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 March 31, 1999

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
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 11, 1999:

Class	Outstanding
Common stock, $.01 par value per share	24,162,706

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RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars)	March 31, 1999	December 31, 1998
	Unaudited	
ASSETS		
Cash and cash equivalents	$ 16,215	$ 33,797
Rental merchandise, net		
On rent	336,393	311,650
Held for rent	76,172	97,156
Accounts receivable - trade	3,065	3,296
Prepaid expenses and other assets	30,457	65,689
Property assets, net	80,928	85,018
Deferred income taxes	178,407	178,407
Intangible assets, net	722,658	727,976
	$ 1,444,295	$ 1,502,989
LIABILITIES		
Senior debt	$ 610,000	$ 630,700
Subordinated notes payable	175,000	175,000
Accounts payable - trade	55,210	43,868
Accrued liabilities	177,027	239,032
	1,017,237	1,088,600
COMMITMENTS AND CONTINGENCIES	--	--
PREFERRED STOCK		
Redeemable convertible voting preferred stock, net of placement costs, $.01 par value; 5,000,000 shares authorized; 260,000 shares issued and outstanding	259,476	259,476
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value; 50,000,000 shares authorized; 25,119,673 and 25,073,583 shares issued in 1999 and 1998, respectively	251	251
Additional paid-in capital	102,430	101,781
Retained earnings	89,901	77,881
	192,582	179,913
Treasury stock, 990,099 shares at cost in 1999 and 1998	(25,000)	(25,000)
	167,582	154,913
	$ 1,444,295	$ 1,502,989

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In Thousands of Dollars, except per share data)	Three months ended March 31,	
	1999	1998
	Unaudited	
Store		
Rentals and fees	$ 301,707	$ 75,426
Merchandise sales	31,886	5,962
Other	858	118
Franchise		
Merchandise sales	8,821	7,621
Royalty income and fees	1,425	1,106
	344,697	90,233
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	64,466	15,505
Cost of merchandise sold	25,916	4,554
Salaries and other expenses	186,430	44,497
Franchise cost of merchandise sold	8,542	7,343
	285,354	71,899
General and administrative expenses	11,251	3,225
Amortization of intangibles	6,390	1,388
Total operating expenses	302,995	76,512
Operating profit	41,702	13,721
Interest expense	18,642	450
Interest income	(286)	(114)
Earnings before income taxes	23,346	13,385
Income tax expense	11,319	5,529
NET EARNINGS	12,027	7,856
Preferred dividends	2,441	--
Net earnings allocable to common stockholders	$ 9,586	$ 7,856
Basic earnings per share	$ 0.40	$ 0.32
Diluted earnings per share	$ 0.35	$ 0.31

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)	Three months ended March 31, 1999	1998
	Unaudited	
Cash flows from operating activities		
Net earnings	$ 12,027	$ 7,856
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of rental merchandise	64,466	15,505
Depreciation of property assets	7,663	1,542
Amortization of intangibles	6,390	1,388
Amortization of financing fees	652	--
Changes in operating assets and liabilities, net of effects of Acquisitions		
Rental merchandise	(68,226)	(19,669)
Accounts receivable - trade	231	263
Prepaid expenses and other assets	1,317	655
Accounts payable - trade	11,343	4,247
Accrued liabilities	(24,131)	4,056
Net cash provided by operating activities	11,732	15,843
Cash flows from investing activities		
Purchase of property assets	(9,118)	(2,514)
Proceeds from sale of property assets	316	309
Acquisitions of businesses, net of cash acquired	--	(832)
Net cash used in investing activities	(8,802)	(3,037)
Cash flows from financing activities		
Exercise of stock options	649	608
Proceeds from debt	11,226	13,135
Repayments of debt	(32,387)	(25,397)
Net cash used in financing activities	(20,512)	(11,654)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,582)	1,152
Cash and cash equivalents at beginning of period	33,797	4,744
Cash and cash equivalents at end of period	$ 16,215	$ 5,896

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 generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K, as amended by the Form 10-K/A, for the year ended December 31, 1998. In our opinion, the accompanying unaudited interim financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly our results of operations and cash flows for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

2. On May 28, 1998, we acquired substantially all of the assets of Central Rents, Inc. for approximately $100 million in cash. Central Rents operated 176 stores located primarily in California, the Southwest, Midwest, and South. On August 5, 1998, we acquired Thorn Americas, Inc. for approximately $900 million in cash, including the repayment of certain debt of Thorn Americas. Prior to this acquisition, Thorn Americas was our largest competitor with 1,409 company-owned stores and 65 franchised stores in 49 states and the District of Columbia. During 1998, we also acquired the assets of 55 rent-to-own stores in 14 separate transactions for approximately $26.4 million in cash. The following pro-forma information combines the results of operations as if the acquisitions of Central Rents and Thorn Americas had been consummated as of the beginning of the periods presented, after including the impact of adjustments for amortization of intangibles, and the impact of interest expense and preferred dividends as a result of acquisition financing. The results of operations of the other stores acquired in 1998 were not material in relation to our consolidated results of operations. No stores have been acquired during the three months ended March 31, 1999, and as a result the pro-forma information equates to actual results as disclosed in this report.

	Three Months ended March 31,	
	1999	1998
	Unaudited	
Revenue	$ 344,697	$ 339,206
Net earnings allocable to common stockholders	$ 9,586	$ 1,058
Basic earnings per common share	$ 0.40	$ 0.04
Diluted earnings per common share	$ 0.35	$ 0.04

The pro-forma financial information is presented for informational purposes only and is not necessarily indicative of operating results that would have occurred had the acquisitions been consummated as of the above dates, nor are they necessarily indicative of future operating results.

3. EARNINGS PER SHARE

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

(In Thousands, except per share data)	Three months ended March 31, 1999		
	Net earnings	Shares	Per share
Basic earnings per common share	$ 9,586	24,115	$ 0.40
Effect of dilutive stock options	--	542	
Effect of preferred dividend	2,441	9,449	
Diluted earnings per common share	$ 12,027	34,106	$ 0.35

(In Thousands, except for per share data)	Three months ended March 31, 1998		
	Net earnings	Shares	Per share
Basic earnings per common share	$ 7,856	24,921	0.32
Effect of dilutive stock options	--	250	
Diluted earnings per common share	$ 7,856	25,171	0.31

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

GENERAL

This report contains forward-looking statements that involve risk 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 such forward-looking statements are accurate. However, we cannot assure you that such expectations will occur. Our actual future performance could differ materially from such statements. Factors that could cause or contribute to such differences include, but are not limited to:

- our ability to enhance the performance of the stores we acquired in the Central Rents and Thorn Americas acquisitions,
- our ability to acquire additional rent-to-own stores on favorable terms and our ability to integrate those stores into our operations,
- uncertainties regarding the ability to open new stores,
- the passage of legislation adversely affecting the rent-to-own industry,
- interest rates,
- our ability to collect on our rental purchase agreements at the current rate, and
- 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. 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, as amended by our Form 10-K/A, for our fiscal year ended December 31, 1998, and in our Registration Statement on Form S-3 filed on May 7, 1999, and elsewhere in this report. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the statements in those sections.

OUR BUSINESS

We are the largest operator in the United States rent-to-own industry with an approximate 26% market share (based on store count). We currently operate 2,093 company-owned stores and 335 franchised stores, providing high quality durable goods in 50 states, the District of Columbia and Puerto Rico.

In May 1998, we acquired substantially all of the assets of Central Rents, Inc., which operated 176 stores, for approximately $100 million in cash. In August 1998, we acquired Thorn Americas, Inc. for approximately $900 million in cash, including the repayment of certain debt of Thorn Americas. Prior to this acquisition, Thorn Americas was our largest competitor, operating 1,409 company-owned stores and 65 franchised stores in 49 states and the District of Columbia. During 1998, we also acquired the assets of 55 stores in 14 separate transactions for approximately $26.4 million in cash. As a result of these acquisitions, a total of 1,637 stores were added to our store base.

We financed the acquisition of Thorn Americas through certain financing arrangements, consisting of a senior credit facility and a senior subordinated facility. We also issued $260 million in preferred stock to certain affiliates of Apollo Management, IV, L.P., and to an affiliate of Bear, Stearns & Co. to assist in the funding of the acquisition of Thorn Americas, to repurchase $25 million of our common stock, and to repay our prior credit facility. On August 18, 1998, we issued $175 million of senior subordinated notes to repay the senior subordinated facility.

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 under-performing stores to which we could apply our operating strategies. The acquired stores benefit from our administrative network, improved product mix, sophisticated management information system and greater purchasing power of a larger organization while strengthening their local position. Since May 1993, our store base has grown from 27 to 2,093 primarily through acquisitions. During this period we have acquired over 2,000 company-owned stores and over 300 franchised stores in more than 60 separate transactions, including six transactions where we acquired in excess of 70 stores. As a result, we have gained significant experience in the acquisition and integration of other rent-to-own operators and believe that the fragmented nature of the industry will result in ongoing growth opportunities.

All of the aforementioned acquisitions were accounted for as purchases and, accordingly, the operating results of the acquired stores have been included in our operating results since their respective dates of acquisition. Because of the significant growth since our formation, our historical results of operations, our period-to-period comparisons of such results, and certain financial data may not be comparable, meaningful or indicative of future results.

RECENT DEVELOPMENTS

During 1998 we developed a comprehensive program for the integration of Central Rents and Thorn Americas. By December 31, 1998, we had completed the major steps of this integration plan, which resulted in the elimination of most of the duplicative costs temporarily incurred namely:

- replacing Thorn Americas' nationwide distribution network with our vendor drop shipment system;
- implementing a common management information system;
- consolidating advertising, purchasing and human resource functions;
- integrating middle and senior management; and
- all stores, including former Renters Choice locations, adopting and beginning to operate under the "Rent-A-Center" brand name.

The rapid completion of the integration process has enabled us to be in a position to realize most of the synergies identified at the time of the acquisition, and has enabled us to makes progress on improving the performance of the acquired stores ahead of schedule.

During the quarter ended March 31, 1999 we focused our efforts on enhancing the operations in the stores acquired from Central Rents and Thorn Americas. We sought to improve store performance through strategies intended to produce gains in operating efficiency and profitability. For instance, in conjunction with the closure of the distribution centers and the change to our vendor drop shipment system, we have managed to significantly reduce the number of stock-keeping units held, either through normal rental channels or through outright sales. These stock-keeping units have been replaced with our current product offerings, and with the support of our marketing and advertising programs, we have been able to increase the number of units on rent and the average price per unit, and as a consequence increase revenues and operating margins.

Under the terms of our senior credit facility, we are obligated to repay $2 million of the term loans in 1999. However, our stronger than anticipated financial performance and cash flow position enabled us to repay approximately $89 million in 1998, and approximately $26 million during the three months ended March 31, 1999. At March 31, 1999, we had additionally borrowed $5 million under our revolver facility. It is our intention to repay our revolver facility and to make further principal repayments of our term loans whenever our cash flow position is sufficiently strong.

RESULTS OF OPERATIONS

COMPARISON OF THE THREE MONTHS ENDED MARCH 31, 1999 AND 1998

Between April 1, 1998 and March 31, 1999 we acquired 1,632 stores, 45 of which were subsequently consolidated with existing locations and one of which was sold. These acquisitions were accounted for as purchases, and accordingly, the operating results of the acquired operations have been included in the results of operations since the respective dates of acquisition. Primarily as a result of the effects of these acquisitions on our results of operations, comparisons of operating results for 1999 and 1998 may not be meaningful or indicative of future results.

Total revenue increased by $254.5 million, or 282.2% to $344.7 million for 1999 from $90.2 million for 1998. The increase in total revenue was primarily attributable to the inclusion of the 1,615 stores purchased in the twelve months ended March 31, 1998, net of store consolidations and closures. Same store revenues increased by $6.6 million, or 8.5% to $84.6 million for 1999 from $78.0 million in 1998. Same store revenues represent those revenues earned in stores that were operated by us for the entire three-month period ending March 31, 1999 and 1998. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per unit on rent.

Depreciation of rental merchandise increased by $49.0 million, or 316.1% to $64.5 million for 1999 from $15.5 million for 1998. Depreciation of rental merchandise as a percent of total store rental and fee revenue increased to 21.4% for 1999 from 20.6% for 1998. The increase in depreciation of rental merchandise as a percent of total store revenue was primarily attributable to lower rental rates on rental merchandise acquired in the aforementioned acquisitions.

Salaries and other expenses as a percentage of store revenue increased to 55.7% for 1999 from 54.6% for 1998. This increase is attributable to the increase in salaries for employees and other expenses of the acquired stores immediately following the acquisitions. Occupancy costs also increased as a percentage of total store revenue due to the relocation of certain stores acquired in 1998 to locations that are larger in square footage. Generally, revenue from these stores increased gradually while the additional payroll and occupancy costs were incurred immediately.

General and administrative expenses expressed as a percentage of total revenue decreased from 3.6% in 1998 to 3.3% in 1999. This decrease was the result of increased revenues from the stores acquired from Central Rents and Thorn Americas, allowing us to leverage our fixed and semi-fixed costs over a larger revenue base.

Operating profit increased by $28.0 million, or 204.4%, to $41.7 million for 1999 from $13.7 million for 1998. Operating profit as a percentage of total revenue decreased to 12.1% in 1999 from 15.2% in 1998. This decrease is attributable to the lower margins achieved at the acquired Central Rents and Thorn Americas stores. Our efforts to

improve the efficiency and profitability of these acquired stores, as discussed elsewhere in this report, has resulted in operating profit as a percentage of total revenue increasing from 10.7% in the three months ended December 31, 1998 (calculated before the effect of the $11.5 million non-recurring legal charge) to 12.1% in the three months ended March 31, 1999.

Net earnings increased by $4.1 million, or 51.9%, to $12.0 million in 1999 from $7.9 million in 1998.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity requirements are for debt service under our senior credit facilities, the subordinated notes, other indebtedness outstanding, working capital and capital expenditures. As of March 31, 1999, the amount outstanding under our senior credit facility and subordinated notes was approximately $785.0 million, consisting primarily of $610.0 million of the senior credit facilities, and $175.0 million of the notes.

We purchased $109.3 million of rental merchandise during the three months ended March 31, 1999.

For the three months ended March 31, 1999, cash provided by operating activities decreased by $4.1 million, from $15.8 million in 1998 to $11.7 million in 1999, primarily due to payments on liabilities assumed in the acquisition of Thorn Americas. Cash used in investing activities increased by $5.8 million from $3.0 million in 1998 to $8.8 million in 1999, principally related to increased capital expenditures associated with the continuing process of refurbishing a larger store base. Cash used in financing activities was $20.5 million for the three months ended March 31, 1999, compared to $11.7 million in 1998.

At March 31, 1999, we had in place a $962.3 million senior credit facility. Borrowings under the senior credit facility bore interest at a rate equal to 0.25% to 1.75% over the designated prime rate, which was 7.75% per annum at March 31, 1999, or 1.25% to 2.75% over LIBOR, which was 4.94% at March 31, 1999, at our option. At March 31, 1999, the average rate on outstanding borrowings was 7.90%. During 1998, we entered into certain 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 million of the outstanding senior term debt has been fixed at an average rate of 5.59%. These interest rate agreements have terms of three and five years. Borrowings were collateralized by a lien on substantially all of our assets. A commitment fee equal to 0.25% to 0.50% of the unused portion of the term loan facility is payable quarterly. The senior credit facility includes certain net worth and fixed charge coverage requirements, as well as covenants which restrict additional indebtedness and the disposition of assets not in the ordinary course of business.

Principal and interest payments under the senior credit facilities and the notes represent significant liquidity requirements for us. Under the term loans, we will be required to make principal payments totaling approximately $2.0 million in 1999, $14.0 million in 2000, $22.0 million in 2001, $26.0 million in 2002, and $30.0 million in 2003. Loans under the senior credit facilities not covered by interest rate swap agreements bear interest at floating rates based upon the interest rate option selected by us.

Capital expenditures are made generally to maintain existing operations and for the acquisition and opening of stores. We spent $9.1 million in the three months ended March 31, 1999, and expect to spend a total of approximately $24.8 million in the year ended December 31, 1999 on capital expenditures, all of which are to maintain existing operations.

With the major steps of the integration plan relating to Central Rents and Thorn Americas now behind us, we are currently focusing our efforts on enhancing the operations in the acquired stores. Once completed, we intend to resume our strategy of increasing our store base and annual revenues and profits through the opening of new stores, as well as opportunistic acquisitions.

We plan to accomplish our future growth through selective and opportunistic acquisitions, with an increasing emphasis on new store development. Typically, a newly opened rental store is profitable on a monthly basis in the sixth to seventh month after its initial opening. Historically, a typical store has achieved break-even profitability in

twelve to fifteen months after its initial opening. Total financing requirements of a typical new store approximates $0.4 million, with roughly 80% to 85% 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. There can be no assurance that we will open any new stores in the future, or as to the number, location or profitability thereof.

We believe that cash flow from operations together with amounts available under the senior credit facilities, including the revolving credit facility and letter of credit/multidraw facility therein, will be sufficient to fund our debt service requirements, working capital needs, capital expenditures and litigation exposure during 1999. The revolving credit facility provides us with revolving loans in an aggregate principal amount not exceeding $120.0 million and the letter of credit/multidraw facility will provide us with an additional $122.3 million of financing to support certain litigation assumed in connection with the Thorn Americas acquisition. Based upon our extensive review and analysis of such litigation and our potential exposure thereon, we believe that we will have sufficient funds available to pay any litigation expenses related to such litigation. In addition, once the letter of credit is terminated, the letter of credit/multidraw facility will convert to a $85 million term loan.

In addition, to provide any additional funds necessary for the continued pursuit of our 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 will be beyond our control, such as prevailing interest rates and general economic conditions. There can be no assurance such additional financing will be available, or if available, will be on terms acceptable to us.

EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

During the second quarter of 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" which will be effective for the fiscal year 2000. This statement establishes accounting and reporting standards requiring that derivative instruments, including certain derivative instruments imbedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement also requires that changes in the derivative's fair value be recognized in earnings unless specific hedge accounting criteria are met. We are currently evaluating the impact that this statement will have on our financial statements.

YEAR 2000 OVERVIEW

Year 2000 issues exist when dates are recorded on computers using two digits, rather than four, and are then used for arithmetic operations, comparisons or sorting. A two digit recording may recognize a date using "00" as 1900, rather than 2000, which could cause computer systems to perform inaccurate computations or shut down. Many of the world's computer systems currently record years in this two-digit format and will be unable to properly interpret dates beyond the year 1999 if not remedied.

Management Information Systems. Our primary information technology system controls all of our computer operations in our rent-to-own stores and home office. This system has also been integrated into the retail outlets and operations acquired from Thorn Americas. We have received written assurance from our software vendor that the system is Year 2000 compliant, which means that it is equipped to interpret dates beyond the year 1999. We have engaged external resources to complete an independent review of our information systems. Based in part upon the results of this review, we believe that our management information systems are prepared for the Year 2000.

As of March 31, 1999, we have incurred costs of approximately $290,000 in assuring Year 2000 compliance through testing and upgrades. Additionally, as part of our recent expansion, we purchased new hardware and software for our home office that is warranted to be Year 2000 compliant. All upgrades in both our headquarters and ColorTyme's offices have been completed.

Major Suppliers. We have received written assurances from approximately 80% of our vendors, confirming that such vendors are Year 2000 compliant. We utilize many suppliers and no single supplier is material to our operations. As a result, we believe that we have the ability to obtain merchandise for our stores from many different

vendors. In the event any vendors are not Year 2000 compliant, we anticipate having sufficient alternate supply sources available to serve our needs.

Other Systems. We are in the process of identifying certain on-site non-information technology systems that may be Year 2000 sensitive. Once these systems have been fully identified, we will determine, with the help of outside vendors, whether these systems are vulnerable to Year 2000 problems. Potential non-information technology systems include alarms, elevators, irrigation systems, thermostats, and utility meters and switches.

We plan to complete the identification, testing, and replacing of these systems for Year 2000 compliance during 1999. We do not believe that the cost to repair or replace any vulnerable non-information technology systems will be material. However, there can be no guarantee that the systems of other companies on which we rely will be timely converted and will not have an adverse effect on our operations.

In the event of a complete failure of our information technology systems, our contingency plan is to continue the affected functions either manually or through the use of systems that are not Year 2000 compliant. The primary costs associated with such a necessity would be (A) increased time delays in the posting of information, and (B) increased personnel to manually process the information. We believe that the increased costs associated with such personnel would not have a material adverse affect on our operations or financial conditions.

The cost of Year 2000 compliance and the estimated date of completion of necessary modifications are based on our best estimates, which were derived from various assumptions of future events, including the continued availability of resources, third party modification plans and other factors. However, we cannot guarantee these estimates are accurate and actual results could differ materially from those anticipated.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

INTEREST RATE SENSITIVITY

As of March 31, 1999 we had $175.0 million in subordinated notes at a fixed interest rate of 11.0% and $630.7 million in term loans indexed to the LIBOR rate. The subordinated notes mature on August 15, 2008 and have a fixed interest rate of 11.0%. The fair value of the subordinated notes is estimated based on discounted cash flow analysis using interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of the subordinated notes is $182.4 million, which is $7.4 million in excess of their carrying value of $175 million. Unlike the subordinated notes, the $610.0 million in term loans have variable interest rates indexed to current LIBOR rates. Because the variable rate structure exposes us to the risk of increased interest cost if interest rates rise, we have entered into interest rate swap agreements to hedge this risk. In August and September 1998, we entered into $500 million in interest rate swap agreements that lock in a LIBOR rate of 5.59%. These contracts have an average life of four years. Given the current capital structure, including our interest rate swap agreements, we have $130.7 million, or 16.2% of our total debt, in variable rate debt. A hypothetical 1.0% change in the LIBOR rate would affect pre-tax earnings by approximately $0.3 million for the three month period.

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 which 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 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. The majority of the material proceedings involve claims that may be generally characterized into one of two categories, recharacterization claims and statutory compliance claims. Recharacterization claims generally involve claims:

- in states that do not have rent-to-own legislation,
- that rent-to-own transactions are disguised installment sales in violation of applicable state installment statutes, and
- that allege greater damages.

Statutory compliance claims generally involve claims:

- in states that have rent-to-own legislation,
- that the operator failed to comply with applicable state rental purchase statutes, such as notices and late fees, and
- that allege lesser damages.

Except as described below, we are not currently a party to any material litigation.

The following litigation matters were assumed with Thorn Americas pursuant to the Thorn Americas acquisition. In connection with accounting for the Thorn Americas acquisition, we made appropriate purchase accounting adjustments for contingent liabilities associated with outstanding litigation.

Robinson v. Thorn Americas, Inc. The plaintiffs filed this class action on April 19, 1994 in state court in New Jersey. The class consists of all residents of New Jersey who are or have been parties to Thorn Americas' rent-to-own contracts since April 19, 1988. During this period, Thorn Americas operated approximately 23 stores in New Jersey. The plaintiffs' claims are for alleged violations of the New Jersey Retail Installment Sales Act and the New Jersey Consumer Fraud Act, usury, unlawful contractual penalty and conversion. On January 5, 1998, the court entered a judgment against Thorn Americas and ordered Thorn Americas to pay the plaintiffs the amount equal to (A) all reinstatement fees collected by Thorn Americas since April 29, 1988, and (B) 40% of all rental revenue collected by Thorn Americas from the plaintiffs from April 29, 1988, trebled. Later, the court added an incentive award to the class representative, the inclusion of attorneys' fees, and granted plaintiff's counsel 25% of the amount to be distributed to the class. The judgment is secured by a supersedeas bond posted by Thorn Americas in the amount of $163 million, which amount was derived from an accounting by plaintiffs of the projected amount of the judgment liability through April 1999. Thorn Americas filed its notice of appeal on January 26, 1998 and the appeal is now fully briefed. In December 1998, we settled this matter in principle for approximately $48.5 million, subject to preliminary and final approval of the court. The final settlement documents were signed on April 23, 1999 and preliminarily approved by the court. We anticipate that the final approval of the court will occur in the fall of 1999.

Burney v. Thorn Americas, Inc. The plaintiffs originally filed a class action in federal court in Wisconsin alleging Thorn Americas' rent-to-own contracts violated the Wisconsin Consumer Act and federal RICO and truth-in-lending statutes. The court first granted the plaintiffs' motion for summary judgment as to liability under the Wisconsin Consumer Act. The court then withdrew that decision and dismissed the action for lack of federal subject matter jurisdiction once the plaintiffs withdrew their federal claims. The plaintiffs' refiled the action on February 28, 1997 in state court in Wisconsin, and the court granted plaintiffs' motion for class certification on July 7, 1998. The class is comprised of the persons who were party to rent-to-own contracts with Thorn Americas in Wisconsin after October 19, 1988 and who have paid Thorn Americas an amount equal to or greater than the value of the merchandise. During this period, Thorn Americas operated approximately 23 stores in Wisconsin. The plaintiffs have asserted that the value of the merchandise for class certification purposes is 60% of the amount required to obtain ownership. This limitation on the members of the class distinguishes Burney from Robinson. We settled this matter for $16.25 million, subject to final approval by the court. The court gave final approval of the settlement on March 19, 1999, and the settlement has been paid.

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

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

This suit also alleges violations relating to late fees, harassment, undisclosed charges, and the ease of use and accuracy of its payment records. The plaintiffs did not specify a specific amount on their damages request.

The proposed class includes all New York residents who were party to Thorn Americas' rent-to-own contracts from November 26, 1991 through November 26, 1997. We are vigorously defending this action and on September 24, 1998, filed motions to deny class certification and dismiss the complaint. Plaintiff responded and filed a motion for summary judgment asking the court to declare that the transaction includes an undisclosed interest component. The motions are fully briefed and are awaiting a ruling by the court. There can be no assurance that these motions will be granted or that we will be found not to have any liability.

Anslono v. Thorn Americas, Inc. This is a putative class action filed in Massachusetts state court on January 6, 1998. Plaintiffs acknowledge that rent-to-own contracts constitute "consumer leases" under Massachusetts' rent-to-own statute, but contend that Thorn Americas failed to comply with certain statutory provisions and Thorn Americas failed to provide certain disclosures. Plaintiffs seek actual and statutory damages and an injunction to prohibit Thorn Americas from engaging in the acts complained of. Specifically, the plaintiffs have requested in their prayers for relief, the following:

- class certification,
- unspecified damages, together with an award of treble damages under Massachusetts law,
- costs and expenses, including reasonable attorneys' fees,
- injunctive relief, enjoining Thorn Americas from engaging in unfair or deceptive practices relating to certain advertising practices,
- an order eliminating the plaintiffs' obligation to pay their final periodic rent-to-own installment payment, and
- any other further relief that the plaintiffs may be entitled to.

The proposed class includes all Massachusetts residents who were parties to Thorn Americas' rent-to-own contracts in the four-year period prior to the January 6, 1998 filing. We settled this matter in principle in April 1999 for $10.00 coupons to Thorn Americas' customers from January 6, 1994 to December 31, 1998, and less than $50,000 in Plaintiff's attorney's fees and expenses.

Allen v. Thorn Americas, Inc. The plaintiffs filed August 15, 1997 a putative nationwide class action suit in federal court in Missouri, alleging that Thorn Americas has discriminated against African-Americans in its hiring, compensation, promotional and termination policies. We settled this matter for approximately $6.75 million, and the settlement was paid during 1998.

Cooks v. Thorn Americas, Inc. The plaintiff filed a putative class action in Texas state court in 1993, alleging violations of Texas' usury statute, Deceptive Trade Practices Act and Insurance Code. In their prayers for relief, the plaintiffs have requested:

- class certification,
- unspecified compensatory damages in an amount less than $50,000 per class member,
- reasonable attorneys' fees,
- costs of the suit,
- pre- and post-judgment interest, and
- other further relief, as the court may deem necessary or appropriate.

This case has been dormant since 1995. We intend to defend this action should it once again become active. However, there can be no assurance that we will be found not to have any liability.

In connection with the Thorn Americas acquisition, Thorn plc agreed to indemnify and hold us harmless from the following two lawsuits and deposited $40 million in escrow in respect of these two lawsuits and other indemnification claims that we may have against Thorn plc.

Fogie v. Thorn Americas, Inc. The plaintiffs filed this class action on December 4, 1991 in Minnesota. The class consists of residents of Minnesota who entered rental purchase contracts with Thorn Americas from August 1, 1990 through November 30, 1996. The plaintiffs alleged that Thorn Americas' rent-to-own contracts violated Minnesota's Consumer Credit Sales Act and the Minnesota General Usury Statute. On April 15, 1998, the court entered a final judgment against Thorn Americas and ordered it to pay approximately $30 million to the plaintiffs. Under certain provisions of the judgment, Thorn Americas may receive certain credits against the judgment. On May 15, 1998, Thorn Americas filed a notice of appeal from the damages finding only. Oral argument in the appeal occurred on May 10, 1999. A decision is expected in the near future.

Willis v. Thorn Americas, Inc. The Willis action consolidated three separate but related actions, the first of which was filed in 1994, that cover the period from December 22, 1988 to September 9, 1996. The plaintiffs alleged that prior to Pennsylvania's enactment of rent-to-own legislation, Thorn Americas' rent-to-own contracts were actual installment sales contracts in violation of Pennsylvania law. Thorn Americas entered into a settlement agreement with the plaintiffs whereby Thorn Americas agreed to pay $9.35 million. On July 8, 1998, the court approved the settlement and rebate checks have been sent to eligible members of the class.

The following litigation matters pending against us have been settled in principle in connection with the settlement of the Robinson matter:

Gallagher v. Crown Leasing Corporation. On January 3, 1996, we were served with a class action complaint adding us as a defendant in this action originally filed in April 1994 against Crown and certain of its affiliates in state court in New Jersey. The class consists of all New Jersey residents who entered into rent-to-own contracts with Crown between April 25, 1988 and April 20, 1995. During this period, Crown operated approximately five stores in New Jersey. The lawsuit alleges, among other things, that under certain rent-to-own contracts entered into between the plaintiff class and Crown, some of which were purportedly acquired by us pursuant to the acquisition of Crown and certain of its affiliates, the defendants failed to make the necessary disclosures and charged the plaintiffs fees and expenses that violated the New Jersey Consumer Fraud Act and the New Jersey Retail Installment Sales Act. The plaintiffs seek damages including, among other things, a refund of all excessive fees and/or interest charged or collected by the defendants in violation of such acts, state usury laws and other related statutes and treble damages, as applicable. Pursuant to the Asset Purchase Agreement entered into between Crown, its controlling shareholder and us in connection with the Crown acquisition, we did not contractually assume any liabilities pertaining to Crown's rent-to-own contracts for the period prior to the acquisition of Crown. The plaintiffs have obtained class certification and a summary judgment against Crown on the liability issues. Subsequent to these decisions by the New Jersey state court, Crown filed for protection from its creditors under Chapter 11 of the federal bankruptcy laws. The bankruptcy court allowed the lawsuit to proceed in New Jersey, where the state court granted summary judgment on the plaintiff's damages formula against Crown. The plaintiffs calculated actual damages for purposes of their summary judgment motion at approximately $7.6 million. The court ruled that the plaintiffs are entitled to three times actual damages. However, the state court's ruling requires certain minor adjustments pursuant to an accounting. Together with the Boykin matter, we settled this matter in principle for approximately $11.5 million, subject to preliminary and final approval of the court. The final settlement documents were signed on April 23, 1999 and preliminarily approved by the court. We anticipate that the final approval of the court will occur in the fall of 1999.

Michelle Newhouse v. Rent-A-Center, Inc./Handy Boykin v. Rent-A-Center, Inc. On November 26, 1997 a class action complaint was filed against us by Michelle Newhouse in New Jersey state court alleging, among other things, that under certain rent-to-own contracts entered into between the plaintiffs and us, we failed to make the necessary disclosures and charged the plaintiffs fees and expenses that violated the New Jersey Consumer Fraud Act and the New Jersey Installment Sales Act. The claims arising from this action are similar to the claims made in Robinson v. Thorn Americas, Inc. and Gallagher v. Crown Leasing Corporation. The proposed class consists of all residents of New Jersey who are or have been parties to contracts to rent-to-own merchandise from us within the past six years. During this period, we operated approximately 17 stores in New Jersey.

We removed the case to federal court on January 21, 1998, and were then advised by the plaintiffs' attorney that Michelle Newhouse no longer wished to serve as class representative. A motion to voluntarily dismiss the Newhouse case filed by the plaintiffs' attorney was granted shortly thereafter. However, on May 1, 1998, a new class action complaint against us made by Handy Boykin was filed by the plaintiffs' attorney in the Newhouse matter in New Jersey state court alleging the same causes of action with the same proposed class as that of the Newhouse matter. This new filing essentially constitutes a replacement of the named plaintiff in the Newhouse matter with a new named plaintiff, Handy Boykin. We anticipated this replacement. We removed the Boykin case to federal court, where Boykin's motion to remand to New Jersey state court is now pending. Together with the Gallagher matter, we settled this matter in principle for approximately $11.5 million, subject to preliminary and final approval by the court. The final settlement documents were signed on April 23, 1999 and preliminarily approved by the court. We anticipate that the final approval of the court will occur in the fall of 1999.

The settlements in Robinson, Gallagher and Boykin are contingent on one another.

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

CURRENT REPORTS ON FORM 8-K.

Current report on Form 8-K filed on January 11, 1999, related to the merger of our subsidiary Rent-A-Center, Inc. into Renters Choice, Inc., and the changing of our name to Rent-A-Center, Inc.

EXHIBITS

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
2.1(1)	-- Asset Purchase Agreement, dated May 1, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc. (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, Renters Choice will supplementally supply such schedules and exhibits to the Commission.)
2.2(2)	-- Letter Agreement, dated as of May 26, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc. (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, Renters Choice will supplementally supply such schedules and exhibits to the Commission.)
2.3(3)	-- 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(4)	-- Amended and Restated Certificate of Incorporation of Renters Choice
3.2(5)	-- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Renters Choice
3.3(*)	-- Amended and Restated Bylaws of Rent-A-Center
4.1(6)	-- Form of Certificate evidencing Common Stock
4.2(7)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.
4.3(8)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc.
4.4(9)	-- 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(10)	-- Form of Certificate evidencing Series A Preferred Stock
4.6(11)	-- Form of Exchange Note
4.7(12)	-- 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(13)	-- Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan
10.2(14)	-- Revolving Credit Agreement dated as of November 27, 1996 between Comerica Bank, as agent, Renters Choice, Inc. and certain other lenders
10.3(15)	-- 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

10.4(16) -- Guarantee and Collateral Agreement, dated August 5, 1998, made by Renters Choice, Inc., and certain of its Subsidiaries in favor of the Chase Manhattan Bank, as Administrative Agent

10.5(17) -- $175,000,000 Senior Subordinated Credit Agreement, dated as of August 5, 1998, among Renters Choice, Inc., certain other lenders and the Chase Manhattan Bank

10.6(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

10.7(19) -- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo

	Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series A Convertible Preferred Stock
10.8(20)	-- 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
10.9(21)	-- Stock Purchase Agreement, dated August 5, 1998, among Renters Choice, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
10.10(22)	-- Exchange and Registration Rights Agreement, dated August 18, 1998, by and among Renters Choice, Inc. and Chase Securities Inc., Bear, Stearns & Co. Inc., NationsBanc Montgomery Securities LLC and Credit Suisse First Boston Corporation
10.11(23)	-- Employment Agreement, dated October 1, 1998, by and between Rent-A-Center, Inc. and Bradley W. Denison
27*	-- Financial Data Schedule

- ----------

* Filed herewith.

(1) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated May 28, 1998

(2) Incorporated herein by reference to Exhibit 2.2 to the registrant's Current Report on Form 8-K dated May 28, 1998

(3) 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

(4) 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

(5) 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

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

(7) 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

(8) 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

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

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

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

(14) Incorporated herein by reference to Exhibit 10.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1996

(15) 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

(16) 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

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(22) Incorporated herein by reference to Exhibit 10.14 to the registrant's Registration Statement Form S-4 filed on January 19, 1999

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

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* Filed herewith.

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
Vice President-Finance
and Chief Financial Officer

Date: May 13, 1999
Rent-A-Center, Inc.

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EXHIBIT 3.3

RENT-A-CENTER, INC.

AMENDED AND RESTATED BYLAWS

ARTICLE I.
MEETINGS OF STOCKHOLDERS

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

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

before the meeting in accordance with the provisions of this Section 1 of Article I, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

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

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

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

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

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

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

SECTION 7. Quorum and Voting. A majority of the outstanding shares of stock of the Corporation entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting of the stockholders, and the stockholders present at any duly convened meeting may continue to do business until adjournment notwithstanding any withdrawal from the meeting of holders of shares counted in determining the existence of a quorum. Directors shall be elected by

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

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

SECTION 9. Nominations for Election as a Director. Only persons who are nominated in accordance with the procedures set forth in these Bylaws shall be eligible for election as, and to serve as, directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (a) by or at the direction of the Board of Directors or (b) by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 9 of Article I, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section 9 of Article I Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered or mailed and received at the principal executive offices of the Corporation (i) with respect to an election to be held at the annual meeting of the stockholders of the Corporation, not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders of the Corporation, and (ii) with respect to an election to be held at a special meeting of stockholders of the Corporation for the election of directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed to stockholders of the Corporation as provided in Section 4 of Article I or public disclosure of the date of the special meeting was made, whichever first occurs. Such stockholder's

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

ARTICLE II.
BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

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

ARTICLE III.
COMMITTEES

SECTION 1. The Board of Directors may, by resolution adopted by a majority of the full Board of Directors of the Corporation, designate from among its members one or more committees, each of which shall be comprised of one or more of its members, and may designate one or more of

its members as alternate members of any committee, who may, subject to any limitations by the Board of Directors of the Corporation, replace absent or disqualified members at any meeting of the committee. Any such committee, to the extent provided in such resolution or in the Certificate of Incorporation or these Bylaws, shall have and may exercise all of the authority of the Board of Directors of the Corporation to the extent permitted by the Delaware General Corporation Law.

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

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

ARTICLE IV.
OFFICERS

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

SECTION 2. Powers and Duties. The officers of the Corporation shall have such powers and duties as generally pertain to their offices, except as modified herein or by the Board of Directors, as well as such powers and duties as from time to time may be confer-red by the Board of Directors. The Chairman of the Board shall have such duties as may be assigned to him by the Board of Directors and shall preside at meetings of the Board and at meetings of the stockholders. The Chairman of the Board shall also be the Chief Executive Officer of the Corporation and shall have general supervision over the business, affairs, and property of the Corporation.

ARTICLE V.
SEAL

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

ARTICLE VI.
CERTIFICATES OF STOCK

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

ARTICLE VII.
INDEMNIFICATION

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

SECTION 2. Expenses Related to Proceedings. If Indemnitee is, by reason of his Corporate Status, a witness in or a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to any Matter in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf relating to each Matter. The termination of any Matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such Matter.

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

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

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

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

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

SECTION 7. Procedures of Independent Counsel. If a Change of Control shall have occurred before the request for indemnification is sent by Indemnitee, Indemnitee shall be presumed

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 14. Definitions. For purposes of this Article:

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

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

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

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

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

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

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

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

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

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

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THE FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF EARNINGS FOUND ON PAGES 1 AND 2 OF THE COMPANY'S FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 1999.

1,000

3-MOS	
DEC-31-1999	
MAR-31-1999	
	16,215
	0
	3,123
	58
	76,152
	0
	107,664
	7,663
	1,444,295
	0
	175,000
	259,476
	0
	251
	167,331
	1,444,295
	40,707
	344,697
	34,458
	285,354
	17,641
	0
	18,356
	23,346
	11,319
	12,027
	0
	0
	0
	12,027
	0.40
	0.35

RENTAL MERCHANDISE, HELD FOR RENT.
BALANCE SHEET IS UNCLASSIFIED.
ADDITIONAL PAID IN CAPITAL, RETAINED EARNINGS AND TREASURY STOCK.
STORE AND FRANCHISE MERCHANDISE SALES.
STORE AND FRANCHISE COST OF MERCHANDISE SOLD.
GENERAL AND ADMINISTRATIVE EXPENSE AND AMORTIZATION OF INTANGIBLES.