

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

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

May 28, 1998

RENTERS CHOICE, INC.
(Exact name of registrant as specified in its charter)

Commission File Number 0-25370

DELAWARE

(State or other jurisdiction of
incorporation or organization)

48-1024367

(I.R.S. Employer
Identification No.)

13800 Montfort Drive, Suite 300
Dallas, Texas 75240
(972) 701-0489

(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)

Item 2. ACQUISITION OF ASSETS

On May 28, 1998, the Registrant purchased substantially all of the assets of Central Rents, Inc. used in or related to the operation of 176 rent-to-own stores (the "Stores") for approximately \$100 million pursuant to that certain Asset Purchase Agreement, dated May 1, 1998, by and among the Registrant, Central Rents, Inc. ("Central"), Central Rents Holding, Inc. ("Holdings") and Banner Holdings, Inc. ("Banner"), as amended by that certain Letter Agreement, dated as of May 26, 1998, by and among the Registrant, Central, Holdings and Banner (collectively, the "Asset Purchase Agreement").

Pursuant to the Asset Purchase Agreement, the Registrant paid the purchase price in cash. The Registrant also assumed certain liabilities related to the assets acquired. The total purchase price and structure of the consideration paid was determined by negotiation between the Registrant, Central, Holdings and Banner. The source of the cash consideration was the proceeds from an advance under the Registrant's revolving credit facility with Comerica Bank, N.A., as agent. Prior to commencing negotiation of the Asset Purchase Agreement, there was no material relationship between (i) the Registrant, any of its affiliates, any of its officers or directors, or any associate of such officers and directors, and (ii) Central, Holdings Banner, any affiliates of Central, Holdings or Banner, any of the officers or directors of Central, Holdings or Banner or any associate of such officers and directors.

The Registrant intends to continue operating the Stores as rent-to-own stores. The Stores are located in 20 states and generate approximately \$100 million in annual revenue.

Item 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) FINANCIAL STATEMENTS OF BUSINESS ACQUIRED.

Incorporated herein by reference to Central Rents, Inc. Annual Report on Form 10-K for the year ended December 31, 1997.

Incorporated herein by reference to Central Rents, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 1998.

(b) PRO FORMA FINANCIAL INFORMATION

Pro Forma financial information of Renters Choice, Inc. and Central Rents, Inc.:

Unaudited Pro Forma Combined Balance Sheet as of March 31, 1998	Page 3
Notes to Unaudited Pro Forma Combined Balance Sheet as of March 31, 1998	Page 4
Unaudited Pro Forma Combined Statement of Operations for the Year ended December 31, 1997	Page 6
Notes to Unaudited Pro Forma Combined Statement of Operations For the Year ended December 31, 1997	Page 7
Unaudited Pro Forma Combined Statement of Operations the Three months ended March 31, 1998	Page 9
Notes to Unaudited Pro Forma Combined Statement of Operations For the three months ended March 31, 1998	Page 10

RENTERS CHOICE, INC. AND SUBSIDIARIES
 UNAUDITED PRO FORMA COMBINED BALANCE SHEET
 MARCH 31, 1998

	RCI and Central Rents Historical(1) -----	Pro Forma Adjustments -----	RCI and Central Rents Pro Forma Combined -----
	(Dollars in Thousands)		
Assets			
Cash and cash equivalents	\$ 17,422	\$ (11,509) (3)	\$ 5,913
Accounts receivable	4,592	(2,005) (3)	2,587
Rental Merchandise, net	148,860	(3,425) (3)	145,435
Prepays and other assets	4,175	(1,666) (3)	2,509
Property assets, net	21,939	(1,911) (3)	20,028
Deferred income taxes	17,524	(11,045) (3)	6,479
Intangible assets, net	66,957	64,972 (3)	131,929
	-----	-----	-----
Total assets	\$ 281,469 =====	\$ 33,411 =====	\$ 314,880 =====
Liabilities			
Accounts payable	\$ 19,146	\$ (2,964) (3)	\$ 16,182
Accrued liabilities	30,697	(9,506) (3)	21,191
Debt	73,346	42,943 (3)	116,289
	-----	-----	-----
Total liabilities	123,189	30,473	153,662
Stockholders' Equity	158,280	2,938 (3)	161,218
	-----	-----	-----
Total liabilities and stockholders' equity	\$ 281,469 =====	\$ 33,411 =====	\$ 314,880 =====

See accompanying notes.

RENTERS CHOICE, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA COMBINED BALANCE SHEET

MARCH 31, 1998

(In thousands, except per share data)

- (1) The following historical combined balance sheet data of the Company and Central Rents, Inc. as of March 31, 1998 has been derived from the unaudited interim financial statements of the respective entities.

	RCI	Central Rents	RCI and Central Rents Historical Combined
	-----	-----	-----
Assets			
Cash and cash equivalents	\$ 5,896	\$ 11,526	\$ 17,422
Accounts receivable	2,576	2,016	4,592
Rental Merchandise, net	117,137	31,723	148,860
Prepays and other assets	2,509	1,666	4,175
Property assets, net	18,368	3,571	21,939
Deferred income taxes	6,479	11,045	17,524
Intangible assets, net	60,408	6,549	66,957
	-----	-----	-----
	\$ 213,373	\$ 68,096	\$ 281,469
	=====	=====	=====
Liabilities			
Accounts payable	\$ 16,182	\$ 2,964	\$ 19,146
Accrued liabilities	21,064	9,633	30,697
Debt	14,909	58,437	73,346
	-----	-----	-----
	52,155	71,034	123,189
Stockholders' Equity	161,218	(2,938)	158,280
	-----	-----	-----
	\$ 213,373	\$ 68,096	\$ 281,469
	=====	=====	=====

- (2) The unaudited pro forma combined balance sheet gives effect to the Central Rents, Inc. acquisition as if it occurred on March 31, 1998. The acquisition has been accounted for as a purchase in accordance with the provisions of Accounting Principles Board Opinion No. 16, and accordingly, the purchase price has been allocated to the net assets acquired based on historical information available to management and preliminary estimates of fair market value. The final purchase price allocation is subject to refinement upon completion of a review of rental merchandise, property and equipment, and other assets.

- (3) The aggregate purchase price paid by the Company and the related purchase accounting for the acquisition of certain Central Rents, Inc. net assets is as follows:

Aggregate purchase price of Central Rents, Inc.	
Purchase price	\$ 99,830
Acquisition costs	1,550

Borrowings under revolving credit agreement required to finance the Central Rents, Inc. acquisition	\$101,380
	=====

	Central Rents Historical	Central Rents Pro Forma	Pro Forma Adjustment Increase (Decrease)
	-----	-----	-----
Allocation of purchase price:			
Cash	\$ 11,526	\$ 17	\$ (11,509)
Accounts receivables	2,016	11	(2,005)
Rental merchandise, net	31,723	28,298	(3,425)
Prepays and other assets	1,666	--	(1,666)
Property assets, net	3,571	1,660	(1,911)
Deferred income taxes	11,045	--	(11,045)
Intangible assets	6,549	71,521	64,972
	-----	-----	-----
Total assets	\$ 68,096	\$ 101,507	\$ 33,411
	=====	=====	=====
Accounts payable	\$ 2,964	\$ --	\$ (2,964)
Accrued liabilities	9,633	127	(9,506)
Debt	58,437	42,943	
Stockholders' equity	(2,938)	--	2,938
	-----	-----	-----
Total liabilities and stockholders' equity	\$ 68,096	\$ 101,507	\$ 33,411
	=====	=====	=====

RENTERS CHOICE, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1997

	RCI and Central Rents Historical (1)	Pro Forma Adjustments	RCI and Central Rents Pro Forma Combined
	-----	-----	-----
	(Dollars in Thousands, except per share data)		
Revenues			
Store			
Rentals and fees	\$ 373,926	\$ --	\$ 373,926
Merchandise sales	18,972	--	18,972
Other	793	--	793
Franchise			
Merchandise sales	37,385	--	37,385
Royalty income and fees	4,008	--	4,008
	-----	-----	-----
Total revenues	\$ 435,084	--	\$ 435,084
Operating Expenses			
Direct store expenses			
Depreciation of rental merchandise	\$ 87,630	--	\$ 87,630
Cost of merchandise sold	14,885	--	14,885
Salaries and other expenses	162,458	57,844	220,342
Franchise cost of merchandise sold	35,841	--	35,841
General and administrative expenses	77,559	(60,484) (3)	17,075
Amortization of intangibles	6,957	939	7,896
	-----	-----	-----
Total Operating Expenses	385,330	(1,661)	383,669
Operating profit	49,754	1,661	51,415
Interest expense	10,043	(752) (5)	9,291
Interest income	(304)	--	(304)
	-----	-----	-----
Earnings before income taxes	40,015	2,413	42,428
Income tax expense (benefit)	17,044	965	18,009
	-----	-----	-----
Net earnings	\$ 22,971	\$ 1,448	\$ 24,419
	=====	=====	=====
Basic weighted average common shares outstanding			
			24,844
Diluted weighted average common shares outstanding			
			25,194
Basic earnings per common share			
			\$ 0.98
			=====
Diluted earnings per common share			
			\$ 0.97
			=====

See accompanying notes.

RENTERS CHOICE, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS
 YEAR ENDED DECEMBER 31, 1997
 (In thousands, except per share data)

- (1) The following historical combined statement of operations of the Company and Central Rents, Inc. for the year ended December 31, 1997 has been derived from the audited financial statements of the respective entities.

	RCI	Central Rents	RCI and Central Rents Historical Combined
	-----	-----	-----
	(Dollars in Thousands)		
Revenues			
Store			
Rentals and fees	\$ 275,344	\$ 98,582	\$ 373,926
Merchandise sales	14,125	4,847	18,972
Other	679	114	793
Franchise			
Merchandise sales	37,385	--	37,385
Royalty income and fees	4,008	--	4,008
	-----	-----	-----
Total revenues	\$ 331,541	\$ 103,543	\$ 435,084
Operating Expenses			
Direct store expenses			
Depreciation of rental merchandise	57,223	30,407	\$ 87,630
Cost of merchandise sold	11,365	3,520	14,885
Salaries and other expenses	162,458	--	162,458
Franchise cost of merchandise sold	35,841	--	35,841
General and administrative expenses	13,304	64,255	77,559
Amortization of intangibles	5,412	1,545	6,957
	-----	-----	-----
Total Operating Expenses	285,603	99,727	385,330
Operating profit	45,938	3,816	49,754
Interest expense	2,194	7,849	10,043
Interest income	(304)	--	(304)
	-----	-----	-----
Earnings before income taxes	44,048	(4,033)	40,015
Income tax expense (benefit)	18,170	(1,126)	17,044
	-----	-----	-----
Net earnings	\$ 25,878	\$ (2,907)	\$ 22,971
	=====	=====	=====
Basic weighted average common shares outstanding	24,844		
	=====		
Diluted weighted average common shares outstanding	25,194		
	=====		
Basic earnings per common share	\$ 1.04		
	=====		
Diluted earnings per common share	\$ 1.03		
	=====		

(2) The unaudited pro forma combined statement of operations gives effect to the Central Rents, Inc. acquisition as if it occurred on January 1, 1997. The acquisition has been accounted for as a purchase in accordance with the provisions of Accounting Principles Board Opinion No. 16, and accordingly, the purchase price has been allocated to the net assets acquired based on historical information available to management and preliminary estimates of fair market value. The final purchase price allocation is subject to refinement upon completion of a review of rental merchandise, property and equipment, and other assets.

(3)

	Increase (decrease)	
	Store Expenses Salaries and Other	General and Administrative Expenses
	-----	-----
Reclassification of Central Rents, Inc. other store expenses to conform with the Company's presentation	\$57,684	\$ (57,684)
Elimination of duplicate corporate overhead and additional field expenses as a result of the Central Rents, Inc. acquisition	200	(2,800)
	-----	-----
	\$57,884	\$ (60,484)
	=====	=====

(4) Reversal of historical intangible amortization and record the pro forma intangible amortization required as a result of the Central Rents, Inc. acquisition using estimated useful lives of 5 years for the noncompete agreement and 30 years for excess costs over fair market value of net assets acquired:

Reversal of historical intangible amortization	\$ (1,545)
Pro forma intangible amortization	2,484

	\$ 939
	=====

(5) Change in interest expense for three months as a result of borrowings on the existing revolving credit agreement used to finance the Central Rents, Inc. acquisition:

Borrowings of \$101.4 million at 7% on the existing revolving credit agreement used to finance the Central Rents, Inc. acquisition	\$ 7,097
Elimination of historical interest expense for Central Rents, Inc.	(7,849)

	\$ (752)
	=====

(6) Income tax expense adjustment related to the effects of the Central Rents, Inc. acquisition pro forma adjustments at a 40% effective tax rate.

RENTERS CHOICE, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
THREE MONTHS ENDED MARCH 31, 1998

	RCI and Central Rents Historical(1)	Pro Forma Adjustments	RCI and Central Rents Pro Forma Combined
	-----	-----	-----
	(Dollars in Thousands, except per share data)		
Revenues			
Store			
Rentals and fees	\$ 99,143	\$ --	\$ 99,143
Merchandise sales	7,446	--	7,446
Other	118	--	118
Franchise			
Merchandise sales	7,621	--	7,621
Royalty income and fees	1,106	--	1,106
	-----	-----	-----
Total revenues	115,434	--	115,434
Operating Expenses			
Direct store expenses			
Depreciation of rental merchandise	23,169	--	23,169
Cost of merchandise sold	5,612	--	5,612
Salaries and other expenses	44,497	14,171 (3)	58,668
Franchise cost of merchandise sold	7,343	--	7,343
General and administrative expenses	18,938	(14,821) (3)	4,117
Amortization of intangibles	1,453	556 (4)	2,009
	-----	-----	-----
Total Operating Expenses	101,012	(94)	100,918
Operating profit	14,422	94	14,516
Interest expense	2,429	(205) (5)	2,224
Interest income	(114)	--	(114)
	-----	-----	-----
Earnings before income taxes	12,107	299	12,406
Income tax expense (benefit)	5,079	120 (6)	5,199
	-----	-----	-----
Net earnings	\$ 7,028	\$ 179	\$ 7,207
	=====	=====	=====
Basic weighted average common shares outstanding			24,921
Diluted weighted average common shares outstanding			25,171
Basic earnings per common share			\$ 0.29
			=====
Diluted earnings per common share			\$ 0.29
			=====

See accompanying notes.

RENTERS CHOICE, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS
 THREE MONTHS ENDED MARCH 31, 1998
 (In Thousands, except per share data)

- (1) The following historical combined statement of operations of the Company and Central Rents, Inc. for the three months ended March 31, 1998 have been derived from the unaudited interim financial statements of the respective entities.

	RCI	Central Rents	RCI and Central Rents Historical Combined
	-----	-----	-----
Revenues			
Store			
Rentals and fees	\$ 75,426	\$ 23,717	\$ 99,143
Merchandise sales	5,962	1,484	7,446
Other	118	--	118
Franchise			
Merchandise sales	7,621	--	7,621
Royalty income and fees	1,106	--	1,106
	-----	-----	-----
Total revenues	90,233	25,201	115,434
Operating Expenses			
Direct store expenses			
Depreciation of rental merchandise	15,505	7,664	23,169
Cost of merchandise sold	4,554	1,058	5,612
Salaries and other expenses	44,497	--	44,497
Franchise cost of merchandise sold	7,343	--	7,343
General and administrative expenses	3,225	15,713	18,938
Amortization of intangibles	1,388	65	1,453
	-----	-----	-----
Total Operating Expenses	76,512	24,500	101,012
Operating profit	13,721	701	14,422
Interest expense	450	1,979	2,429
Interest income	(114)	--	(114)
	-----	-----	-----
Earnings before income taxes	13,385	(1,278)	12,107
Income tax expense (benefit)	5,529	(450)	5,079
	-----	-----	-----
Net earnings	\$ 7,856	\$ (828)	\$ 7,028
	=====	=====	=====
Basic weighted average common shares outstanding	24,921		
	=====		
Diluted weighted average common shares outstanding	25,171		
	=====		
Basic earnings per common share	\$ 0.32		
	=====		
Diluted earnings per common share	\$ 0.31		
	=====		

(2) The unaudited pro forma combined statement of operations gives effect to the Central Rents, Inc. acquisition as if it occurred on January 1, 1997. The acquisition has been accounted for as a purchase in accordance with the provisions of Accounting Principles Board Opinion No. 16, and accordingly, the purchase price has been allocated to the net assets acquired based on historical information available to management and preliminary estimates of fair market value. The final purchase price allocation is subject to refinement upon completion of a review of rental merchandise, property and equipment, and other assets.

(3)

	Increase (decrease)	
	Store Expenses Salaries and Other	General and Administrative Expenses
	-----	-----
Reclassification of Central Rents, Inc. other store expenses to conform with the Company's presentation	\$ 14,121	\$ (14,121)
Elimination of duplicate corporate overhead and additional field expenses as a result of the Central Rents, Inc. acquisition	50	(700)
	-----	-----
	\$ 14,171	\$ (14,821)
	=====	=====

(4) Reversal of historical intangible amortization and record the pro forma intangible amortization required as a result of the Central Rents, Inc. acquisition using estimated useful lives of 5 years for the noncompete agreement and 30 years for excess costs over fair market value of net assets acquired:

Reversal of historical intangible amortization	\$ (65)
Pro forma intangible amortization	621

	\$ 556
	=====

(5) Change in interest expense for three months as a result of borrowings on the existing revolving credit agreement used to finance the Central Rents, Inc. acquisition:

Borrowings of \$101.4 million at 7% on the existing revolving credit agreement used to finance the Central Rents, Inc. acquisition	\$ 1,774
Elimination of historical interest expense for Central Rents, Inc.	(1,979)

	\$ (205)
	=====

(6) Income tax expense adjustment related to the effects of the Central Rents, Inc. acquisition pro forma adjustments at a 40% effective tax rate.

(c) EXHIBITS

- 2.1 Asset Purchase Agreement, dated May 1, 1998, by and among the Registrant, Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc.*
- 2.2 Letter Agreement, dated as of May 26, 1998, by and among the Registrant, Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc. with respect to Exhibit 2.1*
- 23.1 Consent of Arthur Anderson, L.L.P.

*Previously filed

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RENTERS CHOICE, INC.

By: /s/ J. ERNEST TALLEY

J. Ernest Talley
Chief Executive Officer

Date: August 7, 1998

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
2.1	Asset Purchase Agreement, dated May 1, 1998, by and among the Registrant, Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc.*
2.2	Letter Agreement, dated as of May 26, 1998, by and among the Registrant, Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc., with respect to Exhibit 2.1*
23.1	Consent of Arthur Anderson, L.L.P.

*Previously Filed

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANT

As independent public accountants, we hereby consent to the incorporation by reference in this Form 8-K/A of our report dated March 19, 1998 relating to Central Rents, Inc. included in Commission File Number 0-25370 for Renters Choice, Inc. It should be noted that we have not audited any financial statements of Central Rents, Inc. subsequent to December 31, 1997 or performed any audit procedures subsequent to the date of our report.

ARTHUR ANDERSEN LLP

Los Angeles, CA
August 3, 1998