------- --- ----- ----- ---- Basic earnings per common share $ 32,042 24,326 $ 1.32 Effect of dilutive stock options -- 319 Assumed conversion of convertible preferred stock 2,579 9,900 ----- ------- --- ----- Diluted earnings per common share $ 34,621 34,545 $ 1.00 ============ ======== ========

Six months ended June 30, 2001 -- ----------- ----------- ----------- -- Net earnings Shares Per share ----- ------- --- ----- ----- ---- Basic earnings per common share $ 43,165 25,303 $ 1.71 Effect of dilutive stock options -- 1,253 Assumed conversion of convertible preferred stock 9,378(1) 10,229 ---- -------- -- ------ Diluted earnings per common share $ 52,543 36,785 $ 1.43 ============ ======== ========

Six months ended June 30, 2000	Net earnings	Shares	Per share
Basic earnings per common share	$ 50,377	24,319	$ 2.07
Effect of dilutive stock options	--	172	
Assumed conversion of convertible preferred stock	5,133	9,854	
Diluted earnings per common share	$ 55,510	34,345	$ 1.62

- ----------

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

For the three and six months ended June 30, 2001 and 2000, the number of stock options that were outstanding but not included in the computation of diluted earnings per common share because their exercise price was greater than the average market price of the common stock, and therefore anti-dilutive, was 273,000, 2,287,314, 273,000 and 2,489,125 respectively.

3. SUBSIDIARY GUARANTORS

During 1998, we issued $175.0 million of senior subordinated notes, maturing on August 15, 2008. The notes require semi-annual interest-only payments at 11%, and are guaranteed by our two principal subsidiaries. We may redeem the subordinated notes after August 15, 2003, at our option, in whole or in part. In addition, subject to the restrictions set forth in our senior credit facility, at any time prior to August 15, 2001, we may redeem up to 33.33% of the original aggregate principal amount of the subordinated notes with the cash proceeds of one or more equity offerings, at a redemption price of 111% of the principal amount being redeemed.

The subordinated notes also require that upon the occurrence of a change in control (as defined in the indenture governing the subordinated notes), the holders of the subordinated notes have the right to require us to repurchase the subordinated notes at a price equal to 101% of the original principle amount, together with accrued and unpaid interest, if any, to the date of repurchase.

The indenture governing our subordinated notes contains covenants that limit our ability to:

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

Our direct and wholly-owned subsidiaries, consisting of ColorTyme, Inc. and Advantage Companies, Inc., have fully, jointly and severally, and unconditionally guaranteed our obligations under the subordinated notes. We have one indirect subsidiary that is not a guarantor of the subordinated notes because it is inconsequential. There are no restrictions on the ability of any of the guarantors to transfer funds to us in the form of loans, advances or dividends, except as provided by applicable law.

Set forth below is certain condensed consolidating financial information (within the meaning of Rule 3-10 of Regulation S-X) as of June 30, 2001 and December 31, 2000 and for the six months ended June 30, 2001 and 2000. The financial information includes the guarantors from the dates they were acquired or formed by us and is presented using the push-down basis of accounting.

3. SUBSIDIARY GUARANTORS - (continued)

	Parent Company	Subsidiary Guarantors	Consolidating Adjustments	Totals
	(In thousands)			
Condensed consolidating balance sheets				
At June 30, 2001 (unaudited)				
Rental merchandise, net	$ 638,705	$ --	$ --	$ 638,705
Intangible assets, net	366,738	350,326	--	717,064
Other assets	505,299	14,564	(348,068)	171,795
Total assets	$ 1,510,742	$ 364,890	$ (348,068)	$ 1,527,564
Senior debt	$ 490,000	$ --	$ --	$ 490,000
Other liabilities	326,540	3,167	--	329,707
Preferred stock	286,518	--	--	286,518
Stockholders' equity	407,684	361,723	(348,068)	421,339
Total liabilities and equity	$ 1,510,742	$ 364,890	$ (348,068)	$ 1,527,564
At December 31, 2000				
Rental merchandise, net	$ 587,232	$ --	$ --	$ 587,232
Intangible assets, net	351,498	356,830	--	708,328
Other assets	531,992	13,754	(354,396)	191,350
Total assets	$ 1,470,722	$ 370,584	$ (354,396)	$ 1,486,910
Senior debt	$ 566,051	$ --	$ --	$ 566,051
Other liabilities	325,995	4,261	--	330,256
Preferred stock				

281,232 -- -- 281,232 Stockholders' equity .... 297,444 366,323 (354,396) 309,371 - ------------- ------------- - ------------- ---------- ---- Total liabilities and equity .... $ 1,470,722 $ 370,584 $ (354,396) $ 1,486,910 ============== ============== ============== ==============

Parent Subsidiary Company Guarantors Total ------------ ----------- - ------------ (In thousands) Condensed consolidating statements of earnings Six Months Ended June 30, 2001 (unaudited) Total revenues .... $ 855,255 $ 27,206 $ 882,461 Direct store expenses .... 688,672 -- 688,672 Other expenses .... 111,721 29,525 141,246 - ----------- ----------- ------------ Net earnings (loss) .... $ 54,862 $ (2,319) $ 52,543 ============ ============ ============ Six Months Ended June 30, 2000 (unaudited) Total revenues .... $ 756,560 $ 28,211 $ 784,771 Direct store expenses .... 602,773 -- 602,773 Other expenses .... 95,926 30,562 126,488 -- ---------- ------------ ------------ Net earnings (loss) .... $ 57,861 $ (2,351) $ 55,510 ============ ============ ============

3. SUBSIDIARY GUARANTORS - (continued)

	Parent Company	Subsidiary Guarantors	Total
		(In thousands)	
Condensed consolidating statements of earnings			
Three Months Ended June 30, 2001 (unaudited)			
Total revenues	$ 430,043	$ 12,716	$ 442,759
Direct store expenses	344,086	--	344,086
Other expenses	57,261	13,867	71,128
Net earnings (loss)	$ 28,696	$ (1,151)	$ 27,545
Three Months Ended June 30, 2000 (unaudited)			
Total revenues	$ 378,409	$ 13,836	$ 392,245
Direct store expenses	299,690	--	299,690
Other expenses	42,977	14,957	57,934
Net earnings (loss)	$ 35,742	$ (1,121)	$ 34,621

	Parent Company	Subsidiary Guarantors	Total
		(In thousands)	
Condensed consolidated statement of cash flows:			
Six months ended June 30, 2001 (unaudited)			
Net cash provided by operating activities	$ 61,655	$ 1,923	$ 63,578
Cash flows from investing activities			
Purchase of property assets	(29,652)	(33)	(29,685)
Acquisitions of businesses, net of cash acquired	(34,534)	--	(34,534)
Other	356	--	356
Net cash used in investing activities	(63,830)	(33)	(63,863)
Cash flows from financing activities			
Exercise of stock options	21,562	--	21,562
Repayments of debt	(76,051)	--	(76,051)
Proceeds from the issuance of common stock	45,677	--	45,677
Intercompany advances	1,890	(1,890)	--
Net cash used in financing activities	(6,922)	(1,890)	(8,812)
Net decrease in cash and cash equivalents	(9,097)	--	(9,097)
Cash and cash equivalents at beginning of period	36,495	--	36,495
Cash and cash equivalents at end of period	$ 27,398	$ --	$ 27,398
Six months ended June 30, 2000 (unaudited)			
Net cash provided by operating activities	$ 74,076	$ 2,299	$ 76,375
Cash flows from investing activities			
Purchase of property assets	(15,295)	(58)	(15,353)
Acquisitions of businesses, net of cash acquired	(26,994)	--	(26,994)
Other	418	--	418

Net cash used in investing activities
.... (41,871) (58) (41,929) Cash
flows from financing activities Proceeds from debt
.... 207,480 --
207,480 Repayments of debt
.... (214,818) -
- (214,818) Intercompany advances
.... 2,241 (2,241)
-- Other
....
455 -- 455 ------------ ------------ ------------
Net cash used in financing activities
.... (4,642) (2,241) (6,883) ----
-------- ------------ ------------ Net increase in
cash and cash equivalents 27,563
-- 27,563 Cash and cash equivalents at beginning of
period .... 21,679 -- 21,679 ------------ --
---------- ------------ Cash and cash equivalents
at end of period .... $ 49,242 $ -- $
49,242 ============ ============ ============

4. COMPREHENSIVE INCOME

Comprehensive income includes net earnings and items of other comprehensive income or loss, which, for the periods presented, includes the effect on other comprehensive loss of the cumulative effect of adopting SFAS 133. The following table provides information regarding comprehensive income, net of tax:

	Six months ended June 30, (in thousands)		Three months ended June 30, (in thousands)	
	2001	2000	2001	2000
Net earnings	$ 52,543	$ 55,510	$ 27,545	$ 34,621
Other comprehensive (loss) income:				
Unrealized gain on derivatives held as cash flow hedges:				
Cumulative effect of adoption of SFAS 133	1,378	--	--	--
Change in unrealized loss during period	(4,193)	--	(658)	--
Reclassification adjustment for loss included in net earnings	286	--	1,017	--
Other comprehensive (loss) income	(2,529)	--	359	--
Comprehensive income	$ 50,014	$ 55,510	$ 27,904	$ 34,621

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

This report contains forward-looking statements that involve risks and uncertainties. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend,"

"estimate," "anticipate" or "believe." We believe that the expectations reflected in these forward-looking statements are accurate. However, we cannot assure you that these expectations will occur. Our actual future performance could differ materially from such statements. Factors that could cause or contribute to these differences include, but are not limited to:

- uncertainties regarding the ability to open new stores;
- our ability to acquire additional rent-to-own stores on favorable terms;
- our ability to enhance the performance of these acquired stores;
- the results of our litigation;
- the passage of legislation adversely affecting the rent-to-own industry;
- interest rates;
- our ability to collect on our rental purchase agreements;
- our ability to effectively hedge interest rates on our outstanding debt;
- changes in our effective tax rate; and
- the other risks detailed from time to time in our SEC reports.

You should not unduly rely on these forward-looking statements, which speak only as of the date of this report. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events. Additional important factors that could cause our actual results to differ materially from our expectations are discussed under Risk Factors in our Annual Report on Form 10-K for our fiscal year ended December 31, 2000.

OUR BUSINESS

We are the largest rent-to-own operator in the United States with an approximate 27% market share based on store count. At June 30, 2001, we operated 2,270 company-owned stores in 50 states, the District of Columbia and Puerto Rico. Our subsidiary, ColorTyme, is a national franchisor of rent-to-own stores. At June 30, 2001, ColorTyme franchised 343 stores in 42 states, 330 of which operated under the ColorTyme name and 13 stores which operated under the Rent-A-Center name. Our stores offer high quality durable products such as home electronics, appliances, computers, and furniture and accessories under flexible rental purchase agreements that allow the customer to obtain ownership of the merchandise at the conclusion of an agreed-upon rental period. These rental purchase agreements are designed to appeal to a wide variety of customers by allowing them to obtain merchandise that they might otherwise be unable to obtain due to insufficient cash resources or a lack of access to credit. These agreements also cater to customers who only have a temporary need, or who simply desire to rent rather than purchase the merchandise.

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

We plan to accomplish our future growth through selective and opportunistic acquisitions, with an emphasis on new store development. Typically, a newly opened store is profitable on a monthly basis in the seventh to ninth month after its initial opening. Historically, a typical store has achieved break-even profitability in 18 to 24 months after its initial opening. Total financing requirements of a typical new store approximate $400,000, with roughly 70% of that amount relating to the purchase of rental merchandise inventory. A newly opened store historically has achieved results consistent with other stores that have been operating within the system for greater than two years by the end of its third year of operation. As a result, our quarterly earnings are impacted by how many new stores are opened during that quarter and the quarters preceding it. There can be no assurance that we will open any new stores in the future, or as to the number, location or profitability.

We believe that the cashflow generated from operations, together with amounts available under our senior credit facilities, will be sufficient to fund our debt service requirements, working capital needs, capital expenditures, and our store expansion intentions during 2001. The revolving credit facility provides us with revolving loans in an aggregate principal amount not exceeding $120.0 million. At June 30, 2001, we had $76.3 million available under our various debt agreements.

In addition, to provide any additional funds necessary for the continued pursuit of our operating and growth strategies, we may incur from time to time additional short or long-term bank indebtedness and may issue, in public or private transactions, equity and debt securities. The availability and attractiveness of any outside sources of financing will depend on a number of factors, some of which will relate to our financial condition and performance, and some of which are beyond our control, such as prevailing interest rates and general economic conditions. There can be no assurance additional financing will be available, or if available, will be on terms acceptable to us.

If a change in control occurs, we may be required to offer to purchase all of our outstanding subordinated notes at 101% of their principal amount, plus accrued interest to the date of repurchase. Our senior credit facilities restrict our ability to repurchase our subordinated notes, including in the event of a change in control. In addition, a change in control would result in an event of default under our senior credit facilities, which could then be accelerated by our lenders, and would require us to offer to redeem our Series A preferred stock. In the event a change in control occurs, we cannot be sure that we would have enough funds to immediately pay our accelerated senior credit facility obligations, all of our senior subordinated notes and for the redemption of our Series A preferred stock, or that we would be able to obtain financing to do so on favorable terms, if at all.

COMPONENTS OF INCOME AND EXPENSE

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

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

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

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

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

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

Amortization of Intangibles. Amortization of intangibles consists primarily of the amortization of the excess of purchase price over the fair market value of acquired assets and liabilities. In July 2001, the Financial Accounting Standards Board issued SFAS 142, Goodwill and Intangible Assets, which revises the accounting for purchased goodwill and intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives acquired after June 30, 2001 will not be amortized. Effective January 1, 2002, all previously recognized goodwill and intangible assets with indefinite lives will no longer be subject to amortization. Also effective January 1, 2002, goodwill and intangible assets with indefinite lives will be tested for impairment annually, and in the event of an impairment indicator. SFAS 142 is effective for fiscal years beginning after December 15, 2001, with early adoption permitted for companies with fiscal years beginning after March 15, 2001 if their first quarter financial statements have not previously been issued.

RECENT DEVELOPMENTS

In the second half of 2000, we resumed our strategy of increasing our store base and annual revenues and profits through opportunistic acquisitions and new store openings. During the second quarter of 2001, we acquired 74 stores for approximately $30.9 million in cash in nine separate transactions and opened an additional 20 stores. We also closed three stores, merging two with existing stores and selling one. For the six months ended June 30, 2001, we acquired a total of 78 stores for approximately $32.5 million in 12 separate transactions, opened 43 new stores, and closed nine stores. Of the closed stores, six were merged with existing stores and the other three were sold. As of August 10, 2001 we have acquired an additional 5 stores for approximately $1.6 million in cash in 2 separate transactions during the third quarter of 2001. In addition, we have also opened another six stores and closed eight, merging them all with existing stores. It is our intention to increase the number of stores we operate by an average of approximately 10% per year over the next several years.

On May 31, 2001, we completed an offering of 3,680,000 shares of our common stock at an offering price of $42.50 per share. In this offering, 1,150,000 shares were offered by us and 2,530,000 shares were offered by some of our stockholders. We used the net proceeds we received of approximately $45.7 million to pay down existing debt.

In July 2001, the FASB issued SFAS 141, Business Combinations. This standard eliminates the pooling method of accounting for business combinations initiated after June 30, 2001. In addition, SFAS 141 addresses the accounting for

intangible assets and goodwill acquired in a business combination. This portion of SFAS 141 is effective for business combinations completed after June 30, 2001. We do not expect SFAS 141 to have a material effect on the Company's financial position or results of operations.

As mentioned above, in July 2001 the FASB also issued SFAS 142, Goodwill and Intangible Assets, which revises the accounting for purchased goodwill and intangible assets. SFAS 142 is effective for fiscal years beginning after December 15, 2001, with early adoption permitted for companies with fiscal years beginning after March 15, 2001 if their first quarter financial statements have not previously been issued.

RESULTS OF OPERATIONS

THE SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2000

Store Revenue. Total store revenue increased by $98.7 million, or 13.0%, to $855.3 million for the six months ended June 30, 2001 from $756.6 million for the six months ended June 30, 2000. The increase in total store revenue is directly attributable to the success of our efforts on improving store operations through:

- increasing the number of units on rent;
- increasing our customer base;
- increasing the average price per unit on rent by upgrading our rental merchandise; and
- incremental revenues through acquisitions.

This focus resulted in same store revenues increasing by $62.8 million, or 8.7%, to $782.3 million for the six months ended June 30, 2001 from $719.5 million for the six months ended June 30, 2000. Same store revenues represent those revenues earned in stores that were operated by us for each of the entire six month periods ending June 30, 2001 and 2000. This improvement was primarily attributable to an increase in the number of customers served, the number of items on rent, as well as revenue earned per item on rent.

Franchise Revenue. Total franchise revenue decreased by $1.0 million, or 3.6%, to $27.2 million for the six months ended June 30, 2001 from $28.2 million for the six months ended June 30, 2000. This decrease was primarily attributable to a decrease in the number of franchise locations during the first two quarters of 2001 as compared to the first two quarters of 2000.

Depreciation of Rental Merchandise. Depreciation of rental merchandise increased by $19.6 million, or 13.4%, to $165.1 million for the six months ended June 30, 2001 from $145.5 million for the six months ended June 30, 2000. This increase was primarily attributable to an increase in the number of units on rent. Depreciation of rental merchandise expressed as a percent of store rentals and fees revenue increased to 20.6% in 2001 from 20.5% for the same period in 2000. This slight increase in primarily a result of the acquisitions made during the first half of 2001.

Cost of Merchandise Sold. Cost of merchandise sold decreased by $396,000, or 1.1%, to $37.0 million for the six months ended June 30, 2001 from $37.4 million for the six months ended June 30, 2000. This decrease was primarily a result of a decrease in the number of items sold during the first six months of 2001 as compared to the first six months of 2000.

Salaries and Other Expenses. Salaries and other expenses expressed as a percentage of total store revenue increased to 56.9% for the six months ended June 30, 2001 from 55.5% for the six months ended June 30, 2000. This increase was primarily attributable to the infrastructure expenses and costs associated with our new store growth initiatives.

Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold decreased by $1.0 million, or 4.3%, to $23.2 million for the six months ended June 30, 2001 from $24.2 million for the six months ended June 30, 2000. This decrease is primarily a result of a decrease in the number of franchise locations during the first two quarters of 2001 as compared to the first two quarters of 2000.

General and Administrative Expenses. General and administrative expenses expressed as a percent of total revenue remained constant at 3.0% for the six months ending June 30, 2001 and 2000.

Amortization of Intangibles. Amortization of intangibles increased by $734,000, or 5.3%, to $14.7 million for the six months ended June 30, 2001 from $14.0 million for the six months ended June 30, 2000. This increase was primarily attributable to the additional goodwill amortization associated with the acquisition of 68 stores in the last three quarters of 2000 and the additional 78 stores acquired in the first half of 2001. Accounting for goodwill and intangibles amortization will be revised under SFAS 142. However, we will continue to amortize goodwill and intangible assets recognized prior to July 1, 2001 under the current method until January 1, 2002, at which time quarterly and annual goodwill amortization of approximately $7.1 million and $28.4 million will no longer be recognized. We intend to complete a transitional fair value based impairment test of goodwill as of January 1, 2002 by December 31, 2002. In addition, we intend to complete a transitional impairment test of all intangible assets with indefinite lives by March 31, 2002. Impairment losses, if any, resulting from the transitional testing will be recognized in the quarter ended March 31, 2002, as a cumulative effect of a change in accounting principle.

Operating Profit. Operating profit increased by $8.8 million, or 7.3%, to $129.1 million for the six months ended June 30, 2001 from $120.3 million for the six months ended June 30, 2000 before the pre-tax non-recurring class action settlement refund of $22.4 million received in the second quarter of 2000. Including the class action litigation settlement refund, operating profit was $142.7 million for the six months ending June 30, 2000. Operating profit as a percentage of total revenue decreased to 14.6% for the six months ended June 30, 2001 from 15.3% for the six months ended June 30, 2000 before the pre-tax non-recurring class action litigation settlement refund of $22.4 million received in the second quarter of 2000. This decrease is primarily attributable to the infrastructure expenses and initial costs associated with our new store growth initiatives.

Net Earnings. Net earnings increased by $8.7 million, or 20.1%, to $52.5 million for the six months ended June 30, 2001 from $43.8 million for the six months ended June 30, 2000 before the after-tax effect of the class action litigation settlement refund received in the second quarter of 2000. Net earnings were $55.5 million for the six months ended June 30, 2000 including the settlement refund. The increase before the after tax effect of the settlement refund is primarily attributable to an increase in revenues, operational improvements in existing stores and reduced interest expenses resulting from a reduction in outstanding debt.

Preferred Dividends. Dividends on our Series A preferred stock are payable quarterly at an annual rate of 3.75%. We account for shares of preferred stock distributed as dividends in-kind at the greater of the stated value or the value of the common stock obtainable upon conversion on the payment date. For the six months ended June 30, 2001, the value of the common stock ($9.38 million) was greater than the stated dividend of $5.31 million. For the six months ended June 30, 2000, the stated dividend of $5.13 million was greater than the value of the common stock obtainable. Had in-kind dividends distributed on our Series A preferred stock been valued at the stated value, basic earning per common share would have been $1.87 per share for the six months ended June 30, 2001.

THE THREE MONTHS ENDED JUNE 30, 2001 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2000

Store Revenue. Total store revenue increased by $51.6 million, or 13.6%, to $430.0 million for the three months ended June 30, 2001 from $378.4 million for the three months ended June 30, 2000. The increase in total store revenue is directly attributable to the success of our efforts on improving store operations through:

- increasing the number of units on rent;
- increasing our customer base;
- increasing the average price per unit on rent by upgrading our rental merchandise; and
- incremental revenues through acquisitions.

This focus resulted in same store revenues increasing by $31.5 million, or 8.7%, to $393.4 million for the three months ended June 30, 2001 from $361.9 million for the three months ended June 30, 2000. Same store revenues represent those revenues earned in stores that were operated by us for each of the entire three month periods ending June 30, 2001 and 2000. This improvement was primarily attributable to an increase in the number of customers served, the number of items on rent, as well as revenue earned per item on rent.

Franchise Revenue. Total franchise revenue decreased by $1.1 million, or 8.1%, to $12.7 million for the three months ended June 30, 2001 from $13.8 million for the three months ended June 30, 2000. This decrease was primarily attributable to a decrease in the number of franchise locations during the first two quarters of 2001 as compared to the first two quarters of 2000.

Depreciation of Rental Merchandise. Depreciation of rental merchandise increased by $10.5 million, or 14.2%, to $84.3 million for the three months ended June 30, 2001 from $73.8 million for the three months ended June 30, 2000. This increase was primarily attributable to an increase in the number of units on rent. Depreciation of rental merchandise expressed as a percent of store rentals and fees revenue increased to 20.6% in 2001 from 20.5% in 2000. This slight increase in primarily a result of the acquisitions made during the first half of 2001.

Cost of Merchandise Sold. Cost of merchandise sold increased by $879,000, or 6.0%, to $15.4 million for the three months ended June 30, 2001 from $14.6 million for the three months ended June 30, 2000. This increase was primarily a result of an increase in merchandise sold during the first six months of 2001.

Salaries and Other Expenses. Salaries and other expenses expressed as a percentage of total store revenue increased to 56.8% for the three months ended June 30, 2001 from 55.8% for the three months ended June 30, 2000. This increase was directly attributable to the infrastructure expenses and costs associated with our new store growth initiatives.

Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold decreased by $1.1 million, or 9.2%, to $10.7 million for the three months ended June 30, 2001 from $11.8 million for the three months ended June 30, 2000. This decrease is primarily a result of a decrease in the number of franchise locations during the first two quarters of 2001 as compared to the first two quarters of 2000.

General and Administrative Expenses. General and administrative expenses expressed as a percent of total revenue remained constant at 3.1% for the three months ending June 30, 2001 and 2000.

Amortization of Intangibles. Amortization of intangibles increased by $441,000, or 6.3%, to $7.4 million for the three months ended June 30, 2001 from $7.0 million for the three months ended June 30, 2000. This increase was primarily attributable to the additional goodwill amortization associated with the acquisition of 68 stores in the last three quarters of 2000 and the additional 78 stores acquired in the first half of 2001. Accounting for goodwill and intangibles amortization will be revised under SFAS 142. However, we will continue to amortize goodwill and intangible assets recognized prior to July 1, 2001 under the current method until January 1, 2002, at which time quarterly and annual goodwill amortization of approximately $7.1 million and $28.4 million will no longer be recognized. We intend to complete a transitional fair value based impairment test of goodwill as of January 1, 2002 by December 31, 2002. In addition, we intend to complete a transitional impairment test of all intangible assets with indefinite lives by March 31, 2002. Impairment losses, if any, resulting from the transitional testing will be recognized in the quarter ended March 31, 2002, as a cumulative effect of a change in accounting principle.

Operating Profit. Operating profit increased by $4.8 million, or 7.8%, to $66.6 million for the three months ended June 30, 2001 from $61.8 million for the three months ended June 30, 2000 before the pre-tax non-recurring class action litigation settlement refund received in the second quarter of 2000. Including the class action litigation settlement, operating profit was $84.2 million for the three months ended June 30, 2000. Operating profit as a percentage of total revenue decreased to 15.1% for the three months ended June 30, 2001 from 15.8% for the three months ended June 30, 2000 before the pre-tax non-recurring class action litigation settlement refund received in the second quarter of 2000. This decrease is attributable to the infrastructure expenses and initial costs associated with our new store growth initiatives.

Net Earnings. Net earnings increased by $4.6 million, or 20.4%, to $27.5 million for the three months ended June 30, 2001 from $22.9 million for the three months ended June 30, 2000 before the after tax effect of the class action litigation settlement refund received in the second quarter of 2000. Net earnings for the three months ending June 30, 2000 were $34.6 million after the settlement refund. The increase before the after tax effect of the refund settlement is primarily attributable to an increase in revenues, operational improvements in existing stores and reduced interest expenses resulting from a reduction in outstanding debt.

Preferred Dividends. Dividends on our Series A preferred stock are payable quarterly at an annual rate of 3.75%. We account for shares of preferred stock distributed as dividends in-kind at the greater of the stated value or the value of the common stock obtainable upon conversion on the payment date. For the three months ended June 30, 2001, the value of the common stock ($5.05 million) was greater than the stated dividend of $2.68 million. For the three months ended June 30, 2000 the stated dividend of $2.58 million was greater than the value of the common stock. Had in-kind dividends distributed on our Series A preferred stock been valued at the stated value, basic earning per common share would have been $.97 per share for the three months ended June 30, 2001.

LIQUIDITY AND CAPITAL RESOURCES

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

For the six months ending June 30, 2001, cash provided by operating activities decreased by $12.8 million to $63.6 million in 2001 from $76.4 million during the six month period ending June 30, 2000. This decrease was primarily the result of an increase in the amount of rental merchandise resulting from strong consumer demand in the first half of 2001. We purchased $270.5 million and $250.7 million of rental merchandise during the first half of 2001 and 2000, respectively.

Cash used in investing activities increased by $21.9 million to $63.8 million during the six month period ending June 30, 2001 from $41.9 million during the six month period ending June 30, 2000. This increase is primarily attributable to the cost associated with the opening and acquisition of new stores during the first half of 2001. We make capital expenditures in order to maintain our existing operations as well as for new capital assets in new and acquired stores. We spent $29.7 million and $15.3 million on capital expenditures during the six month periods ending June 30, 2001 and 2000, respectively, and expect to spend an additional $20.3 million for the remainder 2001. In the second half of 2000, we resumed our strategy of increasing our store base through opening new stores, as well as through opportunistic acquisitions. As of August 8, 2001, we have acquired 5 additional stores for approximately $1.6 million in cash in two separate transactions and opened an additional 6 stores. It is our intention to increase the number of stores we operate by an average of approximately 10% per year over the next several years.

Cash used in financing activities increased by $1.9 million to $8.8 million during the six month period ending June 30, 2001 from $6.9 million during the six month period ending June 30, 2000. This increase is primarily related to the increase in debt repayments to our senior credit facilities. During the six months ended June 30, 2000, due to refinancing, we received proceeds from debt in the amount of $207.5 million and repaid that amount and an additional $7.3 million for other debt. During the first six months of 2001, we paid down $76.1 million in debt using the proceeds from the issuance of our common stock in the May 2001 offering, as well as from available cash flow from operations.

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

Borrowings. The table below shows the scheduled maturity dates of our senior debt outstanding at June 30, 2001.

YEAR ENDING DECEMBER 31, (IN THOUSANDS)

July 1 to December 31, 2001	$ 2,109
2002	2,109
2003	2,109
2004	31,002
2005	117,681
Thereafter	334,990
	$490,000

Under our senior credit facility, we are required to use 25% of the net proceeds from any equity offering to repay our term loans. In June 2001, we used the net proceeds of approximately $45.7 million from the offering of our common stock to repay a portion of our term loans. Since June 30, 2001, we have pre-paid an additional $25.0 million of our senior debt.

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

Senior Credit Facilities. The senior credit facilities are provided by a syndicate of banks and other financial institutions led by The Chase Manhattan Bank, as administrative agent. At June 30, 2001, we had a total of $490.0 million outstanding under these facilities, all of which was under our term loans. At June 30, 2001, we had $76.3 million of availability under the revolving credit facility.

Borrowings under the senior credit facilities bear interest at varying rates equal to 1.25% to 2.75% over LIBOR, which was 3.76% at June 30, 2001. We also have a prime rate option under the facilities, but have not exercised it to date. At June 30, 2001, the average rate on outstanding senior debt borrowings was 5.98%.

During 1998, we entered into interest rate protection agreements with two banks. Under the terms of the interest rate agreements, the LIBOR rate used to calculate the interest rate charged on $500.0 million of the outstanding senior term debt has been fixed at an average rate of 5.59%. The protection on $250 million expires in September 2001, and the protection on the balance expires in 2003. As of the date of this report, we have not made any commitments to enter into a new interest rate protection agreement for the portion of our existing agreement that expires in September 2001, but may do so at a later date.

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

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

- incur additional debt (including subordinated debt) in excess of $25 million;
- repurchase in excess of $50 million of our capital stock and senior subordinated notes;
- incur liens or other encumbrances;
- merge, consolidate or sell substantially all our property or business;
- sell assets, other than inventory;
- make investments or acquisitions unless we meet financial tests and other requirements;
- make capital expenditures; or
- enter into a new line of business.

The senior credit facilities require us to comply with several financial covenants, including a maximum leverage ratio, a minimum interest coverage ratio and a minimum fixed charge coverage ratio. At June 30, 2001, the maximum leverage ratio was 4.50:1, the minimum interest coverage ratio was 2.50:1, and the minimum fixed charge coverage ratio was 1.3:1. On that date, our actual ratios were 2.05:1, 4.71:1 and 2.20:1.

Events of default under the senior credit facilities include customary events, such as a cross-acceleration provision in the event that we default on other debt. In addition, an event of default under the senior credit facilities would occur if we undergo a change of control. This is defined to include the case where Apollo ceases to own at least 50% of the amount of our voting stock that they owned on August 5, 1998, or a third party becomes the beneficial owner of 33.33% or more of our voting stock at a time when certain permitted investors own less than the third party or Apollo entities own less than 35% of the voting stock owned by the permitted investors. We do not have the ability to prevent

Apollo from selling its stock, and therefore would be subject to an event of default if Apollo did so and its sales were not agreed to by the lenders under the senior credit facilities. This could result in the acceleration of the maturity of our debt under the senior credit facilities, as well as under the subordinated notes through their cross-acceleration provision.

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

The indenture contains covenants that limit our ability to:

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

Events of default under the indenture include customary events, such as a cross-acceleration provision in the event that we default in the payment of other debt due at maturity or upon acceleration for default in an amount exceeding $25 million.

We may redeem the notes after August 15, 2003, at our option, in whole or in part. In addition, subject to the restrictions set forth in the senior credit facility, at any time prior to August 15, 2001 we may redeem up to 33.33% of the original aggregate principal amount of the subordinated notes with the cash proceeds of one or more equity offerings, at a redemption price of 111% of the principal amount being redeemed.

The subordinated notes also require that upon the occurrence of a change of control (as defined in the indenture), the holders of the notes have the right to require us to repurchase the notes at a price equal to 101% of the original aggregate principal amount, together with accrued and unpaid interest, if any, to the date of repurchase. If we did not comply with this repurchase obligation, this would trigger an event of default under our senior credit facilities.

Sales of Equity Securities. On May 31, 2001, we completed an offering of 3,680,000 shares of our common stock at an offering price of $42.50 per share. In this offering, 1,150,000 shares were offered by us and 2,530,000 shares were offered by some of our stockholders. Net proceeds to us were approximately $45.7 million.

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

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

Litigation. In 1998, we recorded an accrual of approximately $125.0 million for estimated probable losses on litigation assumed in connection with the Thorn Americas acquisition. As of June 30, 2001, we have paid approximately $116.0 million of this accrual in settlement of most of these matters and legal fees. These settlements were funded primarily from amounts available under our senior credit facilities, including the revolving credit facility and the multidraw facility, as well as from cash flow from operations. Additional settlements or judgments against us on our existing litigation could affect our liquidity.

Common Stock Repurchase Plan. In April 2000, we announced that our board of directors had authorized a program to repurchase in the open market up to an aggregate of $25 million of our common stock. To date, no shares of common stock have been purchased by us under this share repurchase program. However, we may begin repurchasing shares of our common stock at any time.

Economic Conditions. Although our performance has not suffered in previous economic downturns, we cannot assure you that demand for our products, particularly in higher price ranges, will not significantly decrease in the event of a prolonged recession.

EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2001, we adopted SFAS 133, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and hedging activities. All derivatives, whether designated in hedging relationships or not, are required to be recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the income statement when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings.

The adoption of SFAS 133 on January 1, 2001 resulted in a cumulative pre-tax increase to other comprehensive income of $2.6 million, or $1.4 million after taxes. As a result of a decline in interest rates for the six months ended June 30, 2001, accumulative other comprehensive loss at the end of the period was $2.5 million after taxes.

On July 20, 2001, the Financial Accounting Standards Board issued SFAS 141, Business Combinations and SFAS 142, Goodwill and Intangible Assets. SFAS 141 is effective for all business combinations completed after June 30, 2001. SFAS 142 is effective for fiscal years beginning after December 15, 2001; however, certain provisions of this Statement apply to goodwill and other intangible assets acquired between July 1, 2001 and the effective date of SFAS 142.

Major provisions of these Statements and their effective dates for the Company are as follows:

- all business combinations initiated after June 30, 2001 must use the purchase method of accounting;

- intangible assets acquired in a business combination must be recorded separately from goodwill if they arise from contractual or other legal rights or are separable from the acquired entity and can be sold, transferred, licensed, rented or exchanged, either individually or as part of a related contract, asset or liability;

- goodwill, as well as intangible assets with indefinite lives, acquired after June 30, 2001, will not be amortized;

- effective January 1, 2002, all previously recognized goodwill and intangible assets with indefinite lives will no longer be subject to amortization;

- effective January 1, 2002, goodwill and intangible assets with indefinite lives will be tested for impairment annually and whenever there is an impairment indicator; and

- all acquired goodwill must be assigned to reporting units for purposes of impairment testing and segment reporting.

We will continue to amortize goodwill and intangible assets recognized prior to July 1, 2001, under our current method until January 1, 2002, at which time quarterly and annual goodwill amortization of approximately $7.1 million and $28.4 million will no longer be recognized. We intend to complete a transitional fair value based impairment test of goodwill as of January 1, 2002 by December 31, 2002. In addition, we intend to complete a transitional impairment test of all intangible assets with indefinite lives by March 31, 2002. Impairment losses, if any, resulting from the transitional testing will be recognized in the quarter ended March 31, 2002, as a cumulative effect of a change in accounting principle.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

INTEREST RATE SENSITIVITY

As of June 30, 2001, we had $175.0 million in senior subordinated notes outstanding at a fixed interest rate of 11.0%, and $490.0 million in term loans. Our senior subordinated notes mature on August 15, 2008. The fair value of the senior subordinated notes is estimated based on discounted cash flow analysis using interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of the senior subordinated notes at June 30, 2001 was $178.5 million, which is $3.5 million above their carrying value. Unlike the senior subordinated notes, the $490.0 million in term loans

and all borrowings under the senior credit facility have variable interest rates indexed to current LIBOR rates. Because the variable rate structure exposes us to risk of increased interest cost if interest rates rise, in 1998 we entered into $500.0 million in interest rate swap agreements that lock in a LIBOR rate of 5.59%, thus hedging this risk. These contracts have a weighted average remaining life of approximately one and one half years, with $250.0 million expiring in September of 2001 and $250.0 million expiring in 2003. The swap agreements had an aggregate fair value of ($4.7) million at June 30, 2001. A hypothetical 1.0% change in the LIBOR rate would have affected the fair value of the swaps by approximately $11.1 million.

MARKET RISK

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

INTEREST RATE RISK

We hold long-term debt with variable interest rates indexed to prime or LIBOR that exposes us to the risk of increased interest costs if interest rates rise. To reduce the risk related to unfavorable interest rate movements, we have entered into certain interest rate swap contracts on $500.0 million of debt to pay a fixed rate of 5.59%.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we, along with our subsidiaries, are party to various legal proceedings arising in the ordinary course of business. Except as described below, we are not currently a party to any material litigation.

Murray v. Rent-A-Center, Inc. In May 1999, the plaintiffs filed a putative nationwide class action in federal court in Missouri, alleging that we have discriminated against African Americans in our hiring, compensation, promotion and termination policies. Plaintiffs alleged no specific amount of damages in their complaint. Members of the regional class defined in our completed settlement of the Allen v. Thorn Americas, Inc. litigation would not be included in the Murray case. On May 11, 2001, the court denied the plaintiffs' motion for class certification. The Eighth Circuit Court of Appeals denied plaintiffs' appeal of that decision. Accordingly, this case will proceed on an individual plaintiff basis. We believe plaintiffs' claims in this suit are without merit. However, there can be no assurance that we will be found to have no liability.

Colon v. Thorn Americas, Inc. The plaintiffs filed this class action in November 1997 in New York state court. This matter was assumed by us in connection with the Thorn Americas acquisition, and appropriate purchase accounting adjustments were made for such contingent liabilities. The plaintiffs acknowledge that rent-to-own transactions in New York are subject to the provisions of New York's Rental Purchase Statute but contend the Rental Purchase Statute does not provide Thorn Americas immunity from suit for other statutory violations. Plaintiffs allege Thorn Americas has a duty to disclose effective interest under New York consumer protection laws, and seek damages and injunctive relief for Thorn Americas' failure to do so. This suit also alleges violations relating to excessive and unconscionable pricing, late fees, harassment, undisclosed charges, and the ease of use and accuracy of its payment records. In their prayers for relief, the plaintiffs have requested the following:

- class certification;
- injunctive relief requiring Thorn Americas to (A) cease certain marketing practices, (B) price their rental purchase contracts in certain ways, and (C) disclose effective interest;
- unspecified compensatory and punitive damages;
- rescission of the class members contracts;
- an order placing in trust all moneys received by Thorn Americas in connection with the rental of merchandise during the class period;
- treble damages, attorney's fees, filing fees and costs of suit;
- pre- and post-judgment interest; and
- any further relief granted by the court.

The plaintiffs have not specified a specific amount on their request for damages.

The proposed class originally included all New York residents who were party to Thorn Americas' rent-to-own contracts from November 26, 1991 through November 26, 1997. In her class certification briefing, Plaintiff acknowledged her claims under the General Business Law in New York are subject to a three year statute of limitations, and is now requesting a class of all persons in New York who paid for rental merchandise from us since November 26, 1994. We are vigorously defending this action. In November 2000, following interlocutory appeal by both parties from the denial of cross-motions for summary judgement, we obtained a favorable ruling from the Appellate Division of the State of New York, dismissing Plaintiff's claims based on the alleged failure to disclose an effective interest rate. Plaintiff's other claims were not dismissed. Plaintiff moved to certify a state-wide class in December 2000. Discovery on certification has been completed and our response has been filed. We are vigorously opposing class certification. Although there can be no assurance that our position will prevail, or that we will be found not to have any liability, we believe the decision by the Appellate Division to be a significant and favorable development in this matter.

Wisconsin Attorney General Proceeding. On August 4, 1999, the Wisconsin Attorney General filed suit against us and our subsidiary ColorTyme in the Circuit Court of Milwaukee County, Wisconsin, alleging that our rent-to-rent transaction violates the Wisconsin Consumer Act and the Wisconsin Deceptive Advertising Statute. The Attorney General claims that our rent-to-rent transaction, coupled with the opportunity afforded our customers to purchase rental merchandise under what we believe is a separate transaction, is a disguised credit sale subject to the Wisconsin Consumer Act. Accordingly, the Attorney General alleges that we have failed to disclose credit terms, misrepresented the terms of the transaction and engaged in unconscionable practices. We currently operate 27 stores in Wisconsin.

The Attorney General seeks injunctive relief, restoration of any losses suffered by any Wisconsin consumer harmed and civil forfeitures and penalties in amounts ranging from $50 to $10,000 per violation. The Attorney General's claim for monetary penalties applies to at least 6,240 transactions through February 28, 2001.

Since the filing of this suit, we have attempted to negotiate a mutually satisfactory resolution of these claims with the Wisconsin Attorney General's office, including the consideration of possible changes in our business practices in Wisconsin. To date, we have not been successful, but our efforts are ongoing. If we are unable to negotiate a settlement with the Attorney General, we intend to litigate the suits. Discovery is underway, and a pre-trial conference has been set for November 2001. Although we cannot assure you that we will be found to have no liability in this matter, we believe its ultimate resolution will not have a material adverse effect upon us.

Wilfong, et. al. v. Rent-A-Center, Inc./Margaret Bunch, et. al. v. Rent-A-Center, Inc. In August 2000, a putative nationwide class action was filed against us in federal court in East St. Louis, Illinois by Claudine Wilfong and 18 other plaintiffs, alleging that we engaged in class-wide gender discrimination following our acquisition of Thorn Americas. In December 2000, a similar suit filed by Margaret Bunch in federal court in the Western District of Missouri was amended to allege similar class action claims. The allegations underlying these matters involve charges of wrongful termination, constructive discharge, disparate treatment and disparate impact. With respect to the Wilfong matter, the plaintiffs, in their prayer for relief, have requested class certification, injunctive relief, actual damages of $410,000,000, unspecified compensatory and punitive damages, attorney's fees, filing fees and costs of suit, pre-judgment interest, and any further relief granted by the court. In the Bunch matter, the plaintiffs make similar requests for relief, although no specific amounts are claimed as actual damages. In addition, the U.S. Equal Employment Opportunity Commission filed a motion to intervene on behalf of the plaintiffs in the Wilfong matter. The court granted this motion on May 14, 2001. With respect to the Bunch matter, in July 2001 the court stayed the action and compelled the plaintiffs to arbitrate their claims. However, we cannot assure you that the action will not survive with other class representatives. Although each of these cases is in the early stages, we believe the claims are without merit. We cannot assure you, however, that we will be found to have no liability for these matters.

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

At our Annual Meeting of Stockholders held on May 15, 2001, the nominees for our Class I directors were elected. Two Class I directors were elected by all of our stockholders and one Class I director was elected by the holders of our Series A preferred stock. The stockholders also approved an amendment to our certificate of incorporation, increasing the number of shares of our common stock we are

authorized to issue from 50,000,000 to 125,000,000, and approved certain amendments to our Amended and Restated Long-Term Incentive Plan.

The voting was as follows for the directors elected by all of our stockholders:

NOMINEE	FOR	WITHHELD
J. Ernest Talley	21,151,340	2,229,877
Mitchell E. Fadel	21,151,190	2,230,027

The voting was as follows for the director elected by the holders of our Series A preferred stock:

NOMINEE	FOR	WITHHELD
Peter P. Copses	281,756	0

In addition to the directors elected at our Annual Meeting of Stockholders, the following directors' terms of office as a director continued after the Annual Meeting of Stockholders:

L. Dowell Arnette   Lawrence M. Berg   J.V. Lentell   Mark E. Speese

We currently have one vacancy on our Board of Directors.

The voting to approve the amendment to our certificate of incorporation was as follows:

FOR	AGAINST	WITHHELD
29,441,677	3,731,778	12,135

The voting to approve the amendments to our Amended and Restated Long-Term Incentive Plan was as follows:

FOR	AGAINST	WITHHELD
23,656,028	7,556,434	16,552

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

CURRENT REPORTS ON FORM 8-K

Current Report on Form 8-K filed on May 11, 2001.

Current Report on Form 8-K filed on May 22, 2001.

EXHIBITS

EXHIBIT NUMBER		EXHIBIT DESCRIPTION
2.1(1)	--	Stock Purchase Agreement, dated as of June 16, 1998, among Renters Choice, Inc., Thorn International BV and Thorn plc (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, the Company will supplementally supply such schedules and exhibits to the Commission.)

3.1(2)	--	Amended and Restated Certificate of Incorporation of Renters Choice, Inc.
3.2(3)	--	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Renters Choice, Inc.
3.3*	--	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Rent-A-Center, Inc.
3.4(4)	--	Amended and Restated Bylaws of Rent-A-Center, Inc.
4.1(5)	--	Form of Certificate evidencing Common Stock
4.2(6)	--	Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.
4.3(7)	--	Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc.
4.4(8)	--	Indenture, dated as of August 18, 1998, by and among Renters Choice, Inc., as Issuer, ColorTyme, Inc. and Rent-A-Center, Inc., as Subsidiary Guarantors, and IBJ Schroder Bank & Trust Company, as Trustee
4.5(9)	--	Form of Certificate evidencing Series A Preferred Stock
4.6(10)	--	Form of Exchange Note
4.7(11)	--	First Supplemental Indenture, dated as of December 31, 1998, by and among Renters Choice Inc., Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc. and IBJ Schroder Bank & Trust Company, as Trustee.
10.1(12)	--	Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan
10.2(13)	--	Credit Agreement, dated August 5, 1998, among Renters Choice, Inc., Comerica Bank, as Documentation Agent, NationsBank N.A., as Syndication Agent, and The Chase Manhattan Bank, as Administrative Agent, and certain other lenders
10.3(14)	--	First Amendment, dated as of February 25, 2000, to the Credit Agreement, dated August 5, 1998, among Rent-A-Center, Inc. (formerly known as Renters Choice, Inc.), Comerica Bank, as Documentation Agent, NationsBank N.A., as Syndication Agent, and the Chase Manhattan Bank, as Administrative Agent, and certain other lenders
10.4(15)	--	Amended and Restated Credit Agreement, dated as of August 5, 1998 as amended and restated as of June 29, 2000, among Rent-A-Center, Inc., Comerica Bank, as Documentation Agent, Bank of America, NA, as Syndication Agent, and The Chase Manhattan Bank, as Administration Agent
10.5(16)	--	First Amendment, dated as of May 8, 2001, to the Credit Agreement, dated as of August 5, 1998, as amended and restated as of June 29, 2000, among Rent-A-Center, Inc., the Lenders parties to the Credit Agreement, the Documentation Agent and Syndication Agent named therein and The Chase Manhattan Bank, as Administrative Agent.

10.6(17)	--	Guarantee and Collateral Agreement, dated August 5, 1998, made by Renters Choice, Inc., and certain of its Subsidiaries in favor of the Chase Manhattan Bank, as Administrative Agent
10.7(18)	--	Stockholders Agreement, dated as of August 5, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Renters Choice, Inc., and certain other persons
10.8(19)	--	Agreements to be Bound to Stockholders Agreement, each dated September 9, 1999, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Rent-A-Center, Inc. and certain other persons.
10.9(20)	--	Agreements to be Bound to Stockholders Agreement, each dated November 8, 2000, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Rent-A-Center, Inc. and certain other Persons.
10.10(21)	--	Registration Rights Agreement, dated August 5, 1998, by and Between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series A Convertible Preferred Stock
10.11(22)	--	Registration Rights Agreement, dated August 5, 1998, by and Between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series B Convertible Preferred Stock
10.12(23)	--	Stock Purchase Agreement, dated August 5, 1998, among Renters Choice, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.

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* Filed herewith

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

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

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

(4) Incorporated herein by reference to Exhibit 3.3 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2000

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

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

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

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

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

(10) Incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement Form S-4 filed on January 19, 1999

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

(12) Incorporated herein by reference to Exhibit 99.1 to the registrant's Registration Statement of Form S-8 (File No. 333-62582)

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

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

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

(16) Incorporated herein by reference to Exhibit 10.5 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001

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

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

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

(20) Incorporated herein by reference to Exhibit 10.8 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2000

(21) Incorporated herein by reference to Exhibit 10.22 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

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

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

SIGNATURES

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

RENT-A-CENTER, INC.

By: /s/ Robert D. Davis

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

Date: August 10, 2001

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Syndication
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The Chase
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Administration
Agent

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EXHIBIT 3.3

CERTIFICATE OF AMENDMENT
TO THE
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
RENT-A-CENTER, INC.
(the "CORPORATION")

Pursuant to the provisions of Section 242 of the Delaware General Corporation Law, the undersigned Corporation files the following Certificate of Amendment to its Amended and Restated Certificate of Incorporation, which amends Article Fourth thereof so as to increase the number of shares of the Corporation's common stock, par value $0.01 per share (the "COMMON STOCK"), authorized to be issued from 50,000,000 shares to 125,000,000 shares.

ARTICLE I

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

ARTICLE II

The following amendment to the Amended and Restated Certificate of Incorporation (the "CERTIFICATE OF INCORPORATION") was adopted by the Board of Directors of the Corporation on March 20, 2001 and by the stockholders of the Corporation on May 15, 2001:

> The first paragraph of Article Fourth of the Company's Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:
>
> "FOURTH: The aggregate number of shares of capital stock which the Corporation shall have authority to issue is 125,000,000 shares of common stock, having a par value of $0.01 per share (the "Common Stock"), and 5,000,000 shares of preferred stock, having a par value of $0.01 per share (the "Preferred Stock")."
>
> The remaining provisions of Article Fourth of the Company's Certificate of Incorporation shall remain the same and in full force and effect.

ARTICLE III

The number of votes of holders of capital stock of the Corporation entitled to vote at the time of such adoption was 35,231,928, which represents one vote for each of the 25,145,799 shares of Common Stock outstanding and entitled to vote on the amendment and 10,086,129 votes for 281,756 shares of the Corporation's Series A Preferred Stock outstanding and entitled to vote on the amendment.

ARTICLE IV

The number of votes which voted for the amendment was 29,441,677 while the number of votes which voted against the amendment was 3,731,778. Holders of 12,135 votes abstained from voting on the amendment.

ARTICLE V

This amendment to Article Fourth of the Corporation's Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 15th day of May, 2001.

RENT-A-CENTER, INC.

By: /s/ J. Ernest Talley

J. Ernest Talley, Chief Executive Officer